

P R F O O D S

AS PRFoods

Consolidated Unaudited Interim Report
for 2nd quarter and 6 months of 2015



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Website:	www.prfoods.ee
Main activities:	Production and sale of fish products Fish farming
Reporting period:	1 January 2015 - 30 June 2015
Auditor:	AS PricewaterhouseCoopers

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CORPORATE PROFILE

AS PRFoods (hereinafter "Group") is a company engaged in food processing and sales that is listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The company is engaged in the production and sales of fish products in Finland and Estonia and fish farming in Sweden and Finland. The most significant trademarks of PRFoods are "Heimon Gourmet" and "Saaristomeren". The Group's other trademarks include "Gurmé" and "Polar Fish", which are marketed in the Baltic States.

As a result of the sale of the ice cream and frozen goods business segments at the end of the previous year, data from 2014 has been restated in these financial statements in the interest of comparability. The ice cream and frozen goods business segments are classified as discontinued operations.

Group companies:

Subsidiary	Domicile	Ownership interest		Area of activity	Owner
		30/06/2015	31/12/2014		
Saaremere Kala AS	Estonia	100%	100%	Holding company of fish segment	PRFoods AS
Vettel OÜ	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala 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 sales	Heimon Kala Oy
OOO Khladomagija	Russia	100%	100%	Holding company	PRFoods AS

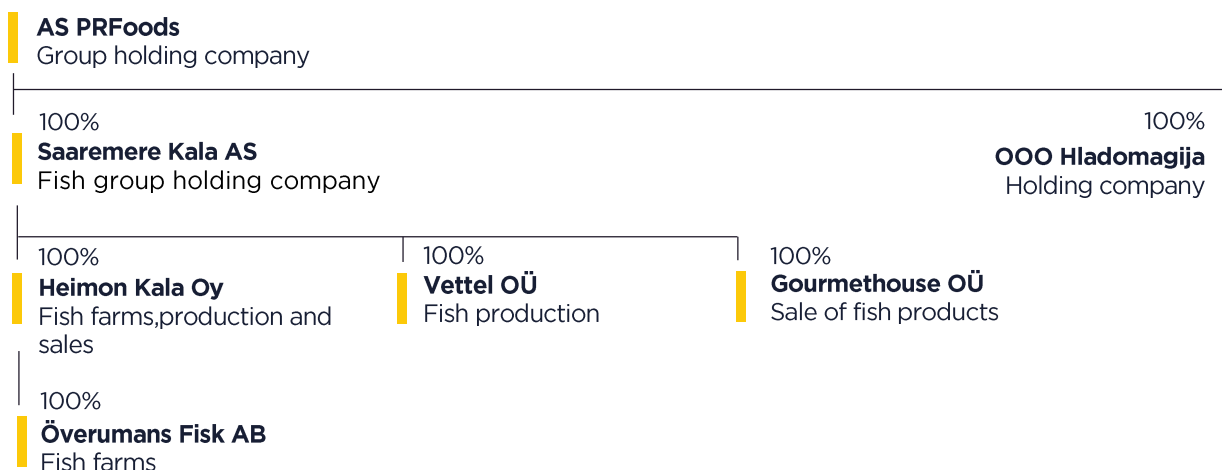
MISSION

We wish for people to enjoy our range of products and healthy food. We continuously try to maintain and grow consumer trust. We are a benchmark of care, innovation and quality.

VISION

PRFoods is a well-known environmentally friendly international company engaged in the production and sale of fresh fish and fish products in Scandinavia and the Baltic States.

Structure of the PRFoods Group as at 30. June 2015



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

The indisputable competitive advantage of the Group is its vertical integration – fish farming, production and sales. Trout farmed in the lakes of Sweden and in the archipelago in Turku area in Finland, as well as salmon imported from Norway, are processed in the modern production facilities of Heimon Kala OY in Renko, Finland and of Vettel OÜ in Saaremaa, Estonia. The Group's distribution network in Finland and Estonia enables it to ensure that our customers receive fast and high quality deliveries. The Group is among the leaders of the fishing industry in the Finland retail market with its own trademarks and with private label products and also in the HoReCa sector.

Trademarks of the Finnish Group include "Heimon Gourmet" and "Saaristomeren". These are well known and appreciated fishbrands, which have been a part of Finnish everyday and festive dishes. Other trademarks of the Group include „Gurmé" and „Polar Fish" that are sold in the Baltic States.



ACTIVITIES REPORT BY MANAGEMENT BOARD

OVERVIEW OF THE ECONOMIC ACTIVITIES

Management commentary:

PRFoods 2nd quarter and 6 months of 2015 results have been positive both for sales and profitability (note one-off positive effect in 2014 from compensation claim against Swedish state). The main factors driving improved profitability from operations are the decrease in raw material prices (while simultaneously affecting negatively the valuation of company's own biomass), efficiency increase in processing and strong sales efforts in our main markets. We have reduced our overhead costs, which are partly related to the sale of a business units last year. Taking into consideration the macroeconomic situation in our main market Finland and in comparison with our competitors, the performance of PRFoods team in increasing profitability has been excellent. We have finished our main CAPEX programme for current year, installation of new filleting line for total investment of 0.7 million euros. Anticipated payback period is 2 years meaning we expect further increase in efficiency in our production. Capital spending plan by 1.4 million euros for 2015 continues according to schedule. Company is actively innovating to reach new export markets. The forecast for 2015 is 44.2 million euros in revenues and expected EBITDA from business operations is 2.3 million euros. PRFoods continues to be one of the fastest developing food products exporter in the region.

The 2nd quarter of 2015 compared to the 2nd quarter of 2014:

For the purpose of comparison continuing operations income statement data for Q2 2014 has been adjusted.

- Unaudited consolidated sales 11.4 million euros. Increase was 1.2%, i.e. 0.1 million euros
- Gross margin 11.3%, increase compared with the same period in 2014 was 2.7%
- EBITDA from business operations 0.4 million euros; increase 0.5 million euros
- The positive effect of revaluation of biological assets 0.2 million euros (Q2 2014: 0.5 million euros)
- EBITDA 0.6 million euros; decrease 0.5 million euros*
- EBIT 0.3 million euros; decrease 0.5 million euros
- Net profit 0.3 million euros; decrease 0.3 million euros, i.e. 50.7%.

EUR mIn	Q2 2015	Q2 2014	15/14
Sales	11.4	11.3	▲
Gross profit	1.3	1.0	▲
EBITDA from operations	0.4	-0.1	▲
EBITDA	0.6	1.1	▼
EBIT	0.3	0.8	▼
Net profit	0.3	0.6	▼

6 months of 2015 compared to 6 months of 2014:

For the purpose of comparison continuing operations income statement data for 6 months 2014 has been adjusted.

EUR mln	6m 2015	6m 2014	15/14
Sales	21.7	21.5	▲
Gross profit	2.5	2.4	▲
EBITDA from operations	0.8	0.4	▲
EBITDA	-0.1	0.5	▼
EBIT	-0.6	-0.1	▼
Net loss	-0.2	-0.3	▲

- Unaudited consolidated revenue 21.7 million euros. Increase 1.2%, i.e. 0.3 million euros
- Gross margin 11.7%, increase 0.7 percentage points
- EBITDA from business operations 0.8 million euros; increase 0.4 million euros
- The negative effect of revaluation of biological assets 0.8 million euros (6 months 2014: 0.6 million euros)
- EBITDA -0.1 million euros; decrease 0.6 million euros*
- EBIT -0.6 million euros; decrease 0.5 million euros
- Net loss -0.2 million euros; decrease 0.1 million euros, i.e. 28.0%.

*Negative effect for the comparison data of EBITDA, EBIT and net profit is caused by the reimbursement of a claim in the amount of 751 thousand euros received in June 2014 from the Swedish Board of Agriculture, recorded in the income statement of Q2 2014 on line "Other business incomes/costs".

The company's key ratios of the 1st and 2nd quarter and 6 months of 2015 have been indicated in the following tables:

		KEY RATIOS					
Profit & Loss, EUR mln	formula / comment	Q1	Q2	6m	Q1	Q2	6m
		2015	2015	2015	2014	2014	2014
Sales		10.3	11.4	21.7	10.2	11.3	21.5
Gross profit		1.3	1.3	2.5	1.4	1.0	2.4
EBITDA from operations	before one-offs and fair value adjustment	0.4	0.4	0.8	0.5	-0.1	0.4
EBITDA	profit (-loss) before interest, tax, depreciation and amortisation	-0.6	0.6	-0.1	-0.7	1.1	0.5
EBIT	operating profit (-loss)	-0.9	0.3	-0.6	-0.9	0.8	-0.1
EBT	Profit (-loss) before tax	-0.8	0.3	-0.4	-1.2	0.8	-0.4
Net profit (-loss)		-0.5	0.3	-0.2	-0.9	0.6	-0.3
Gross margin	Gross profit / Net sales	12.2%	11.3%	11.7%	13.8%	8.6%	11.0%
Operational EBITDA margin	EBITDA from operations/Net sales	4.1%	3.3%	3.7%	4.9%	-1.1%	1.7%
EBITDA margin	EBITDA /Net sales	-5.9%	4.8%	-0.3%	-6.5%	10.0%	2.2%
EBIT margin	EBIT / Net sales	-8.6%	2.4%	-2.8%	-9.2%	7.5%	-0.4%
EBT margin	EBT / Net sales	-7.4%	2.9%	-2.0%	-11.7%	7.0%	-1.8%
Net margin	Net earnings / Net sales	-5.2%	2.5%	-1.1%	-9.2%	5.2%	-1.6%
Operating expense ratio	Operating expenses / Net sales	11.3%	11.3%	11.3%	12.6%	12.7%	12.7%

Balance Sheet, EUR mln	formula	31.12.14	31.03.15	30.06.15	31.12.13	31.03.14	30.06.14
Net debt	Short and Long term Loans and Borrowings - Cash	-2.6	-3.3	-6.5	13.2	13.6	13.7
Equity		33.7	33.1	33.3	37.3	36.1	37.9
Working capital	Current Assets - Current Liabilities	22.8	21.8	21.8	10.1	8.5	9.9
Assets		40.4	39.5	39.4	63.8	63.8	68.5
Liquidity ratio	Current Assets / Current Liabilities	5.86	5.72	6.20	163	147	1.48
Equity ratio	Equity / Total Assets	83%	84%	85%	58%	56%	55%
Gearing ratio	Net Debt / (Equity + Net Debt)	-8%	-11%	-24%	26%	27%	27%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	-6.99	-7.85	-8.14	37.98	27.52	37.10
ROE	Net Earnings / Average Equity	-4%	-2%	-1%	-2%	-3%	-1%
ROA	Net Earnings / Average Assets	-3%	-1%	0%	-1%	-1%	-1%

FORECAST FOR 2015

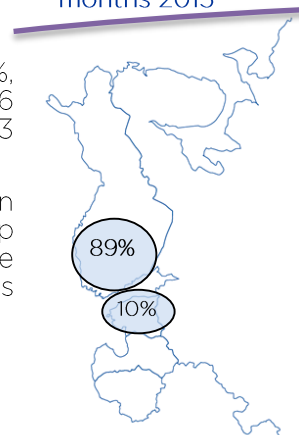
The expected revenue for 2015 is 44.2 million euros and EBITDA from business activities 2.3 million euros.

REVENUE

PRFoods 2015 Q2 unaudited consolidated revenue increased compared with Q1 1.2%, i.e. 0.1 million euros reaching to 11.4 million euros. Consolidated revenue for the 6 months of 2015 numbered 21.7 million euros. Increase for the year was 1.2%, i.e. 0.3 million euros.

During the first half year of 2015 the revenue in Finnish market increased 0.7 million euros. The percentage of Finnish revenue aggregated 88.7% from PRFoods group total revenue which is 2.2% higher than during the same period of previous year. The result meets the expectations and is in accordance with AS PRFoods strategy to focus on markets with higher buying power.

The share of turnover in key geographic areas 6 months 2015

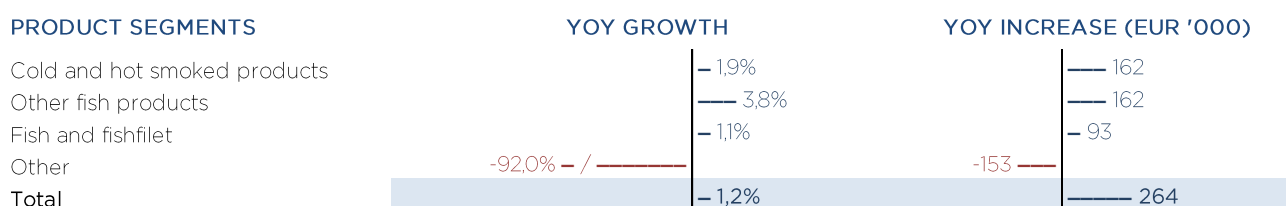


2015 6 MONTHS SALES GROWTH

GEOGRAPHIC REGIONS



PRODUCT SEGMENTS



It was a pleasure to witness increase in revenue on the main market in Finland, where revenue increased 0.7 million euros, i.e. 3.8% compared with the result of first 6 months 2014.

The main increase in revenue came from cold and hot smoked fish product and from other fish product categories, increasing all together 0.3 million euros. Other revenue (0.2 million euros) in 2014 is related to discontinued operations and therefore the decrease is expected compared with 2015.

CLIENT SEGMENTS

YOY GROWTH

YOY INCREASE (EUR '000)

HoReCa	-5,0%	-336	
Retail chains	-1,2%	-145	
Wholesale	.	31,3%	/ - 777
Other	-37,0%	-32	
Total	1,2%	264	

The revenue in wholesale sector increased 0.8 million euros, i.e. 31.3% and decreased in both HoReCa and retail chain sector altogether -0.5 million euros. The decrease in HoReCa sector was -5.0% and in retail chains sector -1.2%. The reason behind the decrease in revenue in HoReCa sector is the stop of sales to one of the former clients. In addition the general economic situation in Finland and Estonia also affects the sales in HoReCa sector.

COST ANALYSIS

The revenue from continuing operations increased 0.27 million euros, i.e. 1.2% on the first half year of 2015. At the same time operating expenses decreased 0.27 million euros, altogether 9.76%. Operating expenses percentage from revenue decreased 1.38% during the first half year of 2015 compared with the same time in 2014.

	6m 2015 EUR mln	6m 2014 EUR mln	change EUR mln	6m 2015 6m as % of sales	6m 2014 as % of sales	change as % of sales
Sales	21.74	21.47	0.27 ↑	100.00%	100.00%	
Cost of goods sold	- 19.19	- 19.10	0.09 ↑	88.30%	88.97%	-0.67%
incl one-off exp	0.00	- 0.03	- 0.03	0.00%	0.13%	-0.13%
materials in production & cost of goods purchased for resale	- 15.49	- 15.46	0.03	71.27%	71.99%	-0.72%
labour costs	- 1.55	- 1.55	0.00	7.14%	7.21%	-0.07%
depreciation	- 0.46	- 0.47	- 0.01	2.13%	2.17%	-0.04%
other cost of goods sold	- 1.69	- 1.63	0.06	7.76%	7.59%	0.17%
Operating expenses	- 2.46	- 2.73	- 0.27 ↓	11.31%	12.69%	-1.38%
labour costs	- 0.70	- 0.89	- 0.19	3.21%	4.13%	-0.92%
transport & logistics services	- 0.88	- 0.87	0.01	4.05%	4.05%	0.00%
depreciation	- 0.10	- 0.10	- 0.00	0.44%	0.45%	-0.01%
advertising, merchandising, marketing and product development	- 0.35	- 0.39	- 0.04	1.63%	1.83%	-0.20%
other operating expenses	- 0.43	- 0.48	- 0.05	1.99%	2.24%	-0.25%
Other income/expenses	0.15	0.89	- 0.74 ↓	0.69%	-4.13%	4.82%

Cost of goods sold increased 0.09 million euros and its percentage from the revenue decreased on the first half year of 2015 -0.67% compared with the same time in 2014. Gross profit increased 0.2 million euros, i.e. 7.3%. Gross profitability on the first half year of 2015 was 11.7%, showing an improvement of 0.7%.

EBITDA from business operations (operating profit before revaluation of biological assets issued from market price, one-time incomes and costs and amortization) for 6 months of 2015 was 0.8 million euros which has showed an improvement of 0.4 million euros compared with the same period of time in 2014.

The loss from revaluation of fish inventory for 6 months of 2015 was -0.8 million euros (6 months 2014: -0.6 million euros). As of 30.06.2015 rainbow trout forms 97% and whitefish 3% from the biological assets of AS PRFoods.

The EBITDA for the reporting period was -0.1 million euros decreasing -0.6 million euros compared with the same period in 2014.

Negative effect for the comparison data of EBITDA between 30.06.2015 and 30.06.2014 is caused by the reimbursement of claim in the amount of 751 thousand euros received in Q2 2014 from the Swedish Board of Agriculture.

Operating loss for 6 months of 2015 was -0.6 million euros which is -0.5 million euros higher compared with the same period in 2014. Financial costs decreased 0.3 million euros, i.e. 82% during the reporting period compared with the same period in 2014. Main reason for the decrease were the interest costs from the service of loans in 2014.

Net loss for 6 months 2015 was -0.2 million euros. Comparison with the same period in 2014 shows an improvement of 0.1 million euros, i.e. 28.0% (6 months in 2014 from continuing operations: loss of -0.3 million euros). Together with discontinued operations the gross profit for the first half year of 2014 was 1.2 million euros.

BIOLOGICAL ASSETS

Biological assets are fish stocks, including the following species:

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

The Group is a producer of primarily rainbow trout in its fish farms located in Finland and Sweden. To a lesser extent it also produces whitefish, which accounts for between 3% and 5% of the total volumes.

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 is used.

Change in biological assets in tons	6m 2015	6m 2014	Change 6m 15/ 6m 14	Change %
Biomass at beginning of the period	1,563	1,538	25	1.6%
Biomass at end of the period	1,141	1,153	-12	-1.0%
Harvested (in live weight)	-770	-743	-27	3.6%

As of 30.06.2015 biological assets were in the amount of 1141 tons (30.06.2014: 1153 tons). During the reporting period 770 tons of product were taken stock (6 months 2014: 743 tons).

Compared with the same period in 2014, biological assets decreased 12 tons, i.e. -1.0 % in quantity and 354 thousand euros in monetary value, i.e. -6.8 %. Biological assets in fair value as of 30.06.2015 constituted 4 850 thousand euros (30.06.2015: 5 204 thousand euros).

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

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

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

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

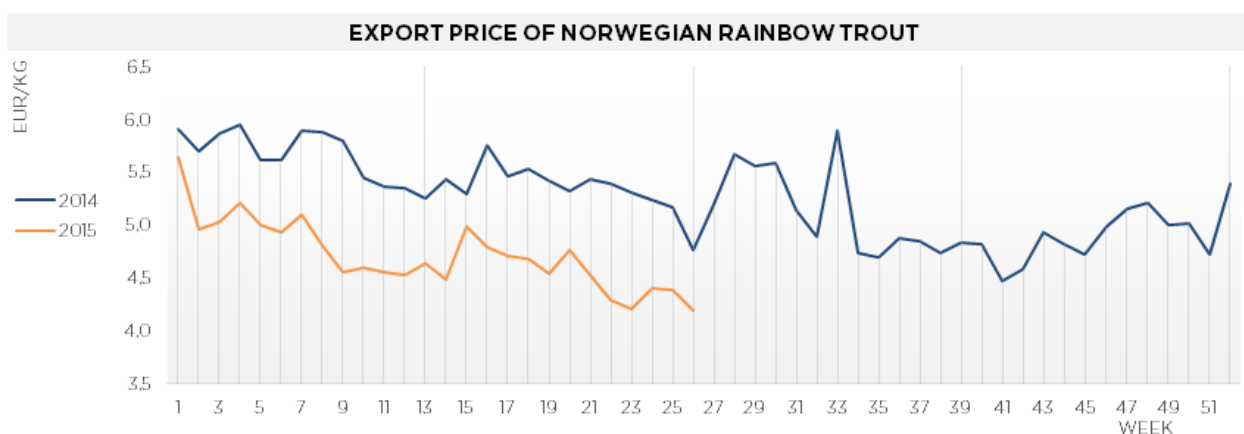
- Juveniles (250 g fry up to fish suitable for harvesting)

The fair value of juveniles cannot be determined reliably due to the absence of an active market, and they are measured in the statement of financial position at cost. Subsequent expenditure directly related to bringing the juveniles up to the point they are suitable for harvesting are capitalised in the cost of biological assets.

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 measured at cost. Otherwise, juveniles are written down to their estimated net realisable value. Impairment losses are recognised as expenses of the reporting period.

- On initial recognition (on acquisition or reclassification from juveniles) and at each balance sheet date thereafter, the fish ready for harvesting are measured at their fair value less estimated costs to sell. The basis for determination of fair value is the estimated biomass of fish ready for harvesting, less the weight loss occurring at disposal, and the weighted average market price at the balance sheet date, which is the most recent 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 areas where external market prices are unavailable, the estimate is based on domestic market prices. The quality class (higher or regular) is also considered in the determination of prices.

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. Produce from biological assets is recognised at fair value less estimated costs to sell (Note 3).



/Source: www.akvafakta.no/

Market price	30.06.2015	30.06.2014	Change		31.12.2014	Change	
			30.06.15/	30.06.14		30.06.15/	31.12.14
Salmon	4.46	3.87	15.2%		4.80	-7.1%	
Rainbow trout	4.19	4.75	-11.9%		5.39	-22.3%	

Compared with the position as of 30.06.2014, the market price for rainbow trout has decreased -11.9% and for salmon increased 15.2%. As of 31.12.2014 both rainbow trout and salmon market prices have decreased -7.1% and -22.3% respectively.

FINANCIAL POSITION

		LIQUIDITY AND SOLVENCY RATIOS					
Ratio	formula	31.12.14	31.03.15	30.06.15	31.12.13	31.03.14	30.06.14
Liquidity ratio	Current Assets / Current Liabilities	5.86	5.72	6.20	1.63	1.47	1.48
Equity ratio	Equity / Total Assets	83%	84%	85%	58%	56%	55%
Debt to total assets	Debt / Total Assets	17%	16%	15%	42%	44%	45%
Gearing ratio	Net Debt / (Equity + Net Debt)	-8%	-11%	-24%	26%	27%	27%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	-6.99	-7.85	-8.14	37.98	27.52	37.10

Cash flow for 6 months 2015 from continuing operations was 0.9 million euros (6 months 2014: 0.2 million euros). The net change of non-monetary changes aggregated to -1.4 million euros which consisted of the eliminations of loan and interest receivables and liabilities from the balance sheet both for continuing and discontinued operations.

As of closing date the net debt constituted of -6.5 million euros (30.06.2014: 13.7 million euros). Financial gearing, i.e. net debt percentage from total capital was -24% (30.06.2014: 27%).

Net debt to EBITDA ratio was as of 30.06.2015 -8.14 (30.06.2014 EBITDA from continuing operations: 37.10). Liquidity ratio, showing short time paying capacity, was as of 30.06.2015 6.20 (30.06.2014: 1.48). Share capital aggregated to 85% of total assets (30.06.2014: 55%) and the working capital of the company was 21.8 million euros (30.06.2014: 9.9 million euros).

Negative net debt and increase in share capital are conditioned by the fact that at the end of 2015 the Group sold its ice cream and frozen products segment and the monetary instruments received from the deal are been held on bank account in cash. According to the shareholders meeting decision at the end of 2015 the share capital will be decreased by 11.6 million euros by making disbursement to the shareholders from the amounts that have been received from the deal.

BALANCE SHEET ANALYSIS

PRFoods AS consolidated balance was as of 30.06.2015 39.4 million euros. Compared with 30.06.2014 the balance has decreased by 29.1 million euros, i.e. 42.4%. The decrease is caused by the aforementioned deal.

The volume of the working capital of the company as of 30.06.2015 was 26.0 million euros and the balance of cash and bank accounts was 7.3 million euros.

Accounts receivable and prepayments from continuing operations have increased 3.4 million euros compared with the same period on previous year. The increase is influenced by the outstanding instalment from the sales of subsidiaries in the amount of 4 million euros (for additional information please refer to note 14). The inventories and biological assets from continuing operations have increased by 1.5 million euros compared with the balance as of 30.06.2014. The increase was caused by an important change in the Groups' business tactics, stock reserve was increased and raw material to be used in production was purchased with a profitable price on autumn 2014.

Although during the first half year of 2015 27 tons more fish was realized in the fish farming, as of 30.06.2015 biological assets decreased 0.4 million euros compared with the same period in 2014. It is driven by the fact that the market price which was effective as of 30.06.2015 was 11.9% lower than as of 30.06.2014.

Accounts payables and prepayments as of 30.06.2015 aggregate 4.0 million euros (30.06.2014: 5.2 million euros from continuing operations; together with discontinued operations 13.3 million euros).

As of 30.06.2015 AS PRFoods owner's equity aggregated to 33.3 million euros (30.06.2014: 37.9 million euros).

INVESTMENTS

AS PRFoods investments for continuing operations during the first half year of 2015 aggregated to 965 thousand euros (6 months 2014: 917 thousand euros; together with discontinued operations 1 502 thousand euros).

Larger investments consist of production machines and enlargements of facilities. Fillet line was purchased to the fishing industry in Saaremaa and the instalment of the new line will be finished during Q3 in 2015.

For providing additional production capacity, a new smoke oven was purchased. Office and warehouse building were also enlarged and different devices to provide safety in production were purchased.

Fishpump was purchased to the fry breeding in Sweden and heat pump system was renovated. To enlarge the effectiveness of feeding the fishes bred in sumba, the capacity of feeding system was increased with an additional feeding line.

In addition, different equipment and inventory have been purchased to replace the appliances that are fully depreciated.

TEAM

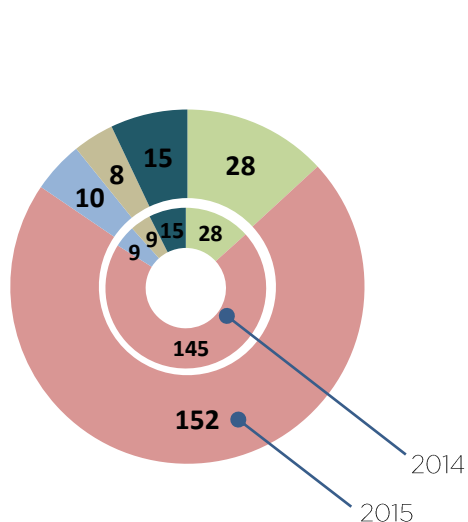
The average number of employees during 6 months of 2015 was 213. Compared with the same period of 2014, the average number of employees in Q2 2015 remained at the same level.

The labour costs in production during first 6 months in 2015 did not change compared with the same period in 2014, although the average number of employees increased by 7 employees, i.e. 4.8%.

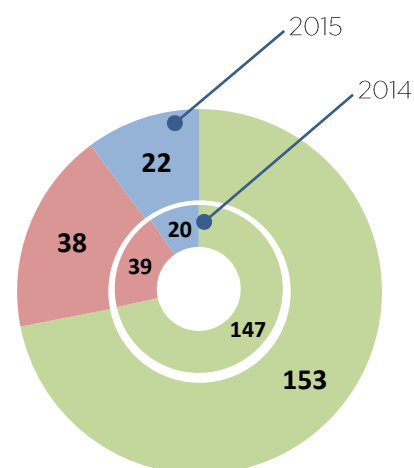
Support staff labour costs increased 0.6%. Administration labour costs decreased by 0.2 million euros, i.e. 33.6% which is driven due to the significant changes in the management of the mother company. During the first half year of 2015 labour costs decreased altogether 7.6%.

			PERSONNEL ANALYSIS									
Continuing operations			Q1 2015	Q2 2015	6m	Q1 2014	Q2 2014	6m	6m 15/ 6m 14		12m	6m 15/ 12m 14
					2015			2014			2014	
Average employees	number	of	217	209	213	202	210	206	3.4%	▲	217	▼
	Finland		37	39	38	38	39	39	-2.6%	▼	40	▼
	Estonia		159	147	153	145	150	147	4.1%	▲	156	▼
	Sweden		21	23	22	19	21	20	10.0%	▬	21	▲
Payroll expenses (th EUR)			1,138	1,111	2,249	1,158	1,277	2,435	-7.6%	▼	5,096	n/a
Monthly average payroll exp per employee (th EUR)			1.75	1.77	1.76	1.91	2.03	1.97	-10.7%	▼	1.96	▼

■ Fishfarming
 ■ Production
 ■ Logistics
 ■ Selling
 ■ Admin



■ Estonia
 ■ Finland
 ■ Sweden



DESCRIPTION OF MAIN RISKS OF THE GROUP

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.

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.

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.

As at 30.06.2015, the Group's working capital was 21 840 thousand euros (30.06.2014: 9 910 thousand euros).

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. The overdraft facility was not drawn down as at the balance sheet date. As at 30.06. 2014, the balance of the unused overdraft facility was 1 512 thousand euros.

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 SEK and EUR. The Group is exposed to fluctuations of the exchange rate of SEK. The Group has not used any financial instruments to secure itself against currency risks that may arise from business transactions and assets and liabilities in the future. 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".

Interest rate risk

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

Capital management

With regard to capital management, the 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.

AS PRFoods example balance sheet structure after the reduction of share capital

The expected impact from the reduction of share capital to the Group financial statements based on the data for 6 months 2015 is presented below:

EUR '000	The balance sheet structure after the reduction of share capital	Adjustment	30/06/2015
ASSETS			
Cash and cash equivalents	976	-6,345	7,321
Receivables and prepayments	2,845	-4,000	6,845
Inventories	7,027	0	7,027
Biological assets	4,850	0	4,850
Total current assets	15,698	-10,345	26,043
Deferred income tax	103	0	103
Long-term financial investments	160	0	160
Investments property	0	0	0
Tangible fixed assets	6,942	0	6,942
Intangible assets	6,185	0	6,185
Total non-current assets	13,390	0	13,390
TOTAL ASSETS	29,088	-10,345	39,433
EQUITY AND LIABILITIES			
Loans and borrowings	1,466	1,260	206
Payables	3,997	0	3,997
Total current liabilities	5,463	1,260	4,203
Loans and borrowings	648	0	648
Deferred tax liabilities	265	0	265
Government grants	968	0	968
Total non-current liabilities	1,881	0	1,881
TOTAL LIABILITIES	7,344	1,260	6,084
Share capital	7,737	-11,605	19,342
Share premium	16,026	0	16,026
Treasury shares	-216	0	-216
Statutory capital reserve	6	0	6
Other reserve	0	0	0
Currency translation reserve	466	0	466
Retained loss	-2,275	0	-2,275
TOTAL EQUITY	21,744	-11,605	33,349
TOTAL EQUITY AND LIABILITIES	29,088	-10,345	39,433

Share capital is amended in the amount of the reduction of nominal value of shares. The reduction of share capital is made by the means received from the sales of ice cream and frozen goods segments and disbursements to the investors are made no sooner than between 15.12.2015 and 31.12.2015.

Balance sheet row "Accounts receivable and prepayments" have been reduced in the amount of 4 million euros which is related to outstanding instalment from the sales of subsidiaries. The deadline for the last third instalment is 31 October 2015 (for additional information see note 14).

According to the aforementioned transactions, balance sheet row "Cash and cash equivalents" has been adjusted in the amount of cash balance which was on the group account at the balance sheet date. Balance sheet row "Accounts payable" is adjusted in the amount of 1 260 thousand euros. The group is considering involving additional monetary instruments from different financial resources. PRFoods has taken overdraft from SEB Bank, with accredit limit been opened to the Group in the amount of 5 million euros. As of 30.06.2015 overdraft has not been used. For additional information please refer to note 8.

According to the practice of business sector, the Group is using following indicators to monitor capital and credit solvency. When analysing the indexes of financial capability, aforementioned restructuring of external and share capital should be taken into account.

For calculating net debt, cash and cash equivalents are subtracted from total debt (the sum of short and long term loans in consolidated financial statements). As of 30.06.2015 the net debt was in the amount of -6 467 thousand euros. Negative net debt is conditioned by the matter that the Group sold at the end of 2014 ice cream and frozen goods segments and the money received from this operation have been held on the bank account as cash. After reducing the share capital, net debt as of 30.06.2015 would be 1 138 thousand euros.

LIQUIDITY AND SOLVENCY RATIOS

		The balance sheet structure after the reduction of share capital	
Ratio	formula	capital	30.06.15
Liquidity ratio	Current Assets / Current Liabilities	287	620
Equity ratio	Equity / Total Assets	75%	85%
Debt to total assets	Debt / Total Assets	25%	15%
Gearing ratio	Net Debt / (Equity + Net Debt)	5%	-24%

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 30 June 2015 and 30 June 2014. Cash and bank balances, trade receivables, other receivables, 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.

MANAGEMENT AND SUPERVISORY BOARD

The Management Board of AS PRFoods is comprised of one member. Indrek Kasela serves as the sole member of Management Board since 02.02.2015 pursuant to the Supervisory Board's decision. The Management Board of the company is independent in its day-to-day management of the business, protects the best interests of all shareholders and thereby ensures the company's sustainable development in accordance with set objectives and strategy. The Management Board of the company is also responsible for the functioning of internal control and risk management processes in the company.

The Supervisory Board of AS PRFoods elects Management Board members for a three-year term. The Management Board must be comprised of one to four members pursuant to the articles of association of the company.



Indrek Kasela (born 1971), who 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 Saaremere Kala AS and Vettel OÜ. He serves as Supervisory Board member of AS Toode, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, AS Ridge Capital, AS Premia Tallinna Külmoone, Nordic Foods Holding 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 the Baltic States and Russian Federation.

The Supervisory Board of AS PRFoods is currently comprised of six members. The Supervisory Board is chaired by the Chairman of the Supervisory Board Lauri Kustaa Äimä, members of the Supervisory Board are Aavo Kokk, Harvey Sawikin, Vesa Jaakko Karo, Arko Kadajane and Kuldar Leis.

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.

Pursuant to law, a Supervisory Board of a public limited company is a supervisory body responsible for planning the activities of a company, organising its management and supervising the activities of Management Board. According to the Articles of Association of AS PRFoods, the Supervisory Board has three to seven members elected by the General Meeting of shareholders for the term of five years.

Profiles of members of the Management Board and Supervisory Board as at the date of preparation of this report:

Lauri Kustaa Äimä (born 1971) holds a Master's degree in Economics from the University of Helsinki. He 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 Avroa 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 OÜ Portfellihaldus.

Kuldar Leis (born 1968) graduated from the University of Tartu in 1993, specializing in credit and finance. He also holds a diploma in dairy technology. Kuldar Leis was the Chairman of the Management Board of the company since its foundation until 15 May 2013. Since 29 May 2013 he is a member of the Supervisory Board of PRFoods. He is currently a member of Supervisory Board of AS Linda Nektar and Food and Competence Center of Food and Fermentation Technology. He is also a member of supervisory board of Association of the Estonian Food Industry and member of the Management Board of Rododendron OU and Solarhouse OÜ.

As at 30/06/2015, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	30.06.2015 number of shares	ownership interest
Chairman of the Supervisory Board, Chairman of the Management Board from 02.02.2015 – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
Member of the Supervisory Board, Chairman of the Supervisory Board from 02.02.2015 – 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 members of the Supervisory and Management Board	1,567,917	4.05%

PRFOODS SHARE

AS PRFoods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 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. PRFoods shares do not have an official market maker.

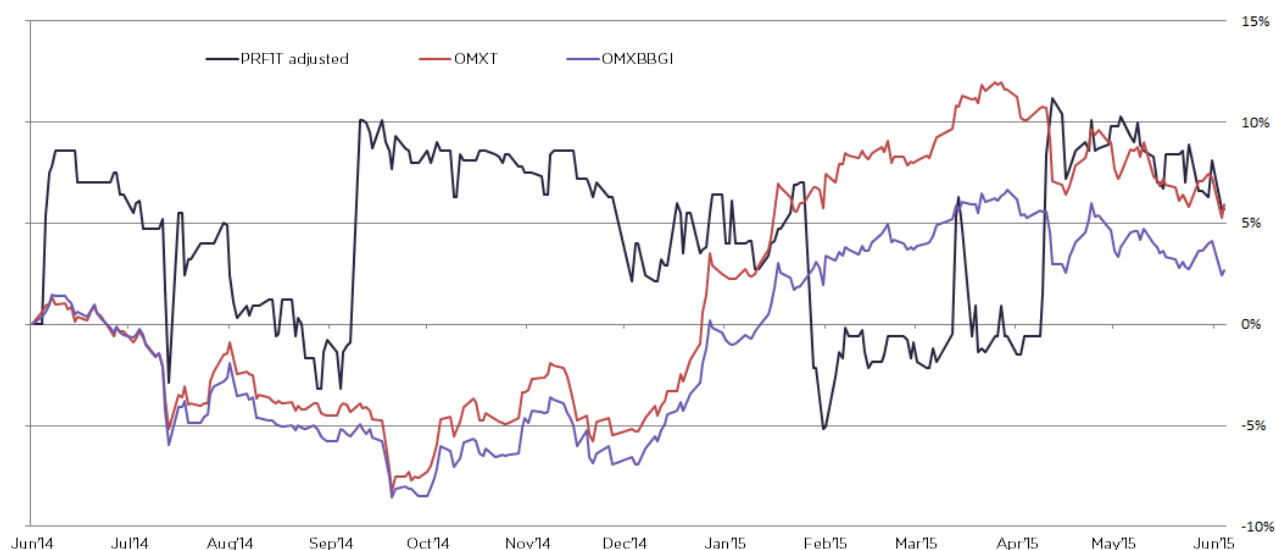
ISIN	EE3100101031	Issued shares	38,682,860
Symbol of share	PRFIT	Listed shares	38,682,860
Market	BALTIC MAIN LIST	Listing date	05/05/2010
Nominal value	0.50 EUR	Minimum quantity of tradable securities:	1 share

As of June 2015, the PRFoods share was part of the following indices:

Index	Description	Type	Short name
OMX Tallinn GI	OMX Tallinn all share index	Gross index	OMXT
OMX Baltic GI	Baltic all share index	Gross index	OMXBGI

OMX uses a common classification of indices for the Nordic and Baltic markets. The OMX Baltic index family includes all share, tradable, benchmark and sector indices. The indices are calculated in euros and gross (GI) indices. All indices are chain-linked, meaning that they are calculated based on the price level of the previous trading day. All OMX Baltic indices, except sector indices have base values of 100 and the base date is 31.12.1999. The base date of the OMX Tallinn index is 03.06.1996. The composition of the tradable and benchmark indices is revised twice a year based on the trading activity of the shares.

The yearly change of PRFoods share and profitability indexes between 30.06.2014 and 30.06.2015:



Index/Equity	30/06/2014	30/06/2015	change %
PRFIT	0.654 EUR	0.691 EUR	5.66%
OMX Tallinn	797.46 EUR	844.70 EUR	5.92%
OMX Baltic Benchmark GI	608.82 EUR	625.19 EUR	2.69%

Baltic comparison index increased 2.69% during the given period, Tallinn Stock Exchange general index increased 5.92% and PRFoods share price adjusted with dividend disbursements increased 5.66%.

TRADING HISTORY

Price (EUR)	Q1 2015	Q2 2015	6m 2015	Q1 2014	Q2 2014	6m 2014
Open	0.670	0.638	0.670	0.710	0.658	0.710
High	0.700	0.740	0.740	0.760	0.675	0.760
Low	0.620	0.634	0.620	0.611	0.629	0.611
Last	0.640	0.691	0.691	0.655	0.654	0.654
Traded volume, thousand	221	853	1073	469	191	660
Turnover, million	0.15	0.60	0.75	0.33	0.12	0.45
Market capitalization, million	24.76	26.73	26.73	25.34	25.30	25.30

MARKET RATIOS

Ratios	formula	30/06/2015
EV/Sales	(Market Cap + Net Debt) / Sales	0.439
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	25.5
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	neg
Price-to-Earnings	Market Cap / Net Earnings	neg
Price-to-Book	Market Cap / Equity	0.8

Market Cap, Net Debt and Equity as of 30.06.2015

Net Debt continuing operations as of 30.06.2015

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

The dynamics of the share price of PRFoods (EUR) and the volume of transactions (number of shares traded) during the period from 5 May 2010 up to 30 June 2015:



The nominal value of PRFoods share is currently 50 euro cents. According to the shareholders meeting's decision, held on 28 May 2015, company's share capital will be reduced by disbursements made to shareholders. Share's nominal value will be reduced by 30 euro cents and as a result the new nominal value per share will be 20 euro cents. The list of shareholders participating in the reduction of share capital will be fixed as of 28 August 2015 at 23.59 and disbursements to the shareholders 0.30 euros per share will be made to the shareholders not sooner than between 15.12.2015 and 31.12.2015.

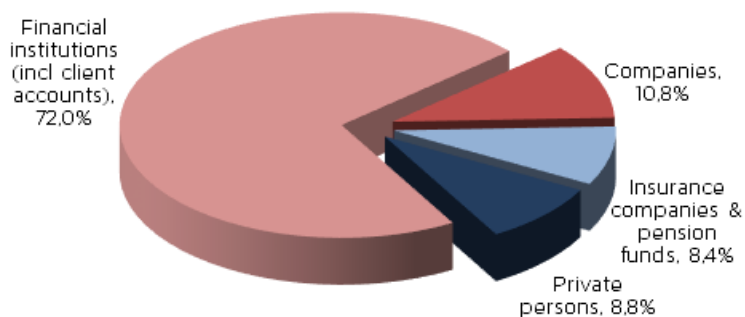
The reason for the reduction of share capital is to balance the adjustment of the capital structure of AS PRFoods, enabling to balance the company's debt to equity ratio. It also helps to restore the return on equity and other ratios of AS PRFoods to a more satisfactory level.

Shareholder structure

Major shareholders of PRFoods as at 30.06.2015 were:

ING Luxembourg S.A. (Esindajakonto)	62.71%
LHV Pensionifond L	4.56%
OÜ Rododendron	3.36%
Firebird Republics Fund Ltd.	3.09%
Ambient Sound Investments OÜ	2.82%
Firebird Aurora Fund, Ltd.	1.68%
LHV Pensionifond XL	1.52%
Compensa Life Vienna Insurance Group SE	1.42%
OÜ Footsteps Management	1.31%
OÜ Freespirit	0.94%

Distribution according to holder groups as at 30 June 2015



The division of shareholders according to number of acquired shares:

Number of shares	Number of shareholders	% of shareholders	Total number of shares	% of share capital
1..1,000	590	44.9%	300,160	0.8%
1,001..10,000	620	47.1%	2,072,897	5.3%
10,001..50,000	74	5.6%	1,508,837	3.9%
50,001..100,000	9	0.7%	648,396	1.7%
More than 100,000	22	1.7%	34,152,570	88.3%
Total	1,315	100.0%	38,682,860	100.0%

INTERIM ACCOUNTING REPORT

Consolidated statement of financial position

EUR '000	Note	30/06/2015	31/12/2014	30/06/2014
ASSETS				
Cash and cash equivalents		7,321	3,330	1,882
Receivables and prepayments		6,845	12,014	11,437
Inventories	(Note 2)	7,027	6,563	12,114
Biological assets	(Note 3)	4,850	5,583	5,204
Total current assets		26,043	27,490	30,637
Deferred income tax		103	103	568
Long-term financial investments	(Note 4)	160	134	135
Investments property		0	0	2,084
Tangible fixed assets	(Note 5)	6,942	6,484	12,759
Intangible assets	(Note 6)	6,185	6,218	22,336
Total non-current assets		13,390	12,939	37,882
TOTAL ASSETS		39,433	40,429	68,519
EQUITY AND LIABILITIES				
Loans and borrowings	(Note 7, 8)	206	198	7,412
Payables		3,997	4,493	13,315
Total current liabilities		4,203	4,691	20,727
Loans and borrowings	(Note 7, 8)	648	555	8,179
Deferred tax liabilities		265	457	564
Government grants	(Note 9)	968	1,054	1,155
Total non-current liabilities		1,881	2,066	9,898
TOTAL LIABILITIES		6,084	6,757	30,625
Share capital	(Note 10)	19,342	19,342	19,342
Share premium		16,026	16,026	16,026
Treasury shares	(Note 10)	-216	-117	0
Statutory capital reserve	(Note 10)	6	6	6
Currency translation reserve		466	441	643
Retained profit (-loss)		-2,275	-2,026	1,877
TOTAL EQUITY		33,349	33,672	37,894
TOTAL EQUITY AND LIABILITIES		39,433	40,429	68,519

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Note	Q2 2015	Q2 2014	6m 2015	6m 2014
Sales	(Note 11)	11,438	11,300	21,737	21,473
Cost of goods sold		-10,150	-10,331	-19,194	-19,104
Gross profit		1,288	969	2,543	2,369
Operating expenses		-1,291	-1,440	-2,459	-2,725
Selling and distribution expenses		-954	-956	-1,792	-1,830
Administrative expenses		-337	-484	-667	-895
Other income/expenses		96	813	151	886
Fair value adjustment on biological assets	(Note 3)	179	504	-849	-625
Operating profit (-loss)		272	846	-614	-95
Financial income		81	0	229	11
Financial expenses		-27	-53	-56	-312
Profit (-loss) before tax		326	793	-441	-396
Income tax		-36	-205	192	50
Net profit (-loss) for the year from continuing operations		290	588	-249	-346
Net profit for the year from discontinued operations (attributable to equity holders of the company)	(Note 14)	0	1,699	0	1,497
Net profit (loss)		290	2,287	-249	1,151
Other comprehensive income (-expense) that might subsequently be classified to profit or loss:					
Foreign currency translation differences		8	-72	25	-105
incl continued operations		8	-40	25	-68
incl discontinued operations		0	-32	0	-37
Total comprehensive income (-expense)		298	2,215	-224	1,046
Profit (-loss) per share (€)	(Note 10)	0.01	0.06	-0.01	0.03
incl continued operations		0.01	0.02	-0.01	-0.01
incl discontinued operations		0.00	0.04	0.00	0.04
Diluted profit (-loss) per share (€)	(Note 10)	0.01	0.06	-0.01	0.03
incl continued operations		0.01	0.02	-0.01	-0.01
incl discontinued operations		0.00	0.04	0.00	0.04

Consolidated cash flow statement

EUR '000	Note	6m 2015	6m 2014
Continuing operations			
Net profit / loss		-249	-346
Adjustments:			
Depreciation	(Note 5, 6)	559	563
Profit from sale and write off of fixed assets		-35	0
Other non-cash items		-44	-1,489
Changes in receivables and prepayments		1,131	606
Changes in inventories	(Note 2)	-464	-264
Changes in biological assets	(Note 3)	733	1,066
Changes in payables and prepayments		-646	176
Corporate income tax paid		-46	-98
Discontinued operations		0	915
Total cash flow from operations		939	1,129
Continuing operations			
Sale of tangible and intangible fixed assets	(Note 5, 6)	55	114
Purchase of tangible and intangible fixed assets	(Note 5, 6)	-727	-462
Sales of subsidiaries	(Note 14)	4,000	0
Repayments of loans granted		2	3
Profit from long-term investments		1	0
Discontinued operations		0	-99
Total cash flow from investments		3,331	-444
Continuing operations			
Own shares buy-back		-99	0
Change in overdraft		0	1,418
Repayments of loans		0	-746
Capital lease repayments	(Note 7)	-133	-71
Interests paid		-47	-176
Discontinued operations		0	-542
Total cash flow from financing		-279	-117
Total cash flow		3,991	568
Cash and cash equivalents at beginning of year		3,330	1,314
Change in cash and cash equivalents		3,991	568
Cash and cash equivalents at the end of the period		7,321	1,882

Consolidated statement of changes in equity

	Share capital	Share premium	Own shares	Statutory capital reserve	Other reserve	Translation reserve	Retained earnings	Total equity
Balance at 31.12.2013	19,342	16,026	0	6	62	748	1,113	37,297
Share option programme	0	0	0	0	-62	0	0	-62
Dividends	0	0	0	0	0	0	-387	-387
Transactions with equity holders of the company	0	0	0	0	-62	0	-387	-449
Net loss for the year	0	0	0	0	0	0	1,151	1,151
Other comprehensive expense	0	0	0	0	0	-105	0	-105
Total comprehensive expense for the period	0	0	0	0	0	-105	1,151	1,046
Balance at 30.06.2014	19,342	16,026	0	6	0	643	1,877	37,894
Balance at 31.12.2014	19,342	16,026	-117	6	0	441	-2,026	33,672
The own shares repurchase program	0	0	-99	0	0	0	0	-99
Transactions with equity holders of the company	0	0	-99	0	0	0	0	-99
Net loss for the year	0	0	0	0	0	0	-249	-249
Other comprehensive income	0	0	0	0	0	26	0	26
Total comprehensive expense for the period	0	0	0	0	0	26	-249	-224
Balance at 30.06.2015	19,342	16,026	-216	6	0	466	-2,275	33,349

Additional information about equity is disclosed in Note 10.

Notes to the Interim Report

Note 1. Summary of material accounting policies

AS PRFoods is a company incorporated in Estonia. The interim financial statements dated 30.06.2015 encompass AS PRFoods (hereinafter Parent Company) together with its subsidiaries Saaremere Kala AS in Estonia and OOO Hladomagija in Russia and the group companies OÜ Vettel, OÜ Gourmet House in Estonia and Heimon Kala Oy in Finland and Överumans Fisk Ab in Sweden (hereinafter also referred to as Group). The Group has a stake in an associate, the Competence Center of Food and Fermentation Technologies (CCFFT). AS PRFoods shares are listed on NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

In order to be able to evaluate the performance of continuing operations, in the interest of comparability the data from the 2nd quarter ended 30 June 2014 have been restated, classifying the ice cream and frozen goods business segment (AB Premia KPC, AS Premia Tallinna Külmoone, AS Premia FFL, OOO Hladokombinat No 1), including the Russian trademarks that were previously owned by AS PRFoods, as discontinued operations.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2014 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website www.prfoods.ee.

Confirmation of Compliance

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2014 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 2014, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

New and revised standards and interpretations effective from 1 January 2015 do not have a significant impact on the Group's financial statements as of preparing the interim financial report.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 13 August 2015.

In the opinion of the management, this interim report for 2nd quarter and 6 months 2015 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

Basis of Preparation

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

Discontinued operations and noncurrent assets (or disposal groups) held for sale

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

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

Intra-Group transactions between discontinued and continuing operations are eliminated based on whether the arrangement between the continuing and discontinued operations will continue subsequent to the disposal. The results of the discontinued operation include only those costs and revenues that will be eliminated from the Group on disposal (Note 14).

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 2014 were used to prepare this condensed consolidated interim report.

Note 2. Inventories

EUR '000	30/06/2015	31/12/2014
Raw materials and materials	3,818	3,860
Work-in-progress	674	169
Finished goods	1,768	1,947
Goods purchased for sale	684	513
Prepayments for inventories and goods in transit	83	74
Total inventories	7,027	6,563

During the first six months of 2015 inventories in the amount of 30 thousand euros were written off (during the first half year of 2014 inventories in the amount of 148 thousand euros were written off in continuing operations). In 2014 inventories in the amount of 282 thousand euros were written off in continuing operations. The commercial pledge for the loan also covers inventory (see also Note 8).

Note 3. Biological assets

	30/06/2015 EUR '000	31/12/2014 EUR '000	30/06/2014 EUR '000
Biological assets			
Fry	591	282	647
Juveniles	1,405	2,089	637
Fish suitable for harvesting	2,854	3,212	3,920
Total biological assets	4,850	5,583	5,204

The Group farms primarily rainbow trout (*Oncorhynchus mykiss*) in its fish farms located in Finland and Sweden, to a lesser extent it also farms whitefish (*Coregonus lavaretus*). Whitefish accounts for between 3% and 5% of the total volumes.

Change in biological assets	6m 2015 EUR '000	12m 2014 EUR '000	6m 2014 EUR '000
Biological assets at beginning of the period	5,583	6,270	6,270
Purchased	714	482	404
Additions	1,480	4,963	1,531
Fair value adjustments	-849	-571	-625
Harvested	-2,051	-5,087	-2,094
Written off	-78	-369	-197
Exchange rate differences	51	-105	-85
Biological assets at end of the period	4,850	5,583	5,204

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 631 thousand euros (6m 2014: 906 thousand euros),

comprising of amounts presented under "Additions" and "Fair value adjustments". 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.

The Group measures biological assets at fair value or acquisition cost.

The Group classifies such assets measured at fair value as Level 3.

Note 4. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
Balance at 31.12.2014	62	72	134
Profit from equity participation	27	0	27
Change in exchange rate	0	-1	-1
Balance at 30.06.2015	89	71	160

AS PRFoods has a 20% ownership interest in its associate, AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technologies or CCFFT). CCFFT is engaged in leading edge scientific research in the field of food biotechnology. AS PRFoods partners with CCFFT in the development of new technologies and innovative products.

Note 5. Tangible Fixed Assets

EUR '000	Land and buildings	Machinery and equipment	Other tangible assets	Construction in progress, prepayments	Total
Residual value as of 31.12.2014	2,654	3,364	253	213	6,484
Unrealised currency effect	13	23	0	1	37
Acquired during the period	126	558	35	228	947
Depreciation	-126	-354	-26	0	-506
Assets sold and written off	0	-20	0	0	-20
Balance at 30.06.2015	2,667	3,571	262	442	6,942

Additional information on assets acquired under finance lease is provided in Note 7.

Note 6. Intangible Assets

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
Balance as of 31.12.2014	4,730	659	533	17	279	6,218
Unrealised currency effect	0	1	1	0	0	2
Acquired during the period	0	0	0	12	6	18
Re-classification	0	0	51	72	-123	0
Depreciation	0	-27	-13	-13	0	-53
Balance at 30.06.2015	4,730	633	572	88	162	6,185

Note 7. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Total
Fixed assets acquired under finance lease			
Acquisition cost as of 31.12.2014	814	351	1,165
Accumulated depreciation as of 31.12.2014	-161	-85	-246
Residual value as of 31.12.2014	653	266	919
Acquisition cost as of 30.06.2015	964	389	1,353
Accumulated depreciation as of 30.06.2015	-30	-45	-75
Residual value as of 30.06.2015	934	344	1,278
Payable under finance lease as of 30.06.2015	640	214	854
incl. payable within 1 year	139	67	206
incl. payable within 1-5 year	501	147	648
Principal payments of the period	84	49	133
Interest expenses of the period	8	1	9
Average interest rate per annum	1.71%	2.19%	1.87%

Note 8. Debt Obligations

EUR '000	30/06/2015	31/12/2014
Finance lease liabilities (Note 7)	206	198
Total short-term loans	206	198
Finance lease liabilities (Note 7)	648	555
Total long-term loans	648	555
incl. payable within 1-5 years	648	555

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

As at 30.06.2015, the Group has not drawn down its overdraft facility.

Note 9. Government Grants

	6m 2015 EUR '000	6m 2014 EUR '000
Deferred income from government grants at the beginning of period	1,054	1,264
Change in value due to the exchange rates	5	-11
Recognition as income during the period	-91	-98
Deferred income from government grants at the end of period	968	1,155
incl. income within 1 year	182	196
incl. income within 2-17 years	786	959

Note 10. Equity

As at 30.06.2015, the company had 38,682,860 shares (30/06/2014: 38,682,860), including 309,779 treasury shares (30/06/2014: 0 treasury shares).

From 01.07.2014, the company initiated a repurchasing programme of its own shares in accordance with the resolution of the general meeting held at 29.05.2014 and pursuant to 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.

At the ordinary general meeting of shareholders held on 29 May 2014, it was resolved to repurchase up to 500,000 of the company's own shares and established the conditions of the share repurchase programme. On 30.06.2014, the Management Board of AS PRFoods entered into a service contract with AS SEB Pank to conduct the share repurchase programme.

As at 30.06.2015, AS SEB Pank in the name and on the account of AS PRFoods has acquired 309,779 shares at an average price of 0.6986 euros per share.

Basic earnings per share are calculated by dividing the net profit for the reporting period attributable to shareholders of the parent company by the weighted average number of shares of common stock outstanding.

According to the shareholders meetings' decision, held on 28 May 2015, company's share capital will be reduced by disbursements made to shareholders. Share's nominal value will be reduced by 30 euro cents and as a result the new nominal value per share will be 20 euro cents. The list of shareholders participating in the reduction of share capital will be fixed as of 28 August 2015 at 23.59.

The reason for reducing the share capital is the adjustment of AS PRFoods capital structure which enables to balance the proportion of the company's share- and foreign capital and helps to bring the productivity of share capital as well as indexes to a more adequate level.

Note 11. 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 segment and geographical segment. 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.

Two business segments, the fish segment and other segment, are presented together because the proportion of the other segment in the business is marginal.

Sales by geographic regions

	Q1 2015	Q2 2015	6m 2015	Q1 2014	Q2 2014	6m 2014
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Finland	9,275	10,012	19,287	8,725	9,846	18,571
Estonia	891	1,224	2,115	1,131	1,182	2,313
Other	133	202	335	317	272	589
Total	10,299	11,438	21,737	10,173	11,300	21,473

Note 12. Related Party Transactions

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

Related parties include:

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

As at the balance sheet date, there were no receivables from related parties. No write-downs on receivables from related parties have been recognised.

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

Company	Creditor	Payables and prepayments	Payable as at 30.06.2015 EUR '000	Payable as at 31.12.2014 EUR '000
PRFoods AS	Companies related to members of the Management and Supervisory Boards	Accounts payable	16	0
Vettel OÜ		Trade payables	1	0
Total			17	0

During the reporting period group entities have performed purchase and sales transactions with related parties as follows:

Party EUR '000	Type of transaction	6m 2015 Purchase	6m 2015 Sale	6m 2014 Purchase	6m 2014 Sale
Companies related to members of the Management and Supervisory Boards	services	42	1	6	1
Total		42	1	6	1

Management estimates that all related party transactions have been concluded at market prices and at market conditions. Benefits including employment taxes to members of the Management Boards and Supervisory Boards of AS PRFoods and its subsidiaries and other key members of management were as follows (continuing operations):

EUR '000	6m 2015	6m 2014
Short-term benefits	251	436
Total	251	436

Management benefits reduced 0.2 million euros or 42.4% compared with the same period in 2014 due to significant structure changes in the Group directing bodies.

The members of the Management and Supervisory Boards are not entitled to 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 including taxes totals 167 thousand euros (30/06/2014: 121 thousand euros).

Note 13. Contingent Liabilities and Assets

In Finland, a mortgage was set for the benefit of the Customs Board in the amount of 84 thousand euros. The purpose of the transaction was a more streamlined organisation of the day-to-day operations by reducing persistent prepayments to the Customs Board.

The management estimated that it is improbable that the Finnish Customs Board will liquidate the pledged asset.

Note 14. Discontinued operations

The ice cream and frozen goods business segment and the Russian trademarks owned by AS PRFoods that were sold during the year 2014 are presented in these financial statements as discontinued operations.

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

- 19,109 thousand euros of the purchase price was paid at the closing of the transaction;
- 4,000 thousand euros was paid 6 months after the closing of the deal with a deadline of 30.04.2015.
- 4,000 thousand euros of the purchase price will be paid after the expiry of 12 months from the closing date of the transaction and is due on 31.10.2015.

The receivable of 8,000 thousand euros is presented at discounted present value. The negative impact of discounting on the result of the sale transaction was 288 thousand euros in 2014.

During the first half year of 2015 the income from interest in discounts was in the amount of 160 thousand euros (during the first half year of 2014 the amount was 0 euros).

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

Assets and liabilities of discontinued operations:

EUR '000	30/06/2015	30/06/2014
ASSETS		
Cash and cash equivalents	0	617
Receivables and prepayments	0	8,408
Inventories	0	6,930
Total current assets	0	15,955
Deferred income tax	0	379
Investments property	0	2,084
Tangible fixed assets	0	6,069
Intangible assets	0	16,110
Total non-current assets	0	24,642
TOTAL ASSETS	0	40,597
EQUITY AND LIABILITIES		
Loans and borrowings	0	1,938
Finance lease liabilities	0	522
Payables	0	8,509
Total current liabilities	0	10,969
Finance lease liabilities	0	1,268
Deferred tax liabilities	0	114
Total non-current liabilities	0	1,382
TOTAL LIABILITIES	0	12,351
Net assets of discontinued operations	0	28,246

As a result of the discontinuation of intragroup financing after the transaction, the following intragroup receivables and payables have been eliminated in the assets and liabilities of discontinued operations:

	6m 2015 EUR '000	6m 2014 EUR '000
Loans received, intra-group:		
Loan residual	0	3,278
Interest payables	0	1,588
Overdraft given, intra-group:		
Overdraft receivable	0	4,427
Interest receivable	0	17

The management of the group estimates that the fair value of assets and liabilities of discontinued operations is not lower than their carrying amount and therefore the assets and liabilities are measured at their carrying amount.

An extract of the revenue and expenses of discontinued operation

	6m 2015 EUR '000	6m 2014 EUR '000
Discontinued operations		
Sales	0	28,369
Cost of goods sold	0	-18,222
Gross profit	0	10,147
Operating expenses	0	-8,562
Selling and distribution expenses	0	-7,448
Administrative expenses	0	-1,114
Other income/expenses	0	-28
Operating loss	0	1,557
Financial income	0	0
Financial expenses	0	-73
Loss before tax	0	1,484
Income tax	0	13
Net profit for the period from discontinued operations	0	1,497

Consolidated cash-flow of the discontinued operation

	6m 2015 EUR '000	6m 2014 EUR '000
Total cash flow from operations	0	915
Total cash flow from investments	0	-99
Total cash flow from financing	0	-542
Total cash flow	0	274
Cash and cash equivalents at the beginning of the period	0	343
Change in cash and cash equivalents	0	274
Cash and cash equivalents at the end of the period	0	617

Note 15. Events after the balance sheet date

On 24 July 2015 mortgage for the real estate of Premia Tallinna Külmhoone AS was set for AS PRFoods and component pledge was extinguished from Nordic Foods Holding OÜ.

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 2ND QUARTER AND 6 MONTHS OF 2015

The Management Board confirms the correctness and completeness of the consolidated interim report for the 2nd quarter and 6 months of 2015 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 35 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;

Member of Management Board

Indrek Kasela

digitally signed

13. August 2015