



## **AS PREMIA FOODS**

**Consolidated Unaudited Interim Report  
for 1<sup>st</sup> quarter and 3 months of 2014**



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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 2014 – 31 March 2014

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, Baltiiskoje, Klasika, Maahärä, 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 Centre of Food and Fermentation Technology).*



## SUMMARY OF FINANCIAL RESULTS

### Unaudited financial results of AS Premia Foods, 1<sup>st</sup> quarter 2014

For Premia Foods, the 1<sup>st</sup> quarter of 2014 may be characterised by rapid increase of turnover and improved profitability:

- ❖ The unaudited consolidated turnover increased by 11.9%, i.e. 2.2 million euro, reaching 20.5 million euro, if compared to the 1<sup>st</sup> quarter of 2013.
- ❖ The gross margin of the first three months of 2014 was 23.3% which is by 2.7 percentage points higher than a year earlier. The gross margin increased in all business segments, the fastest increase came from the ice cream business segment where the gross margin increased by 8.8 percentage points.
- ❖ The gross profit increased by 1.0 million euro, i.e. by 26.6%. The greatest monetary increase came from the fish business segment where the gross profit increase by 0.5 million euro during the reporting period. The ice cream business segment followed with the increase of 0.3 million euro.
- ❖ The EBITDA from operations was 0.6 million euro, which is a record-making result, exceeding the result of the previous year by 1.0 million euro.
- ❖ The operating profit was -1.2 million euro, which is by 0.1 million euro better than the result of the 1<sup>st</sup> quarter of 2013, whereas for the first time in Premia's history the ice cream business segment generated operating profit during the low season of ice cream sales.
- ❖ The net profit was -1.1 million euro, exceeding the result of the previous year by 4.2%.
- ❖ The operating expense ratio, i.e. its proportion in turnover, decreased by 3.6 percentage points, reaching 23.5%, if compared to the same period of the previous year.

Loss from the fish stock revaluation during the first quarter was 1.1 million euro, during the 1<sup>st</sup> quarter of 2013 the respective number was -0.2 million euro. The main reason for the change was the recovery from the restrictions established by the Swedish Board of Agriculture, the aim was to return to regular farming volumes. By the end of the 1<sup>st</sup> quarter of 2014, the proportion of juveniles reached 60% of the biological assets, whereas it was only 39% one year earlier. Characteristically to the fish farming sector, the fair value of juveniles is accounted at cost price, not at the market price. In addition to the above, if during the 1<sup>st</sup> quarter of 2013 the market price of rainbow trout increased rapidly (+27%, if compared to 31.12.2012), then during the 1<sup>st</sup> quarter of 2014 the price decreased by 3%, if compared to the year-end.

The fluctuations of the Russian ruble and the Swedish krona resulted in the exchange rate loss of 138 thousand euro; 84% of which, i.e. 116 thousand euro, was unrealised loss from the revaluation of claims.

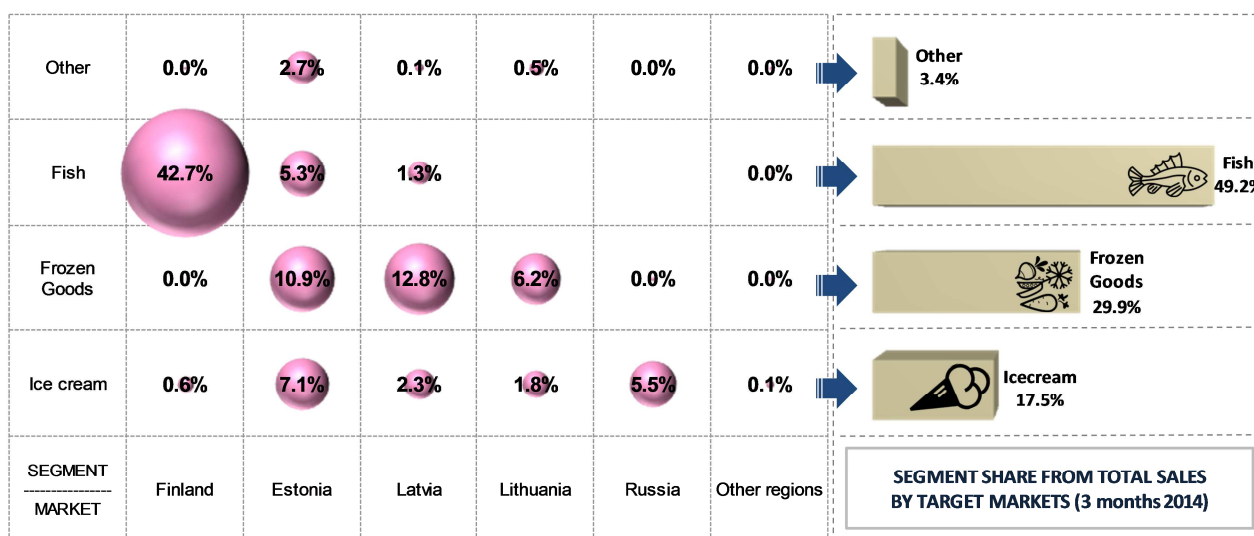
The company's key ratios of the 1<sup>st</sup> quarter and 3 months of 2014 have been indicated in the following table.

		<b>KEY RATIOS</b>	
Profit & Loss, EUR mln	formula	3m 2014	3m 2013
Sales		20.5	18.3
Gross profit		4.8	3.8
EBITDA from operations	before one-offs and fair value adjustment	0.6	-0.4
EBITDA		-0.6	-0.7
EBIT		-1.2	-1.3
Net profit		-1.1	-1.2
Gross margin	Gross profit / Net sales	23.3%	20.6%
Operational EBITDA margin	EBITDA from operations/Net sales	2.9%	-2.2%
EBIT margin	EBIT / Net sales	-5.8%	-7.3%
Net margin	Net earnings / Net sales	-5.6%	-6.5%
Operating expense ratio	Operating expenses / Net sales	23.5%	27.1%



Balance Sheet, EUR mln	formula	31.03.14	31.03.13
Net debt	Short and Long term Loans and Borrowings - Cash	13.6	13.2
Equity		36.1	35.3
Working capital	Current Assets - Current Liabilities	8.5	10.4
Assets		63.8	62.4
Liquidity ratio	Current Assets / Current Liabilities	1.47	1.73
Equity ratio	Equity / Total Assets	56%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	27%	27%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	2.82	2.80
ROE	Net Earnings / Average Equity	3%	0%
ROA	Net Earnings / Average Assets	2%	0%

**BUSINESS SEGMENT ANALYSIS**





The main figures by the business segments of Premia Foods for 3 months of 2014 are indicated in the table below.

<b>SEGMENT ANALYSIS</b>					
<b>EUR million</b>	<b>3m 2014</b>	<b>3m 2013</b>	<b>EUR million</b>	<b>3m 2014</b>	<b>3m 2013</b>
<b><u>Sales</u></b>			<b><u>EBITDA from operations</u></b>		
Ice cream	3.6	3.6 ▲	Ice cream	0.2	-0.2 ▲
Frozen goods	6.1	5.9 ▲	Frozen goods	-0.1	-0.3 ▲
Fish and fish products	10.1	8.2 ▲	Fish and fish products	0.6	0.2 ▲
Other	0.7	0.6 ▲	Other & unallocated	-0.1	-0.1 ▲
<b>Total</b>	<b>20.5</b>	<b>18.3 ▲</b>	<b>Total</b>	<b>0.6</b>	<b>-0.4 ▲</b>
<b><u>Gross profit</u></b>			<b><u>EBITDA</u></b>		
Ice cream	1.7	1.4 ▲	Ice cream	0.2	-0.2 ▲
Frozen goods	1.5	1.4 ▲	Frozen goods	-0.1	-0.3 ▲
Fish and fish products	1.3	0.8 ▲	Fish and fish products	-0.6	-0.1 ▼
<b><u>Gross margin</u></b>			<b><u>EBIT</u></b>		
Ice cream	48%	39% ▲	Ice cream	0.0	-0.4 ▲
Frozen goods	25%	24% ▲	Frozen goods	-0.3	-0.4 ▲
Fish and fish products	13%	10% ▲	Fish and fish products	-0.8	-0.3 ▼

In the summary of 3 months of 2014, the turnover as well as the gross profit and the EBITDA from operations increased in all the business segments of Premia Foods. The combined operating loss of the ice cream business and the frozen goods business segment was during the first quarter of 2014 by 0.6 million euro less than one year earlier. The largest contribution to the improvement of the EBITDA and the operating profit during the 1<sup>st</sup> quarter of 2014 came from the ice cream business segment.

### Fish and fish products business segment



The turnover of the **fish and fish products business segment** continued the fast growth during the 1<sup>st</sup> quarter of 2014, the turnover on an annual basis increased by 22.1%, i.e. 1.8 million euro. The increase came mainly from the Finnish retail market and from the cold and hot smoked product groups.

The fish and fish products business segment contributed during the first three months of 2014 49.2% to the total turnover, which is by 4.1 percentage points higher than during the first quarter of 2013.

The production volume of the fish products increased during the 1<sup>st</sup> quarter of 2014 by 6.2%.

<b>EUR million</b>	<b>3m 2014</b>	<b>3m 2013</b>
Sales	<b>10.1</b>	8.2
Gross profit	<b>1.3</b>	0.8
Gross margin	<b>13%</b>	10%
EBITDA from operations	<b>0.6</b>	0.2
EBITDA	<b>-0.6</b>	-0.1
Operating profit	<b>-0.8</b>	-0.3

The gross profit increased during the 1<sup>st</sup> quarter of 2014 by 0.5 million euro, reaching the level of 1.3 million euro. At the same time, the gross margin increased by 3.1 percentage points.

In the summary of the three months of 2014, the market price of salmon was by 35% and the market price of rainbow trout was by 18% higher than the price level<sup>1</sup> of the first quarter of the previous year.

The EBITDA from operations was, during the 1<sup>st</sup> quarter of 2014, 0.6 million euro, which is by 0.4 million euro more than during the 1<sup>st</sup> quarter of 2013. The EBITDA of the business segment decreased by 0.5 million euro in an annual comparison. The adverse impact of the fish stock on the EBITDA and the operating profit of the company was 0.9 million

<sup>1</sup> The market price of salmon according to Fish Pool ASA and the price of rainbow trout according to the data of Norway's export statistics expressed in euro.



euro in the 1<sup>st</sup> quarter of 2014 if compared to previous year. The fish farming as a two-three year long production cycle is recovering from the restrictions established by the Swedish Board of Agriculture and therefore the first quarter of either year does not reflect the regular profitability of fish farming. During the 1<sup>st</sup> quarter of 2014, the portfolio of biological assets was dominated by juveniles, accounted at cost price. In addition to the above, the fluctuations of market price of rainbow trout have a certain impact: if during the 1<sup>st</sup> quarter of 2013 the market price of rainbow trout increased rapidly (+27% if compared to 31.12.2012), then during the 1<sup>st</sup> quarter of 2014 the price decreased by 3%.

The operating profit of the fish business segment of three months decreased by 0.5 million euro, if compared to the same period of the previous year.



### Ice cream business segment

The turnover of the **ice cream business segment** increased in the 1<sup>st</sup> quarter of 2014 by 0.2%, if calculated in euro. By eliminating the impact of the Russian ruble exchange rate, the turnover of ice cream increased by 0.2 million euro, i.e. 6.4%, during the 1<sup>st</sup> quarter of 2014. The greatest monetary contribution came from Estonia, where the turnover increased by 0.2 million euro, i.e. 11.8%, if compared to the 1<sup>st</sup> quarter of the previous year. Estonia was followed by Latvia with the annual increase in turnover of 0.1 million euro (+24.5%).

The ice cream business segment contributed 17.5% to the total turnover of Premia Foods during the 1<sup>st</sup> quarter of 2014, which is by 2.0 percentage points lower than during the previous year. The sales volume decreased during the reporting period by 1.7% if compared on an annual basis.

EUR million	3m 2014	3m 2013
Sales	3.6	3.6
Gross profit	1.7	1.4
Gross margin	48%	39%
EBITDA from operations	0.2	-0.2
Operating profit	0.0	-0.4

The gross margin of the ice cream business segment increased in the 1<sup>st</sup> quarter of 2014 on an annual basis by 8.8 percentage points, reaching the level of 48%. The gross profit increased at the same time by 0.3 million euro, i.e. 22.9%.

The EBITDA from operations of the ice cream business segment increased in the 1<sup>st</sup> quarter of 2014 by 0.4 million euro, if compared to the previous year, reaching the level of 0.2 million euro. The operating profit of the ice cream business segment improved by 0.4 million euro during the reporting period. It is the first time in the history of Premia that the ice cream business segment generated operating profit during the first quarter, which traditionally is a low season of ice cream sales.

Premia started also the year 2014 as the market leader of the ice cream market in the Baltics, maintaining firmly its market share. 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 14%	Private Label 15%	Private Label 16%	Private Label 15%	Private Label 11%	Private Label 11%	Private Label 13%	Private Label 13%
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
<b>Premia 23%</b>	<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 23%</b>	<b>Premia 23%</b>	<b>Premia 21%</b>	<b>Premia 22%</b>
Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14

Source: AC Nielsen, evaluation of management





## Frozen goods business segment

The turnover of the frozen goods business segment increased during the 1<sup>st</sup> quarter of 2014 by 4.0%, i.e. by 0.2 million euro. The most, i.e. by 0.4 million euro, increased the turnover in Latvia. The proportion of the turnover of the frozen goods in the total turnover of Premia Foods of the 1<sup>st</sup> quarter of 2014 was 29.9%, which is by 2.3 percentage points lower than the result of the 1<sup>st</sup> quarter of 2013.

EUR million	3m 2014	3m 2013
Sales	6.1	5.9
Gross profit	1.5	1.4
Gross margin	25%	24%
EBITDA	-0.1	-0.3
Operating profit	-0.3	-0.4

The gross profit of the 1<sup>st</sup> quarter of 2014 was by 0.1 million euro, i.e. 9.7%, better than the results of the same period of 2013. The gross margin improved also by 1.3 percentage points, reaching 25%. The EBITDA from operations and the operating profit improved in annual comparison by 0.2 million euro.

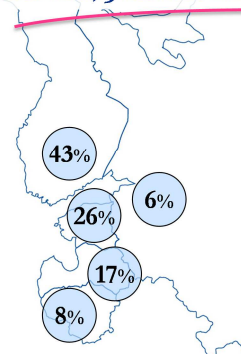
## BUSINESS SEGMENT ANALYSIS BY MARKETS

During the 1<sup>st</sup> quarter of 2014, the fastest growth came from Finland, where the turnover increased in annual comparison by 29.8%, i.e. 2.0 million euro. Latvia followed with the increase in turnover of 0.5 million euro, i.e. 18.3%.

The main reason for the decrease in turnover in the Russian market was the weakening of the exchange rate of the Russian ruble against the euro – during the 1<sup>st</sup> quarter of 2014 the average exchange rate decreased on an annual basis by 16.4%. The decrease in turnover of the Lithuanian market was mainly influenced by the decrease of sales of private label products in the ice cream business segment.

The combined turnover of the Baltics increased during the reporting period in annual comparison by 0.4 million euro and the proportion of the turnover in the total turnover of Premia Foods was 51.0%.

Sales share in target markets, 3 months 2014



## GEOGRAPHICAL MARKETS

Sales (EUR million)	3m 2014	3m 2013
Finland	8.9	6.8
Estonia	5.3	5.3
Latvia	3.4	2.9
Lithuania	1.7	1.8
Russia	1.1	1.4
Other	0.0	0.0
export share	74%	71%

## COST ANALYSIS

The operating expense ratio decreased during the 1<sup>st</sup> quarter of 2014 by 3.6 percentage points, if compared to the previous year. During the first three months of 2014, the turnover increased by 2.2 million euro. At the same time, the operating costs decreased by 0.1 million euro, i.e. 2.8%.

The increase of production related labour costs results from the additional labour needs in the Estonian fish production and in the Swedish fish farms. At the same time, the labour costs of the support staff decreased, mostly as a result of the reorganizations in Russia. In the summary of the above, the labour costs decreased during the 1<sup>st</sup> quarter of 2014 on an annual basis by 1.1%.

During the 1<sup>st</sup> quarter of 2014, the marketing costs increased in an annual comparison by 0.2 million euro.

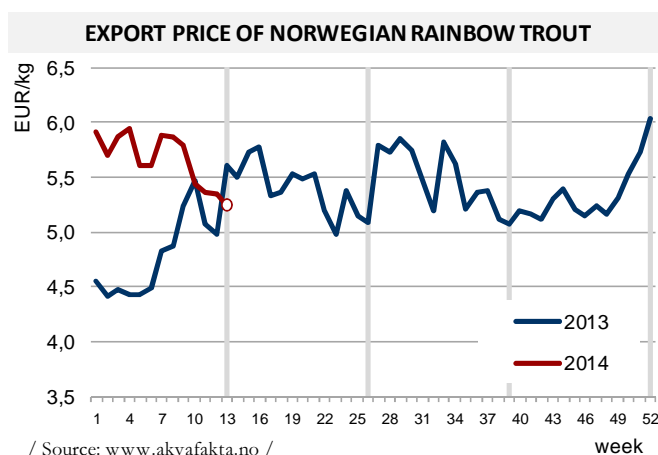
The cost of goods sold increased during the 1<sup>st</sup> quarter of 2014, if compared to the 1<sup>st</sup> quarter of 2013, by 1.2 million euro, which resulted from the increased turnover.



	3m 2014	3m 2013	change	3m 2014	3m 2013	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
<b>Sales</b>	<b>20.5</b>	<b>18.3</b>	<b>+ 2.2</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Cost of goods sold</b>	<b>- 15.7</b>	<b>- 14.5</b>	<b>+ 1.2</b>	<b>76.7%</b>	<b>79.4%</b>	<b>- 2.7%</b>
incl one-off exp	- 0.0	- 0.0	- 0.0	0.1%	0.2%	- 0.1%
materials in production & cost of goods purchased for resale	- 13.0	- 12.1	+ 0.9	63.7%	66.3%	- 2.5%
labour costs	- 1.2	- 1.1	+ 0.1	5.9%	6.2%	- 0.3%
depreciation	- 0.3	- 0.3	+ 0.0	1.6%	1.7%	- 0.2%
other cost of goods sold	- 1.1	- 1.0	+ 0.2	5.5%	5.2%	+ 0.2%
<b>Operating expenses</b>	<b>- 4.8</b>	<b>- 5.0</b>	<b>- 0.1</b>	<b>23.5%</b>	<b>27.1%</b>	<b>- 3.6%</b>
incl one-off exp		- 0.0	- 0.0	0.0%	0.2%	- 0.2%
labour costs	- 1.6	- 1.7	- 0.1	7.7%	9.2%	- 1.5%
transport & logistics services	- 1.1	- 1.0	+ 0.1	5.1%	5.3%	- 0.2%
depreciation	- 0.3	- 0.3	- 0.1	1.4%	1.9%	- 0.5%
advertising, merchandising, marketing and product development	- 0.7	- 0.4	+ 0.2	3.2%	2.4%	+ 0.8%
other operating expenses	- 1.2	- 1.5	- 0.3	6.1%	8.3%	- 2.2%
<b>Other income/expenses</b>	<b>- 0.0</b>	<b>0.1</b>	<b>+ 0.1</b>	<b>0.0%</b>	<b>-0.3%</b>	<b>+ 0.3%</b>

The EBITDA from operations of the 1<sup>st</sup> quarter of 2014, i.e. the operating profit before market price driven revaluation of livestock, one-off income and expenses and depreciation, was 0.6 million euro, which is by 1.0 million euro more than during the 1<sup>st</sup> quarter of 2013.

The EBITDA of the 1<sup>st</sup> quarter of 2014 increased during the reporting period by 0.1 million euro, if compared to the results of the previous year. During the first three months of 2014, there were one-off expenses in the total amount of 25 thousand euro, which resulted from events at the Swedish fish fingerlings farms and which have been described in the interim and annual reports of 2012 and 2013. (During the 1<sup>st</sup> quarter of 2013 67 thousand euro).



In the 1<sup>st</sup> quarter of 2014, the EBIT increased by 0.1 million euro, if compared to the previous year. Financial costs increased in the first three months of 2014 by 0.2 million euro, if compared to the respective period of 2013. The increase of the financial costs results from the foreign exchange rate loss of the Russian ruble and the Swedish krona in the amount of 134 thousand euro, 116 thousand euro of which is the book loss of revaluation of intra-group claims.

The net loss of the company in the 1<sup>st</sup> quarter of 2014 was 1.1 million euro (in the 1<sup>st</sup> quarter of 2013 -1.2 million euro).

As of 31.03.2014, 93% of Premia's biological assets is rainbow trout farmed in the Finnish and Swedish fish farms and 7% is whitefish.



## FINANCIAL POSITION

The cash flow from operations during the 1<sup>st</sup> quarter of 2014 was 0.0 million euro (1.3 million euro during the same period of 2013). The cash flow from operations was mainly influenced by the increase of stock during the 1<sup>st</sup> quarter of 2014.

		LIQUIDITY AND SOLVENCY RATIOS	
<i>Ratio</i>	<i>formula</i>	31.03.14	31.03.13
Liquidity ratio	Current Assets / Current Liabilities	1.47	1.73
Equity ratio	Equity / Total Assets	56%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	27%	27%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	2.82	2.80

The level of net debt as at the balance sheet date was 13.6 million euro (on 31.03.13, the respective figure was 13.2 million euro). Financial leverage, i.e. the proportion of the net debt in the total capitalisation, was 27% (on 31.03.13, the respective indicator was 27%).

Net debt to EBITDA as at 31.03.14 was 2.82 (31.03.13: 2.80). The liquidity ratio demonstrating short-term solvency was as at 31.03.14 1.47 (31.03.13: 1.73). The proportion of equity in the balance sheet total was 56% (31.03.13: 57%) and the company had a working capital in the amount of 8.5 million euro (31.03.13: 10.4 million euro).

## BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods as at 31.03.14 was 63.8 million euro, having increased within a year by 1.5 million euro, i.e. 2.4%.

The company's current assets amounted to 26.6 million euro and the balance of cash and bank accounts was 1.4 million euro. As at 31.03.14, the company had undrawn overdraft facility limit in the amount of 1.9 million euro.

Accounts receivable and prepayments amounted to 8.0 million euro and 90% of the accounts receivable and prepayments were trade receivables. Comparing to the previous year, the accounts receivable and prepayments increased by 2.2%, i.e. 0.2 million euro. The increase of receivables has resulted from the 11.9% increase of turnover in the 1<sup>st</sup> quarter.

Comparing to the previous year, inventories and livestock have increased by 13.9%, i.e. 2.1 million euro. The increase results from the increase of the stock of raw materials and finished goods accompanying the increase in turnover in the fish business segment. The stock of the fish business segment contains, as at the balance sheet date, preparations for the Easter which shifted to April, and which, during the previous year, fell into March, i.e. the 1<sup>st</sup> quarter.

Accounts payable and prepayments have, if compared to 31.03.13, increased by 9.5%, i.e. 1.0 million euro. The liabilities in total have increased by 2.6%, i.e. 0.7 million euro, amounting to 27.8 million euro.

The equity of Premia Foods was as at 31.03.14 36.1 million euro.

## INVESTMENTS

During the 1<sup>st</sup> quarter of 2014, the expenditures into Premia Foods's tangible and intangible assets were 359 thousand euro (in the 1<sup>st</sup> quarter of 2013 the respective number was 561 thousand euro).

## PERSONNEL

The average number of employees in the 1<sup>st</sup> quarter of 2014 was by 2.2% smaller than the year before. The decrease of the average number of employees resulted mainly from the reorganizations carried out in Russia. The payroll expenses have decreased during the reporting period by 1.1%, if compared to the previous year.

		PERSONNEL ANALYSIS	
		3m 2014	3m 2013
No of employees, at the end of period		727	758
Average number of employees		718	734
	Finland	38	39
	Estonia	345	347
	Latvia	119	119
	Lithuania	83	86
	Russia	114	127
	Sweden	19	16
Payroll expenses (th EUR)		2,777	2,807
Monthly average payroll exp per employee (th EUR)		1.29	1.27



## 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). All shares carry equal voting and dividend rights. Premia's share does not have an official market maker.

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	Minimum quantity of tradable securities:	1 share

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 2014:



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>	3m 2014	3m 2013
Open	0.710	0.640
High	0.760	0.700
Low	0.611	0.620
Last	0.655	0.700
Traded volume, thousand	469	467
Turnover, million	0.33	0.30
Market capitalization, million	25.34	27.08

		MARKET RATIOS
<i>Ratios</i>	<i>formula</i>	31.03.14
EV/Sales	(Market Cap + Net Debt) / Sales	0.4
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	8.1
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	8.0
Price-to-Earnings	Market Cap / Net Earnings	25.4
Price-to-Book	Market Cap / Equity	0.7

Market Cap, Net Debt and Equity as of 31.03.2014

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



## Shareholders structure

Major shareholders of AS Premia Foods at 31 March 2014:

1. ING Luxembourg S.A. ....	62.71%	6. Firebird Avroora Fund. Ltd.....	1.68%
2. LHV Pensionifond L.....	4.41%	7. Compensa Life Vienna Insurance Group SE .....	1.62%
3. OÜ Rododendron .....	3.36%	8. LHV Pensionifond XL.....	1.48%
4. Ambient Sound Investments OÜ .....	3.20%	9. OÜ Footsteps Management .....	1.31%
5. Firebird Republics Fund Ltd. ....	3.09%	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), Aavo Kokk (elected on 5 May 2009), Harvey Sawikin (elected on 5 May 2009), Vesa Jaakko Karo (elected on 17 August 2009), Arko Kadajane (elected on 29 May 2012) and Kuldar Leis (elected on 29 May 2013).

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 Katre Kõvask (elected on 9 June 2009), Silver Kaur (elected on 9 June 2009) and Erik Haavamäe (elected on 29 May 2013). The meeting of Supervisory Board appointed Katre Kõvask as the chairman of Management Board starting from 15 May 2013.

As at 31 March 2014, the members of management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	31/03/2014 No of shares	%
Chairman of the Management Board – Katre Kõvask	506,943	1.31%
Member of the Management Board – Silver Kaur	365,141	0.94%
Member of the Management Board – Erik Haavamäe	185,242	0.48%
Chairman of the Supervisory Board – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
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 – Arko Kadajane	8,928	0.02%
Member of the Supervisory Board – Harvey Sawikin	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
<b>Total number of shares owned by supervisory and Management Board</b>	<b>2,625,243</b>	<b>6.79%</b>

**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 Premia Foods since June 2009 and since 15 May 2013 is the Chairman of the Management Board of Premia Foods. She is also a member of the supervisory board of AS Premia FFL, Saaremere Kala AS, Vettel OÜ and OOO Khladokombinat No 1 and the Management Board of AB Premia KPC, Heimon Kala Oy and 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, OOO Khladokombinat No1 and Saaremere Kala AS and belongs to the Management Boards of RüsiGrupp OÜ and Freespirit OU.

**Erik Haavamäe** (born 1968) holds a cum laude diploma in economics from Tallinn Technical University and was a member of the Supervisory Board of the company since its foundation until 29 May 2013. Since 29 May 2013 he is a member of the Management Board of Premia. 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 Külmoone, Saaremere Kala AS, Vettel OÜ, and AS Premia FFL. He is a member of the Supervisory Board of MTÜ Eesti Maleliit and a member of the Management Board of AS EPhaG and OÜ Kamakamaka.

**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, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, Ridge Capital AS and a Management Board member of OÜ Transtech Services, Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ and Noblessneri Jahtklubi OÜ as well as board member of several companies domiciled in Baltics and Russian Federation.

**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 was the chairman of the Management Board of the company since its foundation until 15 May 2013. Since 29 May 2013 he is a member of the Supervisory Board of Premia. He is currently a member of supervisory board of AS Linda Nektar 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 and Solarhouse OÜ.

**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 and AS Baltika 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.

**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](http://www.premiafoods.eu) under investor relations subsection.



## INTERIM ACCOUNTING REPORT

### Consolidated statement of financial position

EUR '000	31/03/2014	31/12/2013	31/03/2013	Note
Cash and cash equivalents	1,447	1,314	1,776	
Receivables and prepayments	8,036	8,356	7,861	
Inventories	12,958	10,258	10,909	
Biological assets	4,111	6,270	4,078	
<b>Total current assets</b>	<b>26,552</b>	<b>26,198</b>	<b>24,624</b>	
Deferred income tax assets	611	557	548	
Long-term financial investments	136	127	129	(Note 2)
Investment property	2,084	2,084	2,084	(Note 3)
Property, plant and equipment	12,094	12,500	12,488	(Note 3)
Intangible assets	22,370	22,373	22,500	(Note 4)
<b>Total non-current assets</b>	<b>37,295</b>	<b>37,641</b>	<b>37,748</b>	
<b>TOTAL ASSETS</b>	<b>63,847</b>	<b>63,839</b>	<b>62,372</b>	
Borrowings	6,984	6,035	4,129	(Note 5,6)
Payables and prepayments	11,059	10,057	10,095	
<b>Total current liabilities</b>	<b>18,043</b>	<b>16,092</b>	<b>14,224</b>	
Borrowings	8,050	8,470	10,827	(Note 5,6)
Deferred income tax liabilities	476	716	593	
Government grants	1,212	1,264	1,438	(Note 7)
<b>Total non-current liabilities</b>	<b>9,738</b>	<b>10,450</b>	<b>12,857</b>	
<b>Total liabilities</b>	<b>27,781</b>	<b>26,542</b>	<b>27,081</b>	
Share capital	19,342	19,342	19,342	(Note 8)
Share premium	16,026	16,026	16,026	
Statutory capital reserve	6	6	6	(Note 8)
Other reserves	0	62	46	(Note 8)
Currency translation differences	715	748	504	
Retained earnings	-23	1,113	-633	
<b>Equity attributable to equity holders of the parent</b>	<b>36,066</b>	<b>37,297</b>	<b>35,291</b>	
<b>Total equity</b>	<b>36,066</b>	<b>37,297</b>	<b>35,291</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>63,847</b>	<b>63,839</b>	<b>62,372</b>	



## Consolidated statement of profit or loss and other comprehensive income

EUR '000	Q1 2014	Q1 2013	Note
Revenue	20,450	18,277	(Note 9)
Cost of goods sold	-15,679	-14,507	
<b>Gross profit</b>	<b>4,771</b>	<b>3,770</b>	
<b>Operating expenses</b>	<b>-4,813</b>	<b>-4,951</b>	
Sales and marketing expenses	-3,896	-3,948	
General and administrative expenses	-917	-1,003	
Other income and expenses, net	-6	58	
Revaluation of biological assets	-1,129	-203	
<b>Operating loss</b>	<b>-1,177</b>	<b>-1,326</b>	(Note 9)
Finance income	11	101	
Finance costs	-288	-101	
<b>Loss before income tax</b>	<b>-1,454</b>	<b>-1,327</b>	
Corporate income tax	318	141	
<b>Net loss for the period</b>	<b>-1,136</b>	<b>-1,186</b>	
<i>Other comprehensive income / expense that might subsequently classified to profit or loss:</i>			
Currency translation differences	-33	19	
<b>Other comprehensive income /expense</b>	<b>-33</b>	<b>19</b>	
<b>Total comprehensive expense</b>	<b>-1,169</b>	<b>-1,167</b>	
<b>Net loss for the period:</b>			
Attributable to equity holders of the parent	-1,136	-1,186	(Note 8)
<b>Net loss for the period</b>	<b>-1,136</b>	<b>-1,186</b>	
Comprehensive expense for the period:			
Attributable to equity holders of the parent	-1,169	-1,167	
<b>Total comprehensive expense</b>	<b>-1,169</b>	<b>-1,167</b>	
<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 2014	Q1 2013	Note
<b>Net profit</b>	-1,136	-1,186	
<i>Adjustments:</i>			
Depreciation and amortisation	610	662	(Note 3, 4)
Gain/loss on disposal of non-current assets	-3	-8	
Other non-monetary changes	23	36	
Changes in receivables and prepayments	266	216	
Changes in inventories	-2,701	-601	
Changes in biological assets	2,159	1,553	
Changes in payables and prepayments	774	681	
Corporate income tax paid	-32	-42	
<b>Net cash used in operating activities</b>	<b>-39</b>	<b>1,311</b>	
Proceeds from sale of property, plant and equipment and intangible assets	118	15	(Note 3, 4)
Acquisition of property, plant and equipment and intangible assets	-247	-364	(Note 3, 4)
Repayments of loans granted	2	1	
<b>Net cash used in investing activities</b>	<b>-128</b>	<b>-348</b>	
Change in overdraft facility	1,054	162	
Repayments of borrowings	-483	-482	
Payments of finance lease principal	-163	-122	
Interest paid	-109	-85	
<b>Net cash generated from financing activities</b>	<b>300</b>	<b>-527</b>	
<b>NET CASH FLOWS:</b>	<b>133</b>	<b>436</b>	
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period	1,314	1,357	
Net change in cash and cash equivalents	133	436	
Effect of exchange rate changes	0	-17	
<b>Cash and cash equivalents at end of the period</b>	<b>1,447</b>	<b>1,776</b>	



## Consolidated statement of changes in equity

EUR '000	Equity attributable to equity holders of the company							Total Equity
	Share capital	Share premium	Statutory capital reserve	Other reserves	Currency translation differences	Retained earnings	Total	
<b>Balance at 31/12/12</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>42</b>	<b>485</b>	<b>553</b>	<b>36,454</b>	<b>36,454</b>
Share option programme	0	0	0	20	0	0	20	20
Dividends	0	0	0	0	0	- 387	- 387	- 387
Comprehensive income	0	0	0	0	263	947	1,210	1,210
<b>Balance at 31/12/13</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>62</b>	<b>748</b>	<b>1,113</b>	<b>37,297</b>	<b>37,297</b>
<b>Balance at 31/12/13</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>62</b>	<b>748</b>	<b>1,113</b>	<b>37,297</b>	<b>37,297</b>
Share option programme	0	0	0	-62	0	0	-62	-62
Comprehensive income	0	0	0	0	-33	-1,136	-1,169	-1,169
<b>Balance at 31/03/14</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>0</b>	<b>715</b>	<b>-23</b>	<b>36,066</b>	<b>36,066</b>



## 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 2014 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 2013 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website [www.premiafoods.eu](http://www.premiafoods.eu).

### Confirmation of Compliance

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2013 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 2013, 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 13 May 2014.

In the opinion of the management, this interim report for 1<sup>st</sup> quarter and 3 months 2014 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 2013 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
<b>Balance at 31.12.2013</b>	<b>51</b>	<b>76</b>	<b>127</b>
Repayments of loans granted	0	-2	-2
Profit (loss) from equity participation	11	0	11
<b>Balance at 31.03.2014</b>	<b>62</b>	<b>74</b>	<b>136</b>

Other long-term investments include the investments into shares and holdings, which are not listed on the stock exchange and a claim from loan granted to Selkämeren Jää Oy. Company has earned 11 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 CCFFT (previously MTÜ CCFFT) is the partner of AS Premia Foods in developing new technologies and products.

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

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
<b>Residual value as of 31.12.2013</b>	<b>2,084</b>	<b>4,514</b>	<b>7,419</b>	<b>344</b>	<b>222</b>	<b>14,584</b>
Unrealised currency effect	0	-5	-32	1	-4	-40
Acquired during the period	0	1	142	13	142	298
Depreciation	0	-91	-431	-28	0	-549
Assets sold and written off	0	0	0	-1	-114	-115
<b>Balance at 31.03.2014</b>	<b>2,084</b>	<b>4,419</b>	<b>7,099</b>	<b>330</b>	<b>246</b>	<b>14,178</b>

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
<b>Balance as of 31.12.2013</b>	<b>19,942</b>	<b>1,552</b>	<b>535</b>	<b>145</b>	<b>200</b>	<b>22,373</b>
Unrealised currency effect	0	-1	0	-4	0	-5
Acquired during the period	0	5	0	4	52	61
Depreciation	0	-27	-7	-27	0	-61
<b>Balance at 31.03.2014</b>	<b>19,942</b>	<b>1,529</b>	<b>528</b>	<b>118</b>	<b>252</b>	<b>22,370</b>

### Note 5. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Other fixed assets	Total
<i>Fixed assets acquired under finance lease</i>				
<b>Acquisition cost as of 31.03.14</b>	<b>1,898</b>	<b>1,427</b>	<b>0</b>	<b>3,325</b>
Accumulated depreciation as of 31.03.14	-330	-376	0	-706
<b>Residual value as of 31.03.14</b>	<b>1,568</b>	<b>1,051</b>	<b>0</b>	<b>2,619</b>
<b>Acquisition cost as of 31.12.13</b>	<b>1,785</b>	<b>1,436</b>	<b>1</b>	<b>3,222</b>
Accumulated depreciation as of 31.12.13	-291	-332	0	-623
<b>Residual value as of 31.12.13</b>	<b>1,494</b>	<b>1,104</b>	<b>1</b>	<b>2,599</b>
<b>Payable under finance lease as of 31.03.14</b>	<b>1,159</b>	<b>893</b>	<b>0</b>	<b>2,052</b>
incl. payable within 1 year	268	299	0	567
incl. payable within 1-5 year	793	594	0	1,387
incl. payable after 5 years	98	0	0	98
Principal payments of the period	86	77	0	163
Interest expenses of the period	6	6	0	12
Average interest rate per annum	2.5%	2.4%	x	2.5%



## Note 6. Debt Obligations

EUR '000	31/03/2014	31/12/2013
Finance lease liabilities	567	563
Overdraft	3,011	1,957
Investment loans	3,405	3,515
<b>Short Term Debt Obligations</b>	<b>6,984</b>	<b>6,035</b>
Finance lease liabilities	1,485	1,532
Investment loans	6,565	6,938
<b>Long Term Debt Obligations</b>	<b>8,050</b>	<b>8,470</b>
incl. payable within 1-5 years	7,952	8,350
incl. payable after 5 years	98	120

Loan residuals as of 31 March 2014 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 31.03.2014	less than 1 year	1-5 years	Collateral
<b>Overdraft</b>								
AS Premia Foods <sup>1</sup>	SEB	4 900 tuh EUR	1m EURIBOR + 1.3%	30.04.15	3,011	3,011	0	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Investment loans</b>								
AS Premia Tallinna Klmhoone	Danske Bank	4 500 tuh EUR	3m EURIBOR + 0.75%	25.10.14	1,913	1,913	0	Mortgage 5.1 mln EUR, pledge on subsidiary shares
AS Premia Foods	SEB	10 900 tuh EUR	3m EURIBOR + 1.9%	18.07.17	8,057	1,492	6,565	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Total</b>					<b>12,981</b>	<b>6,416</b>	<b>6,565</b>	

<sup>1</sup> overdraft limit decreases to 3,400 thousand euro starting from 01.12.14

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 624 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 0.799% and 0.785% until 17.07.17. The mark-to-market value of these financial instruments as at the balance sheet date 31.03.14 was -64 (31.03.2013 -64) thousand euro and the impact on the income statement as a finance expense was 41 thousand euro (31.03.2013 1 thousand euro).



## Note 7. Government Grants

EUR '000	Q1 2014	Q1 2013
<b>Deferred income from government grants at the beginning of period</b>	<b>1,264</b>	<b>1,479</b>
Change in value due to the exchange rates	-3	11
Recognition as income during the period	-49	-52
<b>Deferred income from government grants at the end of period</b>	<b>1,212</b>	<b>1,438</b>
incl. income within 1 year	196	208
incl. income within 2-17 years	1,016	1,230

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 26 thousand euro. As at 31 March 2014, the residual value of fixed assets guaranteed by EU subsidies was 44 thousand euro.

## Note 8. Equity

As at 31.03.2014, the company had 38,682,860 shares (31.03.13: 38,682,860).

On 17 January 2014, the last subscription period of the option program ended terminating the entire option program. In the course of the option program, members of the governing bodies and key employees of Premia Foods and its subsidiaries were entitled to subscribe for the shares of the company for the price of 0.83 euro per share.

No shares of Premia Foods were subscribed in the course of the option program.

The volume of the option program was 900,000 shares and the estimated cost of program for the 3-year period was 61,581 euro. In accordance with IFRS 2 the offset entry of the contingent cost of the stock option plan has been recognised under the line of "Other reserve" of the Financial Position Statement of Premia Foods. As of 17.01.2014 "other reserves" was added to the retained earnings.

The earning 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.

	Q1 2014	Q1 2013
Net profit (-loss) for the period EUR '000	-1,136	-1,186
Avg no of shares (thousand)	38,683	38,683
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:

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.

### Secondary segment: Revenue by geographical segments:

EUR '000	Q1 2014	Q1 2013
Finland	8,852	6,821
Estonia	5,313	5,321
Latvia	3,385	2,860
Lithuania	1,729	1,814
Russia	1,135	1,445
Other	36	16
<b>Total</b>	<b>20,450</b>	<b>18,277</b>

A relatively high integration level exists between reporting segments of ice cream and frozen goods products, which 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

<b>Q1 2014, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	10,069	3,570	6,120	691	0	20,450
Inter-segment revenue	0	0	0	6	-6	0
<b>Total gross revenue</b>	<b>10,069</b>	<b>3,570</b>	<b>6,120</b>	<b>697</b>	<b>-6</b>	<b>20,450</b>
Segment EBITDA from operations	596	165	-106	-3	0	653
Unallocated EBITDA from operations						-67
<b>Total EBITDA from operations</b>						<b>586</b>
Segment EBITDA	-558	165	-106	-3	0	-501
Unallocated EBITDA						-67
<b>Total EBITDA</b>						<b>-567</b>
Segment operating profit	-809	13	-257	-13	0	-1,067
Unallocated operating profit						-110
<b>Total operating profit</b>						<b>-1,177</b>
<b>Q1 2013, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	8,248	3,562	5,883	584	0	18,277
Inter-segment revenue	0	0	3	5	-8	0
<b>Total gross revenue</b>	<b>8,248</b>	<b>3,562</b>	<b>5,886</b>	<b>589</b>	<b>-8</b>	<b>18,277</b>
Segment EBITDA from operations	186	-199	-258	-34	0	-305
Unallocated EBITDA from operations						-89
<b>Total EBITDA from operations</b>						<b>-394</b>
Segment EBITDA	-84	-199	-258	-34	0	-575
Unallocated EBITDA						-89
<b>Total EBITDA</b>						<b>-664</b>
Segment operating profit	-332	-382	-436	-44	0	-1,195
Unallocated operating profit						-131
<b>Total operating profit</b>						<b>-1,326</b>



#### Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner
		31/03/2014	31/12/2013		
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 31.03.14 EUR '000	Receivable as of 31.12.13 EUR '000
Vettel OÜ	Companies related to the members of management and	Other receivable	1	-
	<b>Total</b>		<b>1</b>	<b>0</b>

Company	Debtor	Comments	Payable as of 31.03.14 EUR '000	Payable as of 31.12.13 EUR '000
Vettel OÜ	Companies related to the members of management and supervisory board	Accounts payable	1	1
	<b>Total</b>		<b>1</b>	<b>1</b>

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 2014 Purchase	Q1 2014 Sale	Q1 2013 Purchase	Q1 2013 Sale
Companies related to the members of management and supervisory board	services	3	1	23	1
	<b>Total</b>	<b>3</b>	<b>1</b>	<b>23</b>	<b>1</b>

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:

	3m 2014 EUR '000	3m 2013 EUR '000
Short-term benefits	285	238
<b>Total</b>	<b>285</b>	<b>238</b>

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 121 thousand.

## Note 12. Contingent Liabilities and Assets

### Compensation Claim against Swedish Board of Agriculture

On 31 July 2013, Överumans Fisk AB, the fully owned subsidiary of AS Premia Foods, filed a claim of compensation of damage and loss of profit against the Swedish Board of Agriculture (Jordbruksverket) in connection with the administrative proceedings initiated against Överumans Fisk AB in May 2012 resulting in the destruction of 17 tons of fish fingerlings. The total amount of damage and loss of profit claimed to be compensated is up to 25,486,867.70 Swedish krona (approximately 3 million euro). The ground for the claim is the fact that the measures applied in respect of the fish farms operated by Överumans Fisk AB have been more restrictive if compared to the other fish farms in the same region and therefore disproportional.



On 17 December 2013, the Swedish Board of Agriculture decided to make an advance payment in the amount of 4 million Swedish krona (0.5 million euro) to Överumans Fisk AB regarding the claim of compensation of damage and loss of profit. Överumans Fisk AB received the payment on 19 December 2013 and it has been recorded under other operating income.

### **Note 13. Events after the balance sheet date**

#### **Convening of the General Meeting**

On 5 May 2014, the Management Board of Premia Foods convened the General Meeting, which will take place on 29 May 2014. In addition to the ordinary items on the agenda, such as approving of the annual report for the year 2013, deciding on distribution of profit and electing the auditor for the financial year 2014 and deciding on remuneration of the auditor, the agenda of the General Meeting contains items such as deciding on the acquisition of own shares and determination of the terms of the share buy-back programme.

#### **Applying for new fish farming permit**

On 17 April 2014, Överumans Fisk AB, the fully owned subsidiary of as Premia Foods, submitted an application of new fish farming permit for annual growth volume of 3.6 million kg-s to Länsstyrelsen Västerbotten (County Administrative Board of Västerbotten). The new applied permit consists of transferring existing permits in the amount of 1.3 million kg-s and additional growth volume in the amount of 2.3 million kg-s. The new fish farm is planned into the same basin where the Group has today farming permits up to 1.5 million kg-s. In case of positive decision from Länsstyrelsen Västerbotten the new permit comes into effect earliest in the end of 2014.

**MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 1<sup>ST</sup> QUARTER AND 3 MONTHS OF 2014**

The Management Board confirms the correctness and completeness of the consolidated interim report for the 1<sup>st</sup> quarter and 3 months of 2014 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	Katre Kõvask	digitally signed	13 May 2014
Member of Management Board	Silver Kaur	digitally signed	13 May 2014
Member of Management Board	Erik Haavamäe	digitally signed	13 May 2014