



AS PREMIA FOODS

Consolidated Annual Report of 2013
(translation from the Estonian original)



Business name: **AS PREMIA FOODS**

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Main areas of activities: Production of ice-cream
Wholesale of food products
Production and sale of fish products
Fish farming

Reporting period: 1 January 2013 – 31 December 2013

Auditor: AS PricewaterhouseCoopers



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INTRODUCTION TO THE COMPANY

AS Premia Foods (hereinafter Premia Foods or Premia) is an international food production company, which operates in six countries and five target markets and is listed in the main list of NASDAQ OMX Tallinn Stock Exchange as of 5 May 2010.

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

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



The group has also a 20% shareholding in AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

----- Structure of the Premia Foods group



INFORMATION TO SHAREHOLDERS

Financial calendar for 2014

All the reports of Premia Foods are made available to public in both, Estonian and in English languages, on the company's web-page www.premiafoods.eu and via the information system of NASDAQ OMX Tallinn Stock Exchange. The reports may be ordered to a personal e-mail. Relevant request may be sent to the e-mail address premia@premia.ee.

In 2014, the financial results of Premia Foods will be published as follows:

Audited annual report of 2013	15 th week
Turnover of the first quarter of 2014	15 th week
Unaudited interim report of the first quarter of 2014	20 th week
Turnover of the second quarter and 6 months of 2014	28 th week
Unaudited interim report of the second quarter and 6 months of 2014	33 rd week
Turnover of the third quarter and 9 months of 2014	41 st week
Unaudited interim report of the third quarter and 9 months of 2014	46 th week

Dividend policy

The Management Board of Premia Foods has submitted its proposal to the Supervisory Board to continue the declared dividend policy and to distribute 387 thousand euro, i.e. 0.01 euro per share, as dividends for the financial year 2013. Provided that this proposal is approved by the Supervisory Board, the same proposal will be made to the General Meeting of shareholders. With this proposal the company continues to adhere to the dividend policy disclosed in the spring 2011. The liquidity ratios and debt-to-equity ratio of the company are solid and the company has sufficient financial power to engage additional funds for investments or the expansion of its operations.

General Meeting of shareholders

The ordinary General Meeting of shareholders will be held in May 2014 in Tallinn. The agenda of the General Meeting of shareholders will be made public on the web-page of the company www.premiafoods.eu, in one daily newspaper and via the information system of NASDAQ OMX Tallinn Stock Exchange not later than 3 weeks before the meeting.



MISSION

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

VISION

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

STRATEGIC OBJECTIVES

According to our strategy, Premia Foods is aiming:

- ❖ 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;
- ❖ In the fish business segment risks related to biological assets.



ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD

For Premia Foods, the year 2013 may be characterized by the following key words: record-making increase in turnover, profit increase and the changes in the composition of the Management Board of the company. Warm summer in the target markets of Premia resulted in the increased turnover and gross margin in the ice cream business segment, increased purchasing power reflected in the improvement of turnover and gross margin in the frozen goods business segment and, in the fish business segment, the importance of vertical integration emerged against the sharp increase of world prices of fish.

The main strength of food business as a whole, including Premia's business, is its stability, in times of rapid economic growth as well as in times of crisis. Regular annual organic growth in food business is 3-5%, normally food business enjoys stable cost base and debt ratio. Premia's results of 2013 varied from what is considered normal positively in terms of increased turnover by over 14% as well as in terms of considerably improved profitability. Additionally the company managed to decrease the operating costs, doing that in the context of rapid growth of turnover, in both absolute numbers as well as in proportion, if compared to the results of 2012. Following the previously announced strategy, Premia paid its shareholders dividends for the previous financial year also in 2013, in the total amount of 387,000, i.e. 0.01 euro per share. Premia's share price moved within a year from 0.64 euro to 0.70 euro. Premia's share price, adjusted by dividend payouts, increased by 10.9% within a year.

The ice cream business segment continues to be in the growth phase. In 2013, the increase in turnover in this business segment was 4.9%, whereas over 10% in Estonia. The warm summer resulted in severe market fight which is rare in this business segment and which was reflected in massive advertising campaigns, numerous novelty products and a multitude of price campaigns. Despite all that, Premia managed to remain the market leader in the Baltics as a whole as well as in Estonia and to increase the gross margin of the segment by 1.5 percentage points. In Estonia, Premia's brand "Eriti Rammus" managed to win the title of Estonia's Best Dessert (Eesti Parim Magustoit), as well as the title of the nation's favourite in the Best Food Product (Parim Toiduaine) competition and, in Lithuania, Premia's brand Klasika won the title of Lithuania's most popular ice cream. Product development and working on the brand portfolio will remain in Premia's focus in order to ensure a competitive advantage and profitable growth.

The fish business segment showed a record-making increase in turnover in 2013, improved EBITDA and operating profit in summary of the year, if compared to 2012. The gross margin of the segment suffered heavily from the sharp rise in the world market price, at the same time the advantages of the business model built on vertical integration emerged – the value of fish farms, i.e. the initial part of the value chain, increased. As the results of the fish business segment in 2012 were considerably influenced by the resolution of the Swedish Board of Agriculture to destroy the fish fingerlings, then the year 2013 brought clarity and positive news into this matter. The claim against the Swedish Board of Agriculture in the amount of 3 million euro, submitted during the 3rd quarter of 2013, provided a first result, as payment in the amount of 4 million Swedish krona (0.5 million euro) was made in December of 2013. The dispute will continue in 2014; however, Premia has the permission to continue normal work in the fish fingerlings farm that meanwhile stood preserved. In Finland, the main target market of the fish business segment, we managed to carry out the price increase during the 4th quarter of 2013, which was also reflected in the improved gross margin of the segment during the 4th quarter.

The frozen goods business segment, which balances the seasonality of the ice cream business, offered a turnover, which had increased by 1.8 million euro in 2013 and also the highest gross margin in the last three years. The biggest increase came once again from the Lithuanian market where the rapid expansion of the portfolio is carried out and aggressive work in retail and HoReCa market takes place. Similarly to the other business segments, the frozen goods business segment is focused on Premia's own brands and on developing the product portfolio with the aim to ensure profitable growth in all the target markets.

Into the year 2014 we enter with moderate optimism. Innovation and efficiency are definitely Premia's priorities in all its business segments, ensuring sustainable growth and creating a competitive advantage. I hope that also in 2014, we manage to surprise our consumers in a positive way with exciting products and brands in all our five target markets and that Premia is continuously a sign of care and quality.

Katre Kõvask
AS Premia Foods
Chairman of the Management Board

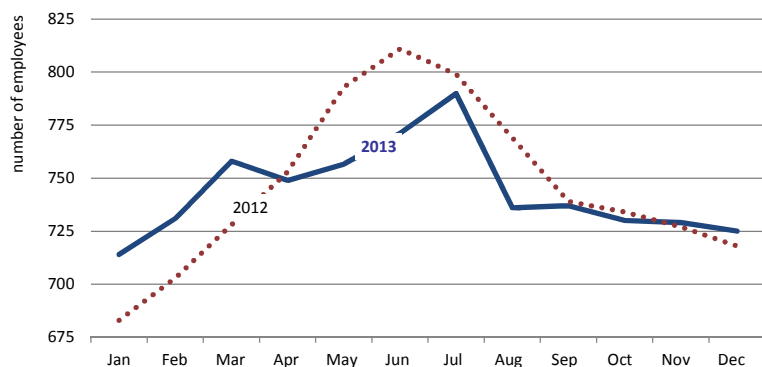


TEAM

The average number of employees in 2013 was 744, which is by 3 people less than in 2012. As at the end of 2013, Premia employed altogether 725 people, which is 1%, i.e. 7, people more than in 2012. The increase in the number of employees results from the need for additional labour force in the Estonian fish and ice cream business, which is partially balanced by the staff reductions in Russia as a result of restructuring the everyday work of this business unit.

The total amount of remuneration and employment taxes in 2013 was 12.2 million euro. The personnel costs increased over the year by 6%, i.e. 0.7 million euro. The average cost per person in 2013 was 16.4 thousand euro; in 2012 the respective number was 15.4 thousand euro. The proportion of personnel costs in turnover decreased in 2013 by 1 percentage point to 12.4%.

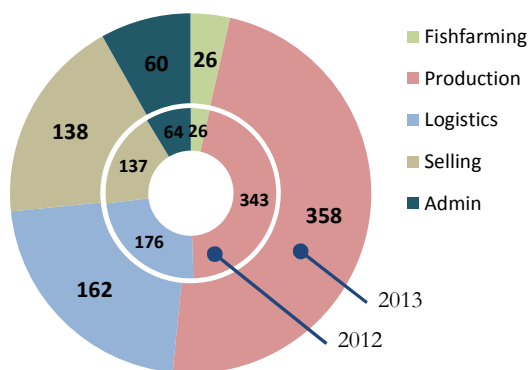
Premia’s human resources needs vary per months as indicated below:



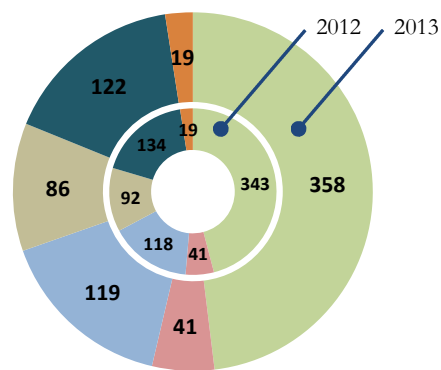
As may be seen from the chart on the left, human resources needs are higher during the summer period due to the seasonal nature of ice cream production and Premia uses additional seasonal staff during that period.

In the breakdown of areas of activity, the proportion of employees engaged in the production process has increased by 2 percentage points, if compared to 2012. At the same time, the need for employees engaged in logistics has decreased. If compared to 2012, the proportion of employees by countries has decreased in Russia and Lithuania and has increased in Estonia.

Per areas of activity, the staff of Premia was in 2012 and in 2013 divided as follows:



Per countries; the staff of Premia was in 2012 and in 2013 divided as follows:



The people working for Premia and the team spirit are a few of the most important assets of Premia. Motivating people and driving them to achieve the personal goals that have been set is an important part of everyday work.

The motivation package of the management of Premia Foods and the management of the subsidiaries included, in addition to the monthly wages, a yearly bonus program, which is tied to complying with the EBITDA-plan of the respective country.

The Supervisory Board members of Premia Foods were in 2013 remunerated in the total amount of 59 thousand euro; in 2012, the amount was 46 thousand euro. The increase of remuneration arises from the changes in the remuneration arrangements as approved by the ordinary General Meeting held on 29 May 2012 when it was decided to pay the Chairman of the Supervisory Board the gross amount of 1,000 euro per calendar month and to the Vice-Chairman of the Supervisory Board the gross amount of 750 euro per calendar month. Previously, the monthly remuneration of a member of the Supervisory Board was 500 euro. In addition to the above, it was resolved to pay the members of the Supervisory Board who are not Estonian residents the gross amount of 500 euro for each attendance at a Supervisory Board meeting in Estonia. The abovementioned total amount includes also the fees paid to the two members of the audit committee.

As at today, the Supervisory Board of the company comprises of seven members and additional information on each member of the Supervisory Board may be obtained from the web-page of Premia Foods www.premiafoods.eu and from this report under the Section „Corporate governance report“.



SOCIAL RESPONSIBILITY

Premia as one of the large enterprises in Estonia is willing to bear its part of the social responsibility. In order to express our care and responsibility, we have chosen certain areas of activity, by supporting which we wish to draw attention and raise the consciousness about.

1. Culture

Every nation considers its roots, inheritance and surrounding culture a remarkable value. In order for the local culture to be able to develop, it is important to interact with the world, look into lifestyles of faraway countries and discover what is valued and what the development trends are. Premia considers it important to contribute into broadening of the mind of us all and, therefore, in 2013, we supported numerous culture projects.

Viljandi Folk, Popkooripidu, Tartu Hanseatic Days and Tallinn Old Town Days are only a few examples of the events supported by Premia with the aim to keep alive the traditions and history. In Latvia, the most important event in 2013 was helping to conduct the Dance and Song Festival. 40,000 participants of the festival received as a gift, and to celebrate the major summer event, an ice cream that has always been an integral part of the party during this festival.

Premia, its products and brands participated actively in the local cultural life also in other Baltic states and in St. Petersburg. In St. Petersburg, Premia took part in the local international ice cream day, which is the annual opening event of the spring and summer season organized by the city of St. Petersburg.

2. Sportive lifestyle and new generation

For 7 years already, Premia has supported well-known handball team Põlva Serviti, being one of the major sponsors of the team. Supporting a successful and developing team is a part of Premia's wish to promote sportive lifestyle and to indicate that professional levels may be achieved irrespectively of the field of sport or the location of the sport's club, wish and willingness to overcome oneself is what matters. Due to this belief, Premia is, since 2013, a supporter of children and youth competition of Niitvälja Golf Club located in Estonia, also a supporter of its Youth Fund (Noortefond), a supporter of children events of Club Tartu Marathon, a supporter of football summer camps organized by the Estonian Football Association and a sponsor of larger children events of MTÜ Spordiselts Kalev. In Latvia, Premia participated in organizing the Nordea Riga Marathon and, in Lithuania, Premia organized children's running competitions within the „Nike. I Run“ series. In addition, Premia was represented in several pan-Baltic sports' events assisting and impelling the sport of youth. Sufficient activity and sportive lifestyle of youth guarantees us strong and healthy generation and this is precisely why versatile support for the sport of youth is one of Premia's priorities.

In Latvia, Premia has been a supporter of the local SOS-children's village for 3 years. Within the cooperation project, the children and families of the SOS-children's village receive a food basket from Premia. In addition, Premia's support enabled the children of SOS-children's village to participate in summer camps.

3. Our Environment

Human activities have left their marks on the nature and the entire planet, there are multiple extinct bird and animal species, in addition many are entered into the list of endangered species each year. Premia wishes to draw attention to species whose survival is important and by doing that emphasize the need to have a responsible attitude in respect of nature all over the world.

Due to the above, Premia continued the co-operation project with the Tallinn Zoo of being the godparent to snow leopard (*Uncia uncia*). By today, this project has lasted over 10 years and the main goal of the project is to ensure good living conditions to these rare felids. Snow leopards are unique felids that live far in Middle-Asia and in the mountains of the Himalayas and play an important role in the local ecosystem. As at today, the snow leopards are endangered species due to their valued fur. Premia wishes to draw attention to that endangered species by being a godparent to it and standing up for its survival. Through our support, we can also help to keep up the ecosystem of the snow leopards' habitat places.

The cooperation project in Lithuania with the Maritime Museum in Klaipeda also continued. In the frames of this cooperation Premia helps to organize the renovation of the museum, to ensure feeding of the animals and to carry out different projects to increase children's knowledge of the marine biota.



ENVIRONMENTAL RESPONSIBILITY

Premia Foods has several fish farms and altogether four production units, two of which are fish production units in Estonia and Finland and the remaining two are ice cream factories in Estonia and in Russia, near St. Petersburg.

All the above-referred business units have certain influence on the environment and as from 2010, Premia has taken significant steps in order to minimise such influence on the environment. The initial action in this respect was taken in our fish farming and production units in Sweden, Finland and Estonia. Action necessary for minimising the influence on the environment was systematically continued also in 2013.

Minimising the influence on the environment of the fish production activities has been introduced in all main phases of production and processing.

In the fish gutting process, all side products are gathered and processed with the aim of turning them into the raw material of biofuel, the sewage water of the production process is cleaned in our own sewage water cleaning facility before such water is directed into natural water reservoir or the local public water cleaning facilities.

The waste of fish processing operations is gathered, packaged and sold for forage for fur-bearing animal farms. The sewage water is cleaned and directed into sea or local public water cleaning facilities.

All dead fish are gathered, frozen, and later directed into the production facilities of biogas.

In addition, in Premia's wastewater treatment plant in Houtskäri, North Sweden, the ventilation and electricity systems and automatics were modernised in order to improve the quality of the aroma in the air. In the course of renovating the hatchery and farm of fingerlings in Blåtjärn, North Sweden, modern water recirculation device is installed, resulting in reduction in water use up to 50% in the named farm.

In Premia's fish processing factory in Finland, the heating boiler and burners were renovated with the aim to preserve the environment and to ensure greater efficiency of fuel consumption. In addition, the underground fuel storage was replaced with the aboveground fuel storage, with the aim to reduce the risk to ground water in case of leak.

In Premia's central warehouse of frozen goods, located in Tallinn, since the beginning of 2013, the lightning system has been replaced and the lightning has fully been converted to LED lightning. New lightning has resulted in energy savings of 13% in the central warehouse.

As an international food producer, Premia continues to decrease the influence of its activities on the environment also in 2014 in all its production and processing units in respect of both – production operations and the usage of package materials



MANAGEMENT REPORT

- ❖ The audited consolidated turnover of Premia Foods of 2013 was 98.9 million euro. Within a year, the turnover increased by 12.5 million euro, i.e. 14.4%, which is a record-making result. The proportion of export in the turnover was 72%. The turnover increased, if calculated in local currency, in all business segments and target markets.
- ❖ The gross profit of 2013 was 23.3 million euro, having decreased by 1.8%, i.e. 0.4 million euro within a year. At the same time, the gross margin decreased by 3.9 percentage points to 23.5%. The decrease of both gross margin and gross profit resulted from the abruptly increased prices of raw fish of the fish and fish products business segment. The gross margins of the ice cream business segment and the frozen goods business segment increased respectively by 1.5 and 1.0 percentage points.
- ❖ The EBITDA of 2013 was 4.8 million euro, exceeding the result of 2012 by 1.5 million euro.
- ❖ The impact of the revaluation of livestock to the profit of year 2013 was 0.7 million euro, the respective impact of year 2012 was -1.4 million euro.
- ❖ The EBIT of 2013 was 2.2 million euro, which exceeds the result of the previous year by 2.1 million euro. The operating profit improved in all business segments.
- ❖ While summarizing the year 2013, Premia Foods earned net profit in the amount of 0.9 million euro. The result improved by 0.9 million euro, if compared to 2012.
- ❖ The operating expense ratio was 22.6% in 2013, which is by 3.6 percentage points less than in 2012. In absolute numbers, the operating expenses decreased, if compared to 2012, by 0.3 million euro.
- ❖ The unfavourable movement of the exchange rate of the Russian rouble and the Swedish krona resulted in a foreign exchange rate loss in the amount of 0.6 million euro in the summary of the year.

The following two tables summarise the key ratios of Premia Foods in last five financial years.

		KEY RATIOS				
Profit & Loss, EUR mln	formula / comment	2013	2012	2011	2010	2009
Sales		98.9	86.4	88.3	77.3	68.7
Gross profit		23.3	23.7	22.9	18.7	17.8
EBITDA from operations	before one-offs and fair value adjustment	3.8	5.1	5.7	4.4	4.0
EBITDA	earnings before interest, tax, depreciation and amortisation	4.8	3.3	4.1	7.1	6.2
EBIT	operating profit	2.2	0.1	0.2	3.1	2.5
EBT	earnings before tax	1.0	-0.5	-0.7	1.7	0.7
Net profit		0.9	0.1	-0.6	1.3	0.7
Gross margin	Gross profit / Net sales	23.5%	27.4%	26.0%	24.2%	25.9%
Operational EBITDA margin	EBITDA from operations/Net sales	3.9%	5.9%	6.4%	5.7%	5.8%
EBITDA margin	EBITDA / Net sales	4.8%	3.8%	4.7%	9.2%	9.0%
EBIT margin	EBIT / Net sales	2.2%	0.1%	0.2%	4.0%	3.7%
EBT margin	EBT / Net sales	1.1%	-0.5%	-0.8%	2.2%	0.9%
Net margin	Net earnings / Net sales	1.0%	0.1%	-0.6%	1.7%	1.0%
Operating expense ratio	Operating expenses / Net sales	22.6%	26.2%	25.8%	24.8%	25.5%



KEY RATIOS

Balance Sheet, EUR mln	formula	31.12.13	31.12.12	31.12.11	31.12.10	31.12.09
Net debt	Short and Long term Loans and Borrowings - Cash	13.2	13.8	11.3	11.2	18.5
Equity		37.3	36.5	40.5	41.4	27.7
Working capital	Current Assets - Current Liabilities	10.1	12.1	13.7	12.8	3.3
Assets		63.8	63.2	64.1	68.9	62.8
Liquidity ratio	Current Assets / Current Liabilities	1.63	1.91	2.19	1.87	1.15
Equity ratio	Equity / Total Assets	58%	58%	63%	60%	44%
Gearing ratio	Net Debt / (Equity + Net Debt)	26%	28%	22%	21%	40%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	3.43	2.71	1.98	2.54	4.65
ROE	Net Earnings / Average Equity	3%	0%	-1%	4%	3%
ROA	Net Earnings / Average Assets	1%	0%	-1%	2%	1%

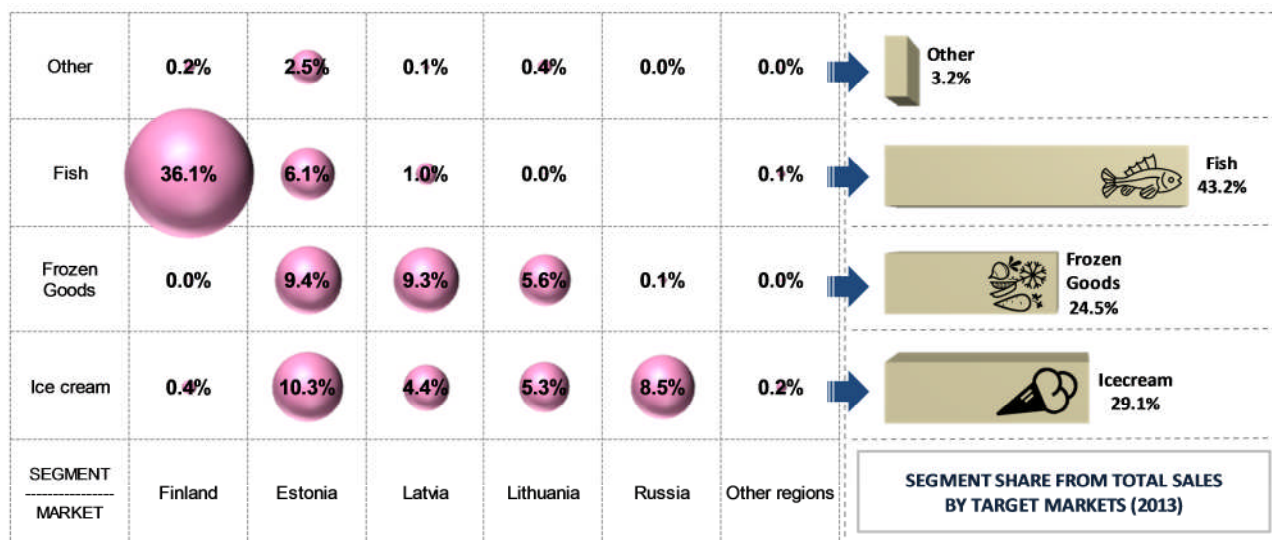
BUSINESS SEGMENT ANALYSIS

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

On the basis of the turnover results of 2013, the product portfolio of Premia Foods continues to be dominated by the fish and fish products business segment with the proportion of 43%, followed by the ice cream business segment with the proportion of 29% and the frozen goods business segment with the proportion of 24%. Comparing to year 2012, the proportion of the fish business segment increased by 4 percentage points. At the same time, the proportion of the ice cream business segment decreased by 3 percentage points and the percentage of the frozen goods business segment decreased by 1 percentage point.

In the summary the product portfolio and the geographical reach of Premia Foods remains well balanced during the reporting period.

The associations between Premia Foods business segments and geographical markets have been summarized in the following chart:



				SEGMENT ANALYSIS			
EUR million	2013	2012	2011	EUR million	2013	2012	2011
<u>Sales</u>				<u>EBITDA from operations</u>			
Ice cream	28.8	27.4	28.8	Ice cream	3.5	2.4	2.6
Frozen goods	24.2	22.4	20.6	Frozen goods	-0.1	-0.3	-0.3
Fish and fish products	42.7	34.2	36.9	Fish and fish products	0.8	3.3	3.8
Other	3.2	2.3	1.9				
Total	98.9	86.4	88.3				
<u>Gross profit</u>				<u>EBITDA</u>			
Ice cream	12.9	11.8	10.5	Ice cream	3.5	2.4	1.5
Frozen goods	5.8	5.1	4.6	Frozen goods	-0.1	-0.3	-0.3
Fish and fish products	3.8	6.0	7.2	Fish and fish products	1.7	1.5	3.3
<u>Gross margin</u>				<u>EBIT</u>			
Ice cream	45%	43%	37%	Ice cream	2.6	1.3	0.0
Frozen goods	24%	23%	22%	Frozen goods	-0.7	-0.9	-0.9
Fish and fish products	9%	18%	19%	Fish and fish products	0.7	0.5	2.1

Fish and fish products business segment



The fish and fish products business segment showed the fastest growth in 2013 and the turnover of the segment increased, on an annual comparison by 24.8%, i.e. 8.5 million euro, reaching 42.7 million euro. The fish and fish products business segment gave, of the total turnover of Premia Foods, 43.2% in 2013, which is higher by 3.6 percentage points, if compared to 2012. In terms of volume, the production of fish products increased in 2013 by 21.2%.

In the summary of 2013, the gross margin of the fish and fish products business segment was 9%, which is two times less than in 2012. Behind the decreased gross margin is the rapidly increased market price of raw fish, which, during 2013, remained at a considerably higher level than in 2012. The market price of salmon in the summary of 12 months of 2013 was by 51% and the price of rainbow trout was by 31% more expensive than the price level¹ of the previous year. The main target market of the fish business segment is Finland. In the summary of the year, the fish business segment earned a gross profit of 3.8 million euro, which is 2.2 million euro less than in 2012.

The EBITDA from operations of the fish business segment was 0.8 million euro in 2013, remaining below the result of 2012 by 2.5 million euro.

Premia has partially hedged the risk of the world market price fluctuations through vertical integration; therefore, to evaluate the profitability of the sector, the EBITDA of the segment has to be compared together with the fish stock. If the world market price of raw fish increases, the value of the fish breed in Premia's fish farms increases as well, and that results in a positive impact of revaluation of livestock in the company's financial results. The positive impact of the livestock revaluation on the EBITDA of and the operating profit of the company in 2013 was 2.1 million euro, if compared to 2012.

Owning fish farms is profitable for several reasons:

- ❖ **Ensuring supply of raw fish.** Premia is farming altogether about 30% of its need of raw fish, whereas in the subsidiaries in Finland and Sweden mainly rainbow trout and white fish is farmed. During the previous year, the company grew altogether 1.8 million kg of fish, the rest, mainly salmon, is purchased from Norway and Denmark. In a smaller volume, the company purchases perch, perch pike, herring, vendace and Baltic herring as the increasingly preferred fish of the Finnish consumers. As the fish sector is highly dependent on the availability of raw fish and on the price of raw fish, owning fish farms is of critical essence for Premia as it provides control over these aspects.

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.

- ❖ **Quality of raw fish.** The high standards applied by Premia in its fish farms enable us to monitor the quality of the self-farmed fish on a regular basis and therefore offer high-quality end-product. Approximately 80% of the price of the fish is determined by the price of raw fish and low-quality raw fish means higher production costs, therefore ensuring the high quality of raw fish is one of the key factors in succeeding.

The operating profit of 2013 of the fish business segment increased by 0.2 million euro and the EBITDA by 0.3 million euro, if compared to 2012.

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. As it is a unique and exceptional case, it is difficult to predict the results of the claim for damage and loss of profit and the term when the Swedish Board of Agriculture will adopt a resolution concerning the claim.

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, which has been accounted under other operating income.

Ice cream business segment



In the summary of 2013, the ice cream business segment generated for Premia a turnover in the amount of 28.8 million euro, exceeding the result of the previous year by 4.9%, i.e. 1.3 million euro. The greatest monetary contribution came from Estonia where the turnover increased by 1.0 million euro, i.e. 10.8% within a year. Estonia was followed by Latvia with the increase in turnover of 0.4 million euro (+10.6%). In summary, the turnover in the Baltics increased by 8.3% from 18.9 million euro to 20.4 million euro and in Russia, calculated in rubles, by 3.4% from 341 million rubles to 352 million rubles.

The ice cream business segment contributed 29.1% of the total turnover of Premia Foods in 2013; it is by 2.6 percentage points lower than during the previous year. Quantitatively, the production volume of the ice cream business segment in 2013 remained at the same level as in 2012.

In 2013, the highest annual level of gross margin of the ice cream business segment in the history of Premia being 45%, was achieved, exceeding the result of the previous year by 1.5 percentage points. The company earned in the ice cream business segment, during 2013, a gross profit of 12.9 million euro, which is by 1.1 million euro, i.e. 8.7%, better than the result of 2012.

The EBITDA from operations of the ice cream business segment increased during 2013 by 1.1 million euro, reaching the level of 3.5 million euro. The operating profit of the segment in 2013 was 2.6 million euro, which is by 1.4 million euro, i.e. 2.1 times, higher than in 2012.



In 2013, Premia was continuously the market leader in the Baltics with the market share of 23%. As a result of the exceptionally long and warm summer, the competition in the market was very intense, there were more novelty products and marketing campaigns than ever before and the desire of all market participants to seize additional market share was very recognisable. The competition between strong trademarks was, among other things, a reason why the market share of private labels has decreased during 2013 by 3 percentage points to 12%, if compared to 2012. Another important trend shows the increase of the market share of Ingman/Unilever in all Baltic markets which is based on, among other things, massive advertising campaigns in mass media and discount campaigns in retail market. Premia focused in all the Baltic states on strengthening of its flagship brands through intensive product development and through advertising and sales campaigns, which were focused on efficiency. A successful combination of these three in all Premia's target markets resulted in maintaining the market share.

The below charts indicate the division of market shares in the Baltic ice cream markets from 2011 to 2013:

Others	Others	Others
Private Label 17%	Private Label 15%	Private Label 12%
Competitor 3	Competitor 3	Competitor 3
Competitor 2	Competitor 2	Competitor 2
Competitor 1	Competitor 1	Competitor 1
Premia 22.7%	Premia 22.4%	Premia 22.6%
2011	2012	2013

Source: AC Nielsen, management estimation

As of 2013, the Competitor 1 is measured together with another market participant

Frozen goods business segment



In 2013, the turnover of the frozen goods business segment was 24.2 million euro, which is by 7.9%, i.e. 1.8 million euro better than the result of 2012. The turnover of the frozen goods increased the most, i.e. by 1 million euro, in Lithuania in 2013. The proportion of the turnover of the frozen goods in the total turnover of Premia Foods of 2013 was 24.5%, which is by 1.5 percentage points lower than the results of 2012.

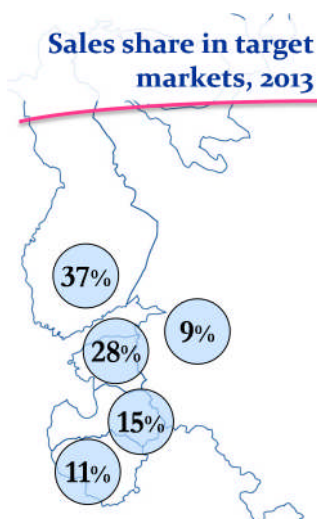
The gross profit of 2013 was 5.8 million euro, which is by 0.6 million euro, i.e. 12.6%, better than the results of 2012. In 2013, the gross margin of 24% was achieved for the first time, exceeding the result of the previous year by 1 percentage point.

The EBITDA from operations improved, if compared to the results of 2012, by 0.2 million euro.

The frozen goods are well suited with ice cream because the seasonality trends are opposite to the ones of the ice cream. It means that the peak of the sales of frozen vegetables, meat products, etc. is winter and spring when the sales volumes of ice cream are smaller but the cost base needed for distribution (cost of sales, transport and storage) does not decrease at the same time. Therefore, the frozen goods help to substantially even out the costs of the low season of the ice cream business segment.

BUSINESS SEGMENT ANALYSIS BY MARKETS

Sales (EUR million)	GEOGRAPHICAL MARKETS				
	2013	2012	2011	13/12	12/11
Finland	36.3	29.0	31.8	+25%	-9%
Estonia	28.1	25.6	25.2	+10%	+2%
Latvia	14.5	12.7	11.7	+15%	+9%
Lithuania	11.1	10.2	9.6	+9%	+6%
Russia	8.5	8.7	9.8	-2%	-12%
Other	0.3	0.2	0.2	+68%	+3%
export share	72%	70%	71%		



In 2013, Premia's turnover, calculated in local currencies, increased in all markets. If calculated in euro, the turnover in Russia decreased as a result of the weakening of the exchange rate of ruble against euro. As Premia purchases raw material needed for the production of ice cream in rubles and sells the end-product in the Russian market also in rubles, the fluctuation of the exchange rate of ruble against the euro did not have an impact on the daily work of the company. In rubles, the turnover increased, in the summary of 2013, by 3.7%, from 343 million rubles to 356 million rubles.

The greatest increase in turnover came from Finland where the increase was, if compared to the previous period, 7.2 million euro, i.e. 24.9%. Estonia followed with the increase of turnover of 2.4 million euro and Estonia was followed by Latvia with the increase of turnover of 1.9 million euro. In sum the turnover of Premia in 2013 in the Baltic market was by 5.3 million euro higher than in 2012.

COST ANALYSIS

The operating expense ratio decreased during 2013 by 3.6 percentage points, if compared to the previous year. In 2013, the turnover increased by 12.5 million euro. At the same time, the operating costs decreased by 0.3 million euro, i.e. 1.3%.

The cost of goods sold increased in 2013 by 12.9 million euro, which resulted from the increased turnover and rapidly increased prices of raw fish.

	2013	2012	change	2013	2012	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
Sales	98.9	86.4	+ 12.5	100.0%	100.0%	
Cost of goods sold	- 75.6	- 62.7	+ 12.9	76.5%	72.6%	+ 3.9%
incl one-off exp	- 0.2	- 0.3	- 0.1	0.2%	0.4%	- 0.2%
materials in production & cost of goods purchased for resale	- 64.5	- 52.0	+ 12.6	65.3%	60.1%	+ 5.1%
labour costs	- 5.2	- 4.9	+ 0.3	5.3%	5.7%	- 0.4%
depreciation	- 1.3	- 1.4	- 0.1	1.3%	1.6%	- 0.3%
other cost of goods sold	- 4.6	- 4.5	+ 0.1	4.7%	5.2%	- 0.5%
Operating expenses	- 22.3	- 22.6	- 0.3	22.6%	26.2%	- 3.6%
incl one-off exp	- 0.1	- 0.0	+ 0.0	0.1%	0.0%	+ 0.0%
labour costs	- 7.0	- 6.6	+ 0.4	7.1%	7.6%	- 0.6%
transport & logistics services	- 4.9	- 4.1	+ 0.7	4.9%	4.8%	+ 0.1%
depreciation	- 1.3	- 1.8	- 0.5	1.3%	2.1%	- 0.8%
advertising, merchandising, marketing and product development	- 3.7	- 3.9	- 0.2	3.8%	4.5%	- 0.7%
other operating expenses	- 5.4	- 6.1	- 0.7	5.4%	7.0%	- 1.6%
Other income/expenses	0.5	0.3	+ 0.2	0.5%	0.4%	+ 0.1%
incl one-off income/exp	0.5		+ 0.5	0.5%	0.0%	+ 0.5%

For comparison purposes year 2012 transport and logistics services line item has been increased by 0.2 million euro and other operating expenses line item decreased at the same extent



Following the cost of materials and goods sold, the second largest cost item for the company are labour costs, which in 2013 were 12.2 million euro, i.e. 12.4% of turnover. Direct and indirect labour costs increased altogether by 0.7 million euro; however, their proportion in turnover decreased by 0.9 percentage points. The increase of costs resulted from the need for additional labour in the Estonian fish and ice cream production units and from sale bonuses paid for good sale results. Other operating income and costs increased in 2013 by 0.2 million euro. Behind the increase of other operating income is the compensation in the amount of 0.5 million euro from the Swedish Board of Agriculture in connection with the destroying the fish fingerlings in 2012.

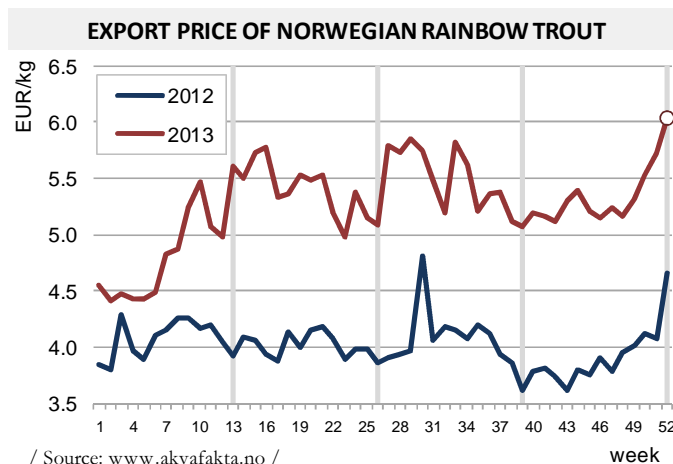
In 2013, the **EBITDA from operations**, i.e. the operating profit before market price driven revaluation of livestock, one-off income and expenses and amortisation expenses, was 3.8 million euro, which is by 1.3 million euro less than during 2012. In 2012, there were one-off expenses in the amount of 0.5 million euro in connection with the destroying the fish fingerlings in the Swedish fish farms. The net impact of the one-off expenses and income of 2013 to the operations of the company was +0.2 million euro.

The **EBIT** i.e. the operating profit of 2013 was 2.2 million euro, exceeding the result of 2012 by 2.1 million euro. Financial costs increased in 2013 by 0.5 million euro, if compared to 2012. 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 0.6 million euro, 0.6 million euro thereof is unrealised exchange rate loss on revaluation of intra-group claims.

The **net profit** of 2013 of the company was 0.9 million euro which is by 0.9 million euro better than in 2012.

Premia's biological assets, as of 31.12.2013, comprise in the volume of 93% of the rainbow trout farmed in the Finnish and Swedish fish farms and 7% is whitefish.

The profit from the revaluation of fish livestock of 2013 was 0.7 million euro which is by 2.1 million euro higher than the results of 2012. It is partially caused by the recovered operations of the Swedish fish fingerlings farm and by the increased price of raw fish.



FINANCIAL POSITION

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

The cash flow from operations of 2013 was 4.0 million euro (2012: 4.1 million euro). The cash flow from operations was mainly influenced by the increase of biological assets. The livestock increased in 2013 by 689 tons compared to the previous year, which resulted in a decrease of the cash flow from operations by 3.2 million euro. In 2013, payments in the amount of 0.4 million euro, i.e. 0.01 euro per share, were made to the shareholders.

LIQUIDITY AND SOLVENCY RATIOS

Ratio	formula	31.12.13	31.12.12	31.12.11
Liquidity ratio	Current Assets / Current Liabilities	1.63	1.91	2.19
Equity ratio	Equity / Total Assets	58%	58%	63%
Gearing ratio	Net Debt / (Equity + Net Debt)	26%	28%	22%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	3.43	2.71	1.98

Financial leverage, i.e. the proportion of the net debt in the total capitalisation, was 26% (on 31.12.12 the respective ratio was 28%). The increase of the financial leverage in 2012 results from the additional long-term loan in the amount of 3.9 million euro, which the company assumed in the 4th quarter of 2012 with the purpose of making payments in connection with the share capital decrease. While analysing the financial leverage ratio, the aforementioned impact of the restructuring of the debt and equity must be taken into account. The net debt level as at the balance sheet date was 13.2 million euro (on 31.12.12 the respective indicator was 13.8 million euro).

The net debt to EBITDA as at 31.12.13 was 3.43 (31.12.12: 2.71). The liquidity ratio demonstrating short-term solvency was as at 31.12.13 1.63 (31.12.12: 1.91). The proportion of equity to the total assets was 58% (31.12.12: 58%) and the company had working capital in the amount of 10.1 million euro (31.12.12: 12.1 million euro).



BALANCE SHEET ANALYSIS

The consolidated balance sheet total of AS Premia Foods was at 31.12.2013 63.8 million euro, having increased by 0.7 million euro, i.e. 1.0%, within a year.

The company's current assets amounted to 26.2 million euro and the balance of cash and bank accounts was 1.3 million euro. As at 31.12.2013, the company had undrawn overdraft facility limit in the amount of 2.9 million euro.

Accounts receivable and prepayments amounted to 8.4 million euro and 93% of the accounts receivable and prepayments were trade receivables. Compared to the previous year, the accounts receivable and prepayments increased by 2.5%, i.e. 0.2 million euro. The increase of receivables was caused by the increase of turnover by 32.4% during the 4th quarter of 2013.

Comparing to 31.12.12, inventories and biological assets combined have increased by 3.7%, i.e. 0.6 million euro. If compared with the situation on 31.12.2012, the livestock inventories increased in monetary value by 0.6 million euro, i.e. 11.3%. The increase of biological assets have occurred due to the increase of the biomass of livestock by 10%, which, in turn, has occurred due to the partially recovered fish farming.

Accounts payable and prepayments have increased by 7.0%, i.e. by 0.7 million euro compared to 31.12.2012. The liabilities in total have decreased by 0.7%, i.e. by 0.2 million euro, to 26.5 million euro.

The equity of Premia Foods was as at 31.12.2013 37.3 million euro

INVESTMENTS

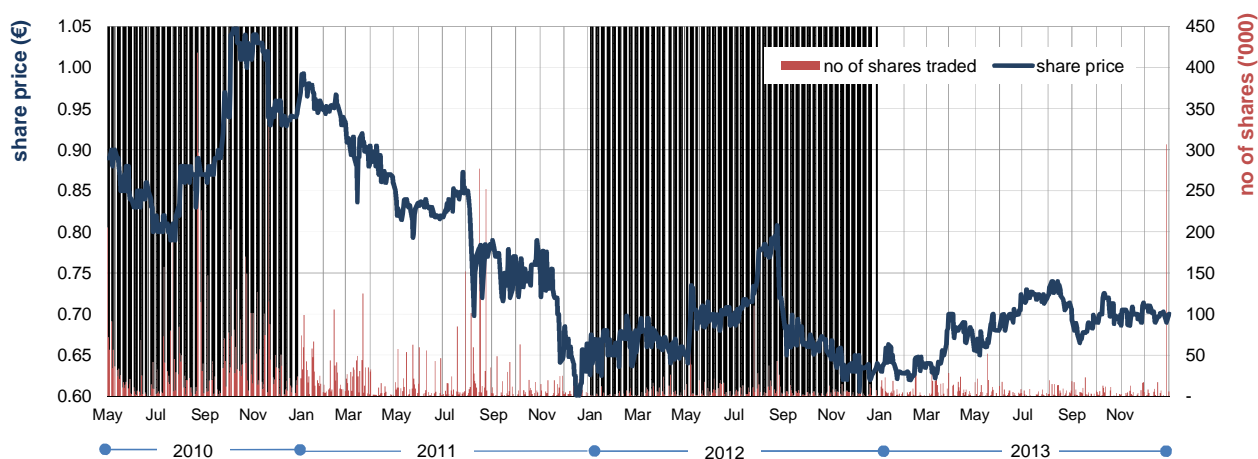
During the accounting period, i.e. during 2013, the expenditures into AS Premia Foods tangible and intangible assets formed 2,619 thousand euro (in 2012: 2,019 thousand euro). 803 thousand euro from that amount was invested in modernizing the production lines in the ice cream factory located in Tallinn and to increase production efficiency, also for innovation. There were no financial investments made in 2013 (2012: 11 thousand euro).

PREMIA FOODS SHARE

The shares of AS Premia Food 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 have 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 (number of shares traded) during the period from 5 May 2010 up to 31 December 2013.



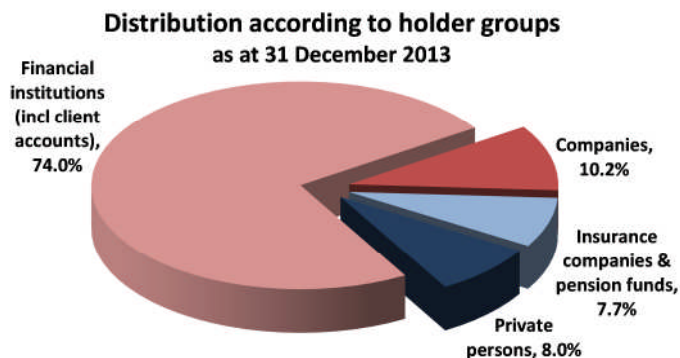


In accordance with the resolution of the General Meeting of shareholders of AS Premia Foods, dated 29 May 2012, the share capital of the company was decreased by decreasing the nominal value of the share with making payments to the shareholders. As a result of the above, the nominal value of the share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

Shareholder structure

Major shareholders of Premia Foods AS as at 31.12.2013:

ING Luxembourg S.A. (nominee account)	62.71%
LHV Pensionifond L	4.41%
OÜ Rododendron	3.36%
Ambient Sound Investments OÜ	3.20%
Firebird Republics Fund Ltd.	3.09%
Firebird Aurora Fund. Ltd.	1.68%
LHV Pensionifond XL	1.48%
OÜ Footsteps Management	1.31%
Compensa Life Vienna Insurance Group SE	1.09%
OÜ Freespirit	0.94%



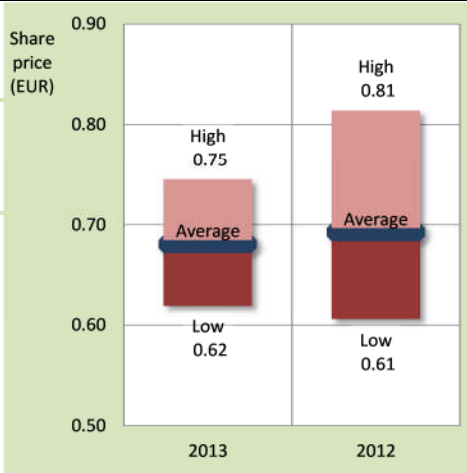
As at 31.12.2013, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	31.12.2013	%
	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	
Total number of shares owned by the Supervisory and Management Board	2,625,243	6.79%

The division of shareholders per number of acquired shares:

Number of shares	Number of shareholders		Total number of shares		% of share capital
	Number of shareholders	% of shareholders	Number of shares	% of share capital	
1..1,000	647	45.8%	333,272	0.9%	
1,001..10,000	673	47.6%	2,136,836	5.5%	
10,001..50,000	61	4.3%	1,241,463	3.2%	
50,001..100,000	10	0.7%	714,460	1.8%	
More than 100,000	22	1.6%	34,256,829	88.6%	
Total	1,413	100.0%	38,682,860	100.0%	

The trading history of the shares from 2011 to 2013 in the main list of NASDAQ OMX Tallinn Stock Exchange:

	2013	2012	2011	
The average number of shares during the trading period (in thousands) ¹	38,683	38,674	38,664	
Opening price (EUR)	0.64	0.67	0.95	
The highest price of the share (EUR)	0.75	0.81	1.00	
The lowest price of the share (EUR)	0.62	0.61	0.60	
Average price of the share (EUR)	0.68	0.69	0.84	
Closing price at the year-end (EUR)	0.70	0.64	0.64	
Number of shares traded (in thousands)	1,732	1,393	4,564	
Turnover (in million EUR)	1.18	0.97	3.84	
Market value (in million EUR)	27.08	24.76	24.76	
Profit per share (EUR)	0.02	0.00	-0.01	
Dividend per share (EUR) ²	0.01	0.11	0.01	
Dividend rate	1.4%	17.2%	1.6%	
Dividend / net profit	41%	5813%	-70%	
Enterprise value / sales ^{3,7}	0.4	0.4	0.4	
Price-to-EBITDA from operations ^{4,7}	7.0	4.8	4.3	
Price-to-EBITDA ^{4,7}	5.7	7.5	6.0	
Price earnings ^{5,7}	28.6	338.2	neg	
Price-to-book ^{6,7}	0.7	0.7	0.6	

¹ the number of shares has been decreased by the treasury shares

² Year 2012 dividends include capital reduction payments of 0.10 euro per share

³ Market value + Net debt at the year-end / turnover of the period;

⁴ Market value at the year-end / EBITDA of the period

⁵ Market value at the year-end / profit of the period

⁶ Market value at the year-end / equity at the year end

⁷ Enterprise and equity value calculations do not take into account non-operating items like investment property and government grants

Indexes

Tallinn Stock Exchange belongs to the world's biggest stock exchange group NASDAQ OMX Group. NASDAQ OMX uses a common classification of indexes for the Nordic and Baltic markets. The NASDAQ OMX Baltic index family includes All-Share, Benchmark, Tradable, and Sector indexes. Indexes are calculated in euros and as price index (PI) and/or as gross index (GI). All indexes are chain-linked and they are always calculated based on the price level of the previous trading day.

Gross index (GI): To reflect the true performance of market, dividends are reinvested in the gross index. The reinvestment is carried out by adjusting the $p_{i,t-1}$ in the denominator in the index with subtraction of dividends from this price on the ex-dividend date t . This adjustment reinvests the dividend in all index constituents in proportion to their respective weights.

Price Index (PI): In a price index, no cash dividend is reinvested in the index. Hence, the price index only yields the performance of stock price movements. The difference in rate of return for the gross and price return version of an index is attributable to the dividend yield of the index.

The base date of the All-Share index of the Tallinn Stock Exchange is 3 June 1996 with a base value of 100. The index is calculated in euro and in real time. The base value of all Baltic All-Share and Benchmark indexes is 100 and the base date is 31 December 1999. The index values are disseminated as price index and gross index in euro and with 60 seconds interval. The benchmark index OMXBB is revised twice a year, on January 1 and July 1. The index is calculated as a weight-capped version (called OMXBBCAP) and as (OMXBB).

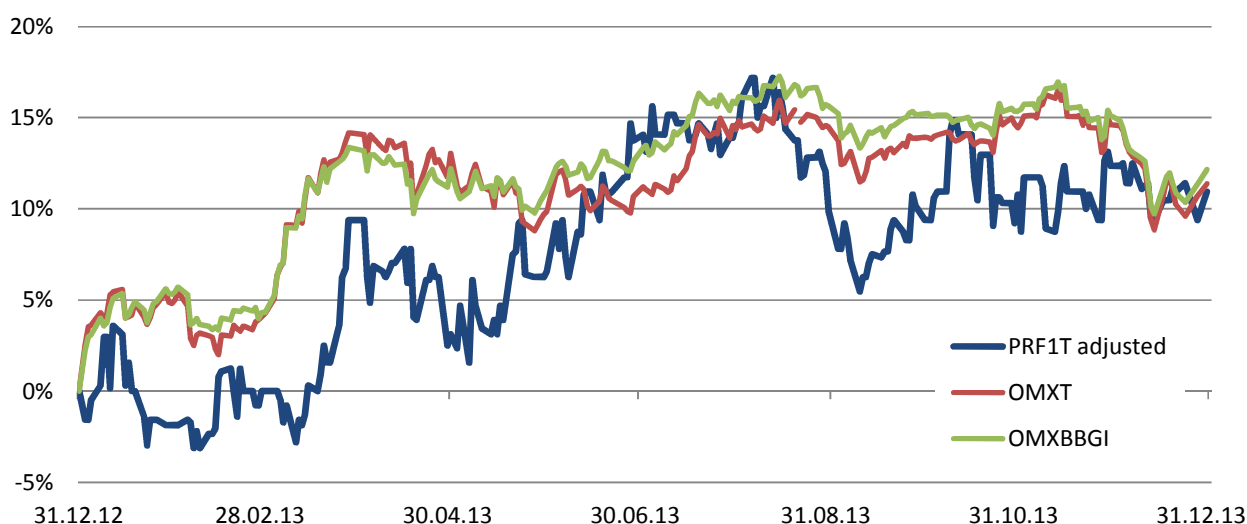
The Sector indexes include all the shares listed on the Main and Secondary lists of the Baltic exchanges (stocks of the companies where a single shareholder controls at least 90% of the outstanding shares are not included). The indexes are calculated for each ICB industry and supersector in Euro. The base date for the indexes is 30 June 2011, with a base value of 1000. The index values are disseminated once a day after the market close.



As in March 2014, Premia's share belongs to the composition of the following All-Share indexes:

index	description	type	abbreviation
OMX Tallinn GI	Tallinn Stock Exchange all-share index	Gross index	OMXT
OMX Baltic PI	All-share index of Baltic exchanges	Price index	OMXBPI
OMX Baltic GI	All-share index of Baltic exchanges	Gross index	OMXBGI
OMX Baltic Benchmark PI	Benchmark index of Baltic exchanges	Price index	OMXBBPI
OMX Baltic Benchmark GI	Benchmark index of Baltic exchanges	Gross index	OMXBBGI
OMX Baltic Benchmark Cap PI	Benchmark index of Baltic exchanges	Price index	OMXBBCAPPI
OMX Baltic Benchmark Cap GI	Benchmark index of Baltic exchanges	Gross index	OMXBBCAPGI
OMX Baltic Consumer Goods PI	Sector index of commodities of Baltic exchanges	Price index	B3000PI
OMX Baltic Consumer Goods GI	Sector index of commodities of Baltic exchanges	Gross index	B3000GI
OMX Baltic Food & Beverage PI	Sector index of food and beverages of Baltic exchanges	Price index	B3500PI
OMX Baltic Food & Beverage GI	Sector index of food and beverages of Baltic exchanges	Gross index	B3500GI

Annual change of Premia's share and gross index



The Baltic benchmark index increased in 2013 by 12.2% and the Tallinn Stock Exchange all-share index increased in 2013 by 11.4%. The increase of Premia's share, adjusted by dividend payments, during the named period was 10.9%.



The Corporate Governance Report

Introduction

The Corporate Governance Recommendations as adopted by the NASDAQ OMX Tallinn Stock Exchange and the Estonian Financial Supervision Authority (hereinafter **CGR**) is an advisory set of rules which provides guidance for conducting corporate governance and is applicable, above all, in respect of companies listed on the NASDAQ OMX Tallinn Stock Exchange.

The compliance with the principles of CGR is binding on the basis of “comply or explain principle”. In other words, the companies listed on the NASDAQ OMX Tallinn Stock Exchange are expected to publish a corporate governance report in the composition of their annual report outlining the principles of CGR which are not complied with accompanied by an explanation for such failure to comply.

As a general rule, AS Premia Foods (hereinafter **Premia**) complies with all principles set out in CGR. This report outlines the principles of CGR not fully observed by Premia and describes the reasons thereof.

Since 2011, one of the priorities of Premia has been the improvement of the quality of the management of the company and the investor relations thereof, including paying more attention to the compliance with the CGR. In the opinion of the management of Premia, a remarkable development has been achieved in respect of improving the quality of the management of the company and the investor relations thereof since 2011. Complying with the established quality standards of the management of the company and the investor relations thereof continued during the financial year ended on 31 December 2013.

General Meeting



General Remarks

The highest governing body of a public limited company is the General Meeting of shareholders. According to law, the General Meetings of shareholders are either ordinary or extraordinary.

The ordinary General Meeting of shareholders is convened by the Management Board once a year within 6 months from the end of financial year. The extraordinary General Meeting of shareholders is convened if (i) the value of net assets of a company falls below a half of its share capital or the minimum requirement of share capital of a public limited company as set out by law; (ii) requested by shareholders whose shares represent at least 20% of the public company's issued share capital; (iii) requested by the Supervisory Board or auditor of company; or (iv) it is clearly in the interests of company.

The notice on convening the ordinary General Meeting of shareholders must be published at least 3 weeks before the meeting is held. In respect of public companies, the same term applies in respect of extraordinary General Meetings of shareholders.

The competence of the General Meeting of shareholders is defined by law and the Articles of Association. The resolution of the General Meeting of shareholders is required in order to amend the Articles of Association. The resolution to amend the Articles of Association has been adopted if at least 2/3 of the votes represented at the General Meeting have voted in favour thereof.

The General Meeting of shareholders is authorised to adopt resolutions if more than half of the votes represented by the total number shares attend the meeting, provided that the Articles of Association or applicable law do not stipulate a higher quorum requirement.

A resolution is adopted if more than half of the votes represented at the meeting votes in favour of the resolution, provided that the Articles of Association or applicable law do not stipulate a higher majority requirement.

General Meetings of Premia

During the financial year ended on 31 December 2013 there was only one (the ordinary) General Meeting of shareholders. The ordinary General Meeting of shareholders was held on 29 May 2013. The agenda of the ordinary General Meeting of shareholders included, in addition to approving the annual report for the financial year 2012 and resolving the distribution of profit, electing of a new member of the Supervisory Board, recalling a member of the Supervisory Board, prolonging the term of office of members of the Supervisory Board, amendments to the Articles of Association, appointing auditor for the financial year 2013 and resolving remuneration payable to the auditor.

Altogether 22 shareholders attended the ordinary General Meeting of shareholders of Premia, the shares of which represented altogether 29,850,953 votes, which represented 77.17% of the entire share capital. Hence, the ordinary General Meeting of shareholders was authorised to adopt resolutions in respect of all the items in the agenda of the ordinary General Meeting of shareholders. In respect of all the items in the agenda of the extraordinary meeting, the resolutions were adopted in accordance with the proposals made by the Supervisory Board. The information on adopting the resolutions and on the



content of the resolutions was published after the end of the meeting via the information system of the NASDAQ OMX Tallinn Stock Exchange without delay.

The ordinary General Meeting of shareholders was convened duly and timely. The notices on convening the General Meeting of shareholders were published in accordance with applicable law and the requirements of the Rules of the NASDAQ OMX Tallinn Stock Exchange in one daily newspaper, on the web-page of Premia and via the information system of the NASDAQ OMX Tallinn Stock Exchange.

All materials containing information on the items in the agenda of the General Meeting of shareholders were made available to all the shareholders before the meeting in electronic format, at the same time all the shareholders were provided with an opportunity to examine the materials of the General Meeting of shareholders at the location of Premia. The notice of convening the General Meetings of shareholders contained, among other information, an overview of the rights of the shareholders to ask questions and to get additional information along with the contact details for exercising those rights. The General Meeting of shareholders was conducted in the manner enabling all the shareholders to participate at the meeting, ask questions and make proposals. The shareholders were provided with an opportunity to make speeches. Premia provides the shareholders with access to the information related to the General Meeting of shareholders also after the meeting – all minutes and resolutions of the General Meeting of shareholders are available on the web-page of Premia. The documents of the General Meeting of shareholders are available via the information system of the NASDAQ OMX Tallinn Stock Exchange.

According to the opinion of the management, Premia has during the financial year ended on 31 December 2013 duly complied with all the requirements arising from law, the Rules of the NASDAQ OMX Tallinn Stock Exchange and CGR aiming to ensure that all the shareholders of Premia were enabled to get information in respect of the issues placed into the competence of the General Meeting of shareholders, to attend the General Meeting of shareholders and vote at the General Meeting of shareholders. The General Meeting was conducted in a timely and efficient manner. The language of the General Meeting of shareholders was Estonian. The distribution of profit was resolved as a separate issue as required by Section 1.3.4 of CGR.

During the financial year ended on 31 December 2013, Premia did not comply with the requirements set forth in Sections 1.3.2 and 1.3.3 of CGR in the full extent.

Pursuant to Section 1.3.2 of CGR, the General Meeting of shareholders is attended by the members of the Management Board, the Chairman of the Supervisory Board, if possible also members of the Supervisory Board and at least one of the auditors of the company. The ordinary General Meeting of shareholders was attended by members of the Management Board Kuldar Leis, Katre Kõvask and Silver Kaur. All members of the Supervisory Board attended the ordinary General Meeting of shareholders as representatives of the Supervisory Board: Chairman Indrek Kasela, Vice-Chairman Lauri Kustaa Äimä and members of the Supervisory Board Aavo Kokk, Arko Kadajane, Harvey Sawikin, Vesa Jaakko Karo, Erik Haavamäe. The auditor of Premia did not attend the ordinary General Meeting of shareholders.

In the opinion of the management of Premia, the failure to attend the General Meeting by the auditor has no adverse effect on the interests of the shareholders as prior to the meetings the Supervisory Board had provided the shareholders with its proposals in respect of each item in the agenda of the General Meeting and all the shareholders were granted the opportunity to get additional information in respect of the items in the agenda of the General Meeting prior to the meeting. None of the shareholders took advantage of those rights, which is an evidence of the fact that the shareholders deemed the information and materials made available to them before the meeting to be sufficient and that there was no need for additional information.

According to Section 1.3.3 of CGR, an issuer enables electronic participation at the meeting provided that it has respective technical means and that it is not too cost intensive. It was not possible to attend the ordinary General Meeting of Premia via electronic devices for two main reasons – first of all, Premia has not used the opportunity to conduct the General Meetings also in an electronic format, secondly, Premia lacks the adequate technical equipment, which would enable to conduct a reliable personal identification of shareholders, transfer of the General Meetings without technical errors and electronic voting. None of the shareholders of Premia has ever been interested in the possibility to attend the General Meeting of shareholders in an electronic format. The Management Board of Premia will analyse the demand on enabling the shareholders to attend the General Meetings of shareholders via electronic devices and if in the opinion of the Management Board there is indeed interest and demand for such possibility and if creating such possibility is not too cost intensive, the Management Board will consider creating a possibility to attend the General Meetings of shareholders via electronic channels.

Supervisory Board



General Remarks

Pursuant to law, a Supervisory Board of a public limited company is a supervisory body responsible for planning the activities of a company, organizing its management and supervising the activities of Management Board.

According to the Articles of Association of Premia, the Supervisory Board has three to seven members elected by the General Meeting of shareholders for the term of five years. Members of the Supervisory Board elect a Chairman among themselves.



Chairman of the Supervisory Board is responsible for organizing the work of Supervisory Board and has a casting vote in case of tied vote.

Supervisory Board of Premia

Currently, the Supervisory Board of Premia is composed of the following members: Indrek Kasela (since incorporation), Kuldar Leis (elected on 29 May 2013), Lauri Kustaa Äimä (since incorporation), Aavo Kokk (elected on 5 May 2009), Harvey Sawikin (elected on 5 May 2009), Vesa Jaakko Karo (elected on 17 August 2009) and Arko Kadajane (elected on 29 May 2012). The terms of office of all the current members of the Supervisory Board will end on 29 May 2018. The Supervisory Board of Premia includes four independent members – Aavo Kokk, Vesa Jaakko Karo; Kuldar Leis and Arko Kadajane.

The Chairman of the Supervisory Board is Indrek Kasela and the Vice-Chairman of the Supervisory Board is Kuldar Leis.

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 Service, OÜ 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 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. in finance and international marketing and received a licentiate (Econ) degree in economics 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.

At the ordinary General Meeting of shareholders held on 29 May 2013, Kuldar Leis was elected as a new member of the Supervisory Board of Premia. The *curriculum vitae* of the additional Supervisory Board member candidate was made available to the shareholders before the meeting and all the shareholders were ensured with the possibility to ask additional questions. The Supervisory Board member candidate attended personally the General Meeting and all the shareholders present at the meeting had the opportunity to become acquainted with the Supervisory Board member candidate and to ask him additional questions. Some of the shareholders used such opportunity.

The total amount of remuneration paid to the members of the Supervisory Board in 2013 was 59,000 euro. Remuneration paid to the audit committee consisting of two members are also included in the amount of remuneration paid to the members of the Supervisory Board. In addition to the above-referred remuneration, all the members of the Supervisory Board were reimbursed for their actual and justified costs related to the performing their working assignments.

In accordance with law and the Articles of Association of Premia, the meetings of the Supervisory Board are held as frequently as necessary but in any case not less frequently than once in the calendar quarter. In 2013, the Supervisory Board

held 7 meetings. In addition to the meetings, the Supervisory Board adopted resolutions without convening a meeting if it was necessary. The Management Board informed the Supervisory Board on a regular basis of the operations and financial status of Premia and the Supervisory Board provided the Management Board with necessary directions and support in conducting the everyday business activities of the company.

The members of the Supervisory Board of Premia are elected in accordance with the principles of CGR and comply with the requirements applicable in respect of them. All the members of the Supervisory Board perform their duties arising from law and CGR with due care.

The co-operation and information exchange between the members of the Management Board and the Supervisory Board complies with the requirements of CGR. The Management Board of Premia is not aware of any conflict of interests between the interests of the members of the Supervisory Board and the company.

Management Board



General Remarks

Management Board is the representative body of a public limited company being responsible for day to-day management of the latter. According to the Articles of Association of Premia, the Management Board of Premia consists of one to four members elected by the Supervisory Board for the term of three years.

Management Board of AS Premia Foods

Currently, Premia's everyday business activity is managed by the members of the Management Board Katre Kõvask (elected on 9 June 2009, the Chairman of the Management Board since 15 May 2013), Silver Kaur (elected on 9 June 2009) and Erik Haavamäe (elected on 29 May 2013). The authorities of the members of the Management Board Katre Kõvask and Silver Kaur were extended with the respective resolution of the Supervisory Board, dated 21 February 2012. Hence, the authorities of the members of the Management Board expire as follows: for Katre Kõvask and Silver Kaur on 8 June 2015 and for Erik Haavamäe on 29 May 2016.



Katre Kõvask (born 1975) graduated from University of Tartu in 1998, having specialized in marketing and foreign trade and has been the marketing director and a member of the Management Board of AS Premia Tallinna Külkhoone since 2006 and of 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 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 Külkhoone since 2006 and of Premia Foods 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 Heimona Kala OY and AB Premia KPC and a member of Supervisory Board of several group entities, such as AS Premia Tallinna Külkhoone, Saaremere Kala AS, Vettel OÜ, and AS Premia FFL. He is a member of the Supervisory Board of AS Toode and MTÜ Eesti Maleliit and a member of the Management Board of AS EPhaG and OÜ Kamakamaka.

All the members of the Management Board of Premia have fully complied with their obligations arising from law and CGR. The Management Board has always acted and is currently acting in the best interests of the company (and its shareholders).

For ensuring the efficiency of the Management Board's work the areas of responsibility have been clearly divided between the members of the Management Board – Katre Kõvask is the Chairman of the Management Board and is responsible for arranging the everyday management of Premia, also for marketing and product development of Premia, for the public and investor relations; the areas of responsibility of Silver Kaur are the management of sales activities in all the target countries of Premia and the area of responsibility of Erik Haavamäe is the management of finances of the entire group of Premia.

The Management Board has established inside rules for ensuring the confidentiality of undisclosed inside information and acts in strict compliance with those in conducting its everyday business activities. Further, the Management Board assesses



business risks of the company on daily basis and takes all necessary steps in order to avoid any adverse effect to the company.

The Management Board acts in compliance with the lawful resolutions of the Supervisory Board. Information Exchange between the Management Board and the Supervisory Board may be described as extensive.

None of the members of the Management Board competes with the company. There is no conflict between the interests of the members of the Management Board (and any person related to the latter) and the company. In 2013, there were no transactions between a member of the Management Board and a person related to the latter, which would have been subject to the consent of the Supervisory Board.

Premia does not comply with the requirement to publish the remuneration, bonus system and other payments and benefits received by the members of the Management Board on the web-page of the company (Section 2.2.7 of CGR). Premia is of the opinion that such disclosure may impair the rights and interests of the members of the Management Board and the company itself. In 2013, the gross amount of remuneration paid to the members of the Management Board was 257 thousand euro. Further, breakdown of all amounts paid to the members of the managing bodies is indicated in the Note 31 of the consolidated annual report of the company. Despite the partial compliance with the named CGR Section, the management of Premia is of the opinion that the remuneration paid to the members of the Management Board are in compliance with the tasks and work load of the members of the Management Board and with the economic situation of Premia.

In the frames of the management and key employee option plan as approved by the Supervisory Board and the General Meeting of shareholders of Premia, there were option agreements executed with the members of the Management Board, the terms and conditions of which were disclosed to public in accordance with the applicable requirements.

Qualifying Holding

The shareholders of Premia with a qualifying holding within the meaning of the Securities Market Act are Amber Trust II S.C.A (as at 31 December 2013: 38.29%), Amber Trust S.C.A. (13.91%) and KJK Fund SICAV:SIF (10.50%). The shares of Premia owned by the aforementioned three shareholders are kept at the nominee account of ING Luxembourg S.A. The share of Premia grants the shareholder uniform rights, none of the shareholders has securities of Premia granting specific rights of control. According to the knowledge of the management of Premia, there are no restrictions of voting rights or agreements that do not arise from law or have not been stipulated in the Articles of Association of Premia.

Audit Committee

According to the Auditing Activities Act, Premia as a public company is under the obligation to have an audit committee. Audit Committee is an advisory body to Supervisory Board in respect of accounting, auditing, risk management, internal auditing, general supervision, budgeting and legal compliance with the activities of the Supervisory Board.

The Supervisory Board of Premia resolved to elect Aavo Kokk as the Chairman of the audit committee and Mairi Paiste as the member of the audit committee.

In 2013, the audit committee has been acting operatively and efficiently and has advised the Management Board and the Supervisory Board in respect of accounting, auditing, risk management, internal auditing, general supervision and budgeting in accordance with the actual necessity.

In 2013, the total gross amount paid as remunerations to the members of the audit committee amounted to 4 thousand euro.

Disclosure of Information

Premia follows the CGR rules on publication of information and treats the all shareholders equally.

Information is published on web-page of the NASDAQ OMX Tallinn Stock Exchange and the web-page of Premia (www.premiafoods.eu) which is clear in structure and where published information is easy to find. The information is published both in Estonian and English language.

Premia has published the financial calendar (Section 5.2 of CGR) as well as all other information which must be accessible to the shareholders on its web-page (Section 5.3. of CGR).

Reporting

Premia prepares financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

According to the requirements of the Commercial Code, Premia prepares and discloses the Supervisory Board's report on the annual report.

In disclosing financial information, Premia observes the requirements of Estonian legislation and the rules of the NASDAQ OMX Tallinn Stock Exchange.



According to the Commercial Code and Premia's Article of Association, electing the auditor is in the competence of the General Meeting. The General Meeting of Premia which was held on 29 May 2013 elected AS PriceWaterhouseCoopers to carry out the audit of the financial year of 2013. According to the contract, Ago Vilu acts as the leading auditor and Lauri Past acts as the auditor performing the client contract. AS PricewaterhouseCoopers has been the auditor of Premia since 2011. Previously the auditor of Premia was Grant Thornton Rimess OÜ.

Premia ensures the independence of the auditor by arranging rotation of the leading auditor and the auditor performing the client contract according to the valid requirements and good practice.

The auditor is remunerated in accordance with the agreement executed with the auditing company. Premia publishes in the notice on convening the General Meeting of shareholders the information and data required by law and Premia's Articles of Association. According to Section 6.2.1. of CGR, the Supervisory Board discloses the auditor's fee that the issuer has paid or intends to pay to auditor for auditing services. Premia has not complied with the named requirement in the full extent because it is considered as the auditing company's business secret, disclosure of which could substantially damage the competition position of the auditing company.

AS PricewaterhouseCoopers has not submitted a note to the Supervisory Board and the General Meeting of Premia concerning the failure to follow the CGR requirements by the Management Board or the Supervisory Board. Therefore, the requirements set forth in Section 6.2.4 of the CGR have not been followed in the full extent. There are two reasons for that – firstly, AS PricewaterhouseCoopers does not have an contractual obligation to submit such note; and, secondly, the auditing company has not in the course of its work detected any circumstances which would be considered failure to comply with the requirements of CGR but that have not been covered in this report.

The Supervisory Board of Premia has not identified any deficiencies in the work of the auditor.






Management Board's confirmation to the Management Report

The Management Board acknowledges its liability and confirms, to the best of its knowledge, that the Management Report provides correct and fair view of the business operations of the group, financial results and includes an overview of material risks related to the operations of the group.

The Management Report in the pages 5-28 is the integral part of the consolidated annual report of AS Premia Foods.

The Management Board confirms that according to their best knowledge, the financial statements, prepared in accordance with the accounting standards in force, give a true and fair view of the assets, liabilities, financial position and profit or loss of AS Premia Foods and the group entities involved in the consolidation as a whole, and the management report gives a true and fair view of the development and results of the business activities and financial position of AS Premia Foods and the group entities involved in the consolidation as a whole and contains a description of the main risks and doubts.

Chairman of the Management Board	Katre Kõvask		..... April 8, 2014
Member of the Management Board	Silver Kaur		..... April 8, 2014
Member of the Management Board	Erik Haavamäe		..... April 8, 2014

Consolidated financial statements

Consolidated statement of financial position

as at 31 December	31.12.2013 EUR '000	31.12.2012 EUR '000	Note
Cash and cash equivalents	1,314	1,357	(Note 5)
Receivables and prepayments	8,356	8,152	(Note 6)
Inventories	10,258	10,308	(Note 7)
Biological assets	6,270	5,631	(Note 8)
Total current assets	26,198	25,448	
Deferred income tax assets	557	473	(Note 10)
Long-term financial investments	127	131	(Note 11)
Investment property	2,084	2,084	(Note 12)
Property, plant and equipment	12,500	12,499	(Note 13)
Intangible assets	22,373	22,548	(Note 14)
Total non-current assets	37,641	37,735	
TOTAL ASSETS	63,839	63,183	
Borrowings	6,035	3,953	(Note 17)
Payables and prepayments	10,057	9,399	(Note 18)
Total current liabilities	16,092	13,352	
Borrowings	8,470	11,239	(Note 17)
Deferred income tax liabilities	716	659	(Note 10)
Government grants	1,264	1,479	(Note 19)
Total non-current liabilities	10,450	13,377	
Total liabilities	26,542	26,729	
Share capital	19,342	19,342	
Share premium	16,026	16,026	
Treasury shares	0	0	
Statutory reserve capital	6	6	
Other reserves	62	42	
Currency translation differences	748	485	
Retained earnings	1,113	553	
Equity attributable to equity holders of the parent	37,297	36,453	
Total equity	37,297	36,453	(Note 20)
TOTAL EQUITY AND LIABILITIES	63,839	63,183	

The notes on pages 34 to 69 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December	2013 EUR '000	2012 EUR '000	Note
Revenue	98,853	86,381	(Note 21)
Cost of goods sold	-75,592	-62,698	(Note 22)
Gross profit	23,261	23,683	
Sales and marketing expenses	-18,369	-18,208	(Note 23)
General and administrative expenses	-3,948	-4,393	(Note 24)
Other income and expenses, net	514	345	(Note 27)
Revaluation of biological assets	742	-1,363	(Note 8)
Operating profit	2,200	64	
Finance income	5	148	(Note 28)
Finance costs	-1,163	-673	(Note 28)
Profit / loss before income tax	1,042	-461	
Corporate income tax	-95	534	(Note 29)
Net profit for financial year	947	73	
<i>Other comprehensive income that might subsequently classified to profit or loss:</i>			
Currency translation differences	264	94	
Other comprehensive income	264	94	
Total comprehensive income	1,211	167	
Net profit for the financial year:			
Attributable to equity holders of the parent	947	73	(Note 30)
Net profit for the financial year	947	73	
Comprehensive income for the financial year:			
Attributable to equity holders of the parent	1,211	167	
Total comprehensive income	1,211	167	
<i>Earnings per share</i>			
Basic earnings per share (EUR)	0.02	0.00	(Note 30)
Diluted earnings per share (EUR)	0.02	0.00	(Note 30)

The notes on pages 34 to 69 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

	2013 EUR '000	2012 EUR '000	Note
Cash flows from operating activities			
Net profit	947	73	
<i>Adjustments:</i>			
Depreciation and amortisation	2,587	3,220	(Note 26)
Loss on disposal of non-current assets	-7	-25	(Note 27)
Other non-monetary changes	576	192	
Changes in receivables and prepayments	-288	-1,049	(Note 6)
Changes in inventories	50	-1,134	(Note 7)
Changes in biological assets	-639	2,548	(Note 8)
Changes in payables and prepayments	873	396	(Note 18)
Government grants for operating expenses	0	23	(Note 19)
Corporate income tax paid	-129	-131	
Net cash generated from operating activities	3,971	4,113	
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	87	172	
Acquisition of property, plant and equipment and intangible assets	-843	-1,174	(Note 13, 14)
Government grants for acquisition of assets	0	72	(Note 19)
Acquisition of associate	0	-1	
Loans granted	0	-11	
Repayments of loans granted	3	9	
Interest received	1	4	
Gains from financial investments	0	1	
Net cash used in investing activities	-752	-928	
Cash flows from financing activities			
Change in overdraft facility	296	1,025	
Repayments of borrowings	-1,929	-8,256	(Note 17)
Borrowings	0	10,145	(Note 17)
Change in factoring liability	0	-236	(Note 17)
Payments of finance lease principal	-831	-534	
Reduction of share capital	0	-3,868	(Note 15)
Transfer of own shares	0	13	(Note 20)
Dividends paid	-387	-387	(Note 20)
Interest paid	-411	-442	
Net cash used in financing activities	-3,262	-2,540	
NET CASH FLOWS:	-43	645	
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of the year	1,357	712	
Net change in cash and cash equivalents	-43	645	
Cash and cash equivalents at end of the year	1,314	1,357	(Note 5)

The notes on pages 34 to 69 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

EUR '000

	Equity attributable to equity holders of the company							Total	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve capital	Other reserves	Currency translation differences	Retained earnings		
Balance at 31.12.2011	23,210	16,026	-30	0	21	391	890	40,508	40,508
Share option programme	0	0	0	0	21	0	0	21	21
Formation of statutory reserve capital	0	0	0	6	0	0	-6	0	0
Reduction of nominal value of the share	-3,868	0	0	0	0	0	0	-3,868	-3,868
Dividends	0	0	0	0	0	0	-387	-387	-387
Transfer of own shares	0	0	30	0	0	0	-17	13	13
Transactions with owners	-3,868	0	30	6	21	0	-410	-4,221	-4,221
Net profit for the financial year	0	0	0	0	0	0	73	73	73
Other comprehensive income	0	0	0	0	0	94	0	94	94
Total comprehensive income	0	0	0	0	0	94	73	167	167
Balance at 31.12.2012	19,342	16,026	0	6	42	485	553	36,453	36,453
Share option programme	0	0	0	0	20	0	0	20	20
Dividends	0	0	0	0	0	0	-387	-387	-387
Transactions with owners	0	0	0	0	20	0	-387	-367	-367
Net profit for the financial year	0	0	0	0	0	0	947	947	947
Other comprehensive income	0	0	0	0	0	264	0	264	264
Total comprehensive income	0	0	0	0	0	264	947	1,211	1,211
Balance at 31.12.2013	19,342	16,026	0	6	62	748	1,113	37,297	37,297

The notes on pages 34 to 69 are an integral part of these consolidated financial statements.

Additional information about equity is disclosed in Note 20.

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 PricewaterhouseCoopers, Tallinn



Note 1 General information

Premia Foods AS (hereinafter “the Parent Company”) and its subsidiaries (hereinafter jointly referred to as “the Group”) are entities involved in production and wholesale of fish and fish products, production and wholesale of ice cream and wholesale of frozen goods products. Premia Foods AS was registered in the Republic of Estonia at 23 December 2008 (registered address: Betooni 4, Tallinn). The shares of Premia Foods AS are listed on the NASDAQ OMX Tallinn Stock Exchange and its largest shareholder is Amber Trust II S.C.A (see Note 20). These consolidated financial statements have been authorised for issue by the Management Board at 8 April 2014. Pursuant to the Accounting Act of the Republic of Estonia, the Parent Company’s Supervisory Board shall approve the annual report and the General Meeting of Shareholders shall authorise it for issue.

Note 2 Accounting policies adopted in the preparation of the consolidated financial statements

Basis of preparation

The consolidated financial statements of Premia Foods AS for the year 2013 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS).

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets, investment properties and held for sale financial assets which are carried at fair value.

The functional currency of Premia Foods AS and presentation currency of the consolidated financial statements is the euro (EUR). All amounts presented in the financial statements have been rounded to the nearest thousand, unless stated otherwise.

The consolidated financial statements have been prepared using the accounting policies below which have consistently been applied to all periods presented in the financial statements, unless stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Adoption of new or amended standards and interpretations

The following new or revised standards and interpretations became effective for the Group from 1 January 2013:

“Presentation of Items of Other Comprehensive Income” - amendments to IAS 1 (effective for annual periods beginning on or after 1 July 2012). The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to ‘statement of profit or loss and other comprehensive income’. The amended standard resulted in changed presentation of consolidated financial statements, but did not have any impact on measurement of transactions and balances.

IFRS 13 “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013). The standard aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Standard also resulted in additional disclosures in these financial statements. Refer to Note 8 and Note 12.

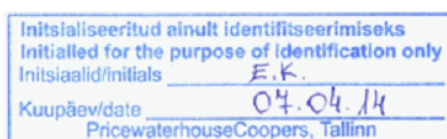
Amendments to IAS 36 – “Recoverable amount disclosures for non-financial assets” (effective for annual periods beginning on or after 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a cash generating unit contains goodwill or indefinite lived intangible assets but there has been no impairment. The Group has early adopted the amendments.

The other new or revised standards or interpretations effective from the annual period beginning on 1 January 2013 are not expected to have a material impact on the group.

New or amended standards and interpretations

Certain new or revised standards and interpretations have been issued that are mandatory for the group’s annual periods beginning on or after 1 January 2014, and which the group has not early adopted:

“Annual Improvements to IFRSs 2012” (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below; not yet adopted by the EU). The improvements consist of changes to seven standards. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity’s assets when segment assets are reported. The Group is currently assessing the impact of the amendments on its financial statements.



IFRS 12, “Disclosure of Interest in Other Entities” (effective for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28 “Investments in associates”. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including (i) significant judgements and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, (ii) extended disclosures on share of non-controlling interests in group activities and cash flows, (iii) summarised financial information of subsidiaries with material non-controlling interests, and (iv) detailed disclosures of interests in unconsolidated structured entities. The Group is currently assessing the impact of the standard on its financial statements.

The other new or revised standards or interpretations that are not yet effective are not expected to have a material impact on the Group.

Foreign currency translation

Functional and presentation currency

The financial statements of each group entity have been prepared using the currency of the primary economic environment in which the entity operates (functional currency), i.e. the local currency. The functional currency of the Parent Company and its subsidiaries registered in Estonia is the euro. The consolidated financial statements have been prepared in euros.

Accounting for foreign currency transactions

All currencies other than the functional currency (the functional currency of the Parent Company and its Estonian subsidiaries is the euro) are considered as foreign currencies. Foreign currency transactions are translated into the functional currency using the foreign exchange rates of the European Central Bank or a central bank of the respective country prevailing at the transaction dates. Monetary assets and liabilities denominated in a foreign currency (receivables and loans payable in cash) are translated into the functional currency based on the foreign currency exchange rates of the central bank prevailing at the balance sheet date. Foreign exchange gains and losses resulting from translation are recorded in the income statement of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency that are measured at fair value (investment property measured at fair value; biological assets; short and long-term financial investments into shares and other equity instruments whose fair value can be determined reliably) are translated into the functional currency using the official exchange rates of the central bank prevailing at the date of determining fair value. Non-monetary assets and liabilities denominated in a foreign currency that are not measured at fair value (e.g. prepayments, inventories accounted for using the cost method; property, plant and equipment as well as intangible assets) are not translated at the balance sheet date but continue to be reported using the official exchange rate of the central bank prevailing at the transaction date.

Financial statements of foreign business units

When the subsidiary’s functional currency differs from that of the Parent Company (e.g. Latvian lats for entities operating in Latvia), the financial statements of subsidiaries prepared in a foreign currency are translated into the presentation currency using the following principles:

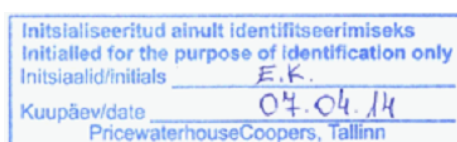
- The assets and liabilities of all foreign subsidiaries are translated using the official exchange rate of the European Central Bank prevailing at the balance sheet date;
- Income and expenses of subsidiaries are translated using the annual average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at transaction dates, in which case income and expenses are translated at transaction dates).

All exchange differences resulting from translation are recognised in other comprehensive income and accumulated in the equity as “Currency translation differences”. On the disposal of a foreign subsidiary, the amounts presented in the equity item “Currency translation differences” related to that foreign subsidiary are recognised as a profit or loss for the financial year.

Consolidation

Subsidiaries

A subsidiary is an entity controlled by the parent company. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than 50% of the voting power of the subsidiary or otherwise has power to govern its operating and financial policies. Subsidiaries are consolidated from the date of their acquisition (acquisition of control) until the date of disposal (loss of control).





The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred by the acquirer and the equity instruments issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this consideration is less than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

In the consolidated financial statements, the financial information of all subsidiaries under the control of the parent company has been combined line by line. Intragroup receivables, liabilities, income and expenses and the resulting unrealised profits and losses have been eliminated in full in the consolidated financial statements. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Associates

An associate is an entity over which the Group has significant influence, but which it does not control. Significant influence is generally presumed to exist when the Group holds between 20% and 50% of the voting power of the investee.

In the consolidated financial statements, investments in associates are accounted for using the equity method; under this method, the original investment is adjusted for the investor's interest in the associate's statement of comprehensive income and dividends received.

Unrealised gains on transactions between the company and its subsidiaries and associates are eliminated to the extent of the investor's interest in the investment. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an associate under the equity method equals or exceeds its interest in the associate, the investment is reported at nil value and further losses are recognised as off-balance-sheet items. Where necessary, the accounting policies of associates have been changed to ensure consistency with the policies adopted by the Group.

Information about Parent Company's separate primary financial statements

According to the Accounting Act of Estonia, the notes to the consolidated financial statements shall include disclosures on the separate primary financial statements of the consolidating entity (Parent Company). The primary financial statements of the Parent Company, which are disclosed in Note 34, have been prepared using the same accounting policies and measurement bases as used in preparing the consolidated financial statements. Investments in subsidiaries and associates are carried at cost in the separate primary financial statements. Under the cost method, the investment is initially recognised at cost, i.e. at the fair value of the consideration paid at acquisition and it is subsequently adjusted to account for impairment losses.

Segment reporting

Reportable business segments have been identified based on the reports submitted regularly to the Group's chief operating decision maker. The Group's chief operating decision maker, responsible for allocation of resources and evaluation of the results of business segments is the Management Board of the Parent Company that makes strategic decisions.

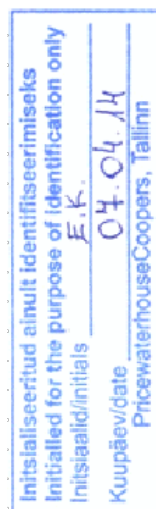
Cash and cash equivalents

For the purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand, bank account balances (other than overdraft) and term deposits with maturities of 3 months or less. Overdraft is included within short-term borrowings in the statement of financial position.

Financial assets

The Group's financial assets have been classified in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at their initial recognition.

(a) Loans and receivables are initially recognised at cost which is the fair value of the consideration paid for the financial asset. The original cost also includes all transaction costs attributable to the financial asset. After initial recognition, the Group carries loans and receivables at amortised cost (less any impairment losses), calculating interest income on the receivable in the subsequent periods using the effective interest rate method. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included within current assets except for maturities greater than 12 months after the balance sheet date. Such assets are classified as non-current assets.



(b) Available-for-sale financial assets are non-derivative financial assets, which have been designated as held for sale or have not been classified in any other category. Available-for-sale financial assets are carried as non-current financial investments except when the financial asset expires or the Group intends to sell it during 12 months after the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value, including transaction costs. Available-for-sale financial assets are subsequently carried at fair value; gains and losses arising from changes in fair value of available-for-sale financial assets are included in other comprehensive income. If the fair value of a financial asset cannot be measured reliably, they are measured at cost less any impairment losses.

At each balance sheet date, an assessment is made whether there are any impairment indicators for an asset.

An allowance for impairment losses is recognised whenever there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Such circumstances may include significant financial difficulties of the debtor, bankruptcy or default or delinquency in payments. The amount of the allowance is the difference between the asset's carrying amount and the present value of expected future cash flows, discounted at the effective interest rate of the receivable.

If any such evidence exists, impairment losses are determined as follows:

- (a) Financial assets carried at amortised cost (e.g. receivables) are written down to the present value of estimated future cash flows (discounted at the financial asset's original effective interest rate);
- (b) Financial assets carried at cost (shares and other equity instruments, the fair value of which cannot be reliably determined) are written down to the present value of estimated future cash flows (discounted at the current market rate of return for similar financial assets);
- (c) Financial assets carried at fair value are written down to their fair value.

Write-downs of assets are recognised as expenses in the income statement. For financial assets carried at fair value, with fair value changes recognised in other comprehensive income, whenever there is any evidence of impairment, the cumulative loss that had been accumulated in equity is removed from equity and recognised in profit or loss.

Reversals of impairment losses:

- (a) If, in a subsequent period, the amount of the impairment loss of assets carried at amortised cost decreases, the previously recognised impairment loss shall be reversed to the amount which is the lower of (1) present value of estimated cash flows from the financial asset and (2) carrying amount using the amortised cost method had the impairment loss not been recognised. The amount of the reversal shall be recognised in profit or loss.
- (b) Impairment losses for financial assets carried at cost because their fair value cannot be measured reliably shall not be reversed.
- (c) Reversals of impairment losses for financial assets that are carried at fair value, with fair value changes recognised in other comprehensive income are recorded as follows: upon the reversal of the impairment loss of shares and other equity instruments, the increase in value is recognised in the revaluation reserve in equity.

Financial assets are derecognised when future cash flows from the financial assets are no longer expected to be received by the Company or when it transfers the cash flows attributable to the asset as well as most of the risks and rewards of the financial asset to a third party.

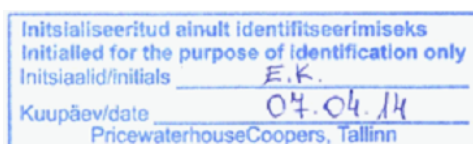
Purchases and sales of financial assets are consistently recognised at the trade date i.e. at the date when the Group commits (e.g. enters into a contract) to buy or sell a certain financial asset.

Factoring

Factoring is the transfer (sale) of receivables, whereby depending on the type of the factoring contract the buyer has the right to resell the transferred receivable within time agreed (factoring with recourse) or there is no right for resale and all the risks and benefits associated with the receivable are transferred from seller to purchaser (factoring without recourse).

If the seller of the receivable retains the repurchase obligation, the transaction is recognised as a financing transaction (i.e. as a loan with the receivable as a collateral) and not as a sale. The receivable is not considered as sold as a result of factoring, but it remains in the balance sheet until the receivable is collected or the recourse right has expired. The related liability is recorded similarly to other borrowings.

If there is no repurchase obligation and the control over the receivable and the related risks and rewards of the ownership are transferred to the buyer, the transaction is recognised as a sale of the receivable. The related expense is recognised as a finance cost (similarly to interest expense) or as an impairment loss of receivables, depending on whether the purpose of the transaction was to manage the cash flows or to manage credit risk.



Derivative instruments

Derivative instruments (interest rate swaps) are carried in the balance sheet at their fair value. Gains and losses on derivative instruments are accounted for in the income statement as income and expenses for the period. The Group does not use special hedge accounting rules described in IAS 39 for recognition of derivative instruments acquired for hedging purposes.

Inventories

Inventories are initially recognised at their cost, which consists of the purchase costs, direct and indirect production costs, transportation and other costs incurred in bringing the inventories to their present location and condition.

Purchase costs include in addition to the purchase price also the customs duties and other non-refundable taxes and direct transportation costs related to the purchase, less discounts and subsidies. The production costs of inventories include costs directly related to the production (such as direct materials and packing material costs, unavoidable storage costs related to work in progress, direct labour), and also a systematic allocation of fixed and variable production overheads (such as depreciation and maintenance of factory buildings and equipment, overhaul costs, and the labour cost of factory management).

The weighted average method is used to account for the cost of inventories. Inventories are measured in the statement of financial position at the lower of acquisition/production cost and net realisable value. The net realisable value is the estimated selling price of inventories in the ordinary course of business less applicable variable selling expenses.

Investment property

The property (land or a building) that the Group (either as an owner or leased under the finance lease terms) holds for earning rental income or for capital appreciation, rather than for use in its own economic activities, is recorded as investment property. Investment property is initially recognised in the statement of financial position at cost, including any directly attributable expenditure (e.g. notary fees, property transfer taxes, professional fees for advisory services, and other transaction costs without which the transaction would not have taken place). Investment property is subsequently carried at fair value which is based on the market value determined annually by independent appraisers, using the prices of transactions involving similar properties (adjusting the estimates to reflect any differences) or using the discounted cash flow method. Fair value adjustments are included in the statement of comprehensive income line "Other income and other expenses". Depreciation is not calculated for investment properties carried at fair value.

Investment properties, for which the fair value cannot be determined reliably, are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised from the statement of financial position upon its disposal or when the asset is withdrawn from use and no future economic benefits are expected from the asset. Gains or losses from derecognition of investment properties are included within other income or other expenses in the statement of comprehensive income of the period when derecognition occurs.

When the purpose of use of investment property changes, the asset is reclassified in the statement of financial position. From the date of the change, the accounting policies of the group into which the asset has been transferred are applied to the asset.

Property, plant and equipment

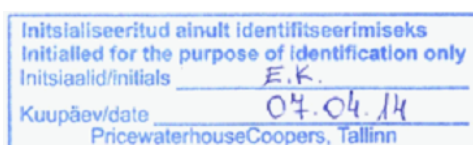
Property, plant and equipment are assets used in the operations of the Group with the useful life of over one year.

An item of property, plant and equipment is initially recognised at its cost which consists of the purchase price (incl. customs duties and other non-refundable taxes) and other expenditures directly related to the acquisition that are necessary for bringing the asset to its operating condition and location. Items of property, plant and equipment are carried in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment leased under the finance lease terms are accounted for similarly to purchased property, plant and equipment.

Subsequent expenditure incurred for items of property, plant and equipment are recognised as non-current assets when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Other repair and maintenance costs are recognised as expenses when incurred.

The straight line method is used for determining depreciation. The depreciation rates are set separately for each item of property, plant and equipment depending on its useful life. For assets with significant residual value, only the depreciable amount, i.e. difference between cost and residual value is depreciated over the useful life of the asset.

If an item of property, plant and equipment consists of separately identifiable components with different useful lives, these components are accounted for as separate assets and accordingly, separate depreciation rates are set for them depending on their useful lives.



The following useful lives have been set for the items of property, plant and equipment:

Buildings	5-50 years
Machinery and equipment	2-20 years
Motor vehicles	4-13 years
Fixtures, fittings and tools	
Fittings and tools	2-12 years
IT equipment and software	3-5 years
Fixtures	5 years

Items with unlimited useful lives (land) are not depreciated.

Depreciation of an asset begins when the asset is available for use for the purpose intended by management and is ceased when the residual value exceeds the carrying amount, when the asset is permanently withdrawn from use or is reclassified as held for sale. At each balance sheet date, the validity of applied depreciation rates, the depreciation method and the residual values applicable to assets is assessed.

Where an asset's recoverable amount (higher of an asset's fair value less costs to sell and value in use) is less than its carrying amount, it is written down immediately to its recoverable amount.

Borrowing costs (interests) attributable to the construction of property, plant and equipment are added to the cost of the assets during the period that is required to complete and prepare the asset for its intended use.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of items of property, plant and equipment are included either within other income or other expenses in the income statement.

Items of property, plant and equipment that are expected to be sold within the next 12 months are reclassified as non-current assets held for sale.

Intangible assets

Intangible assets (client contracts, trademarks, connection fees, patents, licenses, software) are recognised in the statement of financial position when the asset is controlled by the Group, future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. An acquired intangible asset is initially recognised at cost, comprising its purchase price and any expenditure directly attributable to the acquisition. Intangible assets are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is carried at its acquisition cost less any impairment losses.

Intangible assets are divided into assets with finite useful lives and assets with indefinite useful lives.

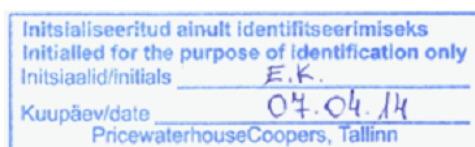
Intangible assets with indefinite useful lives (goodwill) are not amortised, but they are tested for impairment at least once a year (or more frequently if an event or change in circumstances indicates that goodwill may be impaired); and if their recoverable amount is below carrying amount, the asset is written down to its recoverable amount.

Intangible assets with finite useful lives are amortised using the straight-line method, over the asset's estimated useful life. The appropriateness of the amortisation periods and method is assessed at each balance sheet date. The following useful lives have been determined for intangible assets:

Client contracts	5 years
Trademarks	20-25 years
Permits and connection fees	3-50 years
Software licenses	5 years

The useful lives of client contracts and trademarks have been determined on the basis of management estimates of the expected length of the cash generating period by these assets. The duration of usage rights of assets is used as the basis for determining the useful lives of permits (fish farming and slaughter permits) and connection fees as well as software licenses.

Intangible assets with finite useful lives are tested for impairment whenever there is any indication of impairment.





Non-current assets held for sale

Non-current assets held for sale include items of property, plant and equipment or intangible assets which are intended to be sold within the next 12 months and with regard to which management has initiated an active sales programme and the assets are marketed for sale at a price that is reasonable in relation to their current fair value.

Non-current assets held for sale are presented in the balance sheet within current assets and their depreciation is ceased upon reclassification. Non-current assets held for sale are recognised at the lower of the carrying amount and fair value less costs to sell.

Impairment of assets

Intangible assets with indefinite useful lives (including goodwill) are not subject to amortisation but they are tested annually for impairment, by comparing their carrying amounts with their recoverable amount. Items of property, plant and equipment with unlimited useful lives (land) and assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In the event of such circumstances, the recoverable amount of the asset is assessed and compared with the carrying amount.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Goodwill is tested for impairment by performing an impairment test on the cash-generating unit which goodwill has been allocated to. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss of the reporting period.

At each balance sheet date, impaired assets are evaluated to determine whether it is probable that the recoverable amount of the assets has increased (except for goodwill whose impairment losses are not reversed). If the impairment test indicates that the recoverable value of an asset or group of assets (cash-generating unit) has increased above its carrying amount, the previous impairment loss is reversed up to the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised in the profit or loss as a reduction of the impairment loss.

Biological assets

Biological assets are recognised in the statement of financial position when the asset is controlled by the Group, it is expected that future economic benefits associated with the asset will flow to the Group and the fair value of the asset or its cost can be determined reliably.

Biological assets are carried in the separate line "Biological assets" in the statement of financial position.

Biological assets are fish stocks, including the following fish species:

- rainbow trout (*Oncorhynchus mykiss*)
- whitefish (*Coregonus lavaretus*)

The Group raises primarily rainbow trout in its fish farms located in Finland and Sweden, which makes up 93% of its total annual fish volume. The Group uses the Norwegian export statistics for evaluation of the fish stocks of rainbow trout / Source: <http://www.akvafakta.no> /. For evaluation of the fish stocks of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association.

Biological assets are classified based on their stage of completion, which are relevant for formation of market prices.

Accounting policies for each class of biological assets have been determined as follows:

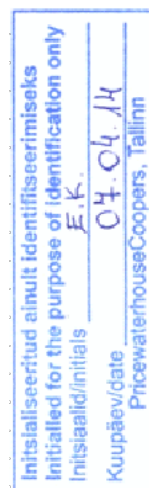
- Fries (from fertilised roe up to 250 g fry)

Fries are carried at fair value. Fair value is determined on the basis of the biomass volume of fry and its weighted average market price.

- Juveniles (250 g fry up to fish suitable for harvesting)

The fair value of juveniles cannot be determined reliably due to the absence of an active market, and they are carried in the statement of financial position at cost. The direct expenditures incurred in breeding the juveniles to fish suitable for harvesting is capitalised as part of the cost.

At each balance sheet date, the cost is compared with the net realisable value of the juveniles. The net realisable value is the estimated fair value of fish suitable for harvesting at the time the juveniles are expected to become suitable for harvesting, less estimated costs on breeding the juveniles to make them suitable for harvesting, and on subsequent sale. When it is probable that the cash flows from future sales cover both the cost as well as the additional expenditure related to breeding and sale, juveniles are recognised at cost. Otherwise, juveniles are written down to their net realisable value. Impairment losses are recognised in profit or loss.



- Fish suitable for harvesting (reclassification from juveniles to fish suitable for harvesting is based on the weight which depends on fish species)

On initial recognition (at acquisition or reclassification from juveniles) and at each balance sheet date, the fish suitable for harvesting is measured at their fair value less estimated costs to sell. The bases for determination of fair value are the estimated biomass of fish suitable for harvesting, less the weight loss occurring at disposal, and the weighted average market price at the balance sheet date, i.e. the latest market price for similar assets sold by independent parties, adjusted for the effect of existing differences, assuming no major changes have occurred in the economic environment between the transaction date and the balance sheet date. In the areas where external market prices are unavailable, the estimate is based on internal market prices. The quality class (higher or regular) is also considered in determination of prices.

Costs to sell include fees to intermediaries, levies and non-refundable taxes. Costs to sell do not include transportation and other and other costs necessary to get an asset to a market, however, such expenditures are taken into account when determining fair value.

Subsequent expenditure directly related to bringing the immature biological assets up to the point they are suitable for harvesting are capitalised as part of the cost of biological assets. The cost is adjusted periodically by the re-measurement of the biological assets at its fair value.

Gains and losses arising from fair value adjustments of biological assets are recognised in the separate line “Revaluation of biological assets” in the statement of comprehensive income. Agricultural produce is recognised at fair value less estimated costs to sell.

Finance and operating leases

Leases of property, plant and equipment which transfer all significant risks and rewards of ownership to the lessee are classified as finance leases. Other leases are classified as operating leases.

The Group is the lessee

Assets acquired under the finance lease terms are recognised in the statement of financial position at the lower of the fair value of the asset, and the present value of minimum lease payments. Each lease payment is allocated between the finance charges (interest expense) and reduction of the liability. Finance costs are allocated to rental period so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The assets acquired under finance leases are depreciated similarly to other non-current assets whereas the depreciation period is the shorter of the useful life of the asset and the lease term (if there is no reasonable certainty that the lessee will obtain ownership).

Operating lease payments are recognised in the statement of comprehensive income as expenses on a straight-line basis over the lease term. Fees payable to the lessor upon the conclusion of lease agreements are treated as part of the lease transaction and these fees are recognised as prepaid rent in the statement of financial position and as a rental expense on a straight-line basis over the lease term.

The Group is the lessor

Assets leased out under the operating lease terms are recognised similarly to other assets recognised in the consolidated statement of financial position. For depreciation of assets that are leased out, the Group uses the depreciation policies applied to similar assets. Operating lease payments are recognised on a straight-line basis over the lease term.

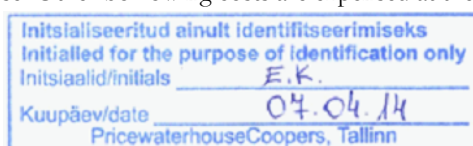
Financial liabilities

All financial liabilities (trade payables, other short and long-term liabilities, borrowings) are initially recognised at their fair value, less any transaction costs. They are subsequently recognised at amortised cost, using the effective interest rate method.

The amortised cost of the current financial liabilities generally equals their nominal value; therefore current financial liabilities are stated in the statement of financial position at redemption value. To calculate the amortised cost of non-current financial liabilities, they are initially recognised at fair value of the proceeds received (net of transaction costs incurred) and an interest expense is calculated on the liability in subsequent periods using the effective interest rate method.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings that are due within 12 months after the balance sheet date, but which are refinanced after the balance sheet date as long-term, are recognised as short-term borrowings. Also, borrowings are classified as short-term if the lender had at the balance sheet date the contractual right to demand immediate payment of the borrowing due to the breach of conditions set forth in the agreement.

Borrowing costs (interests) to finance the construction of assets are capitalised during the period that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed at the time they are incurred.



Provisions and contingent liabilities

Provisions are recognised in the statement of financial position when the Group has an obligation (legal or contractual) as a result of an event which occurred before the balance sheet date; it is probable that an outflow of resources is required to settle the obligation, but the final amount or settlement date of the obligation are not exactly known.

The provisions are recognised based on management's estimates regarding the amount and timing of the expected outflows. A provision is recognised in the statement of financial position in the amount which according to the management's estimate is required to settle the present obligation at the end of the reporting period or to transfer it to a third party at that time. Provisions are recognised at a discounted value (present value of the expenditures expected to be required to settle the obligation), unless the discounting effect is immaterial. The expenses related to provisions are recognised in the statement of comprehensive income.

Other obligations whose realisation is not probable or the amount of the obligation cannot be measured with sufficient reliability but which in certain circumstances may become liabilities, are disclosed in the notes to the financial statements as contingent liabilities.

Corporate income tax and deferred income tax

Income tax assets and liabilities, and income tax expenses and income comprise current (payable) income tax and deferred income tax. Payable income tax is classified as a current asset or a liability; and deferred income tax as a non-current asset or a liability.

Estonian entities of the Group

According to the applicable laws of the Republic of Estonia, the Estonian entities do not pay income tax on their profits. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. The effective tax rate is 21/79 of the amount paid out as net dividends. As it is the dividends and not the profit that is subject to income tax, no temporary differences between the taxable values and the carrying amounts of assets and liabilities arise, which could give rise to deferred income tax assets and liabilities.

Income tax payable on dividends is recognised as an income tax expense in the statement of comprehensive income and as a liability in the statement of financial position at the time dividends are declared, regardless of the actual payment date or the period for which dividends are paid. An income tax liability is due at the 10th day of the month following the payment of dividends.

Foreign entities of the Group

In Latvia, Lithuania, Sweden, Finland and Russia, corporate profits are taxable with income tax. For identification of the taxable income, the pre-tax profit is adjusted for temporary or permanent income and expense additions as required by local income tax laws.

For foreign subsidiaries, deferred income tax assets or liabilities are determined for all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised in the statement of financial position only when it is probable that future taxable profit will be available against which the deductions can be made.

As at 1 January 2013 the income tax rate changed in Sweden from 26.3% to 22%. As at 1 January 2014 the income tax rate changed in Finland. The rate applicable until then was 24.5% which was replaced by the rate 20%.

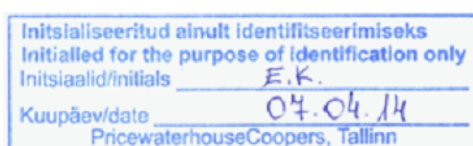
Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account any trade discounts and volume rebates granted.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, when the amount of revenue and the costs incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recorded upon rendering of the service, or based on the stage of completion if services are performed over a longer period of time.

Interest and dividend income is recognised when it is probable that future economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Interest income is recognised using the effective interest rate of an asset. Dividends are recognised when the right to receive payment is established.





Share capital

Ordinary shares are included within equity. The expenditures related to the issue of ordinary shares are recognised as a reduction of equity. Treasury shares repurchased by the parent company are recognised as a reduction of equity (in the line item "Treasury shares"). Disbursements and contributions related to treasury shares are recognised in equity.

Statutory reserve capital

Reserve capital is formed to comply with the requirements of the Commercial Code of the Republic of Estonia. During each financial year, at least 5% of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

Share-based transactions

The fair value of the services provided by the employees to the Group (work contribution) in exchange for shares is recognised as an expense in the statement of comprehensive income and in the line "Other reserves" in equity over the vesting period (from the date of issue of a convertible bond until the beginning of the conversion period). The fair value of the services received is determined based on the fair value (market price) of equity instruments granted to employees at the grant date. As the employee has the right to convert the convertible bond for the shares only in case of an existing employment relationship under the share-based payment agreement, at each balance sheet date, an estimate is made as to the number of convertible bonds that are expected to vest, and the impact of the revision to original estimates, is recognised as an adjustment of the staff costs and "Other reserves" according to the number of convertible bonds that are expected to vest. Transaction costs attributable to equity transactions related to issue of new shares are deducted from equity. Upon conversion of convertible bonds into ordinary shares, the amount recognised in the line "Other reserves" (less any directly attributable transaction costs) is reclassified to the equity item "Share capital" and the amount above the nominal value of shares is reclassified in the item "Share premium".

Earnings per share

Basic earnings per share are determined by dividing the net profit for the financial year by the period's weighted average number of shares issued. Treasury shares are not included in the weighted average number of shares. Diluted earnings per share are calculated by adjusting the net profit and the weighted average number of shares outstanding for the effects of dilutive potential ordinary shares.

Payables to employees

Payables to employees include the performance pay payable to employees on the basis of employment contracts which are calculated by reference to the Group's financial results and fulfilment of the employees' individual performance objectives. Performance pay is recognised as an expense and a payable to employees if the disbursement takes place during the next reporting period. In addition to performance pay, this accrual also includes expenses on social security tax and unemployment insurance tax calculated on the performance pay. Payables to employees include the accrued vacation pay calculated according to employment contracts and employment laws effective in Estonia.

The Group makes contributions to several mandatory funded pension funds, which are recognised as expenses in the statement of comprehensive income (this expense is included within the social security tax for the parent company and the subsidiaries located in Estonia). The Group has neither a legal nor a factual obligation to make other pension or similar payments in addition to those mentioned above.

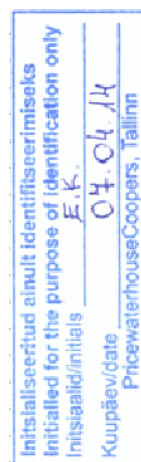
Government grants

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants for non-current assets are included within non-current liabilities and are credited to income in the income statement over the useful life of the acquired asset.

Note 3 Financial risks

The Group's risk management policy is based on the requirements established by regulatory bodies, generally accepted practices and the Group's internal rules. The Group is guided by the principle to manage risks in a manner that ensures an optimal risk to reward ratio. As part of the Group's risk management, all potential risks, their measurement and control are defined, and an action plan is prepared to reduce risks while ensuring the attainment of the Company's financial and other strategic objectives.

The Management Board of the Parent Company has the main role in management of risks. The Supervisory Board of the Parent Company exercises supervision over the measures taken by the Management Board to manage risks. The Group assesses and limits risks through systematic risk management. For managing financial risks, the Group has involved its financial unit that finances the Parent Company as well as its subsidiaries and, directly as a result of that, also manages liquidity risk and interest rate risk.




Financial instruments by class

Financial assets at 31.12.2013 EUR '000	Available for sale financial assets	Loans and receivables	Total	Financial liabilities at 31.12.2013 EUR '000	Liabilities at amortised cost
Cash and bank (Note 5)	0	1,314	1,314	Borrowings (Note 17)	14,505
Trade receivables (Note 6)	0	7,585	7,585	Trade payables (Note 18)	7,139
Other receivables (Note 6)	0	83	83	Prepayments from clients (Note 18)	23
Shares	72	0	72	Other payables (Note 18)	112
Total	72	8,982	9,054	Total	21,780

Financial assets at 31.12.2012 EUR '000	Available for sale financial assets	Loans and receivables	Total	Financial liabilities at 31.12.2012 EUR '000	Liabilities at amortised cost
Cash and bank (Note 5)	0	1,357	1,357	Borrowings (Note 17)	15,192
Trade receivables (Note 6)	0	7,348	7,348	Trade payables (Note 18)	6,397
Other receivables (Note 6)	0	43	43	Prepayments from clients (Note 18)	120
Shares	72	0	72	Other payables (Note 18)	163
Total	72	8,748	8,820	Total	21,872

Management of financial risks is a significant and integral part in managing the Group's business processes. The ability of the management to identify, measure and control different risks have a significant effect on the Group's profitability. Risk is defined by the Group's management as a possible negative deviation from the expected financial result.

The activities of the Group are accompanied by several financial risks, of which the credit risk, liquidity risk and market risk, including currency risk and interest rate risk, have the most significant influence.

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. If possible, the Group uses factoring without recourse as an additional measure to manage credit risk.

Maximum credit risk that arises from the Group's trade receivables is presented below:

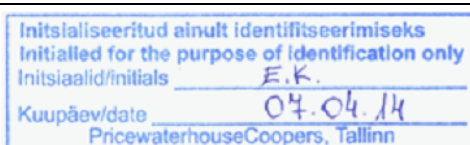
Trade receivables EUR '000	Not yet due	Not impaired, past due		Impaired	Total
		up to 90 days	over 90 days		
at 31.12.2013 (Note 6)	6,073	1,354	157	151	7,736
at 31.12.2012 (Note 6)	5,757	1,283	308	47	7,395

In 2013, the Group has written down doubtful receivables in the amount of EUR 121 thousand (2012: EUR 30 thousand), in accordance with the Group's rules for assessing trade receivables on the basis of expected cash flows. The client base of the Group is stable and long-term and up to now the credit history has not given base to write down receivables which are past due up to 90 days. Available financial resources are kept in the banks of Danske, SEB, Pohjola and Swedbank.

Trade receivables (not due) by country

At 31 December

EUR '000	2013	2012
Finland	1,872	1,557
Estonia	2,034	1,939
Latvia	1,013	869
Lithuania	848	732
Russia	306	660
Total trade receivables not due	6,073	5,757





Liquidity risk

Liquidity risk represents a threat to solvency of the company. Liquidity risk means that the Group might not have available resources to settle its financial liabilities in a timely manner.

The Group aims at keeping the financing need and financing possibilities of the Group in balance. Cash flow planning is used as a tool to manage liquidity risks. For efficient management of the Group's cash flows, the bank accounts of the Parent Company and Estonian subsidiaries make up a cash pool account that enables the members of the cash pool account to use the Group's financial resources within the limit established by the Parent Company.

To manage liquidity risks, the Group uses different financing sources, including bank loans, overdraft facilities, continuous monitoring of trade receivables and delivery contracts.

Overdraft facilities are used to finance working capital, long-term bank loans or finance lease agreements are used to purchase non-current assets. The Group is highly-leveraged, therefore liquidity management is one of the Group's priorities.

As at 31 December 2013, the Group's working capital was EUR 10,106 thousand and as at 31 December 2012 EUR 12,095 thousand.

The management considers it important to monitor liquidity risks; the additional need for capital can be covered by overdraft facilities or by refinancing the loan portfolio. At 31 December 2013, the balance of the unused overdraft facility was EUR 2,943 thousand (31.12.2012: EUR 1,739 thousand).

Analysis of undiscounted financial liabilities by due date:

31.12.2013, EUR '000	less than 3 months	from 3 to 12 months	from 1 to 5 years	over 5 years	Total
Borrowings	698	5,576	8,698	122	15,095
Trade and other payables	7,221	45	8	0	7,274
Total liabilities	7,919	5,621	8,707	122	22,369

31.12.2012, EUR '000	less than 3 months	from 3 to 12 months	from 1 to 5 years	over 5 years	Total
Borrowings	674	3,576	11,750	8	16,008
Trade and other payables	6,205	475	0	0	6,680
Total liabilities	6,880	4,051	11,750	8	22,688

Interest cash flows are recognised using the spot interest rates.

Currency risk

Currency risk arises when business transactions, assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group tries to avoid large foreign currency exposures. The main currencies used are RUB, LTL, LVL, SEK, USD and EUR. The Group is most exposed to fluctuations of the exchange rate of RUB, SEK, USD and LVL. On 1 January 2014 Latvia adopted euro as a national currency with the exchange rate of 1 EUR = 0.702804 LVL. The Group has not used any financial instruments to secure itself against currency risks that may arise from business transactions, assets and liabilities in the future. The Group does not have any significant currency risks. Any income and expenses arising from foreign currency transactions are included in other operating income/expenses or financial income/cost under "Foreign exchange gains/losses".

Financial instruments at 31 December 2013 according to the underlying currency:

EUR '000	EUR	LTL	LVL	PLN	RUB	SEK	USD	Total
Cash and bank (Note 5)	939	127	172	0	28	47	0	1,314
Trade receivables (Note 6)	4,445	1,109	1,091	0	893	47	0	7,585
Other receivables (Note 6)	42	37	1	0	2	1	0	83
Shares	69	0	0	0	0	3	0	72
Total financial assets	5,495	1,273	1,265	0	923	98	0	9,054
Borrowings (Note 17 and Note 31)	-14,180	-58	-246	0	-3	-20	0	-14,506
Trade payables (Note 18)	-5,642	-419	-609	0	-322	-121	-25	-7,139
Other payables (Note 18)	-56	-55	0	0	0	0	0	-111
Total financial liabilities	-19,877	-532	-855	0	-325	-141	-25	-21,756
Net currency position	-14,382	741	410	0	598	-44	-25	-12,703
Possible change in the exchange rate (%)	0.00%	0.00%	±0.60%	±0.32%	±6.02%	±0.61%	±3.31%	x
Effect of exchange rate change on profit	0	0	± 2	± 0	± 36	± 0	± 1	x

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Financial instruments at 31 December 2012 according to the underlying currency:

EUR '000	EUR	LTL	LVL	PLN	RUB	SEK	USD	Total
Cash and bank (Note 5)	900	200	171	0	71	16	0	1,357
Trade receivables (Note 6)	4,119	974	1,023	0	1,209	24	0	7,348
Other receivables (Note 6)	15	17	0	0	11	0	0	43
Shares	69	0	0	0	0	3	0	72
Total financial assets	5,104	1,190	1,194	0	1,290	42	0	8,820
Borrowings (Note 17)	-15,057	0	-96	0	-12	-27	0	-15,192
Trade payables (Note 18)	-3,595	-444	-1,187	-28	-949	-81	-113	-6,397
Other payables (Note 18)	-99	-62	0	0	-2	0	0	-163
Total financial liabilities	-18,750	-505	-1,283	-28	-964	-108	-113	-21,752
Net currency position	-13,646	684	-89	-28	326	-66	-113	-12,932
Possible change in the exchange rate (%)	0.00%	0.00%	±1.27%	±1.53%	±2.35%	±3.59%	±7.67%	x
Effect of exchange rate change on profit	0	0	± 1	± 0	± 8	± 2	± 9	x

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. Beginning from 2013 the Company has partially hedged the floating interest rate risk of a long-term investment loan with an interest rate swap with amortisation transaction, fixing the 3-month EURIBOR in the levels of 0.799% and 0.785% until 17.07.2017. Mark-to-market value of financial instruments as at balance sheet date 31.12.13 was EUR -36 thousand and the impact on the income statement in the form of financial expense amounted to EUR 3 thousand. Had the future forecast of the value of the 3-month EURIBOR been 100 basis points higher, the value of this financial instrument would have been EUR 177 thousand as at the balance sheet date (31.12.12: EUR 117 thousand). See also Note 28.

If at 31 December 2013 or 31 December 2012, the base interest were 10 basis points lower or higher, interest expenses would be EUR 8 thousand (2012: EUR 11 thousand) higher or lower. Loans with a floating interest rate are linked to EURIBOR (1 to 6-month EURIBOR depending on the instrument). In addition to EURIBOR, finance lease liabilities are also based on 3-month Rigibor and MosPrime. Receivables with floating interest rates are based on 12-month EURIBOR.

An overview of the Group's exposure to interest rate risk at 31 December 2013 and 31 December 2012:

31.12.2013, EUR '000	less than 1 year	over 1 year	Total
<i>Fixed interest rate</i>			
Interest bearing liabilities (Note 17)	1,368	6,938	8,305
Net position	1,368	6,938	8,305
<i>Floating interest rate</i>			
Interest bearing receivables	4	4	8
Interest bearing liabilities (Note 17)	4,669	1,530	6,200
Net position	4,665	1,526	6,192
31.12.2012, EUR '000	less than 1 year	over 1 year	Total
<i>Fixed interest rate</i>			
Interest bearing receivables (Note 17)	818	5,130	5,948
Net position	818	5,130	5,948
<i>Floating interest rate</i>			
Interest bearing receivables	4	7	11
Interest bearing liabilities (Note 17)	3,135	6,109	9,244
Net position	3,131	6,102	9,233

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Capital management

With regard to capital management, the Group's 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.

	31.12.2013	31.12.2012
	EUR'000	EUR'000
Total borrowings (Note 17)	14,505	15,192
Less: Cash and cash equivalents (Note 5)	1,314	1,357
Net debt	13,191	13,835
Total equity	37,297	36,453
Total capital (net debt + equity)	50,488	50,289
Debt to equity ratio	26%	28%

Fair value of financial instruments

The Group divides financial instruments into three levels depending on their revaluation:

- Level 1: Financial instruments that are valued using unadjusted price from the stock exchange or some other active regulated market.
- Level 2: Financial instruments that are evaluated by assessment methods based on monitored inputs. This level includes, for instance, financial instruments that are assessed by using prices of similar instruments in an active regulated market or financial instruments that are re-assessed by using the price on the regulated market, which have low market liquidity
- Level 3: Financial instruments that are valued by assessment methods based on non-monitored inputs

The Group's management estimates that the carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values at 31 December 2013 and 31 December 2012. Cash and bank, trade receivables, other receivables, factoring liability, trade payables and other payables are expected to be settled within 12 months or are recognised immediately before the balance sheet date and therefore their fair value is not significantly different from their carrying amount. The Group's long-term borrowings have a floating interest rate that changes according to fluctuations in the market interest rates. The Group's management estimates that the Group's risk level has not significantly changed since the assumption of borrowings. Thus, the fair value of non-current financial liabilities is approximately equal to their carrying amount. If the Group would recognise long term financial instruments in fair value, they would be classified as Level 3.

Note 4 Management judgements and estimates

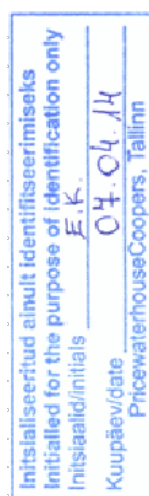
The preparation of financial statements in conformity with IFRSs requires the use of accounting estimates. It also requires management to make judgements in the process of application of the accounting policies. Estimates and judgments are reviewed on an ongoing basis and they are based on historical experience and other factors, including projections of future events which are believed to be reasonable under the circumstances. The management makes certain judgements (in addition to judgments related to estimates) in the process of application of the accounting policies. The estimates that have a significant impact on the information presented in these financial statements and assumptions which may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year include:

Assessment of recoverability of trade receivables (Note 3, 6)

The management assesses accounts receivable on the basis of its best knowledge, taking also into account past experience. An allowance for doubtful receivables is recognised when payments are more than 90 days past their due date. Payments that are more than 90 days past their due date over are written down to the extent of 50% and payments that are more than 180 days past their due date are fully written down. Significant financial problems, likelihood of bankruptcy or financial reorganisation of a debtor, delay in payments or insolvency indicate that the accounts receivables from clients have deteriorated.

Estimating the recoverable amount of inventories (Note 7)

The management assesses inventories on the basis of available information, taking into account historical experience, general background information and possible assumptions and conditions of future events. For finished goods, write down of inventories is determined on the basis of their sales potential and net realisable value. Raw materials are assessed on the basis of their potential to be used for preparation of finished goods and generating revenue. Work-in-progress is assessed on the basis of stage of completion that can be reliably measured.





Assessment of quantities and fair value of biological assets (Note 8)

Assessment of the fair value of biological assets always involves consideration of certain estimates, although the Group has internal experts to assess these factors. The quantity of the biomass is an estimated figure that is based on juvenile fish let to a lake or sea, their expected growth and death rates, based on the death rate coefficient identified during the period. The quantity is adjusted by descaling losses. The Company tests the biomass by conducting the actual test weighing of fish inventories twice a year, in autumn and spring. Due to the weather conditions and the amount of time required for the process, physical inventory cannot be taken at the balance sheet date.

The following model is used to determine the biomass of fish:

$$\text{final biomass} = \text{initial biomass} + \text{feed given to fish} / \text{feed coefficient} - \text{perished fish}$$

The Group uses special computer programmes and a web-based programme (Finnish marine farms) developed by the Company itself for calculating the biomass. The Group makes its estimates according to its best knowledge, relying on its previous experience.

Valuation of investment properties (Note 12)

The management has used the help of an independent real estate agency to assess the fair value of real estate properties. For estimating the fair value for 2013, the Management Board relies on the evaluation act compiled in January 2014.

Assessment of useful lives of property, plant and equipment (Note 13)

The management has assessed the useful lives of property, plant and equipment, relying on the volume and conditions of production, past experience and future projections in the given area.

Assessment of impairment of goodwill and useful lives of intangible assets (Note 14)

The management has carried out impairment tests as at 31. December 2013 in relation to goodwill that arose in acquisition of the following cash generating units or companies: AB Premia KPC (Lithuania), OOO Khladokombinat No1 (Russia) and Saaremere Kala AS (Estonia). As a result of impairment test, no impairment loss on goodwill was recognised in 2013 or 2012.

The management has determined the useful lives of intangible assets considering the business conditions and volumes, past experience in the area, and future outlooks.

Note 5 Cash and cash equivalents

	31.12.2013	31.12.2012
	EUR '000	EUR '000
Cash on hand	39	75
Short-term deposits	0	14
Bank accounts	1,275	1,267
Total cash and cash equivalents	1,314	1,357

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Note 6 Receivables and prepayments

	31.12.2013 EUR'000	31.12.2012 EUR'000
Trade receivables	7,736	7,395
Allowance for doubtful receivables ¹	-151	-47
Other receivables	79	36
Prepaid expenses	218	224
Prepaid taxes	309	213
Other prepayments	166	331
Total receivables and prepayments	8,356	8,152

¹ Changes in allowance for doubtful receivables:

	2013 EUR '000	2012 EUR '000
Allowance for doubtful receivables at beginning of the period	-47	-56
Doubtful receivables collected during the reporting period	5	5
Receivables recognised as doubtful receivables during the reporting period	-121	-30
Receivables written off the balance sheet during the reporting period	12	34
Allowance for doubtful receivables at end of the period	- 151	- 47

The aging analysis of trade receivables is disclosed in Note 3. A commercial pledge set as collateral for loans also covers receivables (see Note 17).

Note 7 Inventories

	31.12.2013 EUR '000	31.12.2012 EUR '000
Raw materials and materials	3,144	3,678
Work-in-progress	200	195
Finished goods	3,674	3,380
Goods purchased for sale	3,142	3,023
Prepayments for inventories and goods in transit	97	32
Inventories	10,258	10,308

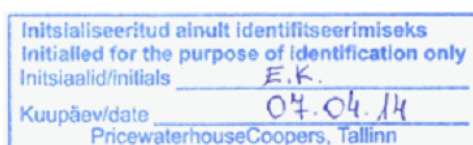
In 2013, inventories were written off in the amount of EUR 224 thousand. In 2012, inventories were written off in the amount of EUR 211 thousand. A commercial pledge set as collateral for loans also covers inventories (see Note 17).

Note 8 Biological assets

Biological assets	31.12.2013 EUR'000	31.12.2012 EUR'000
Fry	872	945
Juveniles	1,787	1,181
Fish suitable for harvesting	3,611	3,505
Total biological assets	6,270	5,631

As at 31.12.2013, biological assets totalled 1,538 (31.12.2012: 1,394) tons. In the financial year, agricultural produce in the amount of 1,617 (2012: 1,855) tons was harvested.

Biological assets include the following species: rainbow trout (*Oncorhynchus mykiss*) 92.7% of biomass (2012: 87.2%) and whitefish (*Coregonus lavaretus*) 7.3% of biomass (2012: 9.9%). In 2012 also the Arctic char (*Salvelinus alpinus*) belonged to the biological assets, representing 2.9% of biomass.





Group measures biological assets in fair value or acquisition cost.

The fair value of fries is determined by purchase offers and volume of biomass, which on 31.12.13 was 128 tons (31.12.2012: 95 tons).

Group classifies these assets measured in fair value on level 3.

If the volume of biomass or the price of purchase offers were 1% higher or lower, the fair value of fries would be respectively EUR 9 thousand higher or lower on the balance sheet date.

The fair value of juveniles cannot be determined reliably due to the absence of an active market, and they are carried in the statement of financial position at cost. At each balance sheet date, the cost is compared to the net realisable value of the juveniles. On 31.12.2013 management estimated that the net realisable value of juveniles is not relatively lower than the acquisition cost. Therefore in the 31.12.2013 financial statements juveniles were measured in their acquisition cost.

Fish suitable for harvesting is measured at their fair value, taking into consideration the latest market price for similar assets which is corrected with the influence of existing differences. In order to determine the fair value the Management used the following inputs besides market value:

- Gutting loss 5% (31.12.12: 5%)
- Harvesting cost 16% (31.12.12: 15%)
- Volume of biomass 805 tons (31.12.12: 970 tons)

Group classifies these assets measured in fair value on level 3.

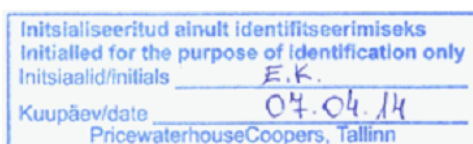
Following is the possible effect to the fair value of fish suitable for harvesting in case of change in inputs (EUR thousand):

	Market price		Harvesting cost		Gutting loss		Volume of biomass	
	+1%	-1%	-1%	+1%	-1pp	+1pp	+1%	-1%
31.12.13	+40	-33	+48	-41	+41	-41	+36	-36
31.12.12	+28	-36	+36	-36	+26	-34	+35	-35

Change in biological assets

	2013	2012
	EUR'000	EUR '000
Biological assets at beginning of the period	5,631	8,179
Purchased	804	460
Additions	4,414	4,227
Fair value adjustments	742	-1,363
Harvested	-5,145	-5,418
Written off	-74	-359
Fry and live fish sold	0	-99
Exchange rate differences	-102	5
Biological assets at end of the period	6,270	5,631

The aggregate gain attributable to the growth of biological assets and the changes in fair value less costs to sell of biological assets amounted to EUR 5,156 thousand (2012: EUR 2,863 thousand), comprising of amounts presented under "additions" and "fair value adjustments" above. In the amount of "additions", the Group has capitalised subsequent expenditures incurred on development of immature biological assets, therefore in the income statement, only the gain/loss from "fair value adjustments" is presented as a separate line. As a consequence of the decision of the Swedish Ministry for Rural Affairs to destroy 17 tons fry, in 2012 the Group bore costs amounting to EUR 0.5 million. The amount comprised of write-off of biological assets in cost price in the amount of EUR 270 thousand to which legal and other costs related to the process were added.





Note 9 Subsidiaries

Subsidiary	Domicile	Ownership interest		Area of activity	Owner
		31.12.2013	31.12.2012		
Saaremere Kala AS	Estonia	100%	100%	Holding company of fish segment	Premia Foods AS
Vettel OÜ	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish products	Saaremere Kala AS
Premia Tallinna Kõlmhoone AS	Estonia	100%	100%	Ice cream production, sale of frozen goods products and ice cream	AB Premia KPC
AB Premia KPC	Lithuania	100%	100%	Sale of ice cream and frozen goods products	Premia Foods AS
Heimon Kala OY	Finland	100%	100%	Fish farming, production and sale of fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	Fish farming and sales	Heimon Kala Oy
AS Premia FFL	Latvia	100%	100%	Sale of ice cream and frozen goods products	AS Premia Tallinna Kõlmhoone
OOO Khladokombinat No1	Russia	100%	100%	Ice cream production, sale of frozen goods products and ice cream	Premia Foods AS
OOO Khladomagija	Russia	100%	100%	Holding company	Premia Foods AS

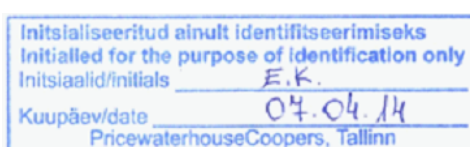
The ownership percentage of subsidiaries' equity represents their voting rights. The shares of subsidiaries are not listed on a stock exchange.

Note 10 Deferred income tax

Deferred income tax asset EUR '000	Tax losses	Other	Total
Deferred income tax assets as at 31.12.2011	425	10	435
Impact on income statement	10	19	29
Impact on other comprehensive income	9	0	9
Deferred income tax assets as at 31.12.2012	444	30	474
Impact on income statement	110	22	132
Impact on other comprehensive income	-44	-5	-49
Deferred income tax assets as at 31.12.2013	510	46	557

Deferred income tax liability EUR '000	Accelerated income tax amortisation	Fair value adjustment	Other	Total
Deferred income tax assets as at 31.12.2011	844	425	9	1,278
Impact on income statement	-51	-67	-503	-621
Impact on other comprehensive income	0	0	1	1
Deferred income tax assets as at 31.12.2012	793	358	-492	659
Impact on income statement	-721	35	747	61
Impact on other comprehensive income	0	0	-4	-4
Deferred income tax assets as at 31.12.2013	72	393	251	716

See also Note 29.





Note 11 Long-term financial investments

	31.12.2013 EUR'000	31.12.2012 EUR '000
Loans (annual interest 12 month EURIBOR + 1.5%)	4	7
Shares at cost	62	62
Shares under equity method	51	51
Shares at market value	10	10
Total long-term financial investments	127	131

In the reporting period, the Group earned dividend and interest income on financial investments in the total amount of EUR 1 thousand, and EUR 1 thousand in the previous reporting period.

Note 12 Investment property

	2013 EUR'000	2012 EUR '000
Fair value at beginning of the period	2,084	2,084
Fair value at end of the period	2,084	2,084

Land and buildings at Peterburi Road 42, Tallinn which are no longer used in the company's operations are included within investment property. The fair value method is used to account for investment property. The Group classifies the financial instrument recorded in fair value into level 3.

The fair value of investment property is based on an independent expert's opinion issued in January 2014. The independent expert's opinion, also serving as a basis of judgement for The Board of Management, uses the residual market value method whereby the potential market value/revenues from rent after the completion of the construction are estimated, and the amount is reduced by the expenditures necessary to develop the property. The valuation also relies on the assumption that the detailed planning for the property has been authorized and approved. The valuation made by the expert is based on the property's potential to serve as a commercial property, considering its location and the current market situation, and does not account for the potential value, which could be arrived at with the maximum space usage set forth in the building permit, that implies for a 5-6 storey business premises.

Following inputs have been used to determine the fair value of investment property:

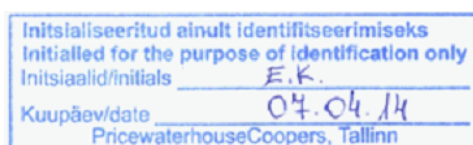
- Capitalization rate – value is based on comparative transactions made between 2010-2013 and takes into consideration the location, condition and nature of the object; 9.0% (2012 9.0%)
- Construction price per square meter – value is based on the bid prices for construction of similar buildings and expert opinion; 605 EUR/m² (2012 546 EUR/m²) – includes incidental expenses
- Rental price per square meter – value is based on rents of similar shopping centers at the time of evaluation and takes into account the nature, location and planned condition of the estimable object; 7,0 EUR/m² (2012 6,4 EUR/m²).

Following is the possible effect on the fair value of investment property in case of change of inputs (EUR thousand):

	Construction price		Rental price		Capitalisation rate	
	+5%	-5%	+5%	-5%	+0,5pp	-0,5pp
2013	-242	+242	+362	-362	-381	+426
2012	-218	+218	+331	-331	-349	+390

In 2013, costs directly related to the management of the property amounted to EUR 7 thousand (2012: EUR 7 thousand). In the reporting period, rental income earned on investment properties totalled EUR 5 thousand (2012: EUR 4 thousand).

A mortgage set as collateral for the loans also covers the investment property (see Note 17).



Note 13 Property, plant and equipment

EUR '000	Land and buildings	Machinery and equipment	Fixtures, fitting and tools	Construction in progress, prepayments	Total
Carrying amount as at 31.12.2011	5,116	7,611	379	165	13,271
Additions during the period	135	1,618	106	29	1,888
Carrying amount of assets sold and written off	0	-144	0	0	-144
Reclassification	15	108	0	-123	0
Currency translation differences	24	82	1	3	109
Depreciation charge of the reporting period (Note 26)	-396	-2,110	-119	0	-2,625
Carrying amount as at 31.12.2012	4,894	7,164	367	74	12,499
Additions during the period	16	2,272	84	153	2,525
Carrying amount of assets sold and written off	0	-81	0	0	-81
Reclassification	1	0	4	-5	0
Currency translation differences	-27	-90	-1	0	-118
Depreciation charge of the reporting period (Note 26)	-370	-1,845	-110	0	-2,325
Carrying amount as at 31.12.2013	4,514	7,420	344	221	12,500
Cost as at 31.12.2011	8,419	24,421	1,423	165	34,427
Accumulated depreciation as at 31.12.2011	-3,304	-16,809	-1,044	0	-21,156
Cost as at 31.12.2012	8,608	24,567	1,477	74	34,725
Accumulated depreciation as at 31.12.2012	-3,714	-17,402	-1,110	0	-22,226
Cost as at 31.12.2013	8,638	25,323	1,476	221	35,659
Accumulated depreciation as at 31.12.2013	-4,124	-17,903	-1,132	0	-23,159

As at 31.12.2013, the cost of fully depreciated non-current assets still in use is EUR 7,797 thousand (31.12.2012: EUR 7,355 thousand).

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 15. Additional information about collaterals for loans is disclosed in Note 17.



Note 14 Intangible assets

EUR '000	Goodwill	Client contracts	Trade-marks	Permits and connection fees	Software licenses	Pre-payments	Total
Carrying amount as at 31.12.2011	19,942	345	1,748	594	269	116	23,015
Additions during the period	0	0	6	2	30	94	131
Sold and written off	0	0	0	-2	0	0	-2
Reclassified	0	0	0	2	0	-2	0
Amortisation charge of the reporting period (Note 26)	0	-345	-105	-33	-112	0	-595
Carrying amount as at 31.12.2012	19,942	0	1,649	563	187	207	22,548
Additions during the period	0	0	9	0	53	32	94
Reclassified	0	0	0	0	36	-36	0
Currency translation differences	0	0	-1	0	-4	-3	-8
Amortisation charge of the reporting period (Note 26)	0	0	-105	-28	-129	0	-262
Carrying amount as at 31.12.2013	19,942	0	1,552	535	145	200	22,373
Cost as at 31.12.2011	19,942	2,301	2,102	788	727	116	25,976
Accumulated amortisation as at 31.12.2011	0	-1,956	-353	-194	-458	0	-2,961
Cost as at 31.12.2012	19,942	0	2,107	790	747	207	23,793
Accumulated amortisation as at 31.12.2012	0	0	-458	-227	-560	0	-1,245
Cost as at 31.12.2013	19,942	0	2,115	790	829	200	23,876
Accumulated amortisation as at 31.12.2013	0	0	-563	-255	-685	0	-1,503

Division of goodwill by entity:

	Segment	31.12.2013 EUR'000	31.12.2012 EUR'000
AS Saaremere Kala	Fish	4,730	4,730
AB Premia KPC	Ice cream and frozen goods (Lithuania, Estonia, Latvia)	12,241	12,241
OOO Khladokombinat No1	Ice cream (Russia)	2,971	2,971
Total		19,942	19,942

The Parent Company has carried out impairment test for goodwill of AS Saaremere Kala Group, AB Premia KPC Group and OOO Khladokombinat No1 as at 31 December 2013 and 2012, using market-based comparable valuation multiples. Under the market-based method, an entity is compared with a similar entity in the same sector whose shares are traded in a market or which has recently been sold, and for which there is sufficient information available about the transaction price. In this case, the European and Russian manufacturers of food products, fish farms and fish product manufacturers are treated as the sector, and the price levels and various ratios of these companies have been compared. To determine the fair value, the average valuation multiples of the industry have been applied to the actual financial indicators of subsidiaries. For goodwill tests of AS Saaremere Kala and AB Premia KPC the multiples used were EV/Sales 1.0 and EV/EBITDA 8.2 which both were given 50% weight (In 2012 multiples used were EV/Sales 1.0 and EV/EBITDA 8.6, which both were given 50% weight). For goodwill test of OOO Khladokombinat No1 only EV/Sales 1.1 multiple was used as the EBITDA was negative for 2013 (202: EV/Sales 1.1). The recoverable amount determined in the test for all cash-generating units is higher than their carrying amount. If the following changes were made in the multiples then the carrying amount would be equal to the balance sheet value:

	AS Saaremere Kala		AB Premia KPC		OOO Khladokombinat No1	
	2013	2012	2013	2012	2013	2012
Multiples used	-13%	-22%	-47%	-37%	-57%	-48%

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Note 15 Finance lease

EUR '000	Machinery and equipment
Cost as at 31.12.2013	3,221
Accumulated depreciation as at 31.12.2013	-623
Carrying amount as at 31.12.2013	2,598
Cost as at 31.12.2012	2,063
Accumulated depreciation as at 31.12.2012	-707
Carrying amount as at 31.12.2012	1,356

In the financial year, property, plant and equipment were purchased under the finance lease terms in the total amount of EUR 1,780 (2012: EUR 847) thousand.

	2013 EUR'000	2012 EUR '000
Principal payments in the financial year	831	526
Interest expenses in the financial year	42	33
Average interest rate	2.5%	3.1%
Finance lease liabilities at 31 December, incl.:	2,095	1,150
Due in less than 1 year	565	363
Due between 1-5 years	1,412	779
Due after 5 years	120	7
Minimum finance lease payments:		
Due in less than 1 year	607	392
Due between 1-5 years	1,476	811
Due after 5 years	122	8
Total	2,205	1,211
Future interest expense of finance lease	-110	-61
Present value of finance lease liability	2,096	1,150

See also Note 17 and 13.

Note 16 Operating lease

The Group leases motor vehicles, warehouse premises, water areas, office premises, software and equipment.

Operating lease payments EUR '000	Land and buildings	Machinery & equipment	Motor vehicles	Software	Total
Operating lease expense in 2013	2,288	34	88	14	2,424
Future lease payments under non-cancellable lease agreements:					
Due in less than 1 year	1,346	31	70	13	1,460
Due between 1 and 5 years	2,652	85	93	0	2,830
Due after 5 years	16	0	0	0	16
Total	4,015	116	163	13	4,306

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Operating lease payments EUR '000	Land and buildings	Machinery & equipment	Motor vehicles	Software	Total
Operating lease expense in 2012	2,415	38	104	23	2,580
Future lease payments under non-cancellable lease agreements:					
Due in less than 1 year	1,803	13	69	19	1,904
Due between 1 and 5 years	2,844	48	107	40	3,039
Due after 5 years	509	0	0	0	509
Total	5,156	61	176	59	5,452

A major part of the lease payments for "Land and buildings" is made up of the rent for the deep-freeze warehouse in Tallinn. The lease agreement was entered into in 2008 for a term of 10 years. The Company has issued a bank guarantee to the lessor of the deep-freeze warehouse, equalling 12-month lease payments (see also Note 32).

Note 17 Borrowings

Short-term loans	Interest rate	Due date	31.12.13 EUR'000	31.12.12 EUR'000
Finance lease liabilities (Note 15)			563	363
Overdraft facility: limit of EUR 4,900 thousand	1-month Euribor+1.3%	01.04.2014	1,957	1,661
Investment loans, incl.			3,515	1,929
EUR 10,900 thousand	3-month Euribor+1.9%	18.07.2017	1,492	1,492
EUR 4,500 thousand	6-month Euribor+0.75%	25.10.2014	2,023	437
Total (Note 3)			6,035	3,953

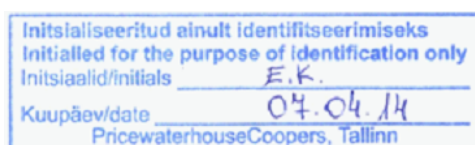
Long-term loans	Interest rate	Due date	31.12.12 EUR'000	31.12.11 EUR'000
Finance lease liabilities (Note 15)			1,532	786
Investment loans, incl.			6,938	10,453
EUR 10,900 thousand	3-month Euribor+1.9%	18.07.2017	6,938	8,430
EUR 4,500 thousand	6-month Euribor+0.75%	25.10.2014	0	2,023
Total (Note 3)			8,470	11,239

As at 31.12.2013, the loans are secured by mortgages on property in the amount of EUR 19,380 thousand (carrying amount of investment properties of EUR 2,084 thousand and "Land and buildings" in the amount of EUR 1,876 thousand) and by a commercial pledge in the amount of EUR 3,579 thousand set for other assets (excluding investment property and "Land and buildings").

As at 31.12.2012, the loans were secured by mortgages on property in the amount of EUR 19,380 thousand (carrying amount of investment properties of EUR 2,084 thousand and "Land and buildings" in the amount of EUR 1,998 thousand) and by a commercial pledge in the amount of EUR 3,579 thousand set for other assets (excluding investment property and "Land and buildings").

In the 3rd quarter of 2012, the Company refinanced all of its borrowing and guarantee obligations of AS UniCredit Bank Estonia branch at AS SEB Pank. As a result of the refinancing, the risk margins of loans decreased by 10 basis points. For the Group, refinancing under comparable conditions translated into positive cash flows in the amount of approximately EUR 0.4 million due to the lower debt service burden. One-off expenses related to the refinancing of the loan portfolio totalled EUR 48 thousand.

In addition, the collateral includes the shares of subsidiaries: AS Saaremere Kala, AS Premia Tallinna Külmoone and AS Premia FFL. See also Note 7 and Note 33.





Note 18 Payables and prepayments

	31.12.2013	31.12.2012
	EUR '000	EUR '000
Trade payables	7,139	6,397
Payables to employees	1,196	1,222
Payables to group entities and shareholders (Note 31)	1	12
Interest payables	53	79
Prepayments from clients	23	120
Other payables	58	72
Tax liabilities, incl.:	1,586	1,497
Social security tax	365	323
VAT	926	947
Personal income tax	190	159
Corporate income tax	54	13
Other taxes	51	55
Total payables and prepayments	10,057	9,399

Note 19 Government grants

	2013	2012
	EUR '000	EUR '000
Deferred income from government grants at the beginning of period	1,479	1,668
Government grants received during the period	0	19
Change in value due to exchange rates	-13	18
Recognition as income during the period (Note 27)	-202	-226
Deferred income from government grants at end of the period	1,264	1,479

In 2013, AS Premia Tallinna Külmoone received non-monetary temporary government grant in the total amount of EUR 6 thousand (2012: EUR 14 thousand) for participation in the projects of the Estonian Food Industry Association. In 2012, Enterprise Estonia financed a project of developing and certification of ISO 22000 in AS Premia Tallinna Külmoone in the amount of EUR 5 thousand.

Note 20 Equity

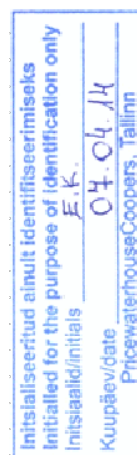
At 31 December 2013, the Company had 38,682,860 shares (31 December 2012: 38,682,860). At 31 December 2013, the Company's registered share capital was EUR 19,342 thousand (31 December 2012: EUR 19,342 thousand).

At the regular General Meeting of Shareholders, held at 29 May 2013, it was decided to pay dividends from retained earnings in the amount of EUR 387 thousand or EUR 0.01 per share. The list of the shareholders entitled to receive dividends was fixed as at 11 June 2013 at 23.59 and the dividends were paid out at 14 June 2013.

The reduction of the share capital of AS Premia Foods and the related changes in the Commercial Register were entered in the Commercial Register at 3 September 2012. The share capital was reduced in accordance with the decision of the General Meeting held at 29 May 2012 through reducing the nominal value of a share by EUR 0.1 (10 cents), as a result of which the new nominal value of the share of AS Premia Foods is EUR 0.5 (50 cents). The total reduction of the share capital of AS Premia Foods was EUR 3,868,286. The new amount of the share capital is EUR 19,341,430. The list of shareholders who participated in the reduction of the share capital was fixed as at 29 August 2012 at 23.59 and the distributions related to the reduction of the share capital in the amount of EUR 0.1 (10 cents) per share were made to the shareholders at 20 December 2012. The reduction of the share capital was related to the adjustment of the Group's capital structure with the goal of bringing the return on equity and other ratios to a more adequate level.

In conjunction with the reduction of the share capital, the articles of association were amended to the extent necessary for the recognition of the lower nominal value of the share. The amount of the minimum share capital as stipulated in the articles of association is EUR 15,000,000 and the maximum share capital is EUR 60,000,000 after the reduction of the share capital occurred at 3 September 2012.

At 6 June 2012, AS Premia Foods performed sales transactions with its shares on NASDAQ OMX Tallinn Stock Exchange, in the course of which 19,163 shares were transferred and depending on the specific transaction, the settlement date was either 11 or 12 June 2012. All shares were transferred at the market price and the average price was EUR 0.683 per share.





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

On 20 December 2010 the Supervisory Board of Premia Foods resolved the execution of the option agreements with the members of the Management Board and Supervisory Board of Premia Foods and the members of management bodies and key employees of the subsidiaries of the Group in order to issue options with the average weighted price of the share of Premia Foods on 17 December 2010 as traded on the NASDAQ OMX Tallinn Stock Exchange, which was 0.93 euro (i.e. the average weighted price on the trading day preceding to the day of determining the terms and conditions of the options). As presented by the Management Board and confirmed by the Supervisory Board, 22 persons belong to the option plan list. According to the option plan and option agreements concluded on the basis thereof, the aforementioned persons can subscribe for up to 900,000 shares (in three 300,000 share tranches) in total in the period from 10 January 2012 until 17 January 2014. The final number of shares that each member of the Management Board and key employee can subscribe for depends on the accomplishment of the objectives of Premia Foods and individual objectives of each employee related to their respective area of activity and their contribution to the operations of Premia Foods. In accordance with accounting principles described in IFRS 2, the counterhalf of the estimated cost is recorded in the statement of financial position on the row "other reserves".

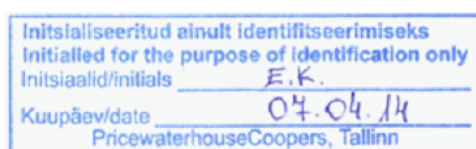
At the time of issuing options, the fair value of the option programme was determined using the Black-Scholes valuation model. A change in the fair value of options or shares during the period of the option programme does not affect the amount of income subsequently recognised in the income statement. The options were valued at EUR 0.04 to 0.14 per option. Significant inputs into the model were share price of EUR 0.93 at the grant date, exercise price of EUR 0.93 at the grant date, volatility of 20 to 29%, and an expected option life of one to three years and risk-free interest rate of 2.8%. The volatility was measured at the standard deviation based on statistical analysis of daily share and related indices prices over the last one to three years. In conjunction with the reduction of the nominal value of the share by EUR 0.10 as decided at the General Meeting held at 29 May 2012, the subscription price of the option programme of the management and key employees was also reduced by EUR 0.10. In 2013 the expense of share-based payments recognised as personnel expense amounted to EUR 20 thousand (2012: EUR 21 thousand). The estimated cost of the option program for the 3-year period is EUR 62 thousand. As of the moment of compiling these financial statements, no options have been vested. See also Note 33.

In accordance with the approved option plan, the Supervisory Board of the Company has the right to increase the Company's share capital by EUR 500 thousand from 31 January 2011 until 31 January 2014 by issuing up to 1,000,000 new ordinary shares of the Company. The Supervisory Board has the right to make a resolution to increase the Company's share capital by monetary and non-monetary contributions. Upon increasing the Company's share capital, the Supervisory Board has all rights of the Company's General Meeting of Shareholders.

List of shareholders with over 5% participation at the balance sheet date:

Shareholder	31.12.2013 number of shares	31.12.2013 ownership interest	31.12.2012 number of shares	31.12.2012 ownership interest
ING Luxembourg S.A., holds the shares of the following shareholders:				
Amber Trust II S.C.A	14,813,540	38.295%	14,813,540	38.295%
Amber Trust S.C.A	5,381,370	13.912%	5,381,370	13.912%
KJK Fund SICAV:SIF	4,063,456	10.504%	4,063,456	10.504%

Earnings per share is presented in Note 30.





Note 21 Segment reporting

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

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

- Fish – fish farming, production and wholesale of fish and fish products;
- Ice cream – production and wholesale of ice cream;
- Frozen goods – wholesale of frozen goods products;
- Other segments – other activities include the provision of logistics services, sale of other services, goods and materials. Other areas of activity are insignificant for the Group and none of them makes up a separate business segment.

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

The Management Board of the Parent Company assesses the results of business segments on the basis of external revenue and operating profit figures. The management also monitors secondary measures – EBITDA (profit before financial, tax expenses and depreciation, amortisation and impairment of non-current assets) and EBITDA from operations (EBITDA before fair value adjustments on biological assets and one-off expenses). These financial indicators are presented in the tables below. As an additional information, the breakdown of the most important measure – revenue – has been presented by countries for each business segment.

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.

The Management Board of the Parent Company regularly monitors information concerning inventories and biological assets of the business segments.

Internal reports for segments are prepared on the basis of the same accounting policies as described in Note 2. Intersegment pricing principles are based on market conditions.

EUR '000	Note	Fish	Ice cream	Frozen goods	Other segments	Eliminations	Total
2013							
External revenue		42,727	28,754	24,209	3,162	0	98,853
Finland		35,657	398	6	214	0	36,275
Estonia		6,005	10,225	9,337	2,507	0	28,074
Latvia		944	4,312	9,226	63	0	14,545
Lithuania		12	5,207	5,540	367	0	11,125
Russia		0	8,425	79	2	0	8,506
Other countries		109	188	22	10	0	328
Intersegment revenue		0	0	5	24	-29	0
Total revenue of the segment		42,727	28,754	24,214	3,186	-29	98,853
Segment EBITDA from operations		790	3,453	-142	70	0	4,171
Unallocated EBITDA from operations							-327
Total EBITDA from operations ¹							3,845
Segment EBITDA		1,733	3,453	-142	70	0	5,114
Unallocated EBITDA (expenses of the Parent company)							-327
Total EBITDA							4,787
Depreciation and amortisation		-991	-846	-540	-36	0	-2,413
Unallocated depreciation and amortisation							-175
Total depreciation and amortisation	Note 26						-2,587

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EUR '000 2013	Note	Fish	Ice cream	Frozen goods	Other segments	Eliminations	Total
Operating profit of the segment		742	2,607	-682	34	0	2,701
Unallocated operating profit							-501
Total operating profit							2,200
Investments		908	1,342	263	11	0	2,524
Unallocated							95
Total investments	Notes 13, 14						2,619
Inventories	Note 7	4,932	2,808	2,517	0	0	10,258
Biological assets	Note 8	6,270	0	0	0	0	6,270

¹ EBITDA before fair value adjustment on biological assets (EUR +742 thousand) and one-off expenses and income related to the destruction of Swedish fry (EUR +201 thousand).

EUR '000 2012	Note	Fish	Ice cream	Frozen goods	Other segments	Eliminations	Total
External revenue		34,250	27,410	22,431	2,290	0	86,381
Finland		28,466	392	5	173	0	29,036
Estonia		5,295	9,229	9,435	1,668	0	25,627
Latvia		306	3,898	8,391	79	0	12,674
Lithuania		27	5,228	4,549	365	0	10,168
Russia		0	8,627	51	2	0	8,680
Other countries		156	36	0	3	0	195
Intersegment revenue		0	0	2	24	-26	0
Total revenue of the segment		34,250	27,410	22,433	2,314	-26	86,381
Segment EBITDA from operations		3,303	2,377	-342	114	0	5,453
Unallocated EBITDA from operations							-343
Total EBITDA from operations ¹							5,110
Segment EBITDA		1,476	2,377	-342	114	0	3,626
Unallocated EBITDA (expenses of the Parent company)							-343
Total EBITDA							3,283
Depreciation and amortisation		-951	-1,122	-593	-32	0	-2,699
Unallocated depreciation and amortisation							-521
Total depreciation and amortisation	Note 26						-3,220
Operating profit of the segment		525	1,255	-935	82	0	927
Unallocated operating profit							-863
Total operating profit							64
Investments		1,059	567	367	17	0	2,010
Unallocated							9
Total investments	Notes 13, 14						2,019
Inventories	Note 7	4,419	3,094	2,796	0	0	10,308
Biological assets	Note 8	5,631	0	0	0	0	5,631

¹ EBITDA before fair value adjustment on biological assets (EUR -1,363 thousand) and one-off expenses related to the destruction of Swedish fry (EUR -464 thousand).

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Non-current assets ¹ by location	2013	2012
	EUR '000	EUR '000
Finland	4,565	5,540
Estonia	14,937	12,834
Latvia	4,513	4,736
Lithuania	7,754	7,922
Russia	3,342	3,578
Sweden	1,846	2,522
Total	36,957	37,132

¹Non-current assets, except for financial assets and investments in associates

Revenue from clients whose sales are higher than 10% of consolidated revenues:

Segment	2013	2012
	EUR '000	EUR '000
Client 1 fish, ice cream, frozen goods	18,570	18,012
Client 2 fish, ice cream	13,060	9,902
Total	31,630	27,914

Note 22 Cost of goods sold

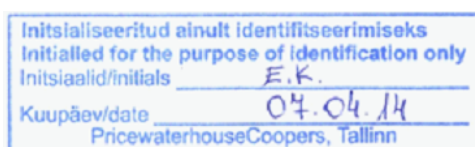
	2013	2012
	EUR '000	EUR '000
Cost of goods purchased for sale	-26,025	-23,631
Materials used in production	-38,485	-28,323
Staff costs (Note 25)	-5,211	-4,886
Depreciation and amortisation (Note 26)	-1,260	-1,374
Other costs of goods sold ¹	-4,613	-4,484
Total cost of goods sold	-75,592	-62,698

¹ Other costs of goods sold includes expenses related to production and fish farming assets (rent, maintenance, insurance, utilities, etc.), staff-related costs and other expenses and subcontracted services.

Note 23 Sales and marketing expenses

	2013	2012
	EUR '000	EUR '000
Advertising, merchandising, marketing and product development	-3,749	-3,911
Transportation and logistics services	-4,861	-4,148
Staff costs (Note 25)	-4,815	-4,653
Rent of warehouse premises	-1,286	-1,413
Depreciation and amortisation (Note 26)	-1,057	-1,245
Utilities	-522	-531
Other lease expenses (excl. warehouse premises and cars)	-457	-479
Other sales and marketing expenses ¹	-1,623	-1,828
Total sales and marketing expenses	-18,369	-18,208

¹ Other sales and marketing expenses include costs related to real estate (lease, maintenance, insurance, utilities etc.), staff-related costs and other services.



Note 24 General and administrative expenses

	2013	2012
	EUR '000	EUR '000
Staff costs (Note 25)	-2,191	-1,955
Depreciation and amortisation (Note 26)	-270	-600
Consulting and advisory services	-180	-216
Information and communication services	-224	-218
Legal services	-172	-421
Transportation expenses	-189	-179
Business trips and costs of entertaining guests	-153	-153
Other general and administrative expenses ¹	-569	-651
Total general and administrative expenses	-3,948	-4,393

¹ Other general and administrative expenses include subcontracted services, advisory fees, IT expenses, staff-related costs and other expenses.

Note 25 Staff costs

	2013	2012
	EUR '000	EUR '000
Wages and salaries	-9,471	-8,879
Social security tax and other labour taxes	-2,725	-2,595
Option programme expense	-20	-21
Total staff costs (Notes 22, 23, 24)	-12,216	-11,494
Number of employees at end of the period	725	718
Average number of employees during the year	744	747

Staff costs are included in the lines of the statement of comprehensive income "Cost of goods sold", "General and administrative expenses" and "Sales and marketing expenses".

Note 26 Depreciation and amortisation

	2013	2012
	EUR '000	EUR '000
Depreciation (Note 13)	-2,325	-2,625
Amortisation (Note 14)	-262	-595
Total depreciation and amortisation (Notes 21, 22, 23, 24)	-2,587	-3,220

Depreciation and amortisation expenses are included in the lines of the statement of comprehensive income "Cost of goods sold", "General and administrative expenses" and "Sales and marketing expenses".

Note 27 Other income and expenses

	2013	2012
	EUR '000	EUR '000
Gain/loss on disposal and write-off of non-current assets	7	44
Income from government grants (Note 19)	208	226
Other income	738	208
Other expenses	-439	-133
Total other income/expenses	514	345



Note 28 Finance income and costs

	2013	2012
	EUR '000	EUR '000
Interest income	1	3
Other finance income	3	35
Foreign exchange gains / losses	-627	82
Interest expenses	-383	-434
Other finance costs	-152	-211
Total	-1,158	-525

Other finance costs for 2013 include a loss on the revaluation of an interest rate swap as at 31.12.2013 in the amount of EUR 3 thousand (31.12.2012: EUR 63 thousand)

Note 29 Income tax expenses

	2013	2012
	EUR '000	EUR '000
Profit (loss) before tax (consolidated)	-1,563	-461
Income tax calculated at applicable tax rates	-300	-290
<i>Impact to calculated income tax of:</i>		
income tax expense on dividends	103	103
expenses not deductible from taxable income (+)	338	225
tax-free income and tax incentives	-160	67
tax losses used	-52	-98
tax losses carried forward (-/+)	238	108
Income tax expense / -income	166	116
Deferred income tax expense / -income (Note 10)	-71	-650
Effect on income statement	95	534

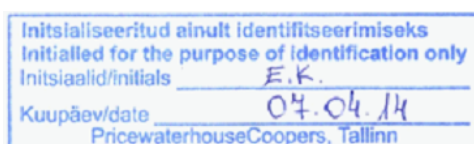
The negative income tax calculated results from the loss of the subsidiary in Russia and in 2012 also from the income tax calculated from the re-evaluation of biological assets.

Note 30 Earnings per share

Earnings per share have been calculated by dividing the net profit attributable to the shareholders of the Parent Company by the average number of shares for the period.

	2013	2012
Average number of shares (in thousand)	38,683	38,674
Net profit attributable to equity holders of the company (EUR '000)	947	73
Earnings per share (EUR)	0.02	0.00

As the effect of potential ordinary shares is insignificant, the diluted earnings per share equal basic earnings per share. As at 31 December 2013, the company had 38,682,860 shares (31.12.2012: 38,682,860). See also Note 20 and Note 33.



Note 31 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

In the financial year, group entities have performed purchase and sales transactions as follows:

EUR '000

Name of the party	Type of transaction	2013	2013	2012	2012
		Purchases	Sales	Purchases	Sales
Companies related to member of Supervisory and Management Boards	services	57	2	106	3
	non-current assets	0	0	2	15
	Total	57	2	108	18

Management estimates that all related party transactions have been concluded at market prices and at market conditions. As at the balance sheet date, the balances of the Group's receivables from related parties and payables to related parties were as follows:

Debtor	Receivables and prepayments	Receivable as	Receivable as
		at 31.12.2013	at 31.12.2012
		EUR '000	EUR '000
Companies related to members of the Management and Supervisory Boards	Other receivables	0	16
Total		0	16

Creditor	Payables and prepayments	Payables as at	Payables as at
		31.12.2013	31.12.2012
		EUR '000	EUR '000
Companies related to members of the Management and Supervisory Boards	Trade payables	1	12
Total		1	12

The receivables from the related parties have not been written down.

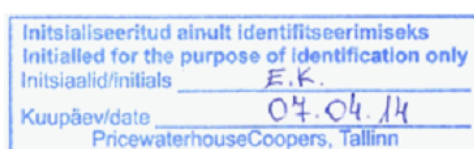
Remuneration of the members of the Management and Supervisory Boards of AS Premia Foods and its subsidiaries and other key managers:

	2013	2012
	EUR '000	EUR '000
Short-term benefits	1,136	940
Termination benefits	35	0
Total	1,171	940

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 (2012: EUR 104 thousand).

Option programme

At 20 December 2010, the Supervisory Board of the public limited company approved the terms and conditions of the option programme of the Management Board and key employees according to the terms specified in the offering and listing prospectus of 21 April 2010. More detailed information is disclosed in Note 20 and 33.



Note 32 Contingent liabilities and assets

Contingent liability related to income tax on dividends

As at 31 December 2013, the Group's retained earnings totalled EUR 1,113 thousand (31 December 2012: EUR 553 thousand). From 1 January 2009, the income tax expense related to the payment of dividends to the owners amounts to 21/79 of the amount paid out as net dividends. Thus, it is possible to pay out EUR 879 thousand as dividends to the owners out of retained earnings accumulated until the balance sheet date (31 December 2012: EUR 437 thousand) and the income tax on dividends would amount to EUR 234 thousand (31 December 2012: EUR 116 thousand).

Contingent liabilities related to bank loans

In accordance with the terms and conditions of loan agreements, the borrower needs to comply with certain covenants for financial ratios, as the net debt to EBITDA ratio and certain restrictions set on taking out new loans and on investments. As at the balance sheet dates of 31.12.2013 and 31.12.2012, the Group was in compliance with the financial covenants.

Contingent liabilities related to the Tax Board

Tax authorities may at any time inspect the tax records of the Company within 5 years subsequent to the reported tax year, and may as a result of their inspection impose additional tax assessments, interest and fines. The Parent Company's management is not aware of any circumstances which may give rise to a potential material liability to Group companies in this respect.

Contingent liabilities related to EU grants

A real estate mortgage has been set on the assets with the carrying amount of EUR 50 thousand (2012: EUR 77 thousand) as collateral for the EU grants paid to the Swedish subsidiary Överumans Fisk Ab.

Contingent liabilities related to the rental guarantee

The Group has issued a bank guarantee in the amount of EUR 624 thousand (2012: EUR 610 thousand) for the benefit of the lessor of the premises at Betooni 4 to cover lease payments.

Contingent liabilities related to the Customs Board

In Finland, a mortgage was set in October 2011 for the benefit of the Customs Board, to cover the customs duties over a 30-day payment term in the amount of EUR 84 thousand.

Note 33 Events after the balance sheet date

Option program

At 17 January 2014 ended the last subscription period of the option program and the entire option program. In the course of the option program the members of management bodies and key employees of Premia Foods and its subsidiaries were entitled to subscribe for the shares of Premia Foods for the price of EUR 0.83 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 the option program for the 3-year period is EUR 61,581. In accordance with IFRS 2 the offset entry of the contingent cost of the stock option plan has been recognised under the line „Other reserve” in the statement of financial position of Premia Foods. As of 17.01.2014 „Other reserve” was added to the retained earnings.

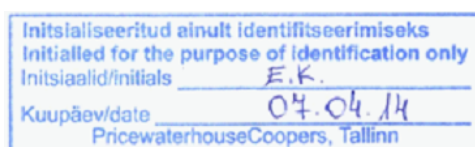
Overdraft limit change

From 15 January 2014 the Company's overdraft limit in SEB has been decreased to EUR 3,400 thousand. On 19 March 2014 the Company extended the overdraft limit agreement with AS SEB until 30 April 2015 and increased the overdraft limit between 19 March 2014 and 1 December 2014 by EUR 1,500 thousand to EUR 4,900 thousand.

Note 34 Supplementary disclosures about the parent company of the Group

Pursuant to the Accounting Act of the Republic of Estonia, the separate (primary) financial statements of the consolidating entity (parent company) have to be disclosed in the notes to the consolidated financial statements. In preparing the separate primary financial statements of the Parent Company, the same accounting policies have been applied as in preparing the consolidated financial statements.

In the Parent Company's financial statements, which are disclosed in the notes to these financial statements (supplementary information about the Parent Company of the Group), investments in the shares of subsidiaries are measured at cost, less any impairment losses.





Statement of financial position

as at 31 December	31.12.2013 EUR '000	31.12.2012 EUR '000
Cash	0	0
Short-term financial investments	2,605	4,477
Receivables and prepayments	3,296	2,775
Total current assets	5,901	7,252
Investments in subsidiaries	36,372	33,239
Long-term financial investments	6,222	8,515
Property, plant and equipment	142	138
Intangible assets	838	889
Total non-current assets	43,574	42,781
Total assets	49,475	50,033
Loans	3,353	3,375
Payables and prepayments	5,763	3,807
Total current liabilities	9,116	7,182
Loans	7,035	8,534
Total non-current liabilities	7,035	8,534
Total liabilities	16,151	15,716
Share capital	19,342	19,342
Share premium	16,026	16,026
Other reserves	68	48
Retained losses	-2,112	-1,099
Total equity	33,324	34,317
Total liabilities and equity	49,475	50,033

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Statement of comprehensive income

For the year ended 31 December

	2013 EUR '000	2012 EUR '000
Revenue	422	335
Cost of goods sold	-1	-1
Gross profit	421	334
Sales and marketing expenses	-4	-4
Administrative and general expenses	-945	-854
Other income/-expenses	4	0
Operating loss	-524	-524
Finance income	988	985
Finance costs	-987	-463
Loss before income tax	-523	-2
Income tax	-103	-103
Net loss for the period	-626	-105
Total comprehensive loss	-626	-105

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Cash flow statement

	2013 EUR '000	2012 EUR '000
<i>Cash flows from operating activities</i>		
Net loss	-626	-105
<i>Adjustments:</i>		
Depreciation, amortisation and impairment	93	91
Gain/loss from sale of non-current assets	1	-34
Other non-monetary changes	13	-406
Changes in receivables and prepayments	-103	263
Changes in payables and prepayments	130	7
Corporate income tax paid	-102	-104
Net cash used in operating activities	-594	-288
<i>Cash flows from investing activities</i>		
Proceeds from sale of property, plant and equipment	48	0
Acquisition of property, plant and equipment	-22	-9
Paid for acquisition of associate	0	-1
Change in cash pool account	-546	-1,060
Loans granted	-869	-1,177
Repayments of loans granted	1,613	869
Interest received	851	654
Net cash used in investing activities	1,075	-724
<i>Cash flows from financing activities</i>		
Change in overdraft facility	-24	1,223
Change in cash pool account	1,946	2,081
Borrowings	0	10,145
Repayments of borrowings	-1,492	-7,829
Payments of finance lease principal	-78	-23
Transfer of own shares	0	13
Reduction of share capital	0	-3,868
Dividends paid	-387	-387
Interest paid	-444	-348
Net cash generated from financing activities	-479	1,007
NET CASH FLOWS:	2	-5
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	0	10
Net change in cash and cash equivalents	2	-5
Foreign exchange losses	-2	-5
Cash and cash equivalents at end of the year	0	0

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Statement of changes in equity

Adjusted unconsolidated equity is used as the basis for determining distributable equity in accordance with the Accounting Act of Estonia.




EUR '000	Share capital	Share premium	Treasury shares	Statutory reserve capital	Other reserves	Retained earnings	Total equity
Balance at 31 December 2011	23,210	16,026	-30	0	21	-584	38,643
Carrying amount of interests under control and significant influence							-33,239
Value of interests under control and significant influence under the equity method							35,104
Adjusted unconsolidated equity at 31 December 2011							40,508
Fair value cost of option programme	0	0	0	0	21	0	21
Increase of statutory reserve capital	0	0	0	6	0	-6	0
Transfer of own shares	0	0	30	0	0	-17	13
Reduction of the nominal value of shares	-3,868	0	0	0	0	0	-3,868
Dividends	0	0	0	0	0	-387	-387
Comprehensive income for reporting period	0	0	0	0	0	-105	-105
Total change	-3,868	0	30	6	21	-515	-4,326
Balance at 31 December 2012	19,342	16,026	0	6	42	-1,099	34,317
Carrying amount of interests under control and significant influence							-33,239
Value of interests under control and significant influence under the equity method							35,375
Adjusted unconsolidated equity at 31 December 2012							36,453
Fair value cost of option programme	0	0	0	0	20	0	20
Dividends	0	0	0	0	0	-387	-387
Comprehensive income for reporting period	0	0	0	0	0	-626	-626
Total change	0	0	0	0	20	-1,013	-993
Balance at 31 December 2013	19,342	16,026	0	6	62	-2,112	33,324
Carrying amount of interests under control and significant influence							-36,372
Value of interests under control and significant influence under the equity method							40,345
Adjusted unconsolidated equity at 31 December 2013							37,297

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Statement of the Management and Supervisory Boards

The Management Board has prepared the management report and consolidated financial statements of AS Premia Foods for the year ended 31 December 2013.

Chairman of the Management Board	Katre Kõvask		April 8, 2014
Member of the Management Board	Silver Kaur		April 8, 2014
Member of the Management Board	Erik Haavamäe		April 8, 2014

The Supervisory Board of AS Premia Foods has reviewed the annual report prepared by the Management Board which consists of the management report, consolidated financial statements, profit allocation proposal of the Management Board and independent auditor's report, and approved it for presentation at the General Meeting of Shareholders.

Chairman of the Supervisory Board	Indrek Kasela	.....	April , 2014
Vice-Chairman of the Supervisory Board	Kuldar Leis	.....	April , 2014
Member of the Supervisory Board	Lauri Kustaa Äimä	.....	April , 2014
Member of the Supervisory Board	Harvey Sawikin	.....	April , 2014
Member of the Supervisory Board	Aavo Kokk	.....	April , 2014
Member of the Supervisory Board	Vesa Jaakko Karo	.....	April , 2014
Member of the Supervisory Board	Arko Kadajane	.....	April , 2014



INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of AS Premia Foods

We have audited the accompanying consolidated financial statements of AS Premia Foods and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2013 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management Board's Responsibility for the Consolidated Financial Statements

Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AS Premia Foods and its subsidiaries as of 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

AS PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Ago Vilu', written in a cursive style.

Ago Vilu
Auditor's Certificate No. 325

A handwritten signature in blue ink, appearing to read 'Lauri Past', written in a cursive style.

Lauri Past
Auditor's Certificate No. 567

7 April 2014

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*



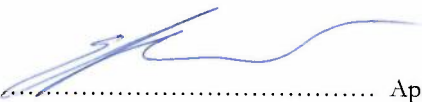
PROFIT ALLOCATION PROPOSAL

As at 31.12.2013, the retained earnings of AS Premia Foods Group total EUR 1,113 thousand.

The Management Board of AS Premia Foods proposes to the General Meeting of Shareholders to pay dividends out of retained earnings accumulated until 31 December 2013 in the amount of EUR 387 thousand, i.e. EUR 0.01 per share.

Chairman of the Management Board Katre Kõvask  April 8, 2014

Member of the Management Board Silver Kaur  April 8, 2014

Member of the Management Board Erik Haavamäe  April 8, 2014