



## **AS PREMIA FOODS**

**Consolidated Unaudited Interim Report  
for 2<sup>nd</sup> quarter and 6 months of 2014**



---

Business name: **AS PREMIA FOODS**

Register code: 11560713

Address: Betooni 4, Tallinn, 11415

Telephone: +372 603 3800

Fax: +372 603 3801

E-mail: [premia@premia.ee](mailto:premia@premia.ee)

Web-page: [www.premiafoods.eu](http://www.premiafoods.eu)

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

Reporting period: 1 January 2014 – 30 June 2014

Auditor: AS PricewaterhouseCoopers



**TABLE OF CONTENTS**

Activities Report by Management Board ..... 4

Interim Accounting Report ..... 17

Consolidated statement of financial position ..... 17

Consolidated statement of profit or loss and other comprehensive income ..... 18

Consolidated cash flow statement ..... 19

Consolidated statement of changes in equity ..... 20

Notes to the Interim Report ..... 21

    Note 1. Summary of material accounting policies ..... 21

    Note 2. Long-term Financial Investments ..... 21

    Note 3. Property Investments and Tangible Fixed Assets ..... 22

    Note 4. Intangible Assets ..... 22

    Note 5. Financial Lease ..... 22

    Note 6. Debt Obligations ..... 23

    Note 7. Government Grants ..... 23

    Note 8. Equity ..... 24

    Note 9. Segment Reporting ..... 24

    Note 10. Subsidiaries ..... 26

    Note 11. Related Party Transactions ..... 26

    Note 12. Contingent Liabilities and Assets ..... 27

    Note 13. Events after the balance sheet date ..... 28

Management board’s confirmation to the consolidated interim report for the 2<sup>nd</sup> quarter and 6 months of 2014 ..... 29



## ACTIVITIES REPORT BY MANAGEMENT BOARD

AS Premia Foods is a food production company, which operates in six markets and is listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

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

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

### Structure of the Premia Foods group of companies:



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



## MISSION

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

## VISION

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

## STRATEGY

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

## STRENGTHS

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

## RISKS

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



## SUMMARY OF FINANCIAL RESULTS

### Unaudited financial results of AS Premia Foods, 2<sup>nd</sup> quarter and 6 months, 2014

For Premia Foods AS, the first half of 2014 may be characterised by the increase of turnover, considerably improved profitability and decreased operating costs. The turnover of 6 months of 2014 amounted to 49.5 million euro, having increased by 7.5% within a year, and the EBITDA was 2.7 million euro, which is by 1.5 times more than one year earlier. The net profit increased during the first half of 2014 by 1.3 million euro, amounting to 1.2 million euro and the proportion of operating expense in turnover was 22.5% which is by 2.0 percentage points lower than the result of the same period of previous year.

#### The 2<sup>nd</sup> quarter of 2014 compared to the 2<sup>nd</sup> quarter of 2013:

- ❖ Unaudited consolidated turnover 29.1 million euro, increase 4.6%, i.e. 1.3 million euro.
- ❖ Gross margin 26.1%, decrease 2.5 percentage points.
- ❖ EBITDA from operations 2.0 million euro, decrease 0.5 million euro.
- ❖ EBITDA 3.2 million euro, increase by 0.8 million euro.
- ❖ Operating profit 2.6 million euro, increase 0.9 million euro.
- ❖ Net profit 2.3 million euro, increase 1.2 million euro.
- ❖ Operating expense ratio decreased by 0.9 percentage points, reaching 21.8%.
- ❖ Cash-flow from operations 1.2 million euro, increase by 1.7 million euro.

EUR mln	Q2 '14	Q2 '13	14/13
Sales	29.1	27.8	▲
Gross profit	7.6	8.0	▼
EBITDA from operations	2.0	2.4	▼
EBITDA	3.2	2.4	▲
EBIT	2.6	1.7	▲
Net profit	2.3	1.0	▲

In the 2<sup>nd</sup> quarter, the turnover increased in the fish business segment as well as in the frozen goods business segment. The turnover of the ice cream business segment was considerably influenced by poor weather conditions of the 2<sup>nd</sup> quarter and, if calculated in euros, also by the weakening of the Russian ruble against euro – in the summary of 6 months of 2014, the average exchange rate dropped by 15.1% on an annual basis. If calculated in rubles, the turnover of the ice cream business segment increased in the Russian market by 2.2% on an annual basis. The fluctuations of the exchange rate of the Russian ruble against euro does not affect the everyday work of Premia – Premia purchases the raw materials necessary for ice cream production in rubles and sells the final product in the Russian market also only in rubles. Therefore, after eliminating the influence of the fluctuations of the exchange rate of the Russian ruble against euro, the turnover of the whole ice cream business segment decreased by 10.5%, if compared to the previous year.

On 19<sup>th</sup> June 2014, the Swedish Board of Agriculture decided to satisfy Premia's claim for damages and loss of profit partially and pay the company additional compensation for in the amount of 751 thousand euro, which has been recorded as other operating income.

#### 6 months of 2014 compared to 6 months of 2013:

EUR mln	6m '14	6m '13	14/13
Sales	49.5	46.1	▲
Gross profit	12.4	11.7	▲
EBITDA from operations	2.6	2.0	▲
EBITDA	2.7	1.7	▲
EBIT	1.5	0.4	▲
Net profit	1.2	-0.1	▲

- ❖ Unaudited consolidated turnover 49.5 million euro, increase 7.5%, i.e. 3.5 million euro.
- ❖ EBITDA from operations 2.6 million euro, increase 0.5 million euro.
- ❖ EBITDA was 2.7 million euro, increase 0.9 million euro.
- ❖ Operating profit 1.5 million euro, increase 1.1 million euro.
- ❖ Net profit was 1.2 million euro, increase 1.3 million euro.
- ❖ The proportion of the operating expense in turnover was 22.5%, decrease 2.0 percentage points.



The company's key ratios of the 2<sup>nd</sup> quarter and 6 months of 2014 have been indicated in the following table.

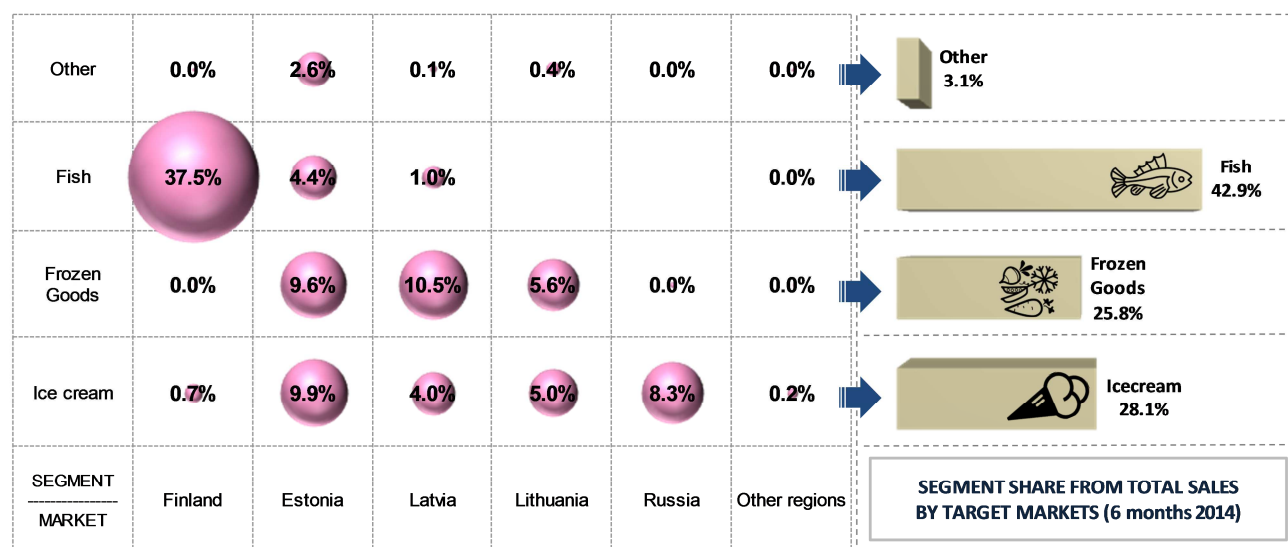
**KEY RATIOS**

Profit & Loss, EUR mln formula		Q1	Q2	6m 2014	Q1	Q2	6m 2013
Sales		20.5	29.1	<b>49.5</b>	18.3	27.8	46.1
Gross profit		4.8	7.6	<b>12.4</b>	3.8	8.0	11.7
EBITDA from operations	before one-offs and fair value adjustment	0.6	2.0	<b>2.6</b>	-0.4	2.4	2.0
EBITDA		-0.6	3.2	<b>2.7</b>	-0.7	2.4	1.7
EBIT		-1.2	2.6	<b>1.5</b>	-1.3	1.7	0.4
Net profit		-1.1	2.3	<b>1.2</b>	-1.2	1.0	-0.1
Gross margin	Gross profit / Net sales	23.3%	26.1%	<b>25.0%</b>	20.6%	28.6%	25.5%
Operational EBITDA margin	EBITDA from operations/Net sales	2.9%	6.8%	<b>5.2%</b>	-2.2%	8.8%	4.4%
EBIT margin	EBIT / Net sales	-5.8%	9.1%	<b>3.0%</b>	-7.3%	6.2%	0.9%
Net margin	Net earnings / Net sales	-5.6%	7.9%	<b>2.3%</b>	-6.5%	3.7%	-0.3%
Operating expense ratio	Operating expenses / Net sales	23.5%	21.8%	<b>22.5%</b>	27.1%	22.7%	24.4%

Balance Sheet, EUR mln formula		31.12.13	31.03.14	30.06.14	31.12.12	31.03.13	30.06.13
Net debt	Short and Long term Loans and Borrowings - Cash	13.2	13.6	<b>13.7</b>	13.8	13.2	15.2
Equity		37.3	36.1	<b>37.9</b>	36.5	35.3	36.1
Working capital	Current Assets - Current Liabilities	10.1	8.5	<b>9.9</b>	12.1	10.4	10.8
Assets		63.8	63.8	<b>68.5</b>	63.2	62.4	67.7
Liquidity ratio	Current Assets / Current Liabilities	1.63	1.47	<b>1.48</b>	1.91	1.73	1.58
Equity ratio	Equity / Total Assets	58%	56%	<b>55%</b>	58%	57%	53%
Gearing ratio	Net Debt / (Equity + Net Debt)	26%	27%	<b>27%</b>	28%	27%	30%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	3.43	2.82	<b>3.15</b>	2.71	2.80	3.46
ROE	Net Earnings / Average Equity	3%	3%	<b>6%</b>	0%	0%	1%
ROA	Net Earnings / Average Assets	1%	2%	<b>3%</b>	0%	0%	1%

**BUSINESS SEGMENT ANALYSIS**





The main figures by the business segments of Premia Foods for 6 months of 2014 are indicated in the table below.

SEGMENT ANALYSIS							
EUR million	6m 2014	6m 2013		EUR million	6m 2014	6m 2013	
<b><u>Sales</u></b>				<b><u>EBITDA from operations</u></b>			
Ice cream	13.9	15.7	▼	Ice cream	2.1	2.0	▲
Frozen goods	12.8	11.9	▲	Frozen goods	0.1	0.0	▲
Fish and fish products	21.2	17.1	▲	Fish and fish products	0.7	0.1	▲
Other	1.5	1.4	▲	Other & unallocated	-0.2	-0.1	▼
<b>Total</b>	<b>49.5</b>	<b>46.1</b>	▲	<b>Total</b>	<b>2.6</b>	<b>2.0</b>	▲
<b><u>Gross profit</u></b>				<b><u>EBITDA</u></b>			
Ice cream	6.6	7.1	▼	Ice cream	2.1	2.0	▲
Frozen goods	3.1	2.8	▲	Frozen goods	0.1	0.0	▲
Fish and fish products	2.3	1.5	▲	Fish and fish products	0.8	-0.2	▲
<b><u>Gross margin</u></b>				<b><u>EBIT</u></b>			
Ice cream	47%	45%	▲	Ice cream	1.7	1.6	▲
Frozen goods	25%	24%	▲	Frozen goods	-0.2	-0.2	▲
Fish and fish products	11%	9%	▲	Fish and fish products	0.3	-0.7	▲

In the summary of 6 months of 2014, the turnover as well as the gross profit of Premia Foods increased in all business segments, except for the ice cream business segment where the weather conditions during the 2<sup>nd</sup> quarter were considerably worse than during the same period of the previous year. The gross profitability improved in all business segments, if compared to the previous year. The combined operating profit of the ice cream business segment and the frozen goods business segment was, during the 6 months of 2014, 1.5 million euro, exceeding the results of the previous year by 0.2 million euro. The largest contribution to the improvement of the EBITDA and the operating profit in the summary of 6 months of 2014 came from the fish business segment.

### Fish and fish products business segment



The turnover of the **fish and fish products business segment** increased in the 2<sup>nd</sup> quarter of 2014 by 26.0%, i.e. 2.3 million euro, if compared to the 2<sup>nd</sup> quarter of 2013. In the summary of 6 months, the turnover of the fish business segment increased on an annual comparison by 24.1%, i.e. by 4.1 million euro. The growth came mainly from the Finnish retail market and from the cold and hot smoked product groups.

The proportion of the fish and fish products business segment in the total turnover of Premia Foods was 42.9%, which is by 5.7 percentage points higher than during the first six months of 2013.

By quantity, the production of fish products increased by 21.9% on an annual basis in the 2<sup>nd</sup> quarter of 2014 and by 13.9% on an annual basis in the summary of 6 months.

EUR million	Q1	Q2	6m 2014	Q1	Q2	6m 2013
Sales	10.1	11.2	<b>21.2</b>	8.2	8.9	17.1
Gross profit	1.3	0.9	<b>2.3</b>	0.8	0.6	1.5
Gross margin	13%	8%	<b>11%</b>	10%	7%	9%
EBITDA from operations	0.6	0.1	<b>0.7</b>	0.2	-0.1	0.1
EBITDA	-0.6	1.3	<b>0.8</b>	-0.1	-0.1	-0.2
Operating profit	-0.8	1.1	<b>0.3</b>	-0.3	-0.4	-0.7

In the 2<sup>nd</sup> quarter of 2014, the gross profit increased by 0.3 million euro, reaching the level of 0.9 million euro. At the same time, the gross margin increased by 1.3 percentage points. In the summary of the first half of 2014, the annual increase of the gross profit was 0.8 million euro and the gross margin increased at the same time by 2.1 percentage points.

In the 2<sup>nd</sup> quarter of 2014, the price of fish was on average by 5% more expensive than the price level of the 1<sup>st</sup> quarter of 2014. The increase of the price of raw material resulted also in the decrease of gross margin from 13% to 8%.





In the summary of 6 months of 2014, the market price of salmon was by 13% and the market price of rainbow trout was by 5% more expensive than the price level of the 6 months of the previous year<sup>1</sup>.

In the 2<sup>nd</sup> quarter of 2014, the EBITDA from operations was 0.1 million euro, which is by 0.2 million euro more than in the 2<sup>nd</sup> quarter of 2013. The EBITDA of the business segment increased on an annual comparison by 1.5 million euro. The positive influence of livestock on the EBITDA and on operating profit of the company in the 2<sup>nd</sup> quarter of 2014 was 0.5 million euro on an annual basis. In the 2<sup>nd</sup> quarter, there was one-off income in the amount of 751 thousand euro, which was received on the basis of the resolution of the Swedish Board of Agriculture to pay to the subsidiary of AS Premia Foods compensation for the loss of profit in connection with the destruction of fish fingerlings in 2012.

In the summary of 6 months, the EBITDA from operations was 0.7 million euro, exceeding the result of the previous year by 0.6 million euro. The EBITDA increased during the first half of the year by 1.0 million euro on an annual basis.

The operating profit of the fish business segment of the 2<sup>nd</sup> quarter exceeded the result of the 2<sup>nd</sup> quarter of 2013 by 1.5 million euro, reaching 1.1 million euro. In the summary of 6 months, the operating profit was 0.3 million euro which by 1.0 million euro more than during the same period of previous year.



### Ice cream business segment

The turnover of the **ice cream business segment** decreased in the 2<sup>nd</sup> quarter of 2014 by 14.7%, if calculated in euro, however, if the decrease of the exchange rate of the Russian ruble against euro is eliminated, then by 10.5%. While at the end of May and in June 2013 warm weather dominated in all the target markets, having a positive impact on the sales of ice cream, then during the 2<sup>nd</sup> quarter of the current year, especially in June, the weather was chilly, having an adverse impact on the turnover of ice cream. In addition to the above, the weakening of the exchange rate of the Russian ruble against euro had an impact as, in the summary of 6 months of 2014, the average exchange rate decreased by altogether 15.1% on an annual basis. Premia purchases the raw materials necessary for ice cream production in rubles and sells the final product in the Russian market also only in rubles, therefore, the fluctuations of the exchange rate of ruble against euro does not affect the everyday business operations of the company. The turnover of ice cream decreased the most during the reporting period in Lithuania, whereas a large portion of this decrease of turnover resulted from the decreased turnover of private labels. The turnover of ice cream increased in Finland and, if calculated in Russian rubles, also in the Russian market by 2.2%.

In the summary of 6 months of 2014, the turnover was by 1.8 million euro, i.e. 11.3%, less than the result of the 6 months of 2013. The proportion of the ice cream business segment in the total turnover of the first half of the year of Premia Foods, which is by 6.0 percentage points lower than on year earlier.

EUR million	Q1	Q2	6m 2014	Q1	Q2	6m 2013
Sales	3.6	10.3	13.9	3.6	12.1	15.7
Gross profit	1.7	4.9	6.6	1.4	5.7	7.1
Gross margin	48%	47%	47%	39%	47%	45%
EBITDA from operations	0.2	1.9	2.1	-0.2	2.2	2.0
Operating profit	0.0	1.7	1.7	-0.4	2.0	1.6

The gross margin of the ice cream business segment of the 2<sup>nd</sup> quarter of 2013 remained at the level of the 2<sup>nd</sup> quarter of 2013. In the summary of 6 months, the gross margin improved by 2.1 percentage points, if compared to the previous year, reaching the level of 47%. At the same time, the gross profit decreased during the 2<sup>nd</sup> quarter on an annual basis by 0.8 million euro, i.e. 14.5%, and in the summary of 6 months by 0.5 million euro, i.e. 7.2%.

The EBITDA from operations of the ice cream business segment decreased during the 2<sup>nd</sup> quarter of 2014 by 0.3 million euro, i.e. 15.3%. In the summary of 6 months, the EBITDA from operations increased by 1.0% amounting to 2.1 million euro. The operating profit of the segment decreased in the 2<sup>nd</sup> quarter by 0.3 million euro, i.e. 13.4%, however, in the summary of 6 months, the result of the current year exceeded the result of 2013 by 0.1 million euro, i.e. 8.3%.

The 2<sup>nd</sup> quarter of 2014 was complicated in the ice cream market of the Baltics. Considerably colder than average weather and the snow during 3 days in Estonia had a significant impact on the sales of ice cream and the volumes remained below the volumes of the same period in 2013. The cold weather affected the sales also within categories – cheaper family ice creams and waffle cups were bought more, the sales of more expensive products indicated stagnation and, at times, a slight decrease. Premia continues, however, as the leader of the ice cream market of the Baltics, remaining mainly focused on its trademarks and effective marketing activities. Plenty of novelty products and also innovative products were launched for the

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



summer, several fresh marketing projects were initiated and a lot of attention was paid to activities in shops and expenses in mass media were reduced. The following chart illustrates the dynamics of the market shares in the Baltics during the last two years:

Others	Others	Others	Others	Others	Others	Others	Others
Private Label 15%	Private Label 16%	Private Label 15%	Private Label 11%	Private Label 11%	Private Label 13%	Private Label 13%	Private Label 11%
Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3
Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2
Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1
<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 23%</b>	<b>Premia 23%</b>	<b>Premia 21%</b>	<b>Premia 22%</b>	<b>Premia 21%</b>
<b>Q3'12</b>	<b>Q4'12</b>	<b>Q1'13</b>	<b>Q2'13</b>	<b>Q3'13</b>	<b>Q4'13</b>	<b>Q1'14</b>	<b>Q2'14</b>

Source: AC Nielsen, evaluation of management



### Frozen goods business segment

The turnover of the **frozen goods business segment** increased in the 2<sup>nd</sup> quarter of 2014 on an annual basis by 11.4%, i.e. 0.7 million euro. In the summary of 6 months of 2014, the increase of the business segment on an annual basis was 7.8%, i.e. 0.9 million euro. The largest monetary contribution to the increase of turnover came from Latvia where the turnover increased by 0.7 million euro. The proportion of the turnover of the frozen goods in the total turnover of Premia Foods of the 6 months of 2014 remained at the level of the 6 months of the previous year, i.e. 25.8%.

EUR million	Q1	Q2	6m 2014	Q1	Q2	6m 2013
Sales	6.1	6.7	12.8	5.9	6.0	11.9
Gross profit	1.5	1.6	3.1	1.4	1.4	2.8
Gross margin	25%	24%	25%	24%	23%	24%
EBITDA	-0.1	0.2	0.1	-0.3	0.3	0.0
Operating profit	-0.3	0.1	-0.2	-0.4	0.2	-0.2

The gross profit of the frozen goods business segment of the 2<sup>nd</sup> quarter of 2014 was by 0.2 million euro, i.e. 13.8%, better than the result of the same period in 2013. In the summary of 6 months, the increase of the gross profit of the frozen goods business segment was 0.3 million euro, i.e. 11.8%, and the gross margin improved by 0.9 percentage points.

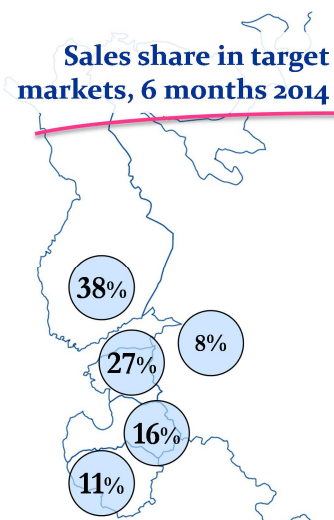
The EBITDA from operations decreased in the 2<sup>nd</sup> quarter, if compared to the results of 2013, by 0.1 million euro, and in the summary of 6 months, the level of the previous year was maintained.

### BUSINESS SEGMENT ANALYSIS BY MARKETS

In the summary of 6 months of 2014, the turnover increased in the Finnish and Latvian markets – the annual growths were respectively 28.0% and 8.6%.

The main reason for the decrease in turnover in the Russian market was the weakening of the exchange rate of the Russian ruble against euro, which, in the summary of 6 months, decreased on an annual basis by 15.1%. Whereas Premia purchases the raw materials necessary for ice cream production in rubles and sells the final product in the Russian market also only in rubles, the fluctuation of the ruble against the euro does not affect the everyday business operations of the company and, if calculated in rubles, the level of the first 6 months of 2013 was maintained during the first 6 months of 2014.

The reason for the decrease in turnover in the Estonian market was unfavourable weather, if compared to the respective periods of 2013, which had a negative impact on the sales of





ice cream. The result of the Lithuanian market was also affected by the poor weather, however, in addition to that, the decrease in turnover resulted from the decrease of turnover of private label products.

The turnover of the Baltics combined increased during the first half of 2014 by 0.2 million euro on an annual basis and the proportion of turnover in the total turnover of Premia Foods was 53.2%.

GEOGRAPHICAL MARKETS						
Sales (EUR million)	Q1	Q2	6m 2014	Q1	Q2	6m 2013
Finland	8.9	10.1	18.9	6.8	8.0	14.8
Estonia	5.3	7.8	13.1	5.3	7.9	13.2
Latvia	3.4	4.4	7.8	2.9	4.3	7.1
Lithuania	1.7	3.7	5.4	1.8	4.0	5.8
Russia	1.1	3.0	4.2	1.4	3.5	4.9
Other	0.0	0.1	0.1	0.0	0.2	0.2
export share	74%	73%	73%	71%	72%	71%

### COST ANALYSIS

While during the first six months of 2014 the turnover increased by 3.5 million euro, then the operating costs decreased during the same period by 0.1 million euro, i.e. 1.1%. The operating expense ratio decreased during the first six months of 2014 by 2.0 percentage points, if compared to the previous year.

The proportion of the cost of goods sold in the turnover increased during the first six months of 2014 by 0.5 percentage points, if compared to the first half of 2013. It resulted from the increase of the proportion of the fish business segment with a lower gross margin in the total turnover of Premia Foods (on an annual basis +5.7 percentage points). The gross margin within the segments has improved.

The increase of production related labour costs results from additional labour needs in the Estonian fish production and in the Swedish fish farms. At the same time, the labour costs of the support staff decreased, mostly as a result of the reorganizations in Russia. In summary, the labour costs decreased during the first six months of 2014 by 0.5% on an annual basis.

	6m 2014	6m 2013	change	6m 2014	6m 2013	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
<b>Sales</b>	<b>49.5</b>	<b>46.1</b>	<b>+ 3.5</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Cost of goods sold</b>	<b>- 37.1</b>	<b>- 34.3</b>	<b>+ 2.8</b>	<b>75.0%</b>	<b>74.5%</b>	<b>+ 0.5%</b>
incl one-off exp	- 0.0	- 0.1	- 0.1	0.1%	0.3%	- 0.2%
materials in production & cost of goods purchased for resale	- 31.4	- 29.0	+ 2.5	63.5%	62.9%	+ 0.6%
labour costs	- 2.7	- 2.6	+ 0.1	5.4%	5.5%	- 0.2%
depreciation	- 0.6	- 0.6	+ 0.0	1.3%	1.4%	- 0.1%
other cost of goods sold	- 2.4	- 2.2	+ 0.2	4.9%	4.7%	+ 0.1%
<b>Operating expenses</b>	<b>- 11.1</b>	<b>- 11.3</b>	<b>- 0.1</b>	<b>22.5%</b>	<b>24.4%</b>	<b>- 2.0%</b>
incl one-off exp		- 0.0	- 0.0	0.0%	0.1%	- 0.1%
labour costs	- 3.4	- 3.5	- 0.1	6.8%	7.6%	- 0.8%
transport & logistics services	- 2.5	- 2.3	+ 0.2	5.1%	5.0%	+ 0.1%
depreciation	- 0.6	- 0.7	- 0.1	1.1%	1.5%	- 0.4%
advertising, merchandising, marketing and product development	- 2.0	- 2.1	- 0.1	4.0%	4.5%	- 0.5%
other operating expenses	- 2.7	- 2.7	+ 0.1	5.5%	5.8%	- 0.3%
<b>Other income/expenses</b>	<b>0.9</b>	<b>0.1</b>	<b>+ 0.8</b>	<b>1.7%</b>	<b>0.2%</b>	<b>+ 1.5%</b>
incl one-off income/exp	0.8		+ 0.8	1.5%	0.0%	+ 1.5%

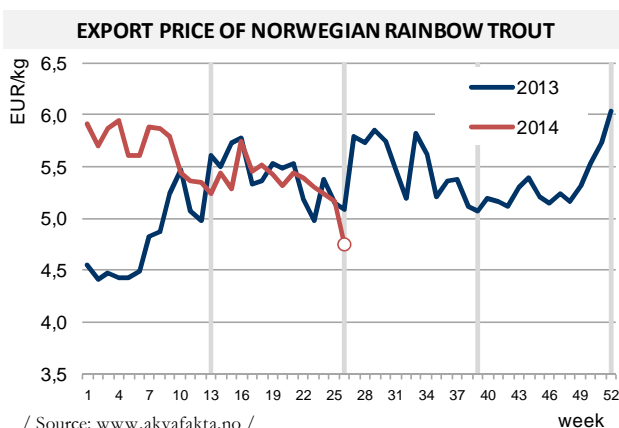


Other operating income and expenses increased during the first six months of 2014 by 0.8 million euro. The reason behind the increase of other operating income is the compensation in the amount of 751 thousand euro received from the Swedish Board of Agriculture in connection with the destruction of fish fingerlings in 2012.

The EBITDA from operations of the 6 months of 2014, i.e. the operating profit before market driven revaluation of livestock, one-off income and expenses and depreciation, was 2.6 million euro, which is by 0.5 million euro more than during the first half of 2013. In the 2<sup>nd</sup> quarter, the EBITDA from operations was 2.0 million euro, remaining below the result of the same period of the previous year by 0.5 million euro.

The EBITDA of the first half of the year increased during the reporting period by 0.9 million euro, if compared to the results of the previous year. During the first 6 months of 2014, there were one-off expenses in the total amount of 27 thousand euro and, during the first six months of 2013, in the amount of 157 thousand euro. During the first half of 2014 there was one-off income in the amount of 751 thousand euro (during the first half of 2013 there was no exceptional income). The one-off expenses and income resulted from the events at the Swedish fish fingerlings farms in 2012 and these have been described in the interim and annual reports of 2012 and 2013.

In the 2<sup>nd</sup> quarter of 2014, the EBIT increased by 0.9 million euro, if compared to the same period of the previous year. In the summary of 6 months, the result of the current year exceeded the result of 2013 by 1.1 million euro. The financial costs decreased during the first six months of 2014 by 0.2 million euro, if compared to the same period of 2013.



The net profit of the company in the 2<sup>nd</sup> quarter of 2014 was 2.3 million euro (in the 2<sup>nd</sup> quarter of 2013 1.0 million euro). In the summary of 6 months, a net profit in the amount of 1.2 million euro was earned (the 6 months of 2013 -0.1 million euro).

As of 30.06.2014, 90% of Premia's biological assets are rainbow trout and 10% is whitefish farmed in the Finnish and Swedish fish farms.

Loss from the fish stock revaluation of the 6 months of 2014 was by 0.5 million euro bigger than the result of the same period of 2013.

## FINANCIAL POSITION

The cash flow from operations during the 2<sup>nd</sup> quarter of 2014 was 1.2 million euro (-0.6 million euro during the same period of 2013).

		LIQUIDITY AND SOLVENCY RATIOS					
Ratio	formula	31.12.13	31.03.14	30.06.14	31.12.12	31.03.13	30.06.13
Liquidity ratio	Current Assets / Current Liabilities	1.63	1.47	<b>1.48</b>	1.91	1.73	1.58
Equity ratio	Equity / Total Assets	58%	56%	<b>55%</b>	58%	57%	53%
Gearing ratio	Net Debt / (Equity + Net Debt)	26%	27%	<b>27%</b>	28%	27%	30%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	3.43	2.82	<b>3.15</b>	2.71	2.80	3.46

The level of net debt as at the balance sheet date was 13.7 million euro (on 30.06.2013 the respective figure was 15.2 million euro). Financial leverage, i.e. the proportion of the net debt in the total capitalisation, was 27% (on 30.06.2013, the respective figure was 30%).

Net debt to EBITDA as at 30.06.2014 was 3.15 (30.06.13: 3.46). The liquidity ratio demonstrating short-term solvency was at 30.06.14 1.48 (30.06.13: 1.58). The proportion of equity in the balance sheet total was 55% (30.06.13: 53%) and the company had a working capital in the amount of 9.9 million euro (30.06.13: 10.8 million euro).

## BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods as at 30.06.14 was 68.5 million euro, having increased within a year by 0.8 million euro, i.e. 1.2%.

The company's current assets amounted to 30.6 million euro and the balance of cash and bank accounts was 1.9 million euro. As at 30.06.14, the company had undrawn overdraft facility limit in the amount of 1.5 million euro.



Accounts receivable and prepayments amounted to 11.4 million euro and 92% of the accounts receivable and prepayments were trade receivables. Comparing to the previous year, the accounts receivable and prepayments decreased by 9.8%, i.e. 1.2 million euro.

Comparing to the previous year, inventories and livestock have increased by 7.8%, i.e. 1.3 million euro. The increase comes from the fish business segment where, together with the increase in turnover, the stocks of raw materials and finished products also increased, as well as from the ice cream business segment where the poor weather conditions during the 2<sup>nd</sup> quarter had an unfavorable impact on the sales of ice cream.

Accounts payable and prepayments have, if compared to 30.06.13, decreased by 2.2%, i.e. 0.3 million euro. The liabilities in total have decreased by 3.2%, i.e. 1.0 million euro, amounting to 30.6 million euro

The equity of Premia Foods was as at 30.06.14 37.9 million euro.

## INVESTMENTS

During the 6 months of 2014, the expenditures into Premia Foods's tangible and intangible assets were 1,502 thousand euro (in the 6 months of 2013 the respective number was 1,825 thousand euro).

## PERSONNEL

As at the end of the 2<sup>nd</sup> quarter of 2014, there were 787 employees working at the company, which is by 16 employees more than one year earlier. The average number of employees in the first half of the year was 736 which by 1.5% less than the result of the first half of the previous year. The decrease of the number of employees resulted mainly from the decreased labour needs in the Estonian ice cream production.

The payroll expenses have increased during the 2<sup>nd</sup> quarter of 2014 by 0.1%, if compared to the previous year. In the summary of 6 months, the payroll expenses were lower by 0.5%, if compared to the first half of 2013.

	PERSONNEL ANALYSIS					
	Q1	Q2	6m 2014	Q1	Q2	6m 2013
No of employees, at the end of period	727	787	<b>787</b>	758	771	771
Average number of employees	718	753	<b>736</b>	734	759	747
Finland	38	39	<b>39</b>	39	41	40
Estonia	345	371	<b>358</b>	347	377	362
Latvia	119	121	<b>120</b>	119	118	119
Lithuania	83	87	<b>85</b>	86	85	86
Russia	114	114	<b>114</b>	127	122	125
Sweden	19	21	<b>20</b>	16	16	16
Payroll expenses (th EUR)	2,777	3,260	<b>6,037</b>	2,807	3,258	6,065
Monthly average payroll exp per employee (th EUR)	1.29	1.44	<b>1.37</b>	1.27	1.43	1.35

## SHARES

Premia Foods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange as from 5 May 2010, the company has issued 38.7 million ordinary shares with the nominal value of 0.50 euro (nominal value was 10 EEK until 13 April 2011 and 0.60 euro until 3 September 2012). All shares carry equal voting and dividend rights. Premia's share does not have an official market maker.

ISIN	EE3100101031	Issued shares	38 682 860
Symbol of share	PRF1T	Listed shares	38 682 860
Market	BALTIC MAIN LIST	Listing date	05.05.2010
Nominal value	0.50 EUR	Minimum quantity of tradable securities:	1 share



The dynamics of the share price of Premia Foods (EUR) and the volume of transactions (no of shares traded) during the period from 5 May 2010 up to 30 June 2014:



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

#### TRADING HISTORY

<i>Price (EUR)</i>	Q1	Q2	6m 2014	Q1	Q2	6m 2013
Open	0.710	0.658	<b>0.710</b>	0.640	0.658	0.640
High	0.760	0.675	<b>0.760</b>	0.700	0.728	0.728
Low	0.611	0.629	<b>0.611</b>	0.620	0.650	0.620
Last	0.655	0.654	<b>0.654</b>	0.700	0.718	0.718
Traded volume, thousand	469	191	<b>660</b>	467	406	872
Turnover, million	0.33	0.12	<b>0.45</b>	0.30	0.28	0.57
Market capitalization, million	25.34	25.30	<b>25.30</b>	27.08	27.77	27.77

#### MARKET RATIOS

<i>Ratios</i>	<i>formula</i>	<b>30.06.14</b>
EV/Sales	(Market Cap + Net Debt) / Sales	<b>0.4</b>
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	<b>8.9</b>
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	<b>6.8</b>
Price-to-Earnings	Market Cap / Net Earnings	<b>11.3</b>
Price-to-Book	Market Cap / Equity	<b>0.7</b>

Market Cap, Net Debt and Equity as of 30.06.2014

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

#### Shareholders structure

Major shareholders of AS Premia Foods at 30 June 2014:

1. ING Luxembourg S.A. ....	62.71%	6. Firebird Avrora Fund. Ltd.....	1.68%
2. LHV Pensionifond L.....	4.41%	7. Compensa Life Vienna Insurance Group SE .....	1.62%
3. OÜ Rododendron .....	3.36%	8. LHV Pensionifond XL.....	1.48%
4. Ambient Sound Investments OÜ .....	3.20%	9. OÜ Footsteps Management .....	1.31%
5. Firebird Republics Fund Ltd. ....	3.09%	10. OÜ Freespirit.....	0.94%



## MANAGEMENT AND MANAGING BODIES

The highest managing body of a public limited company (in Estonian: *aktsiaselts*) is the general meeting of shareholders. According to law, the general meetings of shareholders are ordinary and extraordinary.

Pursuant to law, Supervisory Board of public limited company is a surveillance body that is responsible for planning the activities of the company, organizing management thereof and supervising the activities of Management Board. In accordance with the Articles of Association of AS Premia Foods, there are three to seven members of the Supervisory Board elected by the general meeting of shareholders for the term of 5 years.

As at today, the Supervisory Board of AS Premia Foods comprises of Lauri Kustaa Äimä (as from incorporation), Indrek Kasela (as from incorporation), Aavo Kokk (elected on 5 May 2009), Harvey Sawikin (elected on 5 May 2009), Vesa Jaakko Karo (elected on 17 August 2009), Arko Kadajane (elected on 29 May 2012) and Kuldar Leis (elected on 29 May 2013).

Management Board is the representative body of public limited company being responsible for everyday management of the company. According to the Articles of Association of AS Premia Foods, the Management Board comprises of one to four members elected for the term of 3 years.

As at today, the everyday business activities of AS Premia Foods are carried out by the members of Management Board Katre Kõvask (elected on 9 June 2009), Silver Kaur (elected on 9 June 2009) and Erik Haavamäe (elected on 29 May 2013). The meeting of Supervisory Board appointed Katre Kõvask as the chairman of Management Board starting from 15 May 2013.

As at 30 June 2014, the members of management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	30/06/2014 No of shares	%
Chairman of the Management Board – Katre Kõvask	506,943	1.31%
Member of the Management Board – Silver Kaur	365,141	0.94%
Member of the Management Board – Erik Haavamäe	185,242	0.48%
Chairman of the Supervisory Board – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
Member of the Supervisory Board – Lauri Kustaa Äimä	125,000	0.32%
Member of the Supervisory Board – Vesa Jaakko Karo	90,000	0.23%
Member of the Supervisory Board – Arko Kadajane	8,928	0.02%
Member of the Supervisory Board – Harvey Sawikin	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
<b>Total number of shares owned by supervisory and Management Board</b>	<b>2,625,243</b>	<b>6.79%</b>

**Katre Kõvask** (born 1975) graduated from University of Tartu in 1998, having specialized in marketing and foreign trade and has been the marketing director and a member of the Management Board of AS Premia Tallinna Külmoone since 2006 and of Premia Foods since June 2009 and since 15 May 2013 is the Chairman of the Management Board of Premia Foods. She is also a member of the supervisory board of AS Premia FFL, Saaremere Kala AS, Vettel OÜ and OOO Khladokombinat No 1 and the Management Board of AB Premia KPC, Heimon Kala Oy and OÜ Footsteps Management.

**Silver Kaur** (born 1973) graduated as a fisheries' consultant from Estonian Maritime Academy in 1997 and has been the sales director and member of the Management Board of AS Premia Tallinna Külmoone since 2006 and of the company since June 2009. He is also a member of the Supervisory Board of AS Premia FFL, OOO Khladokombinat No1 and Saaremere Kala AS and belongs to the Management Boards of RüsiGrupp OÜ and Freespirit OU.

**Erik Haavamäe** (born 1968) holds a cum laude diploma in economics from Tallinn Technical University and was a member of the Supervisory Board of the company since its foundation until 29 May 2013. Since 29 May 2013 he is a member of the Management Board of Premia. In addition, he serves as a member of board of directors of Heimon Kala OY and AB Premia KPC and a member of Supervisory Board of several group entities, such as AS Premia Tallinna Külmoone, Saaremere Kala AS, Vettel OÜ, and AS Premia FFL. He is a member of the Supervisory Board of MTÜ Eesti Maleliit and a member of the Management Board of AS EPhaG and OÜ Kamakamaka.

**Indrek Kasela** (born 1971) holds LL.M (master of laws) degree from New York University (1996), BA degree in law from the University of Tartu (1994) and certificate in EU Law from the University of Uppsala and serves as a member of Supervisory Board of several group entities, such as AS Premia Tallinna Külmoone and Vettel OÜ. He serves as



Supervisory Board member of AS Toode, ELKE Grupi AS, EPhaG AS, AS Kevelt, Salva Kindlustuse AS, AS Ridge Capital, Ekspress Grupp AS and a Management Board member of OÜ Transtech Services, Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ, Temnikova & Kasela Galerii OÜ, LA24 Holding OÜ, Saue 3K Capital OÜ and Noblessneri Jahtklubi OÜ as well as board member of several companies domiciled in Baltics and Russian Federation.

**Kuldar Leis** (born 1968) graduated from the University of Tartu in 1993, specializing in credit and finance. He also holds a diploma in dairy technology. Kuldar Leis was the chairman of the Management Board of the company since its foundation until 15 May 2013. Since 29 May 2013 he is a member of the Supervisory Board of 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 OÜ, Lottesõbrad OÜ and Solarhouse OÜ.

**Lauri Kustaa Äimä** (born 1971) holds a master's degree in Economics from the University of Helsinki has been a member of the Supervisory Board of the company since its foundation and of AS Premia Tallinna Külkhoone since 2005. Lauri Kustaa Äimä is the managing director and founding shareholder of Kaima Capital Oy. He serves as a management or Supervisory Board member of AS Tallink Group, Salva Kindlustuse AS and AS Baltika as well as the Lithuanian company UAB Litagra and BAN Insurance in Latvia in addition to several investment companies and funds domiciled in Finland, Estonia and Luxembourg.

**Aavo Kokk** (born 1964) graduated from Tartu University in 1990, having specialized in journalism, and Stockholm University in 1992, having specialized in banking and finance and has been a member of the Supervisory Board of the company since May 2009. Mr Aavo Kokk is currently the manager and partner of the investment company Catella Corporate Finance (Estonia) and the member of the Supervisory Board of AS Audentes and a member of the Management Board OÜ Synd&Katts.

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

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

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

Additional information on and photos of the members of management and Supervisory Board may be obtained from the web-page of the company [www.premiafoods.eu](http://www.premiafoods.eu) under investor relations subsection.





## INTERIM ACCOUNTING REPORT

### Consolidated statement of financial position

EUR '000	30/06/2014	31/12/2013	30/06/2013	Note
Cash and cash equivalents	1,882	1,314	862	
Receivables and prepayments	11,437	8,356	12,674	
Inventories	12,114	10,258	10,496	
Biological assets	5,204	6,270	5,564	
<b>Total current assets</b>	<b>30,637</b>	<b>26,198</b>	<b>29,597</b>	
Deferred income tax assets	568	557	450	
Long-term financial investments	135	127	128	(Note 2)
Investment property	2,084	2,084	2,084	(Note 3)
Property, plant and equipment	12,759	12,500	12,952	(Note 3)
Intangible assets	22,336	22,373	22,480	(Note 4)
<b>Total non-current assets</b>	<b>37,882</b>	<b>37,641</b>	<b>38,094</b>	
<b>TOTAL ASSETS</b>	<b>68,519</b>	<b>63,839</b>	<b>67,691</b>	
Borrowings	7,412	6,035	5,141	(Note 5,6)
Payables and prepayments	13,315	10,057	13,613	
<b>Total current liabilities</b>	<b>20,727</b>	<b>16,092</b>	<b>18,754</b>	
Borrowings	8,179	8,470	10,950	(Note 5,6)
Deferred income tax liabilities	564	716	569	
Government grants	1,155	1,264	1,367	(Note 7)
<b>Total non-current liabilities</b>	<b>9,898</b>	<b>10,450</b>	<b>12,886</b>	
<b>Total liabilities</b>	<b>30,625</b>	<b>26,542</b>	<b>31,640</b>	
Share capital	19,342	19,342	19,342	(Note 8)
Share premium	16,026	16,026	16,026	
Statutory capital reserve	6	6	6	(Note 8)
Other reserves	0	62	51	(Note 8)
Currency translation differences	644	748	608	
Retained earnings	1,876	1,113	18	
<b>Equity attributable to equity holders of the parent</b>	<b>37,894</b>	<b>37,297</b>	<b>36,051</b>	
<b>Total equity</b>	<b>37,894</b>	<b>37,297</b>	<b>36,051</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>68,519</b>	<b>63,839</b>	<b>67,691</b>	


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

EUR '000	Q2 2014	Q2 2013	6m 2014	6m 2013	Note
Revenue	29,058	27,776	49,508	46,053	(Note 9)
Cost of goods sold	-21,464	-19,823	-37,143	-34,330	
<b>Gross profit</b>	<b>7,594</b>	<b>7,953</b>	<b>12,365</b>	<b>11,723</b>	
<b>Operating expenses</b>	<b>-6,323</b>	<b>-6,307</b>	<b>-11,136</b>	<b>-11,258</b>	
Sales and marketing expenses	-5,373	-5,349	-9,269	-9,297	
General and administrative expenses	-950	-958	-1,867	-1,961	
Other income and expenses, net	864	49	858	106	
Revaluation of biological assets	504	34	-625	-169	
<b>Operating loss</b>	<b>2,639</b>	<b>1,729</b>	<b>1,462</b>	<b>403</b>	(Note 9)
Finance income	0	-63	11	37	
Finance costs	-97	-485	-385	-586	
<b>Loss before income tax</b>	<b>2,542</b>	<b>1,181</b>	<b>1,088</b>	<b>-146</b>	
Corporate income tax	-255	-143	63	-2	
<b>Net loss for the period</b>	<b>2,287</b>	<b>1,038</b>	<b>1,151</b>	<b>-148</b>	
<i>Other comprehensive income / expense that might subsequently be classified to profit or loss:</i>					
Currency translation differences	-72	104	-104	123	
<b>Other comprehensive income / expense</b>	<b>-72</b>	<b>104</b>	<b>-104</b>	<b>123</b>	
<b>Total comprehensive income/ expense</b>	<b>2,215</b>	<b>1,142</b>	<b>1,047</b>	<b>-25</b>	
<b>Net profit/ loss for the period:</b>					
Attributable to equity holders of the parent	2,287	1,038	1,151	-148	(Note 8)
<b>Net profit/ loss for the period</b>	<b>2,287</b>	<b>1,038</b>	<b>1,151</b>	<b>-148</b>	
Comprehensive income/ expense for the period:					
Attributable to equity holders of the parent	2,215	1,142	1,047	-25	
<b>Total comprehensive income/ expense</b>	<b>2,215</b>	<b>1,142</b>	<b>1,047</b>	<b>-25</b>	
<i>Earnings per share</i>					
Basic earnings per share (EUR)	0.06	0.03	0.03	0.00	(Note 8)
Diluted earnings per share (EUR)	0.06	0.03	0.03	0.00	(Note 8)



### Consolidated cash flow statement

EUR '000	6m 2014	6m 2013	Note
<b>Net profit</b>	1,151	-148	
<i>Adjustments:</i>			
Depreciation and amortisation	1,197	1,317	(Note 3, 4)
Gain/loss on disposal of non-current assets	-11	-14	
Other non-monetary changes	-330	47	
Changes in receivables and prepayments	-3,093	-4,499	
Changes in inventories	-1,857	-188	
Changes in biological assets	1,066	67	
Changes in payables and prepayments	3,136	4,260	
Corporate income tax paid	-128	-82	
<b>Net cash used in operating activities</b>	<b>1,131</b>	<b>760</b>	
Proceeds from sale of property, plant and equipment and intangible assets	137	60	(Note 3, 4)
Acquisition of property, plant and equipment and intangible assets	-585	-502	(Note 3, 4)
Repayments of loans granted	3	2	
<b>Net cash used in investing activities</b>	<b>-446</b>	<b>-440</b>	
Change in overdraft facility	1,431	1,006	
Repayments of borrowings	-966	-964	
Payments of finance lease principal	-369	-477	
Dividends paid	0	-387	
Interest paid	-213	-184	
<b>Net cash generated from financing activities</b>	<b>-117</b>	<b>-1,006</b>	
<b>NET CASH FLOWS:</b>	<b>568</b>	<b>-686</b>	
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period	1,314	1,357	
Net change in cash and cash equivalents	568	-686	
Effect of exchange rate changes	0	191	
<b>Cash and cash equivalents at end of the period</b>	<b>1,882</b>	<b>862</b>	



## Consolidated statement of changes in equity

EUR '000	Equity attributable to equity holders of the company						Total	Total Equity
	Share capital	Share premium	Statutory capital reserve	Other reserves	Currency translation differences	Retained earnings		
<b>Balance at 31/12/12</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>42</b>	<b>485</b>	<b>553</b>	<b>36,454</b>	<b>36,454</b>
Share option programme	0	0	0	9	0	0	9	9
Dividends	0	0	0	0	0	- 387	- 387	- 387
Comprehensive expense	0	0	0	0	123	-148	-25	-25
<b>Balance at 30/06/13</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>51</b>	<b>608</b>	<b>18</b>	<b>36,051</b>	<b>36,051</b>
<b>Balance at 31/12/13</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>62</b>	<b>748</b>	<b>1,113</b>	<b>37,297</b>	<b>37,297</b>
Share option programme	0	0	0	-62	0	0	-62	-62
Dividends	0	0	0	0	0	-387	-387	-387
Comprehensive income	0	0	0	0	-104	1,151	1,047	1,047
<b>Balance at 30/06/14</b>	<b>19,342</b>	<b>16,026</b>	<b>6</b>	<b>0</b>	<b>644</b>	<b>1,877</b>	<b>37,894</b>	<b>37,894</b>



## Notes to the Interim Report

### Note 1. Summary of material accounting policies

AS Premia Foods is a company registered in Estonia. The interim report as at 30 June 2014 contains AS Premia Foods (hereinafter the Parent Company) and its subsidiaries Saaremere Kala AS in Estonia, AB Premia KPC in Lithuania, OOO Khladokombinat No 1 and OOO Khladomagija in Russia and companies belonging into the group – OÜ Vettel, OÜ GourmetHouse and AS Premia Tallinna Külkhoone in Estonia, Heimon Kala OY in Finland, Överumans Fisk Ab in Sweden, AS Premia FFL in Latvia (hereinafter also the Group). The Group has a holding in an affiliated entity Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology; CCFFT). AS Premia Foods is listed on the NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2013 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website [www.premiafoods.eu](http://www.premiafoods.eu).

### Confirmation of Compliance

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2013 have been applied. The report does not hold all the information that must be presented in a complete annual report so it should be read together with the Parent Company's audited consolidated annual report for the financial year that ended on 31 December 2013, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 11 August 2014.

In the opinion of the management, this interim report for 2<sup>nd</sup> quarter and 6 months 2014 of AS Premia Foods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

### Basis of Preparation

The functional currency is euro. The consolidated interim report is presented in thousands of euro and all numerical indicators have been rounded to thousand, if not indicated otherwise. In the report, thousand euro is indicated as an abbreviation EUR '000.

### Use of Assessments

In preparing the interim report, the Management Board must form opinions, give assessments and make decisions that affect the application of accounting principles and the values of assets and liabilities, incomes and expenses. Actual results may differ from the assessments.

The same assessments of the management that were used to prepare the consolidated annual report for the financial year that ended on 31 December 2013 were used to prepare this condensed consolidated interim report.

### Note 2. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
<b>Balance at 31.12.2013</b>	<b>51</b>	<b>76</b>	<b>127</b>
Repayments of loans granted	0	-3	-3
Profit (loss) from equity participation	11	0	11
<b>Balance at 30.06.2014</b>	<b>62</b>	<b>73</b>	<b>135</b>

Other long-term investments include the investments into shares and holdings, which are not listed on the stock exchange. During the reporting period, 66 euro interest revenue from financial investment and 100 euro dividend income was earned.



AS Premia Foods has a 20% holding in an associated undertaking AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology (CCFFT)). AS CCFFT (previously MTÜ CCFFT) is the partner of AS Premia Foods in developing new technologies and products.

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

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Construction in progress, prepayments	Total
<b>Residual value as of 31.12.2013</b>	<b>2,084</b>	<b>4,514</b>	<b>7,419</b>	<b>344</b>	<b>222</b>	<b>14,584</b>
Unrealised currency effect	0	-18	-44	0	-6	-68
Acquired during the period	0	13	869	27	627	1,536
Depreciation	0	-183	-848	-52	0	-1,083
Assets sold and written off	0	0	-13	-1	-112	-126
<b>Balance at 30.06.2014</b>	<b>2,084</b>	<b>4,326</b>	<b>7,384</b>	<b>318</b>	<b>731</b>	<b>14,843</b>

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

### Note 4. Intangible Assets

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
<b>Balance as of 31.12.2013</b>	<b>19,942</b>	<b>1,552</b>	<b>535</b>	<b>145</b>	<b>200</b>	<b>22,373</b>
Unrealised currency effect	0	0	0	-1	-3	-4
Acquired during the period	0	5	0	12	64	81
Depreciation	0	-54	-14	-46	0	-114
<b>Balance at 30.06.2014</b>	<b>19,942</b>	<b>1,502</b>	<b>521</b>	<b>109</b>	<b>261</b>	<b>22,336</b>

### Note 5. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Other fixed assets	Total
<i>Fixed assets acquired under finance lease</i>				
<b>Acquisition cost as of 30.06.14</b>	<b>2,206</b>	<b>1,710</b>	<b>0</b>	<b>3,916</b>
Accumulated depreciation as of 30.06.14	-303	-429	0	-732
<b>Residual value as of 30.06.14</b>	<b>1,903</b>	<b>1,281</b>	<b>0</b>	<b>3,184</b>
<b>Acquisition cost as of 31.12.13</b>	<b>1,785</b>	<b>1,436</b>	<b>1</b>	<b>3,222</b>
Accumulated depreciation as of 31.12.13	-291	-332	0	-623
<b>Residual value as of 31.12.13</b>	<b>1,494</b>	<b>1,104</b>	<b>1</b>	<b>2,599</b>
<b>Payable under finance lease as of 30.06.14</b>	<b>1,644</b>	<b>1,073</b>	<b>0</b>	<b>2,717</b>
incl. payable within 1 year	373	357	0	730
incl. payable within 1-5 year	1,194	716	0	1,910
incl. payable after 5 years	77	0	0	77
Principal payments of the period	187	182	0	369
Interest expenses of the period	13	11	0	24
Average interest rate per annum	2.0%	2.4%	x	2.2%



## Note 6. Debt Obligations

EUR '000	30/06/2014	31/12/2013
Finance lease liabilities	730	563
Overdraft	3,388	1,957
Investment loans	3,295	3,515
<b>Short Term Debt Obligations</b>	<b>7,412</b>	<b>6,035</b>
Finance lease liabilities	1,987	1,532
Investment loans	6,192	6,938
<b>Long Term Debt Obligations</b>	<b>8,179</b>	<b>8,470</b>
incl. payable within 1-5 years	8,102	8,350
incl. payable after 5 years	77	120

Loan residuals as of 30 June 2014 with additional information about the interest rates, payment terms and the collateral established for securing the loans:

Borrower	Creditor	Amount	Interest rate	Maturity date	Loan residual 30.06.2014	less than 1 year	1-5 years	Collateral
<b>Overdraft</b>								
AS Premia Foods <sup>1</sup>	SEB	4 900 tuh EUR	1m EURIBOR + 1.3%	30.04.15	3,388	3,388	0	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Investment loans</b>								
AS Premia Tallinna K�ilmhoone	Danske Bank	4 500 tuh EUR	6m EURIBOR + 0.75%	25.10.14	1,803	1,803	0	Mortgage 5.1 mln EUR, pledge on subsidiary shares
AS Premia Foods	SEB	10 900 tuh EUR	3m EURIBOR + 1.9%	18.07.17	7,684	1,492	6,192	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Total</b>					<b>12,875</b>	<b>6,683</b>	<b>6,192</b>	

<sup>1</sup> overdraft limit decreases to 3,400 thousand euro starting from 1.12.14

Effective interest rates are very close to nominal interest rates. Additionally to the collateral granted for the securing of loans, the company has issued a bank guarantee in the amount of 624 thousand euro to the lessor of Betooni 4 for covering the lease payments and established a mortgage in favour of the Finnish Customs Board for securing the 30-days payment term in the amount of 84 thousand euro.

The company has hedged the risk arising from variable interest rate of the long-term investment loan by executing two transactions of Interest Rate Swap with amortization and fixed the 3 months EURIBOR at the level of 0.799% and 0.785% until 17.07.17. The mark-to-market value of these financial instruments as at the balance sheet date 30.06.14 was -91 (30.06.2013 -18) thousand euro and the impact on the income statement as a finance expense was 78 thousand euro (30.06.2013 financial income 36 thousand euro).

## Note 7. Government Grants

EUR '000	6m 2014	6m 2013
<b>Deferred income from government grants at the beginning of period</b>	<b>1,264</b>	<b>1,479</b>
Change in value due to the exchange rates	-11	-10
Recognition as income during the period	-98	-102
<b>Deferred income from government grants at the end of period</b>	<b>1,155</b>	<b>1,367</b>
incl. income within 1 year	196	208
incl. income within 2-17 years	959	1,159



The Swedish subsidiary Överumans Fisk Ab has received aid from the European Union, which have been collateralized with real estate mortgage in the amount of 26 thousand euro. As at 30 June 2014, the residual value of fixed assets guaranteed by EU subsidies was 37 thousand euro.

## Note 8. Equity

As at 30.06.2014, the company had 38,682,860 shares (30.06.13: 38,682,860).

On 17 January 2014, the last subscription period of the option program ended terminating the entire option program. In the course of the option program, members of the governing bodies and key employees of Premia Foods and its subsidiaries were entitled to subscribe for the shares of the company for the price of 0.83 euro per share. No shares of Premia Foods were subscribed in the course of the option program. The volume of the option program was 900,000 shares and the estimated cost of program for the 3-year period was 61,581 euro. In accordance with IFRS 2 the offset entry of the contingent cost of the stock option plan has been recognised under the line of "Other reserve" of the Financial Position Statement of Premia Foods. As of 17.01.2014 "other reserves" was added to the retained earnings.

The Annual General Meeting held on 29 May 2014 decided to pay dividends on the account of retained earnings in the amount of 387 thousand euro, i.e. 0.01 euro per share. The list of shareholders entitled to receive dividends is fixed as of 29 August 2014 at 23.59 and the dividends will be paid to the shareholders on 4 September 2014 the latest.

The Annual General Meeting decided the acquisition of up to 500,000 own shares and determined the conditions for the buy-back program. On 30.06.14, the Management Board of Premia Foods concluded a service agreement with AS SEB Pank to conduct a share buy-back programme (please see also Note 13).

The earning per share have been calculated based on net profit attributable to the shareholders of the parent company and the weighted average amount of ordinary shares.

	Q2 2014	Q2 2013	6m 2014	6m 2013
Net profit (-loss) for the period EUR '000	2,287	1,038	1,151	-148
Avg no of shares (thousand)	38,683	38,683	38,683	38,683
Earnings per share (€)	0.06	0.03	0.03	0.00
Diluted earnings per share (€)	0.06	0.03	0.03	0.00

## Note 9. Segment Reporting

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

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

		Secondary segment: Revenue by geographical segments:				
		EUR '000	Q2 2014	Q2 2013	6m 2014	6m 2013
Fish	– fish farming, production and wholesale of fish and fish products;	Finland	10,057	7,954	18,909	14,775
Ice cream	– production and wholesale of ice cream;	Estonia	7,812	7,877	13,125	13,198
Frozen goods	– wholesale of frozen goods products;	Latvia	4,367	4,279	7,752	7,139
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.	Lithuania	3,721	4,017	5,450	5,831
		Russia	3,022	3,469	4,157	4,913
		Other	79	180	115	195
		<b>Total</b>	<b>29,058</b>	<b>27,775</b>	<b>49,508</b>	<b>46,052</b>

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

The Management Board of the Parent Company assesses the results of business segments on the basis of external revenue and operating profit figures. The management also monitors secondary measures – EBITDA (profit before financial, tax





expenses and depreciation, amortisation and impairment of non-current assets) and EBITDA from operations (EBITDA before fair value adjustments on biological assets and one-off expenses). These financial indicators are presented in the tables below.

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

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

### Primary segment

<b>Q2 2014, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	11,176	10,349	6,675	858	0	29,058
Inter-segment revenue	0	0	1	6	-7	0
<b>Total gross revenue</b>	<b>11,176</b>	<b>10,349</b>	<b>6,676</b>	<b>864</b>	<b>-7</b>	<b>29,058</b>
Segment EBITDA from operations	81	1,902	159	-79	0	2,064
Unallocated EBITDA from operations						-90
<b>Total EBITDA from operations</b>						<b>1,973</b>
Segment EBITDA	1,334	1,902	159	-79	0	3,316
Unallocated EBITDA						-90
<b>Total EBITDA</b>						<b>3,226</b>
Segment operating profit	1,082	1,707	69	-86	0	2,773
Unallocated operating profit						-134
<b>Total operating profit</b>						<b>2,639</b>
<b>Q2 2013, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	8,870	12,136	5,991	779	0	27,775
Inter-segment revenue	0	0	1	7	-8	0
<b>Total gross revenue</b>	<b>8,870</b>	<b>12,136</b>	<b>5,992</b>	<b>786</b>	<b>-8</b>	<b>27,775</b>
Segment EBITDA from operations	-73	2,246	280	64	0	2,517
Unallocated EBITDA from operations						-78
<b>Total EBITDA from operations</b>						<b>2,439</b>
Segment EBITDA	-129	2,246	280	64	0	2,462
Unallocated EBITDA						-78
<b>Total EBITDA</b>						<b>2,384</b>
Segment operating profit	-375	1,970	195	60	0	1,850
Unallocated operating profit						-121
<b>Total operating profit</b>						<b>1,729</b>
<b>6m 2014, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	21,245	13,918	12,796	1,549	0	49,508
Inter-segment revenue	0	0	1	12	-13	0
<b>Total gross revenue</b>	<b>21,245</b>	<b>13,918</b>	<b>12,797</b>	<b>1,561</b>	<b>-13</b>	<b>49,508</b>
Segment EBITDA from operations	677	2,068	53	-82	0	2,716
Unallocated EBITDA from operations						-157
<b>Total EBITDA from operations</b>						<b>2,560</b>
Segment EBITDA	776	2,068	53	-82	0	2,815
Unallocated EBITDA						-157
<b>Total EBITDA</b>						<b>2,658</b>
Segment operating profit	273	1,720	-188	-99	0	1,706
Unallocated operating profit						-244
<b>Total operating profit</b>						<b>1,462</b>



6m 2013, EUR '000	Fish	Ice cream	Frozen Food	Other	Elim.	Total
External revenue	17,118	15,698	11,874	1,362	0	46,052
Inter-segment revenue	0	0	4	12	-16	0
<b>Total gross revenue</b>	<b>17,118</b>	<b>15,698</b>	<b>11,878</b>	<b>1,374</b>	<b>-16</b>	<b>46,052</b>
Segment EBITDA from operations	113	2,047	23	30	0	2,212
Unallocated EBITDA from operations						-167
<b>Total EBITDA from operations</b>						<b>2,045</b>
Segment EBITDA	-213	2,047	23	30	0	1,886
Unallocated EBITDA						-167
<b>Total EBITDA</b>						<b>1,719</b>
Segment operating profit	-707	1,589	-241	15	0	655
Unallocated operating profit						-253
<b>Total operating profit</b>						<b>403</b>

#### Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner
		30/06/2014	31/12/2013		
Saaremere Kala AS	Estonia	100%	100%	Holding	Premia Foods AS
Vettel OÜ	Estonia	100%	100%	Fish processing	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS
AS Premia Tallinna Kõlmhoone	Estonia	100%	100%	Ice cream production, sale of ice cream and frozen food	AB Premia KPC
AB Premia KPC	Lithuania	100%	100%	Sale of ice cream and frozen food	Premia Foods AS
Heimon Kala Oy	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	Fishfarming and sale	Heimon Kala Oy
AS Premia FFL	Latvia	100%	100%	Sale of ice cream and frozen food	AS Premia Tallinna Kõlmhoone
OOO Khladokombinat No1	Russia	100%	100%	Ice cream production, sale of ice cream and frozen food	Premia Foods AS
OOO Khladomagija	Russia	100%	100%	IP Holding	Premia Foods AS

#### Note 11. Related Party Transactions

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

Related parties include:

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



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

Company	Debtor	Comments	Receivable as of 30.06.14 EUR '000	Receivable as of 31.12.13 EUR '000
---------	--------	----------	--	--

<b>Total</b>			<b>0</b>	<b>0</b>
--------------	--	--	----------	----------

Company	Debtor	Comments	Payable as of 30.06.14 EUR '000	Payable as of 31.12.13 EUR '000
---------	--------	----------	------------------------------------	------------------------------------

Vettel OÜ	Companies related to the members of management and	Accounts payable	1	1
-----------	--	------------------	---	---

<b>Total</b>			<b>1</b>	<b>1</b>
--------------	--	--	----------	----------

Receivables from related parties have not been written down.

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

Party EUR '000	Type of transaction	6m 2014 Purchase	6m 2014 Sale	6m 2013 Purchase	6m 2013 Sale
Companies related to the members of management and supervisory board	services	6	1	50	1
<b>Total</b>		<b>6</b>	<b>1</b>	<b>50</b>	<b>1</b>

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

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

	6m 2014 EUR '000	6m 2013 EUR '000
Short-term benefits	612	534
<b>Total</b>	<b>612</b>	<b>534</b>

The members of the Management and Supervisory Boards do not get any pension-related rights from the company. The members of the Management Board are entitled to termination benefits. The maximum expense related to payment of termination benefits totals EUR 121 thousand.

## Note 12. Contingent Liabilities and Assets

### Compensation Claim against Swedish Board of Agriculture

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

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

On 19 June 2014, the Swedish Board of Agriculture decided to pay SEK 6,727,636 (approximately 0.7 million euro) to Överumans Fisk AB as an additional compensation, therefore, the total amount of compensation is SEK 10,727,636 (approximately 1.2 million euro). The claim of Överumans Fisk AB was satisfied partially as the total amount of claim was SEK 25,487,000. The resolution of the Swedish Board of Agriculture is based on two pieces of legislation of Sweden – the



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

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

#### **Own shares buy-back programme**

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

The Annual General Meeting held on 29 May 2014 decided the acquisition of up to 500,000 own shares and determined the conditions for the repurchase program. On 30.06.14, the Management Board of Premia Foods concluded a service agreement with AS SEB Pank to conduct a share buy-back programme.

As at 10.08.14 AS SEB Pank has repurchased in the name and on behalf of AS Premia Foods within the buy-back programme 14,978 shares at the average price of 0.6961 euro per share.



## MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 2<sup>ND</sup> QUARTER AND 6 MONTHS OF 2014

The Management Board confirms the correctness and completeness of the consolidated interim report for the 2<sup>nd</sup> quarter and 6 months of 2014 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 28 hereof and confirms to the best of its knowledge that:

- The activities report of the consolidated interim report presents adequate and fair overview of the development and results of business activities of the Group and the financial position thereof and includes the description of the main risk factors and uncertainties;
- the accounting principles applied in the preparation of the consolidated interim report are in compliance with the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the European Union;
- the consolidated interim report provides a true and fair overview of the assets, liabilities and financial position of the group and of the results of its operations and its cash flows;
- AS Premia Foods and its subsidiaries are going concerns.

Chairman of Management Board	Katre Kõvask	digitally signed	11 August 2014
Member of Management Board	Silver Kaur	digitally signed	11 August 2014
Member of Management Board	Erik Haavamäe	digitally signed	11 August 2014