

AS PRFoods

**Consolidated Unaudited Interim Report
for 4th quarter and 12 months of 2014**

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Main areas of activity:	Production and sale of fish products Fish farming
Reporting period:	1 January 2014 – 31 December 2014
Auditor:	AS PricewaterhouseCoopers

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ACTIVITIES REPORT BY MANAGEMENT BOARD

AS PRFoods is a food production company which is listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010. The previous business name of the company was AS Premia Foods. By the resolution of the extraordinary general meeting of shareholders held on 30.10.2014, the business name of the company was changed; the new business name is AS PRFoods.

On 06.10.2014, AS PRFoods, Nordic Foods Holding OÜ and Shiner Macost Ltd executed share purchase agreements under which AS PRFoods undertook to sell and transfer 100% of all the shares of the subsidiaries of AS PRFoods AB Premia KPC and OOO Khladokombinat No 1 and the Russian trademarks owned by AS PRFoods to Nordic Foods Holding OÜ and Shiner Macost Ltd. As a result of the contemplated transaction, AS PRFoods sold and transferred all its Baltic and Russian ice cream and frozen goods operations.

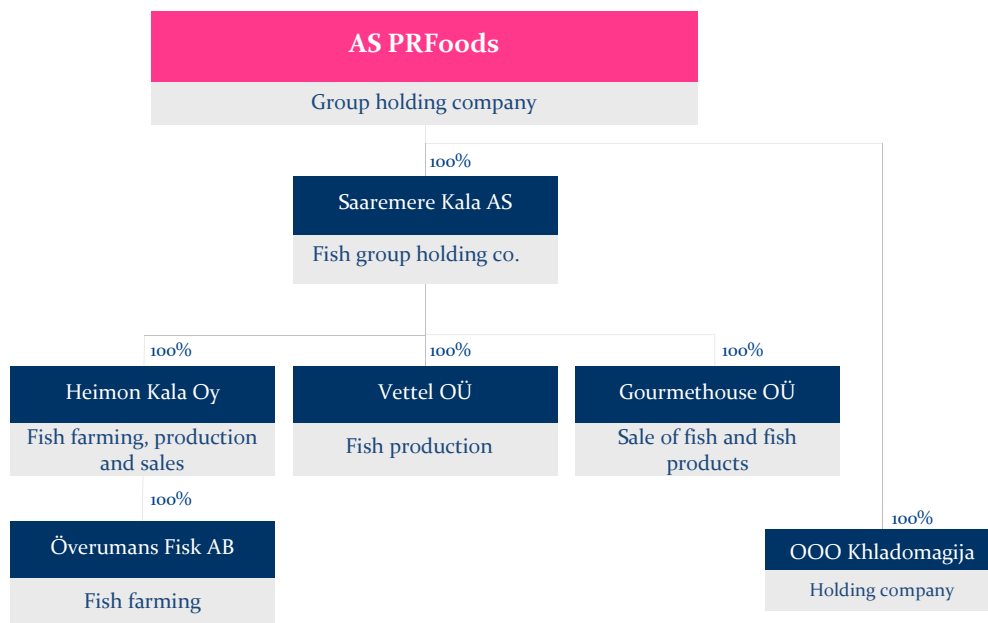
The general meeting of shareholders held on 30.10.2014 decided to approve the transaction of the sale and transfer of AB Premia KPC, a significant subsidiary of AS PRFoods, in accordance with the terms and conditions of the transaction of sale and transfer of the significant subsidiary of AS PRFoods, which were made available to the shareholders together with the convening of the extraordinary general meeting of shareholders.

On 31.10.2014, the transaction of sale and transfer of the Baltic business units and the trademarks owned by AS PRFoods described above was completed. The sales transaction of the shares of OOO Khladokombinat No 1 was completed on 10.11.2014.

The ice cream business segment and the frozen goods business segment, including the Russian trademarks of AS PRFoods, have been indicated in this report as discontinued operations. In order to evaluate the results of the continuing operations, the data of 2013 has been adjusted for comparison purposes.

Continuing operations are the production and sale of fish products in the Finnish and Estonian markets and fish farming. The most important trademark of PRFoods is Heimon Gourmet.

Structure of the PRFoods 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).

MISSION

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

VISION

PRFoods is the leading player engaged in the production and sales of fish products in the Baltics and Scandinavia.

STRATEGY

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

STRENGTHS

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

RISKS

- ❖ Rapid price growth of raw material and high volatility of prices;
- ❖ Significant increase of the proportion of private label products in all the target markets and the business segments;
- ❖ Risks related to livestock.

SUMMARY OF FINANCIAL RESULTS

Unaudited financial results of AS PRFoods, 4th quarter and 12 months, 2014

The net loss of AS PRFoods in the 4th quarter including discontinued operations totalled to -6.4 million euros. The loss increased by 5.4 million euros compared to the previous year. The loss included the loss from the sale of subsidiaries, which accounted for a total of 5.0 million euros. Continuing operations ended the 4th quarter with a loss of -1.2 million euros and the 12-month net loss increased by 0.5 million compared to the same period in 2013 from -0.9 million to -1.5 million euros.

Profit & Loss, EUR mln	Continuing operations				Continuing and discontinued operations			
	Q4 2014	Q4 2013	12m 2014	12m 2013	Q4 2014	Q4 2013	12m 2014	12m 2013
Sales	14.3	16.5	45.9	43.4	17.6	25.9	95.9	98.9
Gross profit	1.7	2.0	5.3	4.2	2.6	4.4	23.3	23.3
EBITDA from operations*	-0.3	0.6	0.4	0.3	-0.6	-0.3	5.1	3.8
EBITDA	-0.6	0.7	0.5	1.2	-0.9	-0.2	5.3	4.8
EBIT	-0.9	0.4	-0.6	0.1	-1.3	-0.9	3.1	2.2
Net profit (loss)	-1.2	0.3	-1.5	-0.9	-6.4	-1.0	-2.7	0.9

* before one-offs and fair value adjustment

Profit & Loss, EUR mln	Group of fish companies			
	Q4 2014	Q4 2013	12m 2014	12m 2013
Sales	14.3	16.3	45.6	43.0
Gross profit	1.7	1.9	5.1	3.9
EBITDA from operations*	0.8	0.7	1.9	0.8
EBITDA	0.5	0.8	2.1	1.7
EBIT	0.2	0.5	1.0	0.7
Net profit (loss)	-0.1	0.6	0.3	0.2

* before one-offs and fair value adjustment

Continuing operations (the data of 2013 has also been adjusted for comparison purposes):

4th quarter of 2014 (compared to the 4th quarter of 2013):

- ❖ Unaudited consolidated revenue of 14.3 million euros, a decrease of 13% or -2.1 million euros.
- ❖ Gross margin of 11.8%, a decrease of 0.3 percentage points.
- ❖ EBITDA from operations -0.3 million euros, a decrease of 0.9 million euros.
- ❖ Negative impact from revaluation of biological assets 0.3 million euros (4th quarter 2013: negative impact of 0.4 million euros).
- ❖ EBITDA -0.6 million euros, a decrease of 1.3 million euros.
- ❖ Operating loss of -0.9 million euros, a decrease of 1.3 million euros.
- ❖ Net loss -1.2 million euros, a decrease of 1.5 million euros.

12 months of 2014 (comparison to 12 months of 2013):

- ❖ Unaudited consolidated revenue of 45.9 million euros, an increase of 6% or 2.5 million euros.
- ❖ Gross margin of 11.5%, an increase of 1.9 percentage points.
- ❖ EBITDA from operations 0.4 million euros, an increase of 0.1 million euros.
- ❖ Negative impact from revaluation of biological assets 0.6 million euros (12 months 2013: positive impact of 0.7 million euros).
- ❖ EBITDA 0.5 million euros, a decrease of 0.7 million euros.

- ❖ Operating loss of -0.6 million euros, a decrease of 0.7 million euros.
- ❖ Net income -1.5 million euros, weakening by 0.5 million euros.
- ❖ The operating expense ratio increased by 0.5 percentage points to 13.4%.

On 19 June 2014, the Swedish Board of Agriculture decided to satisfy the claim for damages and loss of profit submitted by PRFoods and pay an additional compensation in the amount of 751 thousand euro, which has been recorded as other operating income of the second quarter.

The company's key ratios of the 4th quarter of 2014 and of 12 months have been indicated in the following table. The income statement data of 2013 of the continuing operations has been adjusted for comparison purposes.

Key ratios, Profit & Loss	formula	Continuing operations			
		Q4 2014	Q4 2013	12m 2014	12m 2013
Gross margin	Gross profit / Net sales	11.8%	12.1%	11.5%	9.6% ▲
Operational EBITDA margin	EBITDA from operations/Net sales	-2.0%	3.9%	0.8%	0.7% ▲
EBIT margin	EBIT / Net sales	-6.2%	2.4%	-1.3%	0.3% ▼
Net margin	Net earnings / Net sales	-8.3%	1.9%	-3.2%	-2.1% ▼
Operating expense ratio	Operating expenses / Net sales	14.2%	10.4%	13.4%	12.9% ▼
Balance Sheet, EUR mln				31.12.14	31.12.13
Net debt	Short and Long term Loans and Borrowings - Cash			-2.6	13.2
Equity				33.7	37.3
Working capital	Current Assets - Current Liabilities			22.9	10.1
Assets				40.4	63.8
Liquidity ratio	Current Assets / Current Liabilities			5.9	1.6
Equity ratio	Equity / Total Assets			83%	58%
Gearing ratio	Net Debt / (Equity + Net Debt)			-8%	26%
Net debt-to-EBITDA	Net Debt / EBITDA from operations			-6.63	3.43
ROE	Net Earnings / Average Equity			-8%	3%
ROA	Net Earnings / Average Assets			-5%	1%

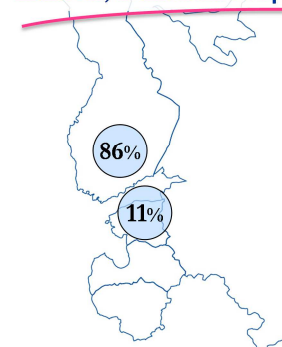
REVENUE

AS PRFoods monitored financial results according to business segments, which included fish segment, ice cream segment, frozen goods segment and other, and according to geographical region. The ice cream segment and frozen goods segment have been accounted for as discontinued operations in this interim report. In addition to the decline in the sales of the ice cream and frozen goods segments, the revenue of the other business segment also declined (the revenue of other segment for 12 months of 2014: continuing and discontinued operations 2.8 million euros or 2.9% of total revenue, only continuing operations 0.3 million euros or 0.6% of total revenue). The other segment accounts for an insignificant portion of the continuing operations and therefore these segments are not separately presented. Furthermore, the number of target markets has decreased as a result of discontinued operations and this interim report presents the distribution of revenue from continuing operations in the Finnish and Estonian market.

Revenue from continuing operations of AS PRFoods in the 4th quarter of 2014 was 14.3 million euros, which is -2.1 million euros or 12.8% less compared to the 4th quarter of 2013. In the 12 months of 2014, total revenue was 45.9 million euros, exceeding the revenue recorded in the previous year by 5.8% or 2.5 million euros. The revenue growth was attributable to both HoReCa and the retail market, and to the cold smoked and hot smoked product categories.

Overall in the 12 months of 2014 revenue increased in Finland where the annual growth rate was 10.2% or a total of 3.7 million euros. Revenue decreased in Estonia by 16.1% or by 1.0

Sales share in target markets, 12 months 2014



million euros year-on-year.

Sales (EUR million)	GEOGRAPHICAL MARKETS									
	Q1	Q2	Q3	Q4	12m 2014	Q1	Q2	Q3	Q4	12m 2013
Finland	8.7	9.8	8.8	12.1	39.5	6.7	7.8	8.1	13.1	35.9
Estonia	1.1	1.2	1.0	1.9	5.2	1.3	1.0	1.3	2.6	6.3
Other	0.3	0.3	0.2	0.3	1.1	0.3	0.1	0.1	0.7	1.2
export share	89%	90%	90%	87%	89%	84%	88%	87%	84%	86%

EXPENSES AND PROFIT

Revenue from continuing operations increased in 2014 by 2.5 million euros or 5.8%. At the same time operating expenses increased by 0.5 million euros or 9.6%. The ratio of operating expenses to revenue increased in 2014 by 0.5 percentage points compared to the previous year.

	12m 2014	12m 2013	change	12m 2014	12m 2013	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
Sales	45.9	43.4	+ 2.5	100.0%	100.0%	
Cost of goods sold	- 40.6	- 39.2	+ 1.4	88.5%	90.4%	- 1.9%
incl one-off exp	- 0.0	- 0.2	- 0.2	0.1%	0.5%	- 0.4%
materials in production & cost of goods purchased for resale	- 32.8	- 32.4	+ 0.5	71.6%	74.6%	- 3.0%
labour costs	- 3.4	- 3.0	+ 0.3	7.4%	7.0%	+ 0.4%
depreciation	- 0.9	- 0.9	+ 0.0	2.0%	2.1%	- 0.0%
other cost of goods sold	- 3.4	- 2.9	+ 0.5	7.5%	6.7%	+ 0.8%
Operating expenses	- 6.1	- 5.6	+ 0.5	13.4%	12.9%	+ 0.5%
incl one-off exp	- 0.0	- 0.1	- 0.1	0.0%	0.1%	- 0.1%
labour costs	- 1.7	- 1.9	- 0.2	3.7%	4.4%	- 0.7%
transport & logistics services	- 1.6	- 1.6	+ 0.0	3.5%	3.7%	- 0.2%
depreciation	- 0.2	- 0.3	- 0.0	0.5%	0.6%	- 0.1%
advertising, merchandising, marketing and product development	- 0.7	- 0.7	- 0.0	1.5%	1.7%	- 0.2%
other operating expenses	- 1.9	- 1.1	+ 0.8	4.1%	2.5%	+ 1.6%
Other income/expenses	0.8	0.8	+ 0.0	1.8%	1.8%	- 0.1%
incl one-off income/exp	0.8	0.5	+ 0.3	1.6%	1.1%	+ 0.6%

The ratio of cost of goods sold to revenue decreased in 2014 by a total of 1.9 percentage points compared to 2013. The increase in gross margin is primarily attributable to the decrease in the prices of raw materials in the fish industry.

The market price of salmon in the 12 months of 2014 was 0.3 and the price of rainbow trout was 0.1% lower compared to the 12-month price level of the previous year¹.

The staff costs associated with production increased by 11.4%. The increase is attributable to the need for additional labour in the fish processing facility in Estonia and the fish farm in Sweden. At the same time the staff costs of the supporting personnel decreased by 11.0%. Overall, staff costs in the fish segment increased by a total of 2.8% in 2014.

¹ 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.

Other operating income and costs remained at the same level in 2014 as compared to the previous period. Behind the increase of other operating income is the compensation in the amount of 751 (2013: 462) thousand euros from the Swedish Board of Agriculture in connection with the destroying the fish fingerlings in 2012.

In 2014, EBITDA from operations, i.e. the operating profit before market price driven revaluation of biological assets, one-off income and expenses and depreciation and amortisation expense, was 0.4 million euros, which is 0.1 million euros more compared to 2013. EBITDA from operating activities in the 4th quarter was -0.3 million euros, 0.9 million euros less compared to the same period of the previous year.

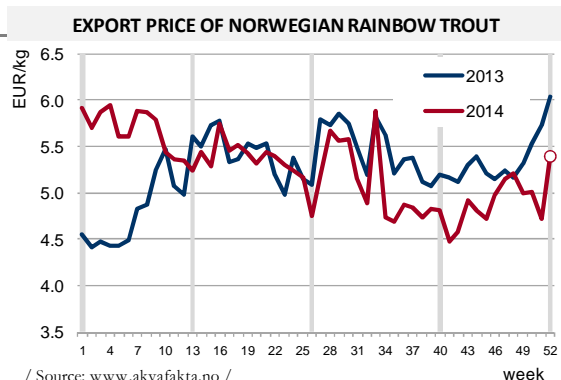
The loss from the revaluation of fish stock for 12 months of 2014 was 0.6 million euros (in 12 months of 2013 profit 0.7 million euros). In the 4th quarter the loss from the revaluation was 0.3 million euros, which is 0.1 million less compared to the previous year. The biological assets of PRFoods as of 31.12.2014 consist of 95% rainbow trout farmed in the Finnish and Swedish fish farms and 5% whitefish.

EBITDA of the period decreased by 0.7 million euros in comparison to the previous year.

Operating loss for the 4th quarter of 2014 was -0.9 million euros compared to an operating profit of 0.4 million euros in the 4th quarter of 2013. In the 12 months, operating loss amounted to -0.6 million euros, deteriorating by 0.7 million euros compared to the previous year. Finance costs decreased in the period by 0.1 million euros or 13.4% compared to the previous period.

The company's net loss from continuing operations in the 4th quarter of 2014 amounted to -1.2 (4th quarter of 2013: profit of 0.3) million euros. Net loss for the full year amounted to -1.5 (2013: -0.9) million euros.

Including discontinued operations, the net loss of the 4th quarter amounted to -6.4 million euros, 5.4 million euros less compared to the 4th quarter of 2013. Combined net loss of the period was -2.7 million euros (2013: net profit 0.9 million euros).



FINANCIAL POSITION

LIQUIDITY AND SOLVENCY RATIOS

Ratio	formula	31.03.14	30.06.14	30.09.14	31.12.14	31.03.13	30.06.13	30.09.13	31.12.13
Liquidity ratio	Current Assets / Current Liabilities	1.47	1.48	3.07	5.94	1.73	1.58	1.86	1.63
Equity ratio	Equity / Total Assets	56%	55%	62%	83%	57%	53%	58%	58%
Gearing ratio	Net Debt / (Equity + Net Debt)	27%	27%	19%	-8%	27%	30%	28%	26%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	2.82	3.15	7.35	-6.63	2.80	3.46	3.31	3.43

*as of 30.09.2014 and 31.12.2014 12 months EBITDA from operations from continuing operations

Cash flow from operating activities of continuing operations in the 12 months of 2014 amounted to -0.5 million euros (-2.4 million euros in the same period in 2013). Including discontinued operations, the cash flow from operating activities for the accounting period amounted to -2.1 million euros, 6.1 million euros less compared to the previous year.

Net debt as at the balance sheet date was -2.6 million euros (31.12.13: 13.2 million euros). Financial leverage or the ratio of net debt in the entire capitalisation was -8% (31.12.13: 26%).

The ratio of net debt to EBITDA as at 31.12.14 was -6.63 (31.12.13: 3.43). The liquidity ratio demonstrating short-term solvency as at 31.12.14 was 5.94 (31.12.13: 1.63). The proportion of equity to the total assets was 83% (31.12.13: 58%) and the working capital of the company was 22.9 million euros (31.12.13: 10.1 million euros).

BALANCE SHEET ANALYSIS

The consolidated balance sheet total of PRFoods as at 31.12.2014 totalled to 40.4 million euros, having decreased by 23.6 million euros or 36.9% within a year.

The company's current assets as of 31.12.2014 amounted to 27.6 million euros and the balance of cash and bank accounts was 3.3 million euros.

Receivables and prepayments of continuing operations increased by 8.1 million euros year-on-year, which is attributable to uncollected instalments from the sale of subsidiaries (additional information is presented in Note 13). Inventories and biological assets of continuing operations increased by 0.1 million euros or 8.4% compared to the previous year.

Payables and prepayments as at 31.12.14 were at 4.4 million euros (31.12.13: continuing operations 4.9 million euros; including discontinued operations 10.1 million euros).

The equity of PRFoods as at 31.12.14 amounted to 33.7 (31.12.2013: 37.3) million euros.

INVESTMENTS

During the financial year, the capital expenditures into continuing operations of PRFood's tangible and intangible assets amounted to 1,392 thousand euros (in 2013 capital expenditures excluding the capital expenditures of discontinued operations amounted to 1,002 thousand euros).

PERSONNEL

The number of employees in the continuing operations at the end of the 4th quarter was in total 223 employees – this represents an increase of 10 employees compared to the previous year. On the basis of the annual average the number of employees has also increased by 10% to 217 employees. The increase in the number of employees has been necessitated by the need for additional labour in the fish processing facility in Estonia and the fish farm in Sweden. The growth in staff costs in continuing operations amounted to 2.8% year-on-year or 136 thousand euros. In discontinued operations, staff costs decreased compared to the comparative period (January to October of 2013) by a total of 0.6% or 39 thousand euros.

Continuing operations	PERSONNEL ANALYSIS									
	Q1	Q2	Q3	Q4	12m 2014	Q1	Q2	Q3	Q4	2m 2013
No of employees, at the end of period	204	219	230	223	223	185	187	212	213	213
Average number of employees	202	210	225	231	217	186	185	206	213	198
Finland	38	39	40	42	40	39	41	42	44	42
Estonia	145	150	164	164	156	131	128	142	149	138
Sweden	19	21	21	25	22	16	16	22	21	19
Payroll expenses (th EUR)	1,095	1,279	1,227	1,456	5,056	1,087	1,152	1,184	1,497	4,920
Monthly average payroll exp per employee (th EUR)	1.81	2.03	1.82	2.10	1.94	1.95	2.08	1.92	2.34	2.08

FINANCIAL RISKS

In its daily activities, the Group is exposed to different types of risk, managing these risks is an important and integral part of the business activities of the Group. The Group's ability to identify, measure and control different risks is a key input for the Group's profitability. The Group's management defines risk as a potential negative deviation from the expected financial results. The main risk factors are market (including currency risk, interest rate risk and price risk), credit, liquidity and operational risks. Group's Parent company considers all the risks as significant risks for the Group.

The basis for risk management in the Group are the requirements set by the Tallinn Stock Exchange, the Financial Supervision Authority and other regulatory bodies, adherence to generally accepted accounting principles, as well as the company's internal regulations and risk policies. Overall risk management includes identification, measurement and control of risks. The management of the Parent company plays a major role in managing risks and approving risk procedures. The Supervisory Council of the Group's Parent company supervises the Management Board's risk management activities.

Credit risk

Credit risk expresses a potential loss that arises in the event of clients failing to perform their contractual obligations. To reduce credit risk, the payment discipline of clients is consistently monitored. To minimize credit risk, solvency of a potential future contractual partner is assessed based on the information received from the Commercial Register, Tax Board or other public sources. Contracts for purchase and sale of products are concluded with all contractual partners, and a payment term is granted only to reliable partners.

Interest rate risk

In case of long-term loans, the Group uses fixed interest rates and interest rates based on EURIBOR base interest. In managing interest rate risks, possible losses arising from changes in interest rates are regularly compared to the expenses incurred for hedging them.

Capital management

With regard to capital management, the Groups objective is to ensure sustainability of the Group in order to ensure returns for shareholders while preserving an optimal capital structure for reducing capital expenditure. For preserving or improving the capital structure, the Group may regulate the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the debt.

According to the practice prevailing in the industry, the Group uses the debt to equity ratio to monitor capital. That ratio is arrived at by dividing net debt by total capital. Net debt equals total debt (total amount of short-term and long-term borrowings recognised in the consolidated statement of financial position) less cash and cash equivalents.

SHARES

PRFoods 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. PRFoods'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 PRFoods (EUR) and the volume of transactions (no of shares traded) during the period from 5 May 2010 up to 31 December 2014:



In accordance with the resolution of the General Meeting of shareholders of AS PRFoods, 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	Q2	Q3	Q4	12m 2014	Q1	Q2	Q3	Q4	12m 2013
Open	0.710	0.658	0.668	0.635	0.710	0.640	0.658	0.721	0.690	0.640
High	0.760	0.675	0.718	0.765	0.765	0.700	0.728	0.745	0.728	0.745
Low	0.611	0.629	0.618	0.634	0.611	0.620	0.650	0.662	0.682	0.620
Last	0.655	0.654	0.623	0.670	0.670	0.700	0.718	0.690	0.700	0.700
Traded volume, thousand	469	191	256	974	1,891	467	406	311	548	1,732
Turnover, million	0.33	0.12	0.17	0.69	1.32	0.30	0.28	0.22	0.38	1.18
Market capitalization, million	25.34	25.30	24.10	25.92	25.92	27.08	27.77	26.69	27.08	27.08

MARKET RATIOS

<i>Ratios</i>	<i>formula</i>	31.12.14
EV/Sales	(Market Cap + Net Debt) / Sales	0.5
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	60.1
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	43.3
Price-to-Earnings	Market Cap / Net Earnings	-9.5
Price-to-Book	Market Cap / Equity	0.8

Market Cap, Net Debt and Equity as of 31.12.2014

Sales and EBITDA from continuous operations for the trailing 12 months period

Net Earnings for the trailing 12 months period

Shareholders structure

Major shareholders of AS PRFoods at 31 December 2014:

1. ING Luxembourg S.A.	62.71%	6. Firebird Avrora Fund. Ltd.....	1.68%
2. LHV Pensionifond L.....	4.53%	7. Compensa Life Vienna Insurance Group SE	1.66%
3. OÜ Rododendron	3.36%	8. LHV Pensionifond XL.....	1.51%
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 PRFoods, 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 PRFoods comprises of Lauri Kustaa Äimä (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 PRFoods, the Management Board comprises of one to four members elected for the term of 3 years.

Pursuant to a decision of the Supervisory Board, the day-to-day business operations of AS PRFoods are managed as of 02.02.2015 by the Chairman of the Management Board Indrek Kasela.

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

Shareholder	31/12/2014 No of shares	%
Chairman of the Management Board (till 01.02.2015) – Katre Kõvask	506,943	1.31%
Member of the Management Board (till 31.12.2014) – Silver Kaur	365,141	0.94%
Member of the Management Board (till 01.02.2015) – Erik Haavamäe	185,242	0.48%
Chairman of the Supervisory Board (starting from 02.02.2015 Chairman of Management Board) – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
Member of the Supervisory Board (starting from 02.02.2015 Chairman of 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	
Total number of shares owned by supervisory and Management Board	2,625,243	6.79%

The CV-s of the members of the management board and of the supervisory board of AS PRFoods as at date of the preparation of the report:

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 Heimon Kala Oy and Vettel OÜ. He serves as Supervisory Board member of AS Toode, ELKE Grupi AS, EPhaG AS, AS Kevelt, Salva Kindlustuse AS, AS Ridge Capital, Ekspress Grupp AS, AS Premia Tallinna Külmoone and a Management Board member of OÜ Transtech Services, Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ, Temnikova & Kasela Galerii OÜ, LA24 Holding OÜ, Saue 3K Capital 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 PRFoods. 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 OÜ, Lottesõbrad OÜ 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. 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&Kattis.

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

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

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.prfoods.ee under investor relations subsection.

CONDENSED INTERIM ACCOUNTING REPORT

Condensed consolidated statement of financial position

EUR '000	31/12/2014	31/12/2013	Note
	unaudited	audited	
Cash and cash equivalents	3,330	1,314	
Receivables and prepayments	12,089	8,356	(Note 13)
Inventories	6,563	10,258	
Biological assets	5,583	6,270	
Total current assets	27,565	26,198	
Deferred income tax assets	56	557	
Long-term financial investments	134	127	(Note 2)
Investment property	0	2,084	(Note 3)
Property, plant and equipment	6,484	12,500	(Note 3)
Intangible assets	6,178	22,373	(Note 4)
Total non-current assets	12,852	37,641	
TOTAL ASSETS	40,417	63,839	
Borrowings	198	6,035	(Note 5,6)
Payables and prepayments	4,446	10,057	
Total current liabilities	4,644	16,092	
Borrowings	555	8,470	(Note 5,6)
Deferred income tax liabilities	459	716	
Government grants	1,054	1,264	(Note 7)
Total non-current liabilities	2,068	10,450	
Total liabilities	6,712	26,542	
Share capital	19,342	19,342	(Note 8)
Share premium	15,993	16,026	
Treasury shares	-84	0	(Note 8)
Statutory capital reserve	6	6	(Note 8)
Other reserves	0	62	(Note 8)
Currency translation differences	440	748	
Retained earnings	-1,992	1,113	
Equity attributable to equity holders of the parent	33,705	37,297	
Total equity	33,705	37,297	
TOTAL LIABILITIES AND EQUITY	40,417	63,839	

Condensed consolidated statement of profit or loss and other comprehensive income

EUR '000	Q4 2014 unaudited	Q4 2013 unaudited	12m 2014 unaudited	12m 2013 unaudited	Note
Continuing operations					
Revenue	14,347	16,461	45,862	43,364	(Note 9)
Cost of goods sold	-12,649	-14,462	-40,569	-39,192	
Gross profit	1,698	1,999	5,293	4,172	
Operating expenses	-2,040	-1,718	-6,124	-5,587	
Sales and marketing expenses	-894	-1,159	-3,580	-3,599	
General and administrative expenses	-1,146	-559	-2,544	-1,988	
Other income and expenses, net	-221	497	811	801	
Revaluation of biological assets	-323	-376	-571	742	
Operating profit (loss)	-886	402	-591	128	
Finance income	75	-16	87	1	
Finance costs	-269	-296	-808	-933	
Profit (loss) before income tax	-1,080	90	-1,312	-804	
Corporate income tax	-109	223	-139	-116	
Profit (loss) for the period from continuing operations	-1,189	313	-1,451	-920	
Profit for the period from discontinued operations	-5,201	-1,293	-1,267	1,867	(Note 13)
Profit (loss) for the period	-6,390	-980	-2,718	947	
<i>Other comprehensive income (expense) that might subsequently classified to profit or loss:</i>					
Currency translation differences	-257	85	-309	264	
incl. continuing operations	-33	-28	-98	-37	
incl. discontinued operations	-224	113	-211	301	
Other comprehensive income (expense)	-257	85	-309	264	
Total comprehensive income (expense)	-6,647	-895	-3,027	1,211	
Net profit (loss) for the period:					
Attributable to equity holders of the parent	-6,390	-980	-2,718	947	(Note 8)
Net profit (loss) for the period	-6,390	-980	-2,718	947	
Comprehensive income (expense) for the period:					
Attributable to equity holders of the parent	-6,647	-895	-3,027	1,211	
Total comprehensive income (expense)	-6,647	-895	-3,027	1,211	

<i>Earnings per share</i>	Q4 2014	4Q 2013	12m 2014	12m 2013
Basic earnings (loss) per share (EUR)	-0,17	-0,03	-0,07	0,02 (Note 8)
incl. continuing operations	-0,03	0,01	-0,04	-0,02
incl. discontinued operations	-0,13	-0,03	-0,03	0,05
Diluted earnings (loss) per share (EUR)	-0,17	-0,03	-0,07	0,02 (Note 8)
incl. continuing operations	-0,03	0,01	-0,04	-0,02
incl. discontinued operations	-0,13	-0,03	-0,03	0,05

Condensed consolidated cash flow statement

EUR '000	12m 2014 unaudited	12m 2013 unaudited	Note
Continuing operations:			
Net loss	-1,451	-919	
<i>Adjustments:</i>			
Depreciation and amortisation	1,130	1,111	(Note 3, 4)
Gain/loss on disposal of non-current assets	0	8	
Other non-monetary changes	9,275	-2,516	
Changes in receivables and prepayments	-7,948	-653	
Changes in inventories	-1,631	-513	
Changes in biological assets	687	-639	
Changes in payables and prepayments	-281	1,889	
Corporate income tax paid	-232	-129	
Discontinued operations	-1,690	6,332	
Net cash used (generated) in operating activities	-2,142	3,971	
Continuing operations:			
Proceeds from sale of property, plant and equipment and intangible assets	232	47	(Note 3, 4)
Acquisition of property, plant and equipment and intangible assets	-966	-639	(Note 3, 4)
Disposal of subsidiaries, net of cash disposed	18,116	0	(Note 13)
Repayments of loans granted	4	3	
Interest received	1	1	
Profit from long-term investments	3	0	
Discontinued operations	-707	-164	
Net cash used (generated) in investing activities	16,683	-752	
Continuing operations:			
Own shares buy-back	-117	0	
Change in overdraft facility	-1,835	-24	
Repayments of borrowings	-8,430	-1,492	
Payments of finance lease principal	-245	-168	
Dividends paid	-387	-387	
Interest paid	-423	-329	
Discontinued operations	-1,088	-862	
Net cash used from financing activities	-12,525	-3,262	
NET CASH FLOWS:	2,016	-43	
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of the period	1,314	1,357	
Net change in cash and cash equivalents	2,016	-43	
Cash and cash equivalents at end of the period	3,330	1,314	

Consolidated statement of changes in equity

EUR '000

Equity attributable to equity holders of the company

	Share capital	Share premium	Own shares	Statutory capital reserve	Other reserves	Currency translation differences	Retained earnings	Total	Total Equity
Balance at 31/12/12	19,342	16,026	0	6	42	485	553	36,454	36,454
Share option programme	0	0	0	0	20	0	0	20	20
Dividends	0	0	0	0	0	0	-387	-387	-387
Comprehensive income	0	0	0	0	0	264	947	1,211	1,211
Balance at 31/12/13	19,342	16,026	0	6	62	748	1,113	37,297	37,297
Balance at 31/12/13	19,342	16,026	0	6	62	748	1,113	37,297	37,297
Own shares buy-back programme	0	-33	-84	0	0	0	0	-117	-117
Share option programme	0	0	0	0	-62	0	0	-62	-62
Dividends	0	0	0	0	0	0	-387	-387	-387
Comprehensive expense	0	0	0	0	0	-309	-2,718	-3,027	-3,027
Balance at 31/12/14	19,342	15,993	-84	6	0	440	-1,992	33,705	33,705

Notes to the Interim Report

Note 1. Summary of material accounting policies

AS PRFoods is a company registered in Estonia. The interim report as at 31 December 2014 contains AS PRFoods (hereinafter the Parent Company) and its subsidiaries Saaremere Kala AS in Estonia and OOO Khladomagija in Russia and companies belonging into the group – OÜ Vettel, OÜ GourmetHouse in Estonia, Heimon Kala OY in Finland and Överumans Fisk Ab in Sweden (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 PRFoods is listed on the NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The business segment of ice cream and of the frozen goods (AB Premia KPC, AS Premia Tallinna Külmoone, AS Premia FFL, OOO Khladokombinat No 1), including the Russian trademarks owned by AS PRFoods, have been indicated in this report as discontinued operations. In order to evaluate the results of the continuing operations, the data of 2013 has been adjusted for comparison purposes. The continuing operations are the production and sales of the fish products in the Estonian and Finnish markets and the fish farms.

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.prfoods.ee.

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 20 February 2015.

In the opinion of the management, this interim report for 4th quarter and 12 months 2014 of AS PRFoods 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.

Discontinued operations and classification of non-current assets (or disposal groups) as held for sale

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs of selling.

Intra-Group transactions between discontinued and continuing operations are eliminated based on whether the arrangement between the continuing and discontinuing operations will continue subsequent to the disposal. The results of the discontinued operation include only those costs and revenues that will be eliminated from the Group on disposal.

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
Balance at 31.12.2013	51	76	127
Repayments of loans granted	0	-4	-4
Profit (loss) from equity participation	11	0	11
Balance at 31.12.2014	62	72	134

Other long-term investments include the investments into shares and holdings, which are not listed on the stock Exchange. Dividend income of 3 thousand euros was earned on the financial investments during the period.

AS PRFoods 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 PRFoods in developing new technologies and products.

Note 3. Property Investments and Tangible Fixed Assets

Continued operations

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
Residual value as of 31.12.2013	0	2,632	3,496	241	160	6,529
Unrealised currency effect	0	-32	-56	-1	-5	-94
Acquired during the period	0	310	765	70	168	1,313
Depreciation	0	-236	-752	-48	0	-1,036
Assets sold and written off	0	-20	-89	-9	-110	-228
Balance at 31.12.2014	0	2,654	3,364	253	213	6,484

Discontinued operations

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
Residual value as of 31.12.2013	2,084	1,882	3,923	103	62	8,055
Unrealised currency effect	0	0	-40	0	0	-40
Acquired during the period	0	0	749	29	239	1,017
Re-classification	0	0	8	0	-8	0
Depreciation	0	-112	-763	-44	0	-919
Assets sold and written off	0	0	-24	-1	0	-25
Divestment of subsidiaries	-2,084	-1,770	-3,854	-88	-293	-8,088
Balance at 31.12.2014	0	0	0	0	0	0

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

Note 4. Intangible Assets

Continued operations						
EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
Balance as of 31.12.2013	4,730	718	531	28	200	6,207
Unrealised currency effect	0	-4	0	0	-6	-10
Acquired during the period	0	0	28	6	45	79
Depreciation	0	-55	-26	-13	0	-94
Assets sold and written off	0	0	0	-4	0	-4
Balance at 31.12.2014	4,730	659	533	17	239	6,178
Discontinued operations						
EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
Balance as of 31.12.2013	15,212	834	4	117	0	16,167
Unrealised currency effect	0	0	0	-6	0	-7
Acquired during the period	0	296	0	13	0	309
Depreciation	0	-43	-3	-63	0	-109
Divestment of subsidiaries	-15,212	-1,087	-1	-61	0	-16,361
Balance at 31.12.2014	0	0	0	0	0	0

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 31.12.14	814	351	0	1,165
Accumulated depreciation as of 31.12.14	-161	-85	0	-246
Residual value as of 31.12.14	653	266	0	919
Acquisition cost as of 31.12.13	1,785	1,436	1	3,222
Accumulated depreciation as of 31.12.13	-291	-332	0	-623
Residual value as of 31.12.13	1,494	1,104	1	2,599
Payable under finance lease as of 31.12.14	574	179	0	753
incl. payable within 1 year	123	75	0	198
incl. payable within 1-5 year	451	104	0	555
incl. payable after 5 years	0	0	0	0
Principal payments of the period	374	399	0	773
Interest expenses of the period	33	21	0	54
Average interest rate per annum	2.7%	2.5%	x	2.6%

Note 6. Debt Obligations

EUR '000	31/12/2014	31/12/2013
Finance lease liabilities	198	563
Overdraft	0	1,957
Investment loans	0	3,515
Short Term Debt Obligations	198	6,035
Finance lease liabilities	555	1,532
Investment loans	0	6,938
Long Term Debt Obligations	555	8,470
incl. payable within 1-5 years	555	8,350
incl. payable after 5 years	0	120

In the course of the disposal of the ice cream and frozen goods business in Russia and the Baltic States, the investment loan and bank overdraft of PRFoods were repaid to SEB in full.

On 29.12.2014 AS PRFoods and AS SEB Pank entered into a bank overdraft facility agreement, according to which a credit limit of 5,000,000 euros for AS PRFoods was opened. The term of the overdraft facility is 30.04.2016 and the interest rate is 3 month EURIBOR + 1.7%. The bank overdraft facility is secured by a mortgage in the amount of 10.1 million euros and a commercial pledge in the amount of 4.0 million euros.

The overdraft facility was not drawn down as at 31.12.2014.

Note 7. Government Grants

EUR '000	12m 2014	12m 2013
Deferred income from government grants at the beginning of period	1,264	1,479
Change in value due to the exchange rates	-18	-13
Recognition as income during the period	-192	-202
Deferred income from government grants at the end of period	1,054	1,264
incl. income within 1 year	190	202
incl. income within 2-17 years	864	1,062

Note 8. Equity

As at 31.12.14, the company had 38,682,860 shares (31.12.13: 38,682,860), including 167 441 own shares (31.12.13: 0 own shares).

From 01.07.2014 the own shares buy-back programme was implemented in accordance with the resolution of the General Meeting held on 29.05.2014 and the Commission Regulation (EC) No 2273/2003 dated 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

The annual general meeting of shareholders held on 29 May 2014 decided the acquisition of up to 500,000 own shares and determined the conditions for the buy-back program. On 30.06.14, the management board of AS PRFoods concluded a service agreement with AS SEB Pank to conduct the share buy-back program.

As at 31.12.14, AS SEB Pank has repurchased in the name and on behalf of AS PRFoods within the buy-back program 167,441 shares at the average price of 0.6971 euro per share.

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 PRFoods 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 PRFoods 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 PRFoods. As of 17.01.2014 "other reserves" was added to the retained earnings.

The annual general meeting held on 29 May 2014 decided to pay dividends on the account of retained earnings in the amount of 387 thousand euro, i.e. 0.01 euro per share. The list of shareholders entitled to receive dividends was fixed as of 29 August 2014 at 23.59 and the dividends were paid to the shareholders on 3 September 2014.

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 (own shares excluded).

	Q4 2014	Q4 2013	12m 2014	12m 2013
Net profit (-loss) for the period EUR '000	-6,390	-980	-2,718	947
Avg no of shares (thousand)	38,570	38,683	38,649	38,683
Earnings per share (€)	-0.17	-0.03	-0.07	0.02
ind continued operations	-0.03	0.01	-0.04	-0.02
ind discontinued operations	-0.13	-0.03	-0.03	0.05
Diluted earnings per share (€)	-0.17	-0.03	-0.07	0.02
ind continued operations	-0.03	0.01	-0.04	-0.02
ind discontinued operations	-0.13	-0.03	-0.03	0.05

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..

In this report, the ice cream business segment and the frozen goods business segment have been indicated as discontinued operations. Together with the sale of the ice cream business segment and the frozen goods business segment, also the turnover of the other business segment decreases (turnover of the other business segment of 12 months of 2014: continuing and discontinued operations 2.8 million euro, i.e. 2.9% of the turnover, only continuing operations 0.3 million euro, i.e. 0.6%). As a result thereof, the management of the parent company of the Group decided that the two remaining business segments, the fish business segment and the other segments, will hereinafter be monitored and analysed together as the proportion of the other segments in the business is of marginal importance.

Revenue by geographical segments

EUR '000	Q4 2014	Q4 2013	12m 2014	12m 2013
Finland	12,124	13,148	39,541	35,871
Estonia	1,896	2,613	5,245	6,253
Other	327	700	1,076	1,240
Total	14,347	16,461	45,862	43,364

Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner	Status
		31/12/2014	31/12/2013			
Saaremere Kala AS	Estonia	100%	100%	Holding	PRFoods AS	continuous operation
Vettel OÜ	Estonia	100%	100%	Fish processing	Saaremere Kala AS	continuous operation
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS	continuous operation
AS Premia Tallinna Külkhoone	Estonia	0%	100%	Ice cream production, sale of ice cream and frozen food	AB Premia KPC	discontinuous operation
AB Premia KPC	Lithuania	0%	100%	Sale of ice cream and frozen food	PRFoods AS	discontinuous operation
Heimon Kala Oy	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS	continuous operation
Överumans Fisk Ab	Sweden	100%	100%	Fishfarming and sale	Heimon Kala Oy	continuous operation
AS Premia FFL	Latvia	0%	100%	Sale of ice cream and frozen food	AS Premia Tallinna Külkhoone	discontinuous operation
OOO Khladokombinat No1	Russia	0%	100%	Ice cream production, sale of ice cream and frozen food	PRFoods AS	discontinuous operation
OOO Khladomagija	Russia	100%	100%	IP Holding	PRFoods AS	continuous operation

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 PRFoods 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 from continuing operations were as follows (as at 31.12.2014 and 31.12.2013 there were no receivables or payables from the discontinued operations):

Company	Debtor	Comments	Receivable as of 31.12.14 EUR '000	Receivable as of 31.12.13 EUR '000
Vettel OÜ	Companies related to the members of management and	Other receivable	0	0
	Total		0	0

Company	Debtor	Comments	Payable as of 31.12.14 EUR '000	Payable as of 31.12.13 EUR '000
Vettel OÜ	Companies related to the members of management and	Accounts payable	0	1
	Total		0	1

Receivables from related parties have not been written down.

During the reporting period purchase and sale transactions with related parties within the group have been concluded in the following extent:

Jätkuvad tegevusvaldkonnad

Party EUR '000	Type of transaction	12m 2014 Purchase	12m 2014 Sale	12m 2013 Purchase	12m 2013 Sale
Companies related to the members of management and supervisory board	services	525	2	49	2
	Total	525	2	49	2

Lõpetatud tegevusvaldkonnad

Party EUR '000	Type of transaction	12m 2014 Purchase	12m 2014 Sale	12m 2013 Purchase	12m 2013 Sale
Companies related to the members of management and supervisory board	services	-	-	5	-
	Total	0	0	5	0

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 PRFoods and its subsidiaries and other key managers (continuing operations):

	12m 2014 EUR '000	12m 2013 EUR '000
Short-term benefits	776	847
Termination benefits	0	35
Kokku	776	882

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 PRFoods, 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.

On 19 June 2014, the Swedish Board of Agriculture decided to pay SEK 6,727,636 (approximately 0.7 million euro) to Överumans Fisk AB as an additional compensation, therefore, the total amount of compensation is SEK 10,727,636 (approximately 1.2 million euro). The claim of Överumans Fisk AB was satisfied partially as the total amount of claim was SEK 25,487,000. The resolution of the Swedish Board of Agriculture is based on two pieces of legislation of Sweden – the Act on Testing of Animals and the Ordinance on Testing of Animals. Under the Ordinance, a legal or natural person that has suffered costs or losses following decision that was made on the basis of the Act on Tasting of Animals may be granted compensation from government funds if there are particular grounds. The referred legal acts provide no guidance on the size of the compensation or what types of costs are compensable. There is also no relevant administrative or court practise. Therefore, the Swedish Board of Agriculture applied as an analogy the provisions of the Epizootic Act stating; however, that the parasite in question is not an epizootic disease. According to the Epizootic Act, compensation is granted for slaughtered animals, decontamination, production loss or other loss of income than production loss, whereas the production loss is compensated only in the amount of 50%. This led the Swedish Board of Agriculture to conclude that any other costs or loss should not be compensated. Based on the above legal argumentation, the Swedish Board of Agriculture did not satisfy the claim of Överumans Fisk AB in respect of legal costs, stand-still costs, interest costs, other costs (such as travel, translation, and etc. costs) and satisfied the claim of loss of profit only partially. Due to the above reasons the amount of compensation was reduced to SEK 10,727,636 (approximately 1.2 million euro). After careful consideration, the company decided not to appeal the decision of the Swedish Board of Agriculture. The main reason for such a decision by the company is the legal uncertainty as to the success of potential appeal. Overall the Management Board of PRFoods considers the result of the legal proceedings with the Swedish Board of Agriculture in respect of the compensation a success as no other company in Sweden has received compensation in similar cases.

Note 13. Discontinued operations

On 06.10.2014, AS PRFoods, Nordic Foods Holding OÜ and Shiner Macost Ltd executed share purchase agreements under which AS PRFoods undertook to sell and transfer 100% of all the shares in the subsidiaries of AS PRFoods AB Premia KPC and OOO Khladokombinat No 1 and the Russian trademarks owned by AS PRFoods to Nordic Foods Holding OÜ and Shiner Macost Ltd. As a result of the transaction, AS PRFoods sold ja transferred all its Baltic and Russian ice cream and frozen goods operations.

The general meeting of shareholders held on 30.10.2014 decided to approve the transaction of the sale and transfer of AB Premia KPC, a significant subsidiary of AS PRFoods, in accordance with the terms and conditions of the transaction of sale and transfer of the significant subsidiary of AS PRFoods, which were made available to the shareholders together with the convening of the extraordinary general meeting of shareholders.

On 31.10.2014 the transaction of sale and transfer of the Baltic business units and the trademarks owned by AS PRFoods described above was completed. The transaction of sale and transfer of the shares of OOO Hladokombinat No 1 was completed on 10.11.2014.

The ice cream business segment and the frozen goods business segment, including the Russian trademarks of AS PRFoods, have been indicated in this report as discontinued operations.

Consolidated statement of profit of discontinued operations

EUR '000	4Q 2014	4Q 2013	12m 2014	12m 2013
Discontinued operations				
Revenue	3 317	9 703	50 634	56 173
Cost of goods sold	-2 365	-7 130	-32 326	-36 740
Gross profit	951	2 574	18 308	19 433
Operating expenses	-1 181	-3 680	-14 332	-17 074
Other income and expenses, net	-140	-182	-293	-287
Operating profit (loss)	-370	-1 288	3 683	2 073
Finance income and costs, net	186	-31	64	-226
Profit (loss) before income tax	-183	-1 319	3 747	1 846
Corporate income tax	5	26	8	21
Profit (loss) from discontinued operations	-179	-1 293	3 755	1 867
Loss on disposal of subsidiaries	-5 023	0	-5 023	0
Net profit (loss) from discontinued operations in the period	-5 201	-1 293	-1 267	1 867

Assets and liabilities of discontinued operations:

EUR '000	Assets and liabilities at date of disposal	31.12.2013
Cash and cash equivalents	993	343
Receivables and prepayments	5 808	4 529
Inventories	5 534	5 325
Deferred income tax assets	361	369
Long-term financial investments	6 966	0
Investment property	2 084	2 084
Property, plant and equipment	6 004	5 971
Intangible assets	16 361	16 166
Assets of discontinued operations	44 111	34 788
Liabilities of discontinued operations		
Payables and prepayments	6 593	5 383
Borrowings	5 548	3 658
Deferred income tax liabilities	126	114
Liabilities of discontinued operations	12 267	9 155
Net assets of discontinued operations	31 844	25 632

Disposal of subsidiaries	EUR '000
Net assets of disposed subsidiaries	31,844
Sales price	27,109
Discounted to present value	-288
Loss on disposal of subsidiaries	-5,023
Cash proceeds from sale of ownership	
Proceeds from the sale	19,109
Cash on bank accounts of subsidiaries	-993
Total cash proceeds from sale of ownership	18,116

The price of the transaction amounts to a 27,109 thousand euros. Parties have agreed that the purchase price will be paid in cash in three instalments as follows:

- 19,109 thousand euros of the purchase price was paid at the closing of the transaction;
- 4,000 thousand euros of the purchase price will be paid 6 months after the closing date of the transaction;
- 4,000 thousand euros of the purchase price will be paid 12 months after the closing date of the transaction.

The receivable of 8,000 thousand euros is presented at discounted present value. The negative impact of discounting on the transaction price is 288 thousand euros in total.

The receivables of the second and third instalments of AS PRFoods are guaranteed by Shiner Macost Ltd, the pledge of shares in Nordic Foods Holding OÜ and a mortgage on registered real estate belonging to Premia Tallinna Külmoone AS (located at Peterburi tee 42, 42a, 42b and 42c).

Note 14. Events after the balance sheet date

Changes in the governing bodies of AS PRFoods and its subsidiary

On 12.12.2014, Silver Kaur, Member of the Management Board of AS PRFoods, submitted notice of his resignation from the Management Board to the Supervisory Board of AS PRFoods. The date of resignation was 31.12.2014.

On 21.01.2015, Members of the Management Board of AS PRFoods Katre Kõvask (Chairman of the Management Board) and Erik Haavamäe submitted notices of their resignation to the Supervisory Board of AS PRFoods. Both of the members of the Management Board resigned from the Management Board as of 01.02.2015.

The resignation of the members of the Management Board of AS PRFoods was agreed in the course of negotiations of the sale of the ice cream and frozen goods business in Russia and the Baltic States. As a result of the resignation of the members of the Management Board, Indrek Kasela, Chairman of the Supervisory Board, also resigned from the Supervisory Board of AS PRFoods in order to assume the role in the day-to-day management of AS PRFoods as Chairman of the Management Board. Indrek Kasela submitted the relevant notice of resignation addressed to the general meeting of AS PRFoods to the Management Board of AS PRFoods on 23.01.2015. The date of resignation of Indrek Kasela is 31.12.2014. Indrek Kasela assumed the position of Chairman of the Management Board of AS PRFoods and Lauri Kustaa Äimä assumed the position of Chairman of the Supervisory Board at 02.02.2015.

As a result of changes in the governing bodies of the parent company of the AS PRFoods group, Katre Kõvask and Erik Haavamäe were also recalled from the governing bodies of the subsidiaries of the group. Both of the former executives Katre Kõvask and Erik Haavamäe were members of the Supervisory Board of subsidiaries Saaremere Kala AS and Vettel OÜ. All of the members of the Supervisory Board of Saaremere Kala AS were recalled and the Supervisory Board is now comprised of three members: Indrek Kasela, Lauri Kustaa Äimä and Kuldar Leis. The Supervisory Board of Vettel OÜ is now also comprised of three members and the members are Indrek Kasela (who continues in his current role as member of the Supervisory Board) and Lauri Kustaa Äimä and Margus Rebane replace the former members Katre Kõvask and Erik Haavamäe.

In addition to the changes made in the governing bodies of the Estonian entities, Katre Kõvask and Erik Haavamäe were recalled from the Management Board of the Finnish subsidiary Heimon Kala Oy. Effective from 02.02.2015, the Management Board of Heimon Kala Oy will consist of two members and the members are Indrek Kasela and Margus Rebane.

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 4TH QUARTER AND 12 MONTHS OF 2014

The Management Board confirms the correctness and completeness of the consolidated interim report for the 4th quarter and 12 months of 2014 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 4 – 29 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.

Chairman of Management Board Indrek Kasela

digitally signed

20. February 2015