

# PRFOODS

## **AS PRFoods**

Consolidated Unaudited Interim Report

for 3<sup>rd</sup> quarter and 9 months of 2015

13/11/2015

2015 | Q3+9 MONTHS

# PRFOODS

<b>Business name</b>	AS PRFoods
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<b>Website</b>	prfoods.ee
<b>Main activities</b>	Production and sale of fish products Fish farming
<b>Reporting period</b>	1 January 2015– 30 September 2015
<b>Auditor</b>	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 30/09/2015	Ownership interest 31/12/2014	Area of activity	Owner
<b>Saaremere Kala AS</b>	Estonia	100%	100%	Holding company of fish segment	PRFoods AS
<b>Vettel OÜ</b>	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
<b>GourmetHouse OÜ</b>	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS
<b>Heimon Kala Oy</b>	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
<b>Överumans Fisk Ab</b>	Sweden	100%	100%	Fishfarming and sales	Heimon Kala Oy
<b>OOO Khladomagija</b>	Russia	100%	100%	Holding company	PRFoods AS

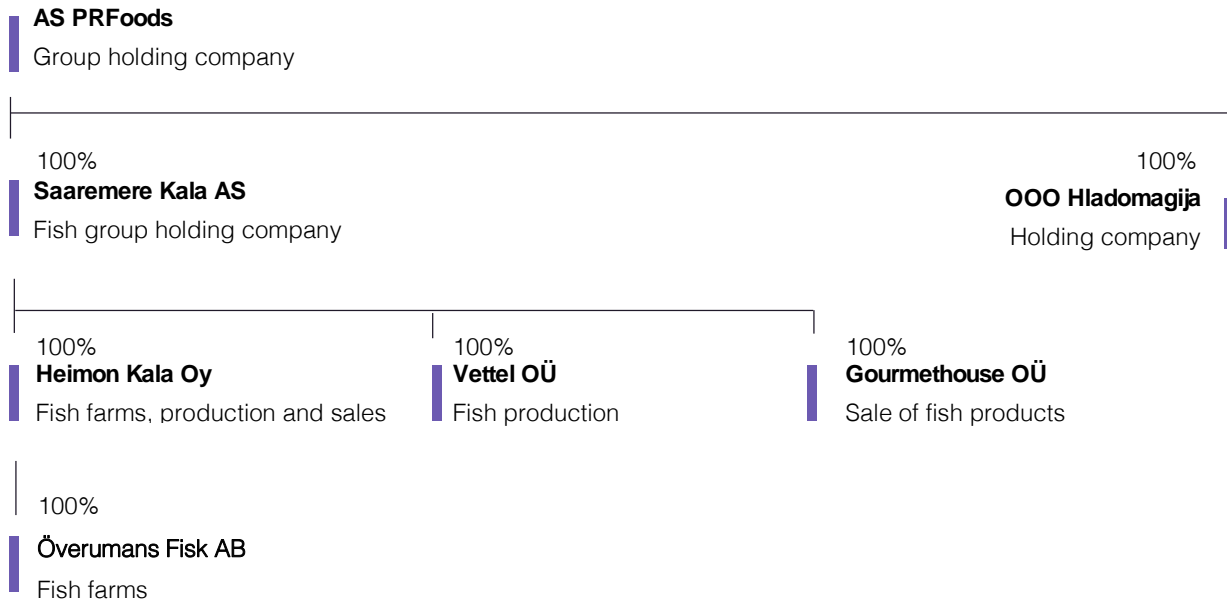
### MISSION

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. SEPTEMBER 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.



P R F O O D S

# Activities Report by Management Board

# Overview of the Economic Activities

## MANAGEMENT COMMENTARY

PRFoods 9 months and Q3 results have been very positive both in terms of sales but foremost for the growth of profitability (2014 results were affected by one-off income from compensation received from Swedish authorities). The drivers behind the growth in profitability are the changes in sales and production strategy initiated in the beginning of the year and improvement in synergies between various production units, starting to show their expected outcomes. In the end of last quarter we began an important co-operation in fish roe exports for Japanese market, where we anticipate further growth next year. The price of raw fish continues to decline (while simultaneously affecting negatively the results of our own farming business). The well executed strategy concentrating foremost on margin improvement in Finland, our main market, has given as better results compared to our competitors. Administrative and labour costs continue to decrease partly due to sale of ice-cream and frozen food business, but also thanks to efficiency gains. PRFoods teams in Estonia, Finland and Sweden have done exemplary job. The management of PRFoods is optimistic about the 2015 budget targets (Sales of 44.2 million euros and EBITDA from operations (before biological assets revaluation) of 2.3 million euros). PRFoods continues to be one the fastest growing and most profitable fish processing companies in the region.

## UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 3<sup>RD</sup> QUARTER OF 2015 COMPARED TO THE 3<sup>RD</sup> QUARTER OF 2014

For the purpose of comparison continuing operations income statement data for Q3 2014 has been adjusted.

- Unaudited consolidated revenue 11.4 million euros, increase 13.1%, i.e. EUR 1.3 million euros.
- Gross margin 14.5%, increase 2.3 percentage points.
- The positive effect of revaluation of biological assets 0.3 million euros (Q3 2014: 0.4 million euros).
- EBITDA from business operations 0.7 million euros, increase 0.4 million euros, i.e. 118.8%.
- EBITDA 1.1 million euros, increase 0.3 million euros, i.e. 48.7%.
- EBIT 0.8 million euros, increase 0.3 million euros, i.e. 79.4%.
- Net profit 0.7 million euros, increase 0.6 million euros, i.e. 466.4%.

### SUMMARY OF FINANCIAL RESULTS: THE 3<sup>RD</sup> QUARTER OF 2015 COMPARED TO THE 3<sup>RD</sup> QUARTER OF 2014

EUR mln	Q3 2015	Q3 2014	Change EUR mln	Q3 15 / Q3 14	Q3
Sales	11.4	10.0	1.3	13.1%	▲
Gross profit	1.6	1.2	0.4	33.9%	▲
EBITDA from operations	0.7	0.3	0.4	118.8%	▲
EBITDA	1.1	0.7	0.3	48.7%	▲
EBIT	0.8	0.4	0.3	79.4%	▲
Net profit	0.7	0.1	0.6	466.4%	▲

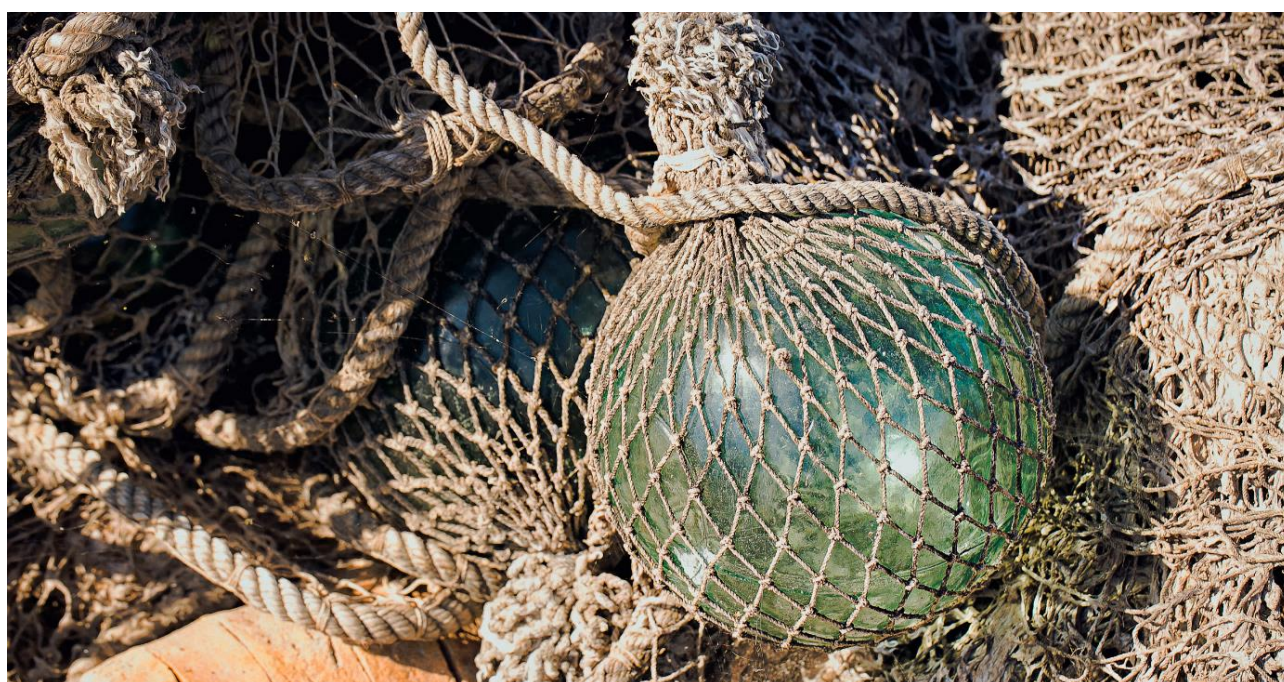
## UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, 9 MONTHS OF 2015 COMPARED TO 9 MONTHS OF 2014

- Unaudited consolidated revenue 33.1 million euros, increase 5.0%, i.e. 1.6 million euros.
- Gross margin 12.6%, increase 1.2 percentage points.
- The negative effect of revaluation of biological assets 0.5 million euros (9 months 2014: 0.2 million euros).
- EBITDA from business operations 1.5 million euros, increase 0.8 million euros, i.e. 116.8%.
- EBITDA 1.0 million euros, decrease -0.2 million euros, i.e. -14.8%\*.
- EBIT 0.2 million euros, decrease -0.2 million euros, i.e. -53.8%.
- Net profit 0.4 million euros, increase 0.7 million euros, i.e. 297.3%.

\* 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".

### SUMMARY OF FINANCIAL RESULTS: 9 MONTHS OF 2015 COMPARED TO 9 MONTHS OF 2014

EUR mln	9m 2015	9m 2014	Change EUR mln	9m 15 / 9m 14	9m
Sales	33.1	31.5	1.6	5.0%	▲
Gross profit	4.2	3.6	0.6	16.4%	▲
EBITDA from operations*	1.5	0.7	0.8	116.8%	▲
EBITDA	1.0	1.2	-0.2	-14.8%	▼
EBIT	0.2	0.3	-0.2	-53.8%	▼
Net profit (-loss)	0.4	-0.2	0.7	297.3%	▲





## KEY RATIOS

The company's key ratios of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarter and 9 months of 2015 have been indicated in the following tables.

Profit & Loss, EUR mln	Q1 2015	Q2 2015	Q3 2015	9m 2015	Q1 2014	Q2 2014	Q3 2014	9m 2014
Sales	10.3	11.4	11.4	<b>33.1</b>	10.2	11.3	10.0	<b>31.5</b>
Gross profit	1.3	1.3	1.6	<b>4.2</b>	1.4	1.0	1.2	<b>3.6</b>
EBITDA from operations	0.4	0.4	0.7	<b>1.5</b>	0.5	-0.1	0.3	<b>0.7</b>
EBITDA	-0.6	0.6	1.1	<b>1.0</b>	-0.7	1.1	0.7	<b>1.2</b>
EBIT	-0.9	0.3	0.8	<b>0.2</b>	-0.9	0.8	0.4	<b>0.3</b>
EBT	-0.8	0.3	0.8	<b>0.3</b>	-1.2	0.8	0.2	<b>-0.2</b>
Net profit (-loss)	-0.5	0.3	0.7	<b>0.4</b>	-0.9	0.6	0.1	<b>-0.2</b>
Gross margin	12.2%	11.3%	14.5%	<b>12.6%</b>	13.8%	8.6%	12.2%	<b>11.4%</b>
Operational EBITDA margin	4.1%	3.3%	6.5%	<b>4.6%</b>	4.9%	-1.1%	3.4%	<b>2.2%</b>
EBITDA margin	-5.9%	4.8%	9.4%	<b>3.0%</b>	-6.5%	10.0%	7.1%	<b>3.8%</b>
EBIT margin	-8.6%	2.4%	6.8%	<b>0.5%</b>	-9.2%	7.5%	4.3%	<b>1.1%</b>
EBT margin	-7.4%	2.9%	6.6%	<b>0.9%</b>	-11.7%	7.0%	2.0%	<b>-0.6%</b>
Net margin	-5.2%	2.5%	6.1%	<b>1.3%</b>	-9.2%	5.2%	1.2%	<b>-0.7%</b>
Operating expense ratio	11.3%	11.3%	11.9%	<b>11.5%</b>	12.6%	12.7%	13.2%	<b>12.8%</b>

EBITDA from operations = before one-offs and fair value adjustment

EBITDA = profit (-loss) before interest, tax, depreciation and amortisation

EBIT = operating profit (-loss)

EBT = Profit (-loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations/Net sales

EBITDA margin = EBITDA /Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

## KEY RATIOS

Balance Sheet, EUR mln	31/12/2014	31/03/2015	30/06/2015	30/09/2015	31/12/2013	31/03/2014	30/06/2014	30/09/2014
Net debt	-2.6	-3.3	-6.5	<b>-5.2</b>	13.2	13.6	13.7	<b>9.7</b>
Equity	33.7	33.1	33.3	<b>34.0</b>	37.3	36.1	37.9	<b>40.5</b>
Working capital	22.8	21.8	21.8	<b>22.0</b>	10.1	8.5	9.9	<b>8.1</b>
Assets	40.4	39.5	39.4	<b>40.1</b>	63.8	63.8	68.5	<b>65.6</b>
Liquidity ratio	5.9	5.7	6.2	<b>6.2</b>	1.6	1.5	1.5	<b>2.1</b>
Equity ratio	83.3%	83.9%	84.6%	<b>84.7%</b>	58.4%	56.5%	55.3%	<b>61.6%</b>
Gearing ratio	-8.3%	-11.0%	-24.1%	<b>-18.2%</b>	26.1%	27.4%	26.6%	<b>19.3%</b>
Net debt-to-EBITDA	-7.0	-11.2	-8.2	<b>-4.4</b>	38.0	15.6	16.1	<b>7.1</b>
ROE	-4.2%	-3.2%	-3.9%	<b>-2.3%</b>	-2.4%	-3.6%	0.8%	<b>0.3%</b>
ROA	-2.9%	-2.1%	-0.5%	<b>-1.6%</b>	-1.4%	-2.0%	0.4%	<b>0.2%</b>

Net debt = Short and Long term Loans and Borrowings - Cash

Working capital = Current Assets - Current Liabilities

Liquidity ratio = Current Assets / Current Liabilities

Equity ratio = Equity / Total Assets

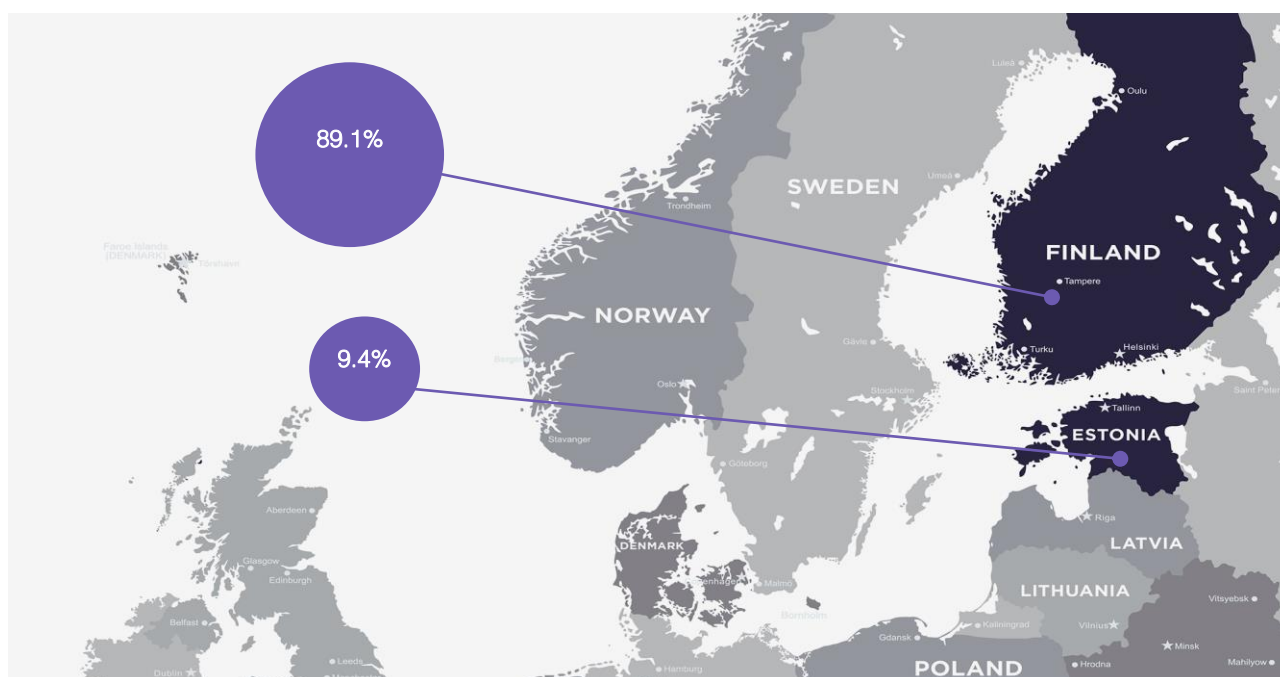
Gearing ratio = Net Debt / (Equity + Net Debt)

Net debt-to-EBITDA = Net Debt / EBITDA from operations for the trailing 12 months period

ROE = Net Earnings for the trailing 12 months period / Average Equity

ROA = Net Earnings for the trailing 12 months period / Average Assets

## REVENUE



THE SHARE OF TURNOVER IN KEY GEOGRAPHIC AREAS 9 MONTHS 2015

## PR FOODS

PRFoods 2015 Q3 unaudited consolidated revenue increased 13.1% compared with Q3 2014, i.e. 1.3 million euros, amounting to 11.4 million euros. Consolidated revenue for the 9 months of 2015 was 33.1 million euros, increase for the year was 5.0%, i.e. 1.6 million euros.

In 9 months 2015 the revenue in Finnish market increased +7.6% i.e. 2,078 thousand euros. The proportion of Finnish revenue in total turnover of AS PRFoods 9 months revenue in 2015 accounted for 89.1%, increasing +2.1% compared with the same period in 2014.

## 2015 9 MONTHS SALES ANALYSIS

GEOGRAPHIC REGIONS	YOY GROWTH	YOY INCREASE (EUR '000)
Finland	7.6%	/ — 2,078
Estonia	-7.2%	-240
Other	-34.4%	-258
Total	5.0%	/ — 1,580

PRODUCT SEGMENTS	YOY GROWTH	YOY INCREASE (EUR '000)
Cold and hot smoked products	6.0%	/ — 757
Other fish products	4.6%	— 290
Fish and fishfilet	6.0%	/ — 747
Other	-90.2%	-214
Total	5.0%	/ — 1,580

The biggest increase in revenue came from smoked products and raw fish and fillets product groups, increasing 757 thousand euros i.e. +6.0% and 747 thousand euros i.e. +6.0% respectively. The revenue from other product groups increased 290 thousand euros i.e. +4.6%. Other sales in 2014, 0.2 million euros, were related to income from discontinued operations.

CLIENT SEGMENTS	YOY GROWTH	YOY INCREASE (EUR '000)
HoReCa	-7.0%	-724
Retail chains	2.9%	— 500
Wholesale	53.8%	/ — 1,855
Other	-38.2%	-51
Total	5.0%	/ — 1,580

According to the client segments the revenue in wholesale sector increased 1,855 thousand euros and 500 thousand euros in retail sector. The increase in wholesale sector was +53.8% and +2.9% in retail sector. In HoReCa sector the revenue decreased 724 thousand euros i.e. -7.0%.

## COST ANALYSIS

The revenue from continuing operations increased 1.58 million euros, i.e. 5.0% in the first 9 months of 2015. At the same time operating expenses decreased -0.24 million euros, altogether -5.9%. Percentage of operating expenses in revenue decreased -1.32 percentage points during the first 9 months of 2015 compared with the same period in 2014.

	9m 2015	9m 2014	change		9m 2015	9m 2014	change
	EUR mln	EUR mln	EUR mln	9m	as % of sales	as % of sales	as % of sales
<b>Sales</b>	<b>33.10</b>	<b>31.52</b>	<b>1.58</b>	<b>▲</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>Cost of goods sold</b>	<b>-28.91</b>	<b>-27.92</b>	<b>0.99</b>	<b>▼</b>	<b>87.35%</b>	<b>88.59%</b>	<b>-1.24%</b>
including one-off expenses	0.00	-0.03	-0.03	▲	0.00%	0.09%	-0.09%
materials in production & cost of goods purchased for resale	-23.39	-22.37	1.02	▼	70.67%	70.97%	-0.30%
labour costs	-2.29	-2.36	-0.07	▲	6.92%	7.50%	-0.58%
depreciation	-0.70	-0.70	0.00	▼	2.13%	2.23%	-0.10%
other cost of goods sold	-2.53	-2.49	0.04	▼	7.64%	7.89%	-0.25%
<b>Operating expenses</b>	<b>-3.81</b>	<b>-4.05</b>	<b>-0.24</b>	<b>▲</b>	<b>11.52%</b>	<b>12.84%</b>	<b>-1.32%</b>
labour costs	-1.11	-1.30	-0.19	▲	3.35%	4.12%	-0.77%
transport & logistics services	-1.36	-1.26	0.10	▼	4.11%	3.99%	0.12%
depreciation	-0.15	-0.16	-0.01	▲	0.45%	0.50%	-0.05%
advertising, merchandising, marketing and product development	-0.57	-0.57	0.00	▼	1.72%	1.80%	-0.08%
other operating expenses	-0.63	-0.77	-0.14	▲	1.89%	2.43%	-0.54%
<b>Other income/expenses</b>	<b>0.31</b>	<b>1.03</b>	<b>-0.72</b>	<b>▼</b>	<b>0.94%</b>	<b>-3.27%</b>	<b>4.21%</b>

Cost of goods sold increased 0.99 million euros and its percentage from the revenue decreased -1.24 percentage points in the first 9 months of 2015 compared to the same time in 2014. Gross profit increased 0.6 million euros, i.e. 16.4%. Gross profitability in the first 9 months of 2015 was 12.6%, showing an improvement of 1.2% year on year.

EBITDA from business operations (operating profit before revaluation of biological assets issued from market price, one-time incomes and costs and amortization) for 9 months of 2015 was 1.5 million euros, which has showed an improvement of 0.8 million euros compared with the same period of time in 2014.

The loss from revaluation of fish inventory for 9 months of 2015 was -0.5 million euros (9 months 2014: -0.2 million euros). As of 30/09/2015, rainbow trout farmed in Finnish and Swedish fish farms forms 96.4% and whitefish forms 3.6% of the biological assets of AS PRFoods.

The EBITDA for the reporting period was 1.0 million euros, decreasing -0.2 million euros compared with the same period in 2014. Negative effect in the comparison of EBITDA with the same period in 2014 is caused by the reimbursement of the claim in the amount of 751 thousand euros received in Q2 2014 from the Swedish Board of Agriculture.

Operating profit for 9 months of 2015 was 0.2 million euros, decreasing -0.2 million euros compared with the same period in 2014. Financial expenses decreased 0.5 million euros, i.e. 85% during the reporting period compared with the same period in 2014. Main reason for the decrease were the interest expenses from the service of loans in 2014.

Net profit for 9 months of 2015 was 0.4 million euros, an improvement of 0.7 million euros, i.e. 297% (9 months of 2014 from continuing operations: loss of -0.2 million euros) in comparison with the same period in 2014.

## 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: [akvafakta.no](http://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	9m 2015	9m 2014	Change	Change
			9m 15/ 9m 14	%
Biomass at beginning of the period	1,563	1,538	25	1.6%
Biomass at end of the period	2,130	2,102	28	1.3%
Harvested (in live weight)	-930	-955	-25	-2.6%

Compared with the same period in 2014, biological assets increased 28 tons, i.e. 1.3% in quantity and decreased 316 thousand euros in monetary value, i.e. -4.2% (fair value of biological assets as of 30/09/2015 constituted 7,247 thousand euros and as of 30/09/2014 7,563 thousand euros), attributable to the decrease in market price. Biological assets increased in quantity because 25 tons less fish were sold from fish farms in 9 months of 2015.

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.

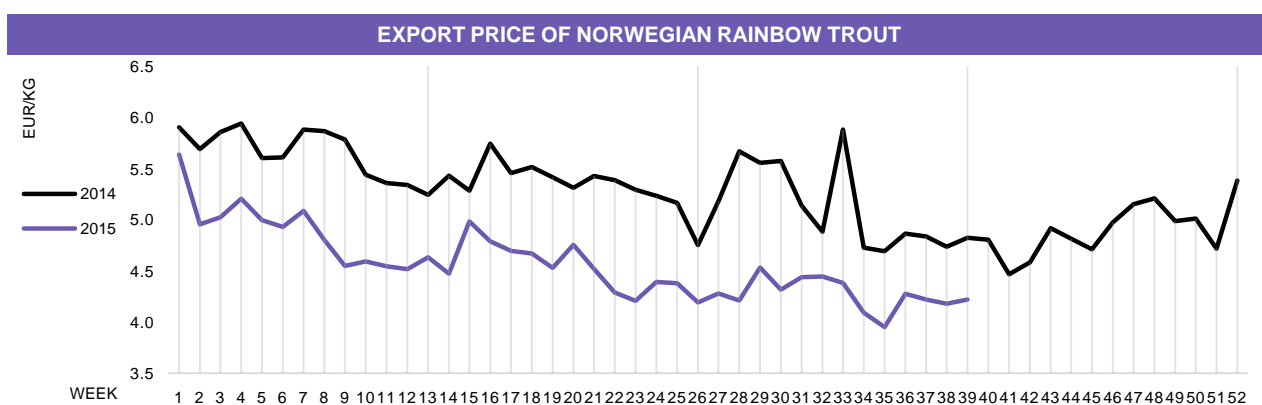
At each balance sheet date, the cost is compared with the net realisable value of the juveniles. The net realisable value is the estimated fair value of fish suitable for harvesting at the time the juveniles are expected to become suitable for harvesting, less estimated costs on breeding the juveniles 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.

### Fish suitable for harvesting

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: [akvafakta.no](http://akvafakta.no)

Market price			Change		Change	
	30/09/2015	30/09/2014	30/09/15 / 30/09/14	31/12/2014	30/09/15 / 31/12/14	
Salmon	4.06	4.12	-1.5%	4.80	-15.4%	
Rainbow trout	3.93	4.81	-18.3%	5.39	-27.1%	

Compared with 30/09/2014, the market price for salmon has decreased -1.5% and the market price for rainbow trout has decreased -18.3%. Compared with 31/12/2014, both salmon and rainbow trout market prices have decreased notably, -15.4% and -27.1%, respectively.



## FINANCIAL POSITION

### LIQUIDITY AND SOLVENCY RATIOS

Ratio	31/12/2014	31/03/2015	30/06/2015	30/09/2015	31/12/2013	31/03/2014	30/06/2014	30/09/2014
Liquidity ratio	5.9	5.7	6.2	<b>6.2</b>	1.6	1.5	1.5	<b>2.1</b>
Net debt-to-EBITDA	-7.0	-11.2	-8.2	<b>-4.4</b>	38.0	15.6	16.1	<b>7.1</b>
Debt to total assets	0.2	0.2	0.2	<b>0.2</b>	0.4	0.4	0.4	<b>0.4</b>
Equity ratio	83%	84%	85%	<b>85%</b>	58%	56%	55%	<b>62%</b>
Gearing ratio	-8%	-11%	-24%	<b>-18%</b>	26%	27%	27%	<b>19%</b>

Liquidity ratio = Current Assets / Current Liabilities

Net debt-to-EBITDA = Net Debt / EBITDA from operations for the trailing 12 months period

Debt to total assets = Debt / Total Assets

Equity ratio = Equity / Total Assets

Gearing ratio = Net Debt / (Equity + Net Debt)

Cash flow for 9 months of 2015 from continuing operations was 0.4 million euros (9 months of 2014: 1.9 million euros).

As of closing date the net debt constituted of -5.2 million euros (30/09/2014: 9.7 million euros). Financial gearing, i.e. net debt percentage from total capital was -18% (30/09/2014: 19%).

Net debt to EBITDA ratio was as of 30/09/2015 -4.4 (30/09/2014: 7.1). As of 30/09/2015, liquidity ratio showing short time paying capacity was 6.2 (30/09/2014: 2.1). Share capital aggregated to 85% of total assets (30/09/2014: 62%) and the working capital of the company was 22.0 million euros (30/09/2014: 8.1 million euros).

Negative net debt and increase in share capital are conditioned by the fact that at the end of 2014 the Group sold its ice cream and frozen products segments and the monetary instruments received from the deal are been held on bank account in cash. According to the shareholders' meeting decision, at the start of 2016 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

As of 30/09/2015, PRFoods AS consolidated balance was 40.1 million euros, decreasing by -25.5 million euros as compared to 30/09/2014, i.e. -38.9%. The decrease is caused by the abovementioned deal. The volume of working capital of the company as of 30/09/2014 was 26.3 million euros and the balance of cash and bank accounts was 6.1 million euros.

Amounts receivable and prepayments from continuing operations have increased 4.2 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 notes 14 and 15). The inventories and biological assets from continuing operations have increased by 1.0 million euros, compared with the balance as of 30/09/2014. The increase was caused by an important change in the Group's business tactics, stock reserve was increased and raw material (trout) to be used in production was purchased with a profitable price on autumn 2014.

Biological assets decreased -0.3 million euros compared with the same period in 2014, although in 9 months of 2015 biological assets increased 28 tons in quantity. The reason is that the market price which was effective as of 30/09/2015 was -18.3% lower than as of 30/09/2014.

Accounts payables and prepayments as of 30/09/2015 aggregated 4.1 million euros (30/09/2014: 4.1 million euros from continuing operations).

As of 30/09/2015, AS PRFoods owner's equity aggregated 34.0 million euros (30/09/2014: 40.5 million euros).

## INVESTMENTS

AS PRFoods investments for continuing operations during the reporting period aggregated to 1.7 million euros (9 months of 2014: 1.2 million euros), including investments in production machines aggregated 1.3 million euros and in enlargements of facilities amounted to 0.3 million euros.

Fillet line was purchased for the fishing industry in Saaremaa and the instalment of the new line was finished during Q3 of 2015. In the reporting period, a new smoke oven was purchased for providing additional production capacity, different devices to provide safety in production were purchased and office and warehouse building was expanded.

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

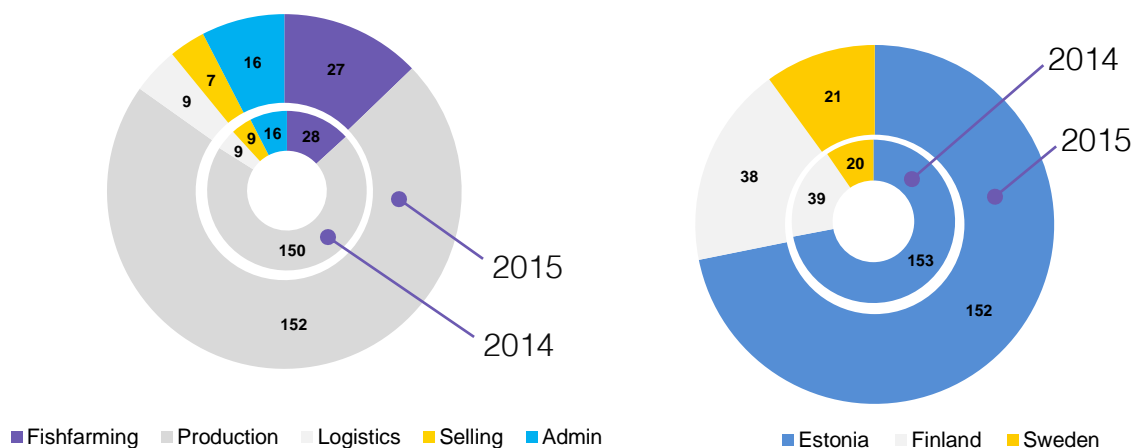
In addition, different equipment and inventory have been purchased to replace the appliances that are fully depreciated.

## TEAM

The average number of employees during 9 months of 2015 was 211, decreasing by 1 employee, i.e. -0.5%. Compared with 9 months of 2014, the average number of employees decreased by 17 people, i.e. -7.6%. By divisions, the percentage of employees involved in the production process decreased by 2 people, i.e. -1.3%.

The labour costs in production during the first 9 months of 2015 totalled 2.29 million euros. Compared with the same period of 2014, labour costs in production decreased -0.08 million euros, i.e. -3.1%.

Support staff labour costs decreased -14.6%, i.e. by -0.19 million euros. The decrease is driven due to the significant changes in the management labour costs aggregating -23.4%, due to significant structural changes in the management of the parent company. During the first 9 months of 2015, labour costs decreased altogether -7.2% as compared to the same period in 2014.





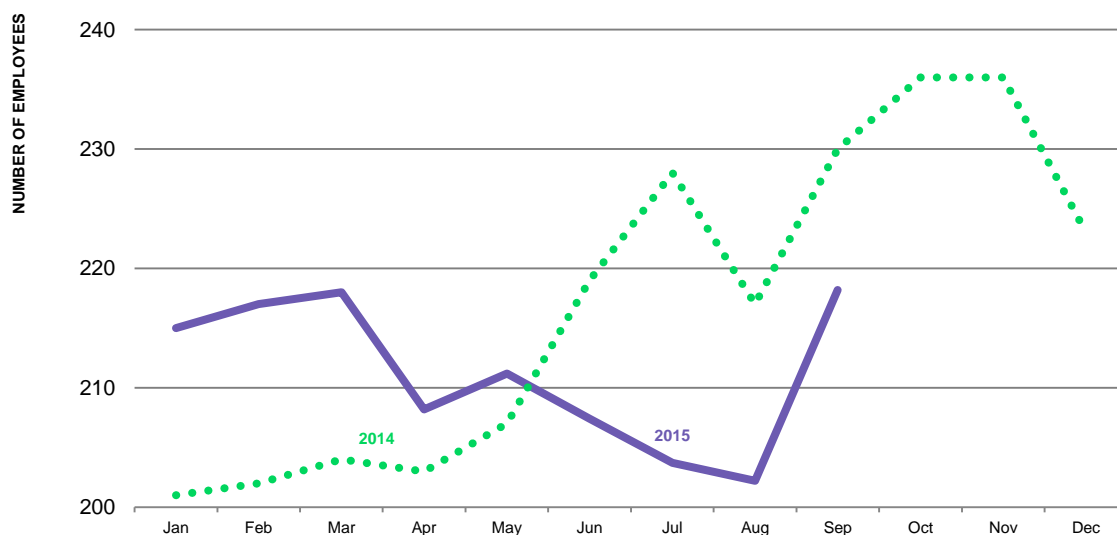
## PERSONNEL ANALYSIS 2015

Continuing operations	Q1 2015	Q2 2015	Q3 2015	9m 2015	9m 15 / 9m 14	9m
Average number of employees	217	209	208	<b>211</b>	-0.5%	▼
Finland	37	39	39	<b>38</b>	-2.6%	▼
Estonia	159	147	149	<b>152</b>	-0.7%	▼
Sweden	21	23	20	<b>21</b>	5.0%	▲
Payroll expenses (th EUR)	1,138	1,111	1,150	<b>3,399</b>	-7.2%	▼
Monthly average payroll expenses per employee (th EUR)	1.75	1.77	1.84	<b>1.79</b>	-6.7%	▼

## PERSONNEL ANALYSIS 2014

Continuing operations	Q1 2014	Q2 2014	Q3 2014	9m 2014	Q3 15 / Q3 14	Q3
Average number of employees	202	210	225	<b>212</b>	-7.6%	▼
Finland	38	39	40	<b>39</b>	-2.5%	▼
Estonia	145	150	164	<b>153</b>	-9.1%	▼
Sweden	19	21	21	<b>20</b>	-4.8%	▼
Payroll expenses (th EUR)	1,158	1,277	1,227	<b>3,662</b>	-6.3%	▼
Monthly average payroll expenses per employee (th EUR)	1.91	2.03	1.82	<b>1.92</b>	1.4%	▲

The labour need of the Group varies according to month as follows:



On the basis of 2014, the graph shows that the labour need grows from August until Christmas, due to the seasonal character of business operations. During this period, production volume increased significantly in fish production and the Group uses additional seasonal employees.

# 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 30/09/2015, the Group's working capital was 22,018 thousand euros (30/09/2014: 8,111 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 30/09/2014, the balance of the unused overdraft facility was 3,061 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.

EUR '000	30/09/2015	30/09/2014
Total borrowings	826	10,039
Less: Cash and cash equivalents	6,054	388
Net debt	-5,228	9,651
Total equity	33,974	40,453
Total capital (net debt + equity)	28,746	50,104
Debt to equity ratio	-18%	19%

## 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 9 months 2015 is presented below:

EUR '000	The balance sheet structure after the reduction of share capital	Adjustments	30/09/2015
<b>ASSETS</b>			
Cash and cash equivalents	374	-5,680	6,054
Receivables and prepayments	3,050	-4,000	7,050
Inventories	5,940	0	5,940
Biological assets	7,247	0	7,247
<b>Total current assets</b>	<b>16,611</b>	<b>-9,680</b>	<b>26,291</b>
Deferred income tax	103	0	103
Long-term financial investments	161	0	161
Tangible fixed assets	7,401	0	7,401
Intangible assets	6,148	0	6,148
<b>Total non-current assets</b>	<b>13,813</b>	<b>0</b>	<b>13,813</b>
<b>TOTAL ASSETS</b>	<b>30,424</b>	<b>-9,680</b>	<b>40,104</b>
<b>EQUITY AND LIABILITIES</b>			
Loans and borrowings	2,141	1,925	216
Payables	4,057	0	4,057
<b>Total current liabilities</b>	<b>6,198</b>	<b>1,925</b>	<b>4,273</b>
Loans and borrowings	610	0	610
Deferred tax liabilities	328	0	328
Government grants	919	0	919
<b>Total non-current liabilities</b>	<b>1,857</b>	<b>0</b>	<b>1,857</b>
<b>TOTAL LIABILITIES</b>	<b>8,055</b>	<b>1,925</b>	<b>6,130</b>
Share capital	7,737	-11,605	19,342
Share premium	16,026	0	16,026
Treasury shares	-255	0	-255
Statutory capital reserve	6	0	6
Currency translation reserve	439	0	439
Retained loss	-1,584	0	-1,584
<b>TOTAL EQUITY</b>	<b>22,369</b>	<b>-11,605</b>	<b>33,974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30,424</b>	<b>-9,680</b>	<b>40,104</b>

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 at the beginning of 2016.

Balance sheet line "Accounts receivable and prepayments" has 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 29 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 1,925 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 30/09/2015 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 30/09/2015 the net debt was in the amount of -5,228 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 30/09/2015 would be 2,377 thousand euros.

LIQUIDITY AND SOLVENCY RATIOS			
Ratio	formula	The balance sheet structure after the reduction of share capital	30/09/2015
Liquidity ratio	Current Assets / Current Liabilities	2.7	6.2
Debt to total assets	Debt / Total Assets	0.3	0.2
Equity ratio	Equity / Total Assets	74%	85%
Gearing ratio	Net Debt / (Equity + Net Debt)	10%	-18%

## 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 September 2015 and 30 September 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 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, Ekspress Grupi 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 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. 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 30/09/2015, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:**

Shareholder	30/09/2015 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	
<b>Total number of shares owned by the members of the Supervisory and Management Board</b>	<b>1,567,917</b>	<b>4.05%</b>

## 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	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

AS OF SEPTEMBER 2015, THE PRFOODS SHARE WAS PART OF THE FOLLOWING INDICES:

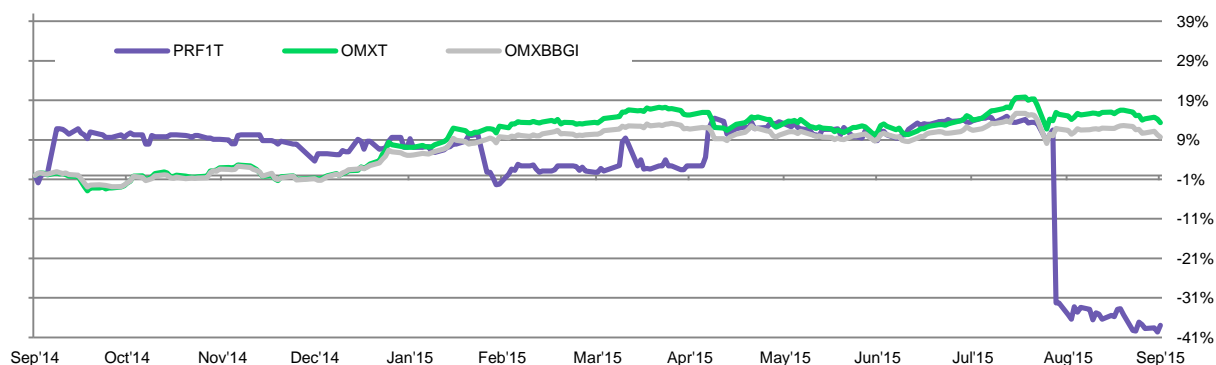
Index	Description	Type	Short name
OMX Tallinn GI	OMX Tallinn all share index	Gross index	OMXT
OMX Baltic Benchmark GI	Baltic all share index	Gross index	OMXBGI

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 30/09/2014 AND 30/09/2015:

Index / Equity	30/09/2014	30/09/2015	change %
PRF1T	0.635 EUR	0.394 EUR	-37.95%
OMX Tallinn	761.63 EUR	863.21 EUR	13.34%
OMX Baltic Benchmark GI	573.53 EUR	629.27 EUR	9.72%



Baltic comparison index increased 9.72% during the given period, Tallinn Stock Exchange general index increased 13.34% and PRFoods share price decreased -37.95, due to the decrease of the share nominal value by 30 euro cents.

TRADING HISTORY

Price (EUR)	Q1 2015	Q2 2015	Q3 2015	9m 2015	Q1 2014	Q2 2014	Q3 2014	9m 2014
Open	0.670	0.638	0.692	<b>0.670</b>	0.710	0.658	0.668	<b>0.710</b>
High	0.700	0.740	0.731	<b>0.740</b>	0.760	0.675	0.718	<b>0.760</b>
Low	0.620	0.634	0.382	<b>0.382</b>	0.611	0.629	0.618	<b>0.611</b>
Last	0.640	0.691	0.394	<b>0.394</b>	0.655	0.654	0.623	<b>0.623</b>
Traded volume, thousand	221	853	585	<b>1,658</b>	469	191	256	<b>917</b>
Turnover, million	0.15	0.60	0.33	<b>1.08</b>	0.33	0.12	0.17	<b>0.63</b>
Market capitalization, million	24.76	26.73	15.24	<b>15.24</b>	25.34	25.30	24.10	<b>24.10</b>

MARKET RATIOS		
Ratios	formula	30/09/2015
EV/Sales	$(\text{Market Cap} + \text{Net Debt}) / \text{Sales}$	0.211
EV/EBITDA from operations	$(\text{Market Cap} + \text{Net Debt}) / \text{EBITDA from operations}$	8.371
EV/EBITDA	$(\text{Market Cap} + \text{Net Debt}) / \text{EBITDA}$	29.108
Price-to-Earnings	$\text{Market Cap} / \text{Net Earnings}$	neg
Price-to-Book	$\text{Market Cap} / \text{Equity}$	0.449
Market Cap, Net Debt and Equity as of 30/09/2015		
Net Debt continuing operations as of 30/09/2015		
Sales, EBITDA and Net Profit (-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 SEPTEMBER 2015:



According to the shareholders meeting's decision held on 28 May 2015, company's share capital will be reduced by disbursements made to shareholders. As a result, the nominal value of PRFoods share as of 28 August 2015 at 23.59 was decreased by 30 euro cents, from the earlier 50 euro cents to 20 euro cents. The nominal value of PRFoods share is currently 20 euro cents. Disbursements of 0.30 euros per share will be made to the shareholders at the start of 2016.

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. For additional information please refer to note 15.

## SHAREHOLDER STRUCTURE

MAJOR SHAREHOLDERS OF AS PRFOODS	30/09/2015	SHAREHOLDER STRUCTURE BY INVESTOR TYPE
ING Luxembourg S.A. (Nominee account)	62.71%	<p>Financial institutions (including client accounts); 69.3%</p> <p>Companies, 13.7%</p> <p>Insurance companies &amp; pension funds, 8.4%</p> <p>Private persons, 8.6%</p>
LHV Pensionifond L	4.56%	
OÜ Rododendron	3.36%	
Firebird Republics Fund Ltd.	3.09%	
Ambient Sound Investments OÜ	2.82%	
Firebird Avrora Fund, Ltd.	1.68%	
LHV Pensionifond XL	1.52%	
Compensa Life Vienna Insurance Group SE	1.43%	
OÜ Footsteps Management	1.30%	
OÜ Freespirit	0.94%	

## THE DIVISION OF SHAREHOLDERS ACCORDING TO NUMBER OF ACQUIRED SHARES

number of shares	number of shareholders	% of shareholders	total number of shares	% of share
1 ... 1,000	599	45.7%	292,312	0.8%
1,001 ... 10,000	609	46.5%	2,033,312	5.2%
10,001 ... 50,000	70	5.3%	1,475,454	3.8%
50,001 ... 100,000	10	0.8%	641,874	1.7%
More than 100,000	22	1.7%	34,239,908	88.5%
Total	1,310	100.0%	38,682,860	100.0%

P R F O O D S

# Interim Accounting Report

## Consolidated statement of financial position

EUR '000	Note	30/09/2015	31/12/2014	30/09/2014
<b>ASSETS</b>				
Cash and cash equivalents		6,054	3,330	388
Receivables and prepayments		7,050	12,014	2,836
Inventories	(Note 2)	5,940	6,563	4,983
Biological assets	(Note 3)	7,247	5,583	7,563
Assets of disposal group classified as held for sale	(Note 14)	0	0	36,619
<b>Total current assets</b>		<b>26,291</b>	<b>27,490</b>	<b>52,389</b>
Deferred income tax		103	103	188
Long-term financial investments	(Note 4)	161	134	135
Investments property		0	0	0
Tangible fixed assets	(Note 5)	7,401	6,484	6,720
Intangible assets	(Note 6)	6,148	6,218	6,203
<b>Total non-current assets</b>		<b>13,813</b>	<b>12,939</b>	<b>13,246</b>
<b>TOTAL ASSETS</b>		<b>40,104</b>	<b>40,429</b>	<b>65,635</b>
<b>EQUITY AND LIABILITIES</b>				
Loans and borrowings	(Note 7, 8)	216	198	3,556
Factoring payable		0	0	0
Payables		4,057	4,493	4,103
Liabilities of disposal group classified as held for sale	(Note 14)	0	0	9,402
<b>Total current liabilities</b>		<b>4,273</b>	<b>4,691</b>	<b>17,061</b>
Loans and borrowings	(Note 7, 8)	610	555	6,483
Deferred tax liabilities		328	457	531
Government grants	(Note 9)	919	1,054	1,107
<b>Total non-current liabilities</b>		<b>1,857</b>	<b>2,066</b>	<b>8,121</b>
<b>TOTAL LIABILITIES</b>		<b>6,130</b>	<b>6,757</b>	<b>25,182</b>
Share capital	(Note 10)	19,342	19,342	19,342
Share premium		16,026	16,026	16,026
Treasury shares	(Note 10)	-255	-117	-15
Statutory capital reserve	(Note 10)	6	6	6
Currency translation reserve		439	441	696
Retained profit (-loss)		-1,584	-2,026	4,398
<b>TOTAL EQUITY</b>		<b>33,974</b>	<b>33,672</b>	<b>40,453</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,104</b>	<b>40,429</b>	<b>65,635</b>

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

EUR '000	Note	Q3 2015	Q3 2014	9m 2015	9m 2014
Sales	(Note 11)	11,358	10,042	33,095	31,515
Cost of goods sold		-9,716	-8,816	-28,910	-27,920
<b>Gross profit</b>		<b>1,642</b>	<b>1,226</b>	<b>4,185</b>	<b>3,595</b>
Operating expenses		-1,353	-1,321	-3,812	-4,046
Selling and distribution expenses		-992	-856	-2,784	-2,686
Administrative expenses		-361	-465	-1,028	-1,360
Other income/expenses		159	146	310	1,032
Fair value adjustment on biological assets	(Note 3)	320	377	-529	-248
<b>Operating profit</b>		<b>768</b>	<b>428</b>	<b>154</b>	<b>333</b>
Financial income		9	1	238	12
Financial expenses		-24	-227	-80	-539
<b>Profit (-loss) before tax</b>		<b>753</b>	<b>202</b>	<b>312</b>	<b>-194</b>
Income tax		-62	-80	130	-30
<b>Net profit (-loss) for the year from continuing operations</b>		<b>691</b>	<b>122</b>	<b>442</b>	<b>-224</b>
Net profit for the year from discontinuing operations (attributable to equity holders of the company)	(Note 14)	0	2,399	0	3,896
<b>Net profit</b>		<b>691</b>	<b>2,521</b>	<b>442</b>	<b>3,672</b>
Other comprehensive income (-expense) that might subsequently be classified to profit or loss:					
Foreign currency translation differences		-27	53	-2	-52
including continued operations		-27	3	-2	-65
including discontinued operations		0	50	0	13
<b>Total comprehensive income (-expense)</b>		<b>664</b>	<b>2,574</b>	<b>440</b>	<b>3,620</b>
Profit (-loss) per share (€)	(Note 10)	0.02	0.07	0.01	0.09
including continued operations		0.02	0.00	0.01	-0.01
including discontinued operations		0.00	0.06	0.00	0.10
Diluted profit (-loss) per share (€)	(Note 10)	0.02	0.07	0.01	0.09
including continued operations		0.02	0.00	0.01	-0.01
including discontinued operations		0.00	0.06	0.00	0.10

## Consolidated cash flow statement

EUR '000	Note	9m 2015	9m 2014
<b>Continuing operations</b>			
Net profit (- loss)		442	-224
<b>Adjustments:</b>			
Depreciation	(Note 5, 6)	853	849
Profit from sale and write off of fixed assets		-67	0
Other non-cash items		-92	40
Changes in receivables and prepayments		961	1,172
Changes in inventories	(Note 2)	623	-51
Changes in biological assets	(Note 3)	-1,664	-1,293
Changes in payables and prepayments		-591	-733
Corporate income tax paid		-63	-191
Discontinued operations		0	3,968
<b>Total cash flow from operations</b>		<b>402</b>	<b>3,537</b>
<b>Continuing operations</b>			
Sale of tangible and intangible fixed assets	(Note 5, 6)	93	113
Purchase of tangible and intangible fixed assets	(Note 5, 6)	-1,380	-706
Sales of subsidiaries	(Note 14)	4,000	0
Repayments of loans granted		3	3
Profit from long-term investments		1	1
Discontinued operations		0	-246
<b>Total cash flow from investments</b>		<b>2,717</b>	<b>-835</b>
<b>Continuing operations</b>			
Own shares buy-back		-138	-15
Change in overdraft		0	6
Repayments of loans		0	-1,120
Capital lease repayments	(Note 7)	-186	-110
Dividends paid		0	-387
Interests paid		-71	-257
Discontinued operations		0	-950
<b>Total cash flow from financing</b>		<b>-395</b>	<b>-2,833</b>
<b>Total cash flow</b>		<b>2,724</b>	<b>-131</b>
Cash and cash equivalents at beginning of year		3,330	1,314
<b>Change in cash and cash equivalents</b>		<b>2,724</b>	<b>-131</b>
Cash and cash equivalents at the end of the period		6,054	1,183
<b>Including:</b>			
Continuing operations		6,054	388
Discontinued operations		0	795

## Consolidated statement of changes in equity

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Other reserve	Translation reserve	Retained earnings	Total equity
<b>Balance at 31/12/2013</b>	<b>19,342</b>	<b>16,026</b>	<b>0</b>	<b>6</b>	<b>62</b>	<b>748</b>	<b>1,113</b>	<b>37,297</b>
The own shares repurchase program	0	0	-15	0	0	0	0	-15
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	-15	0	-62	0	-387	-464
Net loss for the year	0	0	0	0	0	0	3,672	3,672
Other comprehensive expense	0	0	0	0	0	-52	0	-52
Total comprehensive expense for the period	0	0	0	0	0	-52	3,672	3,620
<b>Balance at 30/09/2014</b>	<b>19,342</b>	<b>16,026</b>	<b>-15</b>	<b>6</b>	<b>0</b>	<b>696</b>	<b>4,398</b>	<b>40,453</b>
<b>Balance at 31/12/2014</b>	<b>19,342</b>	<b>16,026</b>	<b>-117</b>	<b>6</b>	<b>0</b>	<b>441</b>	<b>-2,026</b>	<b>33,672</b>
The own shares repurchase program	0	0	-138	0	0	0	0	-138
Transactions with equity holders of the company	0	0	-138	0	0	0	0	-138
Net loss for the year	0	0	0	0	0	0	442	442
Other comprehensive income	0	0	0	0	0	-2	0	-2
Total comprehensive expense for the period	0	0	0	0	0	-2	442	440
<b>Balance at 30/09/2015</b>	<b>19,342</b>	<b>16,026</b>	<b>-255</b>	<b>6</b>	<b>0</b>	<b>439</b>	<b>-1,584</b>	<b>33,974</b>

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 30/09/2015 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 3<sup>rd</sup> quarter ended 30 September 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 Viru 19, Tallinn and on the Parent Company's website [www.prfoods.ee](http://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 which mean adjustments to consolidated unaudited data of Q3 of 2014 and 9 months of 2014 published on 14/11/2014. 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 November 2015.

In the opinion of the management, this interim report for 3<sup>rd</sup> quarter and 9 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.

Adjustments to consolidated unaudited data of 9 months of 2014 as follows:

<b>Consolidated statement of financial position</b>	Published	Adjustments	
EUR '000	30/09/2014	30/09/2014	30/09/2014
<b>EQUITY AND LIABILITIES</b>			
Payables	4,105	2	4,103
Total current liabilities	17,063	2	17,061
<b>TOTAL LIABILITIES</b>	<b>25,184</b>	<b>2</b>	<b>25,182</b>
Share premium	16,022	-4	16,026
Treasury shares	-11	4	-15
Retained profit (-loss)	4,396	-2	4,398
Equity attributable to parent	40,451	-2	40,453
<b>TOTAL EQUITY</b>	<b>40,451</b>	<b>-2</b>	<b>40,453</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,635</b>	<b>0</b>	<b>65,635</b>

<b>Consolidated statement of profit or loss and other comprehensive income</b>	Published	Adjustments	
EUR '000	9m 2014	9m 2014	9m 2014
Operating expenses	-4,084	38	-4,046
Administrative expenses	-1,398	38	-1,360
<b>Operating profit</b>	<b>295</b>	<b>38</b>	<b>333</b>
Loss before tax	-232	38	-194
Net loss for the year from continuing operations	-262	38	-224
Net profit for the year from discontinuing operations (attributable to equity holders of the company)	3,934	-38	3,896
<b>Net profit</b>	<b>3,672</b>	<b>0</b>	<b>3,672</b>

<b>Consolidated cash flow statement</b>	Published	Adjustments	
EUR '000	9m 2014	9m 2014	9m 2014
Continuing operations			
Net profit (-loss)	-262	38	-224
Discontinued operations	4,006	-38	3,968
<b>Total cash flow from operations</b>	<b>3,537</b>	<b>0</b>	<b>3,537</b>

## 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 coordinated 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	30/09/2105	31/12/2014	30/09/2104
Raw materials and materials	3,005	3,860	1,974
Work-in-progress	1,020	169	246
Finished goods	1,230	1,947	1,632
Goods purchased for sale	663	513	982
Prepayments for inventories and goods in transit	22	74	149
<b>Total inventories</b>	<b>5,940</b>	<b>6,563</b>	<b>4,983</b>

During 9 months of 2015, inventories were written off in the amount of 54 thousand euros (during 9 months of 2014 inventories in the amount of 239 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

<b>Biological assets</b>			
EUR '000	30/09/2015	31/12/2014	30/09/2014
Fry	85	282	156
Juveniles	1,467	2,089	1,841
Fish suitable for harvesting	5,695	3,212	5,566
<b>Total biological assets</b>	<b>7,247</b>	<b>5,583</b>	<b>7,563</b>

As of 30/09/2015, biological assets aggregated 2,130 tons (30/09/2014: 2,102 tons). During the reporting period, 930 tons of production was registered in accounting (2014; 1,686 tons). In the same period in 2014, 955 tons of production was registered in accounting.

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.

<b>Change in biological assets</b>			
EUR '000	9m 2015	12m 2014	9m 2014
Biological assets at beginning of the period	5,583	6,270	6,270
Purchased	746	482	480
Additions	3,979	4,963	4,034
Fair value adjustments	-529	-571	-248
Harvested	-2,448	-5,087	-2,641
Written off	-78	-369	-209
Exchange rate differences	-6	-105	-123
<b>Biological assets at end of the period</b>	<b>7,247</b>	<b>5,583</b>	<b>7,563</b>

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 3,450 thousand euros (9 months 2014: 3,786 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
Balance at 30/09/2015	89	72	161

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	-1	0	1	0	0
Acquired during the period	241	1,422	53	0	1,716
Re-classification	2	86	0	-88	0
Depreciation	-187	-544	-41	0	-772
Assets sold and written off	0	-27	0	0	-27
Balance at 30/09/2015	2,709	4,301	266	125	7,401

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	Prepayments	Total
Balance as of 31/12/2014	4,730	659	533	17	279	6,218
Unrealised currency effect	0	0	0	0	-2	-2
Acquired during the period	0	0	0	13	0	13
Re-classification	0	0	51	71	-122	0
Depreciation	0	-41	-19	-21	0	-81
Balance at 30/09/2015	4,730	618	565	80	155	6,148

## 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 30/09/2015	989	389	1,378
Accumulated depreciation as of 30/09/2015	-83	-79	-162
Residual value as of 30/09/2015	906	310	1,216
Payable under finance lease as of 30/09/2015	629	197	826
incl. payable within 1 year	150	66	216
incl. payable within 1-5 year	479	131	610
incl. payable after 5 years	0	0	0
Principal payments of the period	120	66	186
Interest expenses of the period	11	3	14
Average interest rate per annum	1.93%	2.53%	2.13%

## NOTE 8. DEBT OBLIGATIONS

EUR '000	30/09/2015	31/12/2014
Finance lease liabilities (Note 7)	216	198
<b>Total short-term loans</b>	<b>216</b>	<b>198</b>
Finance lease liabilities (Note 7)	610	555
<b>Total long-term loans</b>	<b>610</b>	<b>555</b>
incl. payable within 1-5 years	610	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 30/09/2015, the Group has not drawn down its overdraft facility.

## NOTE 9. GOVERNMENT GRANTS

EUR '000	9m 2015	9m 2014
Deferred income from government grants at the beginning of period	1,054	1,264
Change in value due to the exchange rates	0	-11
Recognition as income during the period	-135	-146
Deferred income from government grants at the end of period	919	1,107
incl. income within 1 year	180	196
incl. income within 2-17 years	739	911

## NOTE 10. EQUITY

As at 30/09/2015, the company had 38,682,860 shares (30/09/2014: 38,682,860), including 383,728 treasury shares (30/09/2014: 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 30/09/2015, AS SEB Pank in the name and on the account of AS PRFoods has acquired 383,728 shares at an average price of 0.6658 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 meeting's decision held on 28 May 2015, the company's share capital will be reduced by disbursements made to shareholders by reducing the share's nominal value by 30 euro cents. As a result the new nominal value per share will be 20 euro cents. The list of shareholders participating in the reduction of the share capital was 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 debt and equity and helps to bring the return on equity and other financial ratios to a more adequate level.

Additional information is provided in note 15.

## 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

EUR '000	Q1 2015	Q2 2015	Q3 2015	9m 2015	Q1 2014	Q2 2014	Q3 2014	9m 2014
Finland	9,275	10,012	10,208	<b>29,495</b>	8,725	9,846	8,846	<b>27,417</b>
Estonia	891	1,224	994	<b>3,109</b>	1,131	1,182	1,036	<b>3,349</b>
Other	133	202	156	<b>491</b>	317	272	160	<b>749</b>
Total	10,299	11,438	11,358	<b>33,095</b>	10,173	11,300	10,042	<b>31,515</b>

## 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

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

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

Party EUR '000	Type of transaction	9m 2015 Purchase	9m 2015 Sale	9m 2014 Purchase	9m 2014 Sale
Companies related to members of the Management and Supervisory Boards	services	44	1	9	2
	Total	44	1	9	2

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	9m 2015	9m 2014
Short-term benefits	404	604
Total	404	604

Management benefits decreased -200 thousand euros, i.e. -33.1% compared with the same period in 2014 due to significant structure changes in the Group management.

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 (30/09/2014: 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 sale price of business segments amounts to a total of 27,109 thousand euros. All payments from the sale of ice-cream and frozen products segments have been received according to the previously publicly disclosed terms and conditions. For additional information see note 15.

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. In summary of the 9 months of 2015 the income from interest in discounts was in the amount of 207 thousand euros (the 9 months of 2014 the amount was 0 euros).

## ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

EUR '000	30/09/2015	30/09/2014
<b>ASSETS</b>		
Cash and cash equivalents	0	795
Receivables and prepayments	0	5,972
Inventories	0	5,374
<b>Total current assets</b>	<b>0</b>	<b>12,141</b>
Deferred income tax	0	338
Investments property	0	2,084
Tangible fixed assets	0	5,972
Intangible assets	0	16,084
<b>Total non-current assets</b>	<b>0</b>	<b>24,478</b>
<b>TOTAL ASSETS</b>	<b>0</b>	<b>36,619</b>
<b>EQUITY AND LIABILITIES</b>		
Loans and borrowings	0	1,691
Finance lease liabilities	0	513
Payables	0	5,904
<b>Total current liabilities</b>	<b>0</b>	<b>8,108</b>
Finance lease liabilities	0	1,184
Deferred tax liabilities	0	110
<b>Total non-current liabilities</b>	<b>0</b>	<b>1,294</b>
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>9,402</b>
<b>Net assets of discontinued operations</b>	<b>0</b>	<b>27,217</b>

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:

EUR '000	9m 2015	9m 2014
<b>Loans received, intra-group:</b>		
Loan residual	0	2,525
Interest payables	0	1,530
<b>Overdraft given, intra-group:</b>		
Overdraft receivable	0	7,092
Interest receivable	0	29

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

EUR '000	9m 2015	9m 2014
Sales	0	47,317
Cost of goods sold	0	-29,960
Gross profit	0	17,357
Operating expenses	0	-13,190
Selling and distribution expenses	0	-11,549
Administrative expenses	0	-1,641
Other income/expenses	0	-153
Operating profit	0	4,014
Financial income	0	2
Financial expenses	0	-124
Profit before tax	0	3,892
Income tax	0	4
Net profit for the period from discontinuing operations	0	3,896

#### CONSOLIDATED CASH-FLOW OF THE DISCONTINUED OPERATION

EUR '000	9m 2015	9m 2014
Total cash flow from operations	0	1,648
Total cash flow from investments	0	-246
Total cash flow from financing	0	-950
Total cash flow	0	452
Cash and cash equivalents at the beginning of the period	0	343
Change in cash and cash equivalents	0	452
Cash and cash equivalents at the end of the period	0	795

## **NOTE 15. EVENTS AFTER THE BALANCE SHEET DATE**

### **REGISTRATION OF SHARE CAPITAL REDUCTION IN THE COMMERCIAL REGISTER AND DISBURSEMENTS**

On 2 October 2015, the decrease of the share capital of AS PRFoods and related amendments to the Articles of Association were registered in the Commercial Register based on the resolutions adopted by the General Meeting of Shareholders of the Company held on 28 May 2015. The new registered share capital of the Company is EUR 7,736,572, which is divided into 38,682,860 ordinary shares with nominal value of EUR 0.20 (20 euro cents) per share.

According to the Commercial Code, upon reduction of the share capital, payments to shareholders may be made not earlier than after 3 months as from the registration of the share capital decrease in the Commercial Register. Therefore the monetary payments to the shareholders which are related with the reduction of the share capital in the total amount of EUR 11,604,858 (EUR 0.30 per share) will be made on 4 January 2016.

### **ENTERING INTO A SALE-LEASEBACK TRANSACTION**

On 29 October 2015, OÜ Vettel signed a sale-leaseback agreement with AS SEB Liising for financing the investment in the filleting line in the total amount of 680 thousand euros.

### **ENTERING INTO AN OPERATING LEASE AGREEMENT**

On 16 October 2015, Heimon Kala Oy signed with 3StepIT Oy an operating lease contract for financing the production and quality management system of Heimon Kala Oy in the total amount of 129 thousand euros.

### **RECEIPT OF THE THIRD INSTALMENT OF THE AB PREMIA KPC SHARE SALES TRANSACTION**

AS Premia Tallinna Külmuhoone paid on 29 October 2015 to AS PRFoods the third and final instalment of 4,000 thousand euros in exchange for the acquisition of shares in AB Premia KPC (Note 14).

# Management Board's confirmation to the Consolidated Interim Report for the 3<sup>rd</sup> quarter and 9 months of 2015

**The Management Board confirms the correctness and completeness of the consolidated interim report for the 3<sup>rd</sup> quarter and 9 months of 2015 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 6 – 44 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. November 2015