

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report
for 4th quarter and 12 months of 2016
(translation from Estonian original)

26.02.2017

2016 | Q4 + 12 MONTHS

P R F O O D S

Business name	AS PRFoods
Commercial register number	1150713
Address	Viru 19, 10140 Tallinn, Estonia
Phone	+372 603 3800
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Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 January 2016– 31 December 2016
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 on the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

AS PRFoods key market is Finland, where the company is amongst three largest brands. The Group is the biggest fish manufacturer in Estonia. Last year the Group started substantial export outside of Europe to Japan.

Main activity of the Group is fish manufacturing in contemporary production buildings in Renko (Finland) and in Saaremaa (Estonia). Main products are salmon and rainbow trout goods. Approximately 1/3 of the raw fish used in Group's production is harvested in company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, which assures high quality and reliable delivery. The Group is primarily farming rainbow trout and to a lesser extent whitefish.

Residual 2/3 of the raw fish, prevalently salmon, is purchased from Finland and from Scandinavian countries, like Denmark, Norway, Sweden. On a smaller scale company also buys in perch, pike, herring, vendace (freshwater whitefish) and Baltic herring.

AS PRFoods

Group holding company

100%

Saaremere Kala AS

Fish group holding company

100%

Heimon Kala Oy

Fish farms, production and sales

100%

Vettel OÜ

Fish production

100%

Gourmethouse OÜ

Sale of fish products

100%

Överumans Fisk AB

Fish farms



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.



MISSION

We wish for people to enjoy our range of products and healthy food. We try to continually 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.

STRATEGIC OBJECTIVES

The strategy of PRFoods is as follows:

- To be among three leading brands in the fishing industry business segment;
- EBITDA margin at least 7%;
- To distribute up to 30% of the annual net profit as dividends.

STRENGTHS

- Objective-driven organisational development;
- Leading brands in the Scandinavian and Baltic markets;
- We have had established products on the Finnish market for more than 30 years;
- Geographically suitable scope and diversified product portfolio ensure sustainable development;
- Solid financial status of the company.

RISKS

- The high volatility of raw materials prices;
- Significant increase of the proportion of *Private label* products on the Finnish market;
- High dependence on the two large retail chains dominating the Finnish retail market;
- Risks related to biological assets in the fish business segment.

FUTURE PLANS AND INTENTIONS

The objective of PRFoods is to increase production capacity and to boost sales volumes of fish products. The Group is actively involved in developing new products to expand into new export markets. As a clear leader in its business area, the objective of PRFoods is to increase the Company's profitability and to re-focus on products with higher added value. As designing Company's own brand is in its early stage in Scandinavia and elsewhere in the world, the management expects the Company's growth period is yet to come.

Additional information about the Group's various risks and assessments and their possible impact on estimated future events is provided in Chapter "Description of main risks of the group". In addition, it includes risk factors that are related to the price volatility of raw fish, impact of re-valuation of biological assets on the company's financial results, diseases that are putting live fish at risk, risks related to weather conditions, environmental risks, risks involved in trade restrictions, risks related to taxation and accounting, reputation risks and legislation risks as well as the political events that are influencing the whole world.

Legislative risks are related to various provisions and articles of the legislation of the business sector of fish industry, including strict regulations imposed on food safety, and laws, competition and anti-corruption rules targeted at water harvesting production and processing as well as other prescriptions not listed above that must be observed.

In drawing up future plans and intentions, the management of PRFoods is taking into account the information it is aware of at the time, based on available information and its best intentions. Actual results may differ significantly from plans because there are many different factors, variables, risks and insecurity which impact their realization.

THE GEOGRAPHY OF PRODUCTION AND SALES





P R F O O D S

Management Report

Management Report

OVERVIEW OF THE ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

2016 was successful for PRFoods. We exceeded our revenue prognosis by 2.4 million euros and profit before taxes and depreciation (EBITDA) increased by 28.7%, i.e. 0.6 million euros. The company achieved revenue of 47.4 million euros (Q4 sales 16.9 million euros), but faced very rapid increase in raw material prices well into Q4.

PRFoods increased its 2016 EBITDA to 2.6 million euros, up by 0.6 million euros y-o-y, thanks to fish farming operations, but operational EBITDA lagged due to increase in cost of goods sold.

PRFoods management did an excellent job in countering the increase in fish prices, trimmed company's cost base and actively worked on transferring price increases to customers. This resulted in posting Q4 0.7 million euros operational EBITDA, without one-off costs 1.1 million euros. In Q4 we used our own fish in processing, resulting in decrease (loss) in biomass by 1.1 million euros.

In year 2016, the company incurred larger one-off costs related to certain corporate activities, investments and brand relaunch to take place in 2017. We do not foresee such extraordinary one-off costs in 2017.

Fish farming

The year 2016 was excellent for our fish farming operations. The season started much earlier in Finland and Sweden, as well as good climatic conditions that lasted throughout the active season for farming. We improved the quality of feeds and feeding technologies, which resulted higher growth in biomass. In the end of 2016 our fish biomass is 16.7 % higher on y-o-y basis, providing us majority of raw material needed for spring-summer season when access to third party raw material is usually restricted. Biomass at the end of 2016 was 1,418 tons and in fair value 7.6 million euros (2015: respectively 1,215 tons and 4.4 million euros in fair value). We estimate fish prices to stabilize at somewhat lower prices in 2017. Access to raw material, in particular farmed rainbow trout, remains critical and our own farms give company a unique advantage in the current markets.

Fish processing

Fish processing struggled with increased raw material prices, affecting both volumes and prices. Same problem plagued all our competitors. PRFoods pulled out of several low-margin private label products, resulting in loss of sales. Retailers have also cancelled campaigns for fish due to higher prices. Pricing with retailers is usually agreed in advance and only in Q4 we witnessed an increase in retailer prices. In Q4 operational EBITDA from fish processing was 0.7 million euros (1.1 without one-offs) and 2016 operational EBITDA was 0.4 million euros. We foresee significant increase in operational EBITDA in 2017. More detailed forecasts will be released together with Q1 results.

Since majority of investments in fish processing have been already undertaken, we foresee only investments in upgrade of existing machinery to be made in 2017.

Markets

Our main market is Finland, but we see rapid development of other markets including Baltics, Asia, Europe. We aim to achieve in long-term 40% of export from our total sales.

Personnel

PRFoods has strengthened its IT and finance departments, and we have streamlined our operational staff thanks to investments. We employ 200 people, that is 17 less on y-o-y, and we aim to maintain competitive salary level across the firm.

Financials

PRFoods has very solid balance sheet, very low level of debt and our cash balance increased to 4.4 million euros. This allows company to look actively at various expansion opportunities, both organic and through acquisitions.

PRFoods remains to be one of the undisputed leaders in our core markets and we strive to improve our position in terms of sales, quality and profitability.

I would like to thank all the staff of PRFoods for excellent job in 2016 and we are looking optimistically towards 2017.

We are grateful for the loyalty of our customers and promise to be a first-choice producer of high quality fish products.

Sincerely,

Indrek Kasela



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 4TH QUARTER OF 2016 COMPARED TO THE 4TH QUARTER OF 2015

- Unaudited consolidated revenue 16.9 million euros, decrease -0.3 million euros, i.e. -1.6%.
- Gross margin 11.4%, decrease -3.6 percentage points.
- Negative impact from revaluation of biological assets -1.1 million euros (4th quarter 2015: negative impact of -0.4 million euros).
- EBITDA from operations 0,7 million euros, decrease -0.7 million euros (without one-off effects in year 2016 EBITDA 1.1 million euros, decrease -0.3 million euros).
- EBITDA -0.4 million euros, decrease -1.5 million euros, i.e. -143.6% (without one-off effects -0.05 million euros, decrease -1.1 million euros).
- The operating loss -0.8 million euros, increase -1.5 million euros, i.e. 205.4% (without one-off effects -0.4 million euros, decrease -1.1 million euros).
- Net loss -0.5 million euros, increase -1.3 million euros, i.e. -174.4% (without one-off effects -0.1 million euros, increase -0.9 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 4TH QUARTER OF 2016 COMPARED TO THE 4TH QUARTER OF 2015

EUR mln	Q4 2016	Q4 2015	Change EUR mln	Q4 16 / Q4 15	Q4
Sales	16.9	17.2	-0.3	-1.6%	▼
Gross profit	1.9	2.6	-0.6	-25.1%	▼
EBITDA from operations*	1.1	1.4	-0.3	-23.7%	▼
EBITDA	-0.4	1.0	-1.5	-143.6%	▼
EBIT	-0.8	0.7	-1.5	-205.4%	▼
Net profit	-0.5	0.7	-1.3	-174.4%	▼

*before one-offs and fair value adjustment of fish stock



Vettel OÜ

UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 12 MONTHS OF 2016 COMPARED TO THE 12 MONTHS OF 2015

- Unaudited consolidated revenue 47.4 million euros, decrease -2.8 million euros, i.e. -5.7%.
- Gross margin 8.5%, decrease -5.0 percentage points.
- Positive impact from revaluation of biological assets +2.3 million euros (12 months 2015: negative impact of -0.9 million euros).
- EBITDA from operations 0.4 million euros, decrease -2.6 million euros (without one-off effects in year 2016 EBITDA 0.8 million euros, decrease -2.2 million euros).
- EBITDA 2.6 million euros, improvement +0.6 million euros (without one-off effects 3.0 million euros, improvement +1.0 million euros).
- The operating profit 1.4 million euros, improvement +0.5 million euros, i.e. +58.6% (without one-off effects 1.8 million euros, improvement +0.9 million euros).
- Net profit 0.7 million euros, decrease -0.5 million euros, i.e. -44.1% (without one-off effects 1.1 million euros, decrease -0.1 million euros, i.e. -10.0%).

SUMMARY OF FINANCIAL RESULTS: THE 12 MONTHS OF 2016 COMPARED TO THE 12 MONTHS OF 2015

EUR mln	12m 2016	12m 2015	Change EUR mln	12m 16 / 12m 15	12m
Sales	47.4	50.3	-2.8	-5.7%	▼
Gross profit	4.0	6.8	-2.7	-40.6%	▼
EBITDA from operations*	0.8	2.9	-2.2	-74.2%	▼
EBITDA	2.6	2.0	0.6	28.7%	▲
EBIT	1.4	0.9	0.5	58.6%	▲
Net profit (-loss)	0.7	1.2	-0.5	-44.1%	▼

*before one-offs and fair value adjustment of fish stock





KEY RATIOS

Income Statement, EUR mln	Q1 2016	Q2 2016	Q3 2016	Q4 2016	12m 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	12m 2015
Sales	10.2	9.8	10.5	16.9	47.4	10.3	11.4	11.4	17.2	50.3
Gross profit	1.0	0.6	0.5	1.9	4.0	1.3	1.3	1.6	2.6	6.8
EBITDA from operations	0.2	-0.3	-0.3	1.1	0.8	0.4	0.4	0.7	1.4	2.9
EBITDA	-0.2	0.7	2.6	-0.4	2.6	-0.6	0.6	1.1	1.0	2.0
EBIT	-0.5	0.3	2.3	-0.8	1.4	-0.9	0.3	0.8	0.7	0.9
EBT	-0.6	0.2	2.2	-0.8	1.1	-0.8	0.3	0.8	0.8	1.1
Net profit (-loss)	-0.5	0.04	1.6	-0.5	0.7	-0.5	0.3	0.7	0.7	1.2
Gross margin	9.5%	6.3%	4.7%	11.4%	8.5%	12.2%	11.3%	14.5%	15.0%	13.5%
Operational EBITDA margin	2.1%	-2.6%	-2.6%	6.2%	1.6%	4.1%	3.3%	6.5%	8.1%	5.8%
EBITDA margin	-2.2%	6.8%	24.9%	-2.6%	5.5%	-5.9%	4.8%	9.4%	6.0%	4.0%
EBIT margin	-5.2%	3.6%	22.0%	-4.5%	2.9%	-8.6%	2.4%	6.8%	4.2%	1.7%
EBT margin	-5.5%	2.3%	21.3%	-4.5%	2.4%	-7.4%	2.9%	6.6%	4.4%	2.1%
Net margin	-4.5%	0.4%	15.5%	-3.2%	1.4%	-5.2%	2.5%	6.1%	4.3%	2.3%
Operating expense ratio	10.5%	12.7%	11.2%	7.7%	10.1%	11.3%	11.3%	11.9%	9.3%	10.8%

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

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	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2015	30.06.2015	30.09.2015	31.12.2015
Net debt	-3.1	-1.4	1.3	0.3	-3.3	-6.5	-5.2	-0.6
Equity	22.7	22.7	24.3	23.8	33.1	33.3	34.0	23.2
Working capital	11.0	11.2	13.3	12.4	21.6	21.7	21.8	11.4
Assets	28.6	29.3	34.4	35.0	39.5	39.4	40.1	29.5
Liquidity ratio	3.7	3.4	2.7	2.4	5.5	5.9	5.9	3.7
Equity ratio	79.4%	77.6%	70.7%	67.9%	83.9%	84.6%	84.7%	78.8%
Gearing ratio	-15.7%	-6.7%	5.2%	1.1%	-11.0%	-24.1%	-18.2%	-2.5%
Net debt-to-EBITDA	-1.1	-0.7	1.2	0.4	-11.2	-8.2	-4.4	-0.2
ROE	4.5%	3.6%	6.7%	2.8%	-3.2%	-3.9%	-2.3%	4.1%
ROA	3.7%	2.9%	5.2%	2.0%	-2.1%	-2.6%	-1.6%	3.4%

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

CASH POSITION

LIQUIDITY AND SOLVENCY RATIOS

Ratio	31.03.2016	30.06.2016	30.09.2016	31.12.2016	31.03.2015	30.06.2015	30.09.2015	31.12.2015
Liquidity ratio	3.7	3.4	2.7	2.4	5.5	5.9	5.9	3.7
Net debt-to-EBITDA	-1.1	-0.7	1.2	0.4	-11.2	-8.2	-4.4	-0.2
Debt to total assets	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Equity ratio	79.4%	77.6%	70.7%	67.9%	83.9%	84.6%	84.7%	78.8%
Gearing ratio	-15.7%	-6.7%	5.2%	1.1%	-11.0%	-24.1%	-18.2%	-2.5%

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)

At the end of the reporting period, the Group had financial funds 4.4 million euros (12.5% of the balance sheet volume).

As at 31.12.2015, the balance of financial funds were 1.9 million euros (6.5% of the balance sheet volume). The Company's solvency is continuously good and the financial risk is low. The working capital was 12.4 million euros (31.12.2015: 11.4 million euros).

P R F O O D S

The current ratio showing short-term ability to meet payments was 2.4 as of 31.12.2016 (31.12.2015: 3.7). Net debt was positive, in total 0.3 million euros as of the closing date (31.12.2015: -0.6 million euros).

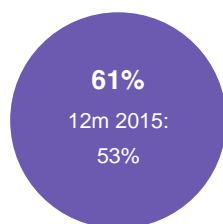
Financial gearing showing net debt ratio to gross capital was 1.1% as of 31.12.2016 (31.12.2015: -2.5%). Net debt to EBITDA ratio was 0.4 as of 31.12.2016 (31.12.2015: -0.2). The Group has been able to retain its strong financial position that ensures sustainability and helps adjust to complex market conditions more flexibly.

BALANCE SHEET ANALYSIS

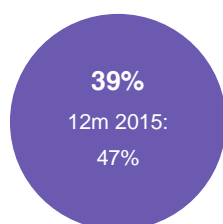


AS OF THE END OF THE 12 MONTHS:

CURRENT ASSETS

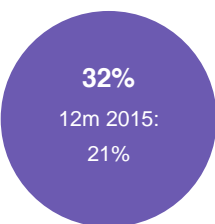


FIXED ASSETS

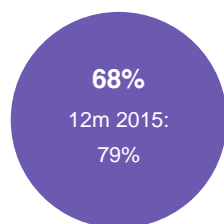


As of 31.12.2016 consolidated total assets of PRFoods stood at 35.0 million euros, increase of 5.5 million euros, i.e. +18.7%, within a year. The increase in assets came mostly from biological assets and higher cash balance. Increase in liabilities was drawn by use of overdraft and higher payables to vendors.

The Company's current assets were 21.4 million euros as at 31.12.2016, and the balance of cash and bank accounts was 4.4 million euros. Accounts receivable and prepayments increased by 0.4 million euros within a year, reaching 4.1 million euros (31.12.2015: 3.7 million euros). Inventories have remained almost on the same level as last year, decreasing year-on-year by -0.2 million euros. Due to high raw fish prices, Company is keeping lower level of inventories compared to previous years.



FOREIGN CAPITAL



EQUITY

Biological assets grew altogether 3.2 million euros compared with the same period in previous year, which is mainly due to the

positive impact of the higher market price of rainbow trout. Biomass at the end of 31.12.2016 was 203 tonnes higher compared to last year.

The total volume of fixed assets remained the same within a year. Investments into fixed assets in the 12 months of 2016 were 1.1 million euros (12 months in 2015: 2.0 million euros).

Accounts payable and prepayments were 5.1 million euros as at 31.12.2016 (31.12.2015: 3.8 million euros), showing a year-on-year increase by +1.4 million euros, i.e. 36.4%. Short term loans and borrowings increased by 3.4 million euros compared to last year, reaching 3.7 million euros as at 31.12.2016 (31.12.2015: 0.3 million euros). Increase in short term debt liabilities was influenced by transfer of overdraft and group account to fish group holding company and taking it into use in the amount of 3.4 million euros.

The equity of PRFoods was 23.8 million euros as at 31.12.2016 (67.9% of the balance sheet total). Comparative data as at 31.12.2015 were 23.2 million euros (78.8% of the balance sheet total).

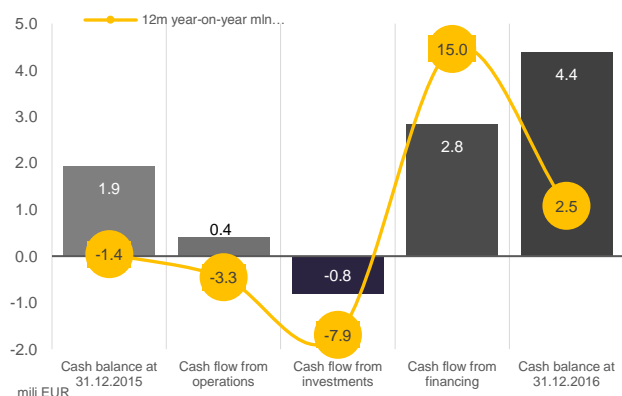
As at 31.12.2016, the Company's registered share capital was 7.7 million euros (31.12.2015: 7.7 million euros). The reduction of share capital of AS PRFoods in amount of 11.6 million euros and related changes were registered in the Commercial Register on 2 October 2015.

The shareholders adopted a resolution at the general meeting of shareholders held on 26 May to cover the retained loss from previous periods of AS PRFoods from the capital reserve and share premium in the amount of 2,026 thousand euros

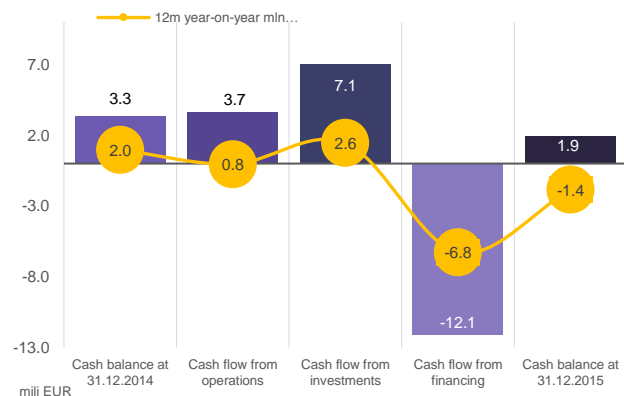
and transfer 12 thousand euros from the net profit of the parent company earned in 2015 to the reserve, and not to distribute the rest of the profit. The loss was covered with 7 thousand euros from the capital reserve and 2,019 thousand euros respectively from the share premium.

CASH FLOWS

CHANGE IN CASH AND CASH EQUIVALENTS 12 MONTHS 2016



CHANGE IN CASH AND CASH EQUIVALENTS 12 MONTHS 2015



The change in the Group's financial resources within the 12 months of 2016 was 2.5 million euros (12 months 2015: -1.4 million euros).

Cash flow from operating activities in the 12 months of 2016 was 0.4 million euros (12 months in 2015: 3.7 million euros), decreasing year-on-year by -3.3 million euros, i.e. -88.8%. Cash flow from operating activities was mostly influenced by the increase in biological assets, showing a total change of -3.2 million euros. Other changes include the decrease of inventories +0.2 million euros, increase of receivables -0.4 million euros and an increase in payables in the amount of +2.0 million euros.

Cash flow from investing activities was -0.8 million euros (12 months in 2015: +7.0 million euros). In the previous year, the instalment of 8.0 million euros from the sales transaction of ice cream and frozen goods business segments was received from investing activities. In the reporting period, monetary payments for fixed assets accounted for 0.8 million euros (12 months in 2015: 1.0 million euros).

Cash flow from financing activities was +2.8 million euros (12 months in 2015: -12.1 million euros). Cash flow was mainly influenced by transfer of overdraft and group account to fish group holding company and taking it into use in the amount of 3.4 million euros. During the reporting period, repayments of the principal of a financial lease were in total 0.3 million euros (12 months in 2015: 0.4 million euros). The rest of financing activities include buy-back transactions of own shares and interest payments. In 2015 the biggest negative cash flow was generated by disbursements to shareholders in connection with the reduction of share capital in the amount of -11.6 million euros.

INVESTMENTS

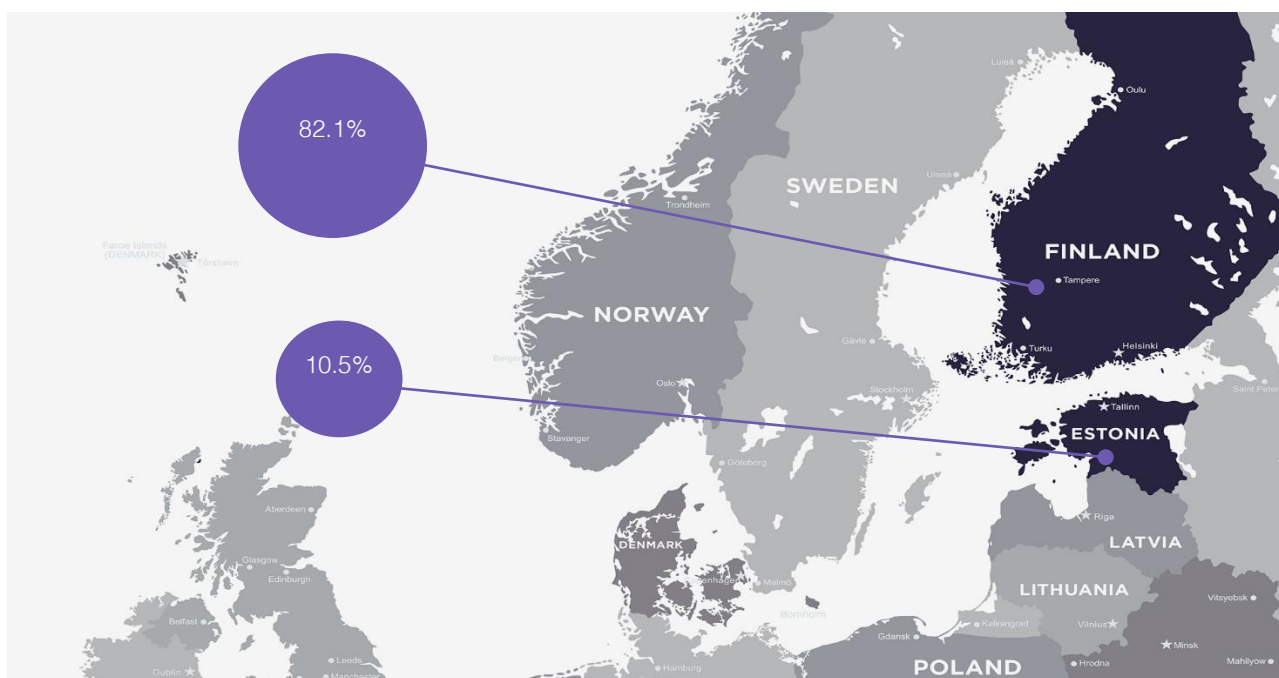
Investments into tangible and intangible assets were in the 12 months of 2016 smaller than last year, in total 1.1 million euros (12 months in 2015: 2.0 million euros). Aquaculture equipment and a small van were obtained for the fish farming subsidiary located in Sweden. The construction belonging to the production premises was improved and production equipment purchased in Renko, Finland as well as in Saaremaa, Estonia.

REVENUE

The main products of the Group are salmon and rainbow trout goods. The Company is mainly known as a seller of fresh fish in Estonia as well as the biggest supplier of fish roe in Estonian stores. Last year the Group started marketing fish roe to Japan, where sales volumes are expected to increase in current year.

Export revenue increased year-on-year by 0.1 million euros, i.e. 0.5% in 4th quarter of 2016, reaching the level of 15.5 million euros. Export's share of total turnover increased compared to the same period in previous year by 1.9 percentage points. Turnover decreased in Finnish target market in total amount of -1.0 million euros, i.e. -6.8%. The share of Finnish market from total sales dropped by 4.5 percentage points. The drop of sales has been in line with Company's budget, as well as our strategy to focus primarily on profitability and on exiting product groups with low margins. Revenues of Estonia's target market also dropped by -0.4 million euros i.e. -20.3%.

The shrinkage of Finnish and Estonian markets was compensated by increase in other target markets in total amount of 1.1 million euros, i.e. 145.4%. Sales in Latvia reached to 0.7 million euros, which is 74.9% more than last year. New markets include sales to Japan in amount of 0.7 million euros and to Canada in amount 0.4 million euros. Growth of sales in other markets is a positive sign because it is an indication that the Group has been able to diversify its sales geographically.



THE SHARE OF TURNOVER IN KEY GEOGRAPHIC AREAS 12 MONTHS 2016

GEOGRAPHIC SEGMENTS							
EUR mln	12m 2016	Proportion %	12m 2015	Proportion %	Change EUR mln	12m 16 / 12m 15	12m
Finland	39.0	82.1%	44.2	87.9%	-5.24	-11.9%	▼
Estonia	5.0	10.5%	4.8	9.6%	0.13	2.7%	▲
Other	3.5	7.4%	1.2	2.5%	2.27	183.5%	▲
Total	47.4	100.0%	50.3	100.0%	-2.84	-5.7%	▼

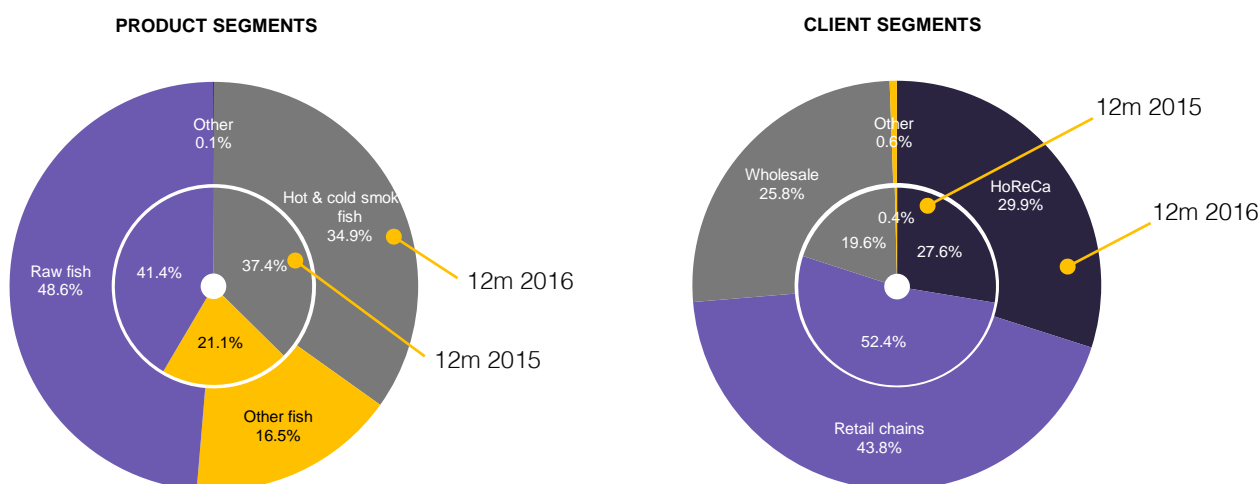
In summary of 12 months of 2016, the proportion of the revenue from the Estonian market grew by 0.9 percentage points, i.e. 0.13 million euros in comparison with the same period last year. Exports to other countries share grew by 4.9 percentage points. Growth came mostly from Latvia, by +150.1%, i.e. +1.3 million euros and other new markets. The

increase in the Estonian and Latvian markets' revenue is mostly obtained via successful sales campaigns of fresh fish and fish fillets. New markets include sales to Canada in amount of 0.5 million euros and to Japan in amount of 0.7 million euros during the year 2016.

The Finnish revenue decreased in total by -5.2 million euros, i.e. -11.9%, on the year-on-year basis during 12 month of 2016. The revenue from the Finnish market formed 82.1% of the total revenue, having decreased by -5.8 percentage points compared to the same period last year.

PRODUCT SEGMENTS							
EUR mln	12m 2016	Proportion %	12m 2015	Proportion %	Change EUR mln	12m 16 / 12m 15	12m
Hot & cold smoked fish	16.5	34.9%	18.8	37.4%	-2.27	-12.1%	▼
Other fish	7.8	16.5%	10.6	21.1%	-2.78	-26.2%	▼
Raw fish	23.0	48.6%	20.8	41.4%	2.22	10.6%	▲
Other	0.03	0.1%	0.04	0.1%	-0.01	-25.6%	▼
Total	47.4	100.0%	50.3	100.0%	-2.84	-5.7%	▼

The largest increase in revenue came from the raw fish and fillets product group, which increased by 2.2 million euros in total i.e. 10.6%. The revenue from the smoked products group decreased by -2.3 million euros, i.e. -12.1%. The revenue from the other fish products group decreased by -2.8 million euros i.e. -26.2%.



CLIENT SEGMENTS							
EUR mln	12m 2016	Proportion %	12m 2015	Proportion %	Change EUR mln	12m 16 / 12m 15	12m
HoReCa	14.2	29.9%	13.9	27.61%	0.32	2.3%	▲
Retail chains	20.8	43.8%	26.3	52.38%	-5.58	-21.2%	▼
Wholesale	12.2	25.8%	9.9	19.63%	2.34	23.7%	▲
Other retail	0.3	0.6%	0.2	0.37%	0.08	42.6%	▲
Total	47.4	100.0%	50.3	100.00%	-2.84	-5.7%	▼

The decrease in the retail chains sector over the past 12 months of 2016 can mostly be attributed to the loss of several Private Label products from our product portfolio. Regarding the extreme price volatility of raw materials this year, it is unprofitable for the company to be actively involved in manufacturing Private Label goods for retail chains because of their lower margins.

COST ANALYSIS

Sales revenue decreased by -2.8 million euros, i.e. -5.7%, in the 12 months of 2016. Cost of goods sold decreased by -0.1 million euros, i.e. -0.2%, and the percentage of cost of goods from the revenue increased 5.0 percentage points compared to the same period in 2015. The increased percentage of cost of goods from the revenue is caused by the higher market price of raw fish. The average market price of salmon grew by 45.5% and the average market price of trout by 29.6% in the 12 months of 2016 compared to the same period in 2015. As the price of raw material has been very volatile this year, the Company is focused on abandoning low margin product groups.

Main proportion, more than 80%, of costs of goods sold constitutes of raw material (raw fish). The rest is mainly packaging and fish feed costs.

	12m 2016	12m 2015	change		12m 2016	12m 2015	change	
	EUR mln	EUR mln	EUR mln	12m	as % of sales	as % of sales	as % of sales	12m
Sales	47.43	50.27	- 2.84	▼	100.00%	100.00%		
Cost of goods sold	- 43.41	- 43.51	0.10	▲	91.52%	86.55%	-4.97%	▼
materials in production & cost of goods purchased for resale	- 35.70	- 35.44	- 0.26	▼	75.27%	70.50%	-4.77%	▼
labour costs	- 3.22	- 3.38	0.16	▲	6.78%	6.72%	-0.06%	▼
depreciation	- 1.02	- 0.96	- 0.06	▼	2.15%	1.91%	-0.24%	▼
other cost of goods sold	- 3.47	- 3.73	0.26	▲	7.32%	7.43%	0.11%	▲
Operating expenses	- 4.78	- 5.41	0.63	▲	10.08%	10.77%	0.69%	▲
labour costs	- 1.60	- 1.50	- 0.10	▼	3.37%	2.99%	-0.38%	▼
transport & logistics services	- 1.86	- 1.97	0.11	▲	3.92%	3.93%	0.01%	▲
depreciation	- 0.21	- 0.20	- 0.01	▼	0.45%	0.40%	-0.05%	▼
advertising, marketing and product development	- 0.23	- 0.83	0.60	▲	0.48%	1.65%	1.17%	▲
other operating expenses	- 0.88	- 0.91	0.03	▲	1.85%	1.82%	-0.03%	▼
Other income/expenses	- 0.12	0.41	- 0.53	▼	-0.25%	0.81%	-1.06%	▼
including one-off expenses	- 0.40	0.00	- 0.40	▼	-0.85%	0.00%	-0.85%	▼
Financial income/expenses	- 0.24	0.20	- 0.43	▼	-0.50%	0.39%	-0.89%	▼



The percentage of cost of goods sold in the sales revenue was 91.5% (12 months in 2015: 86.5%) and the percentage of operating costs was 10.1% (12 months in 2015: 10.8%) in the reporting period.

The ratio of other cost of goods sold to the sales revenue was 7.3% in the 12 months of 2016 (12 months in 2015: 7.4%), showing a decrease of -0.1 percentage points. The composition of other cost of goods sold include heating, electricity, rent and utilities costs, and costs incurred in relation to fish farming and auxiliary activities in production. Salary costs of production and fish farms' personnel accounted for 6.8% of the revenue, which has grown year-on-year by 0.06 percentage points, while decreasing by 159 thousand euros in total.

The operating costs of the 12 months of 2016 decreased year-on-year by -629 thousand euros in total, i.e. -11.6%. Depreciation cost of fixed assets increased by 73 thousand euros, i.e. 6.3%. The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year.

TEAM

We are determined and passionate about what we do. It is our objective to serve our customers through quality and delicious products, offering only the best, most innovative and healthiest choice of food. Being close to consumers, we understand their needs and, by constantly developing our product range, focus on offering products of higher added value. We are competitive in the joint European economic area, we are able to feed the local population with our healthy domestic food and be successful in foreign markets.

The average number of employees employed by PRFoods in the 12 months of 2016 was 200 people (12 months in 2015: 217 people).

PERSONNEL ANALYSIS 2016

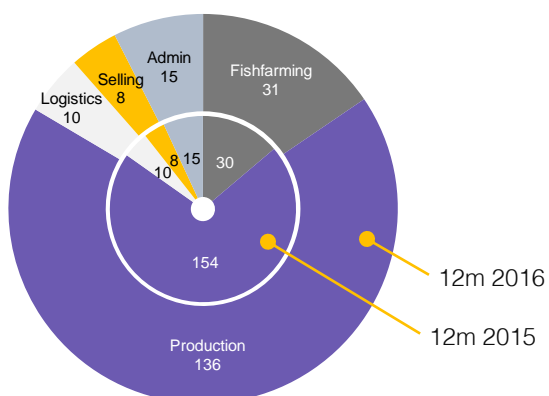
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	12m 2016	12m 16 / 12m 15	12m
Average number of employees	205	200	192	202	200	-7.8%	▼
Finland	38	40	35	50	41	0.0%	
Estonia	146	138	134	133	138	-10.4%	▼
Sweden	21	22	23	19	21	-4.5%	▼
Payroll expenses (th EUR)	1,153	1,249	1,057	1,356	4,815	-1.3%	▼
Monthly average payroll expenses per employee (EUR '000)	1.87	2.08	1.84	2.24	2.01	7.1%	▲

PERSONNEL ANALYSIS 2015

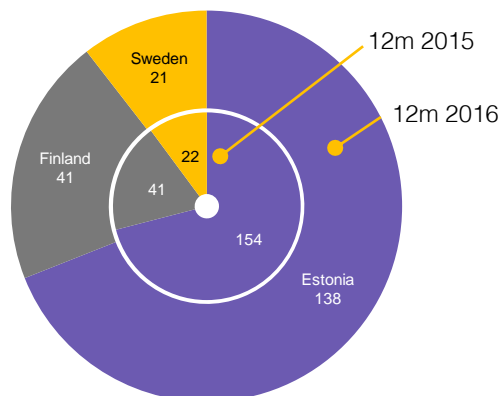
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	12m 2015	Q4 16 / Q4 15	Q4
Average number of employees	217	209	208	232	217	-12.9%	▼
Finland	37	39	39	47	41	6.4%	▲
Estonia	159	147	149	161	154	-17.4%	▼
Sweden	21	23	20	24	22	-20.8%	▼
Payroll expenses (th EUR)	1,138	1,111	1,150	1,478	4,877	-8.3%	▼
Monthly average payroll expenses per employee (EUR '000)	1.75	1.77	1.84	2.12	1.87	5.4%	▲

Labour costs in production were 3.22 million euros in the 12 months of 2016, decreasing year-on-year by -4.7%, i.e. -0.16 million euros. Labour costs of supportive personnel were 1.60 million euros in the reporting period, increasing by 6.5% compared to the same period in the previous year. The Group's labour costs were 4.82 million euros in the 12 months of 2016, decreasing year-on-year by -1.3%, i.e. -62 thousand euros. The percentage of labour costs in the sales revenue was 10.2% (the percentage was 9.7% in the 12 months of 2015).

EMPLOYEES ACCORDING TO AREA OF ACTIVITY



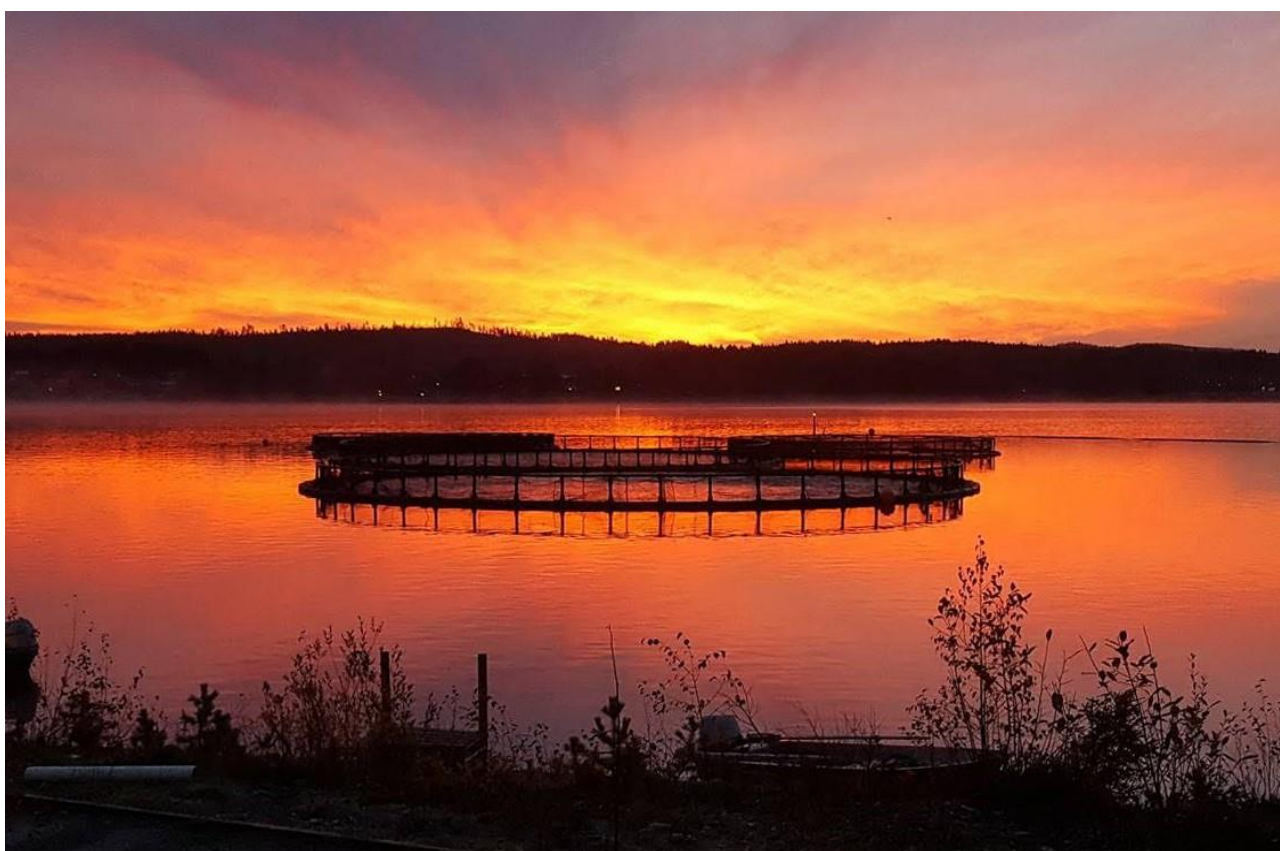
EMPLOYEES BY COUNTRY



FISH FARMING

The competitive advantage of the Group is its vertical integration – fish farming, production and sales. About 1/3 of the Group’s fish production is harvested in the company’s fish farms in the lakes of Sweden and in the archipelago in Turku area in Finland, ensuring that customers receive fast and high quality deliveries. The Group mainly harvests rainbow trout and, in a smaller degree, whitefish (*Coregonus lavaretus*).

Vertical integration means integration towards upstream or downstream of the technological chain which in turn enables the Company to reduce costs in implementing certain phases in fish harvesting. Vertical integration in the value chain of fish business means, in addition to fish harvesting, also having control especially over fish processing and marketing functions. In the fish business, one has to take into account that fish are livestock and quality assurance in technology requires a focus on the whole product lifecycle. In addition to cutting costs, vertical integration enables to reduce risks in fish farming, for instance due to poor quality of feed or base materials and to ensure the volume of raw material required for processing as well as price stability.



Överumans Fisk Ab
Fish farm in Sweden

THE MARKET PRICE OF FISH

Large producers establish their production plans for three years in advance since it is difficult and more expensive to use a shorter production cycle in fish farms dependent of market needs. Therefore, the supply of fish in the world market is extremely rigid in the short-term, while market demand is shifting depending on the season. This is causing an imbalance in the supply and demand of fish on the world market which is why the market price of raw fish is always fluctuating.

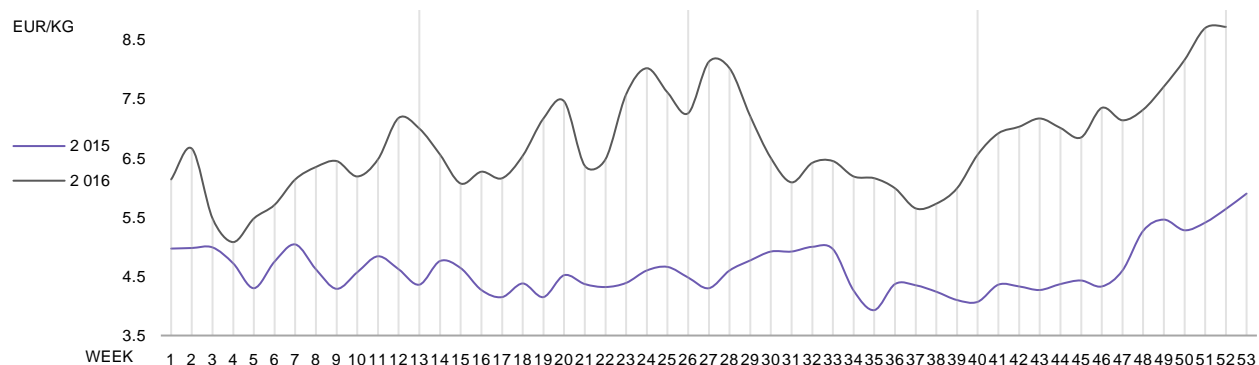
MARKET PRICE EUR/KG			Change		Change		Change
	31.12.2016	31.12.2015	31.12.16 / 31.12.15	31.12.2014	31.12.15 / 31.12.14	31.12.16 / 31.12.14	
Salmon	8.72	5.90	47.8%	4.80	22.9%	81.7%	
Rainbow trout	7.39	4.44	66.4%	5.39	-17.6%	37.1%	

As at 31.12.2016, the market price of salmon and trout had risen compared to the price the year before by 47.8% and 66.4%, respectively. Compared to the respective prices as at 31.12.2014, the price of salmon has increased by 81.7% and the price of trout has increased by 37.1%.

Fish market is extremely dependent on availability and market price of raw fish. The Group compensates the impact of external environment and volatility of salmon price through the changes of Company's production and sales strategy. The Group's main product is rainbow trout, which is cheaper than salmon. Consumers start to buy cheaper salmon species, including rainbow trout, when the market price of salmon increases. In addition, high quality fish which is produced in its own fish farming helps to mitigate the increase of market price of salmon and because of that it is critically important for the Group to have its own fish farming.



EXPORT PRICE OF NORWEGIAN SALMON



Source: NASDAQ Salmon Index

See comparable data on average market prices below:

EUR/KG	AVERAGE MARKET PRICE Q4		Change		Change	
	Q4 2016	Q4 2015	Q4 16 / Q4 15	Q4 16 / 12m 15	12m 2014	Q4 15 / 12m 14
Salmon	7.32	4.81	52.2%	58.1%	4.85	-0.8%
Rainbow trout	6.97	4.29	62.5%	55.2%	5.26	-18.4%

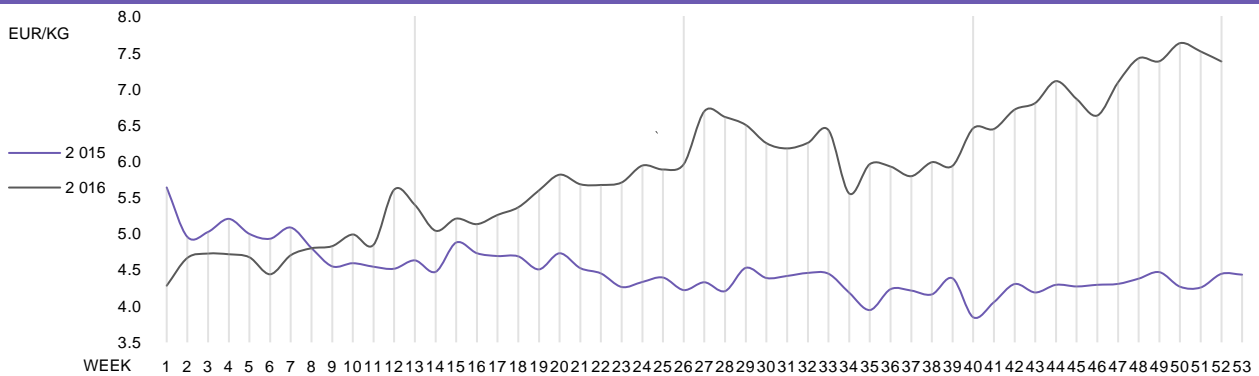
The average market price of salmon has increased by 52.2% in the 4th quarter of 2016 compared to the 4th quarter of 2015 and during the named period the average market price of rainbow trout has increased by 62.5%.

EUR/KG	AVERAGE MARKET PRICE 12 MONTHS		Change		Change	
	12m 2016	12m 2015	12m 16 / 12m 15	12m 2014	12m 15 / 12m 14	12m 16 / 12m 14
Salmon	6.68	4.59	45.5%	4.85	-5.4%	37.7%
Rainbow trout	5.73	4.42	29.6%	5.26	-16.0%	8.9%

The average market price of salmon has increased by 45.5% in the 12 months of 2016 compared to the same period from the previous year and the average market price of rainbow trout has increased by 29.6%.



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



Source: akvafakta.no

BIOLOGICAL ASSETS

Biological assets include fish stock accounted in fish farms in live weight, including the following species:

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

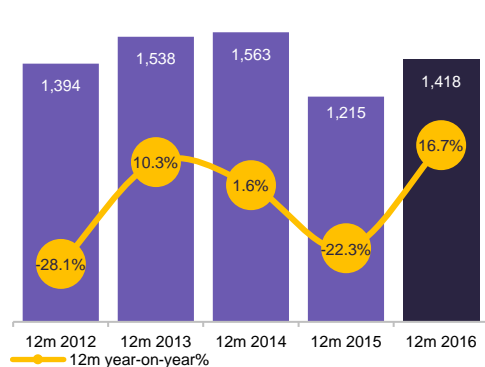
The Group uses the Norwegian export statistics for evaluation of the fish stock of rainbow trout (Source: akvafakta.no). For evaluation of the fish stock of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association is used. When the market price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, which has a positive or negative impact on the company's financial results. The high price of salmon had a direct impact on the Company's financial results of the year 2016. The positive effect of the market price on the Company's EBITDA and operating profit in the mentioned period was estimated to amount to 2.3 million euros. In February, at the time of preparing this report, the price of Norwegian trout has remained on very high level. The prices of Finnish and Danish markets are also significantly higher compared to same period last year.

CHANGE IN BIOLOGICAL ASSETS IN TONNES			Change in tonnes	Change
	12m 2016	12m 2015	12m 16/ 12m 15	%
Biomass at beginning of the period	1,215	1,563	-348	-22.2%
Biomass at end of the period	1,418	1,215	203	16.7%
Harvested (in live weight)	-2,045	-2,185	-140	-6.4%

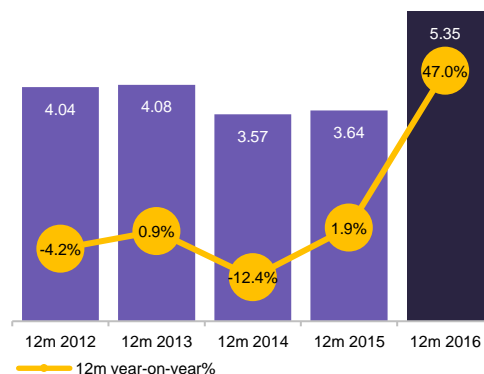
The amount of biological assets has grown by 203 tonnes, i.e. 16.7% compared to the same period in previous year and in monetary terms has increased by 3.16 million euros, i.e. +71.5%. This is caused by the higher market price of rainbow trout, which is 66.4% higher as at 31.12.2016 compared to the market price of 31.12.2015. The aggregate growth of biological assets was positive during the reporting period, amounting to 7.9 million euros (12 months in 2015: 4.1 million euros). As at 31.12.2016, the fair value of biological assets was 7.58 million euros (31.12.2015: 4.42 million euros).

BIOMASS VOLUME AND AVERAGE PRICE PER KG (EUR)			Change	
	12m 2016	12m 2015	12m 16/ 12m 15	Change %
Biological assets (mln EUR)	7.58	4.42	3.16	71.5%
Biomass volume in tonnes	1,418	1,215	203	16.7%
Average price per kg (EUR)	5.35	3.64	1.71	47.0%
Fair value adjustment on biological assets (mln EUR)	2.26	-0.89	3.15	-354.8%

Biomass volume in tonnes



Biomass average price per kg (EUR)

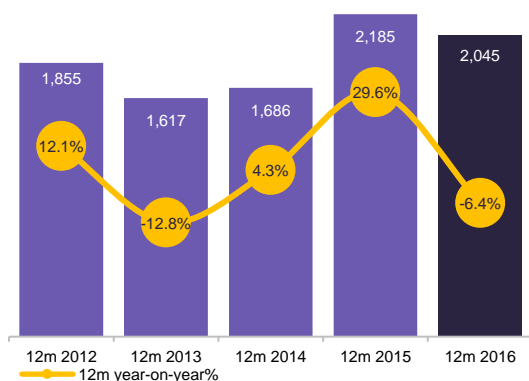


Fish is processed in production buildings that belong to Heimona Kala Oy and Vettel OÜ. The Group's own distribution network in Finland and Estonia enables us to ensure rapid and quality supplies to our customers. During the reporting period agricultural produce in the amount of 2,045 tonnes was harvested, which has decreased -6.4% compared to the same period in previous year. Produce in the amount of 2,185 tonnes was recorded at the same period in the previous year.

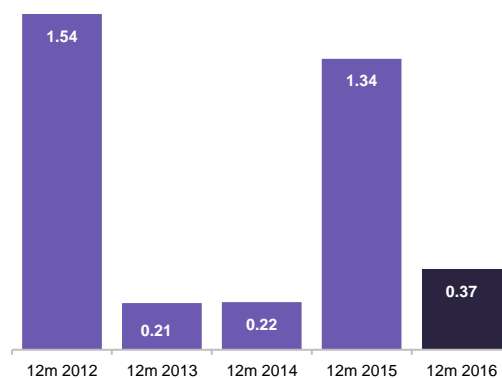
HARVESTED VOLUME			Change	
	12m 2016	12m 2015	12m 16/ 12m 15	Change %
Revenue (mln EUR)	47.4	50.3	-2.84	-5.7%
EBITDA from operations (mln EUR)*	0.8	2.9	-2.17	-74.2%
Harvested volume (tonnes)	2,045	2,185	140	-6.4%
EBITDA / kg* (EUR)	0.37	1.34	-0.97	-72.4%

* before one-offs and fair value adjustment of fish stock

Harvested volume in tonnes



EBITDA* / kg EUR



SEASONALITY OF THE BUSINESS

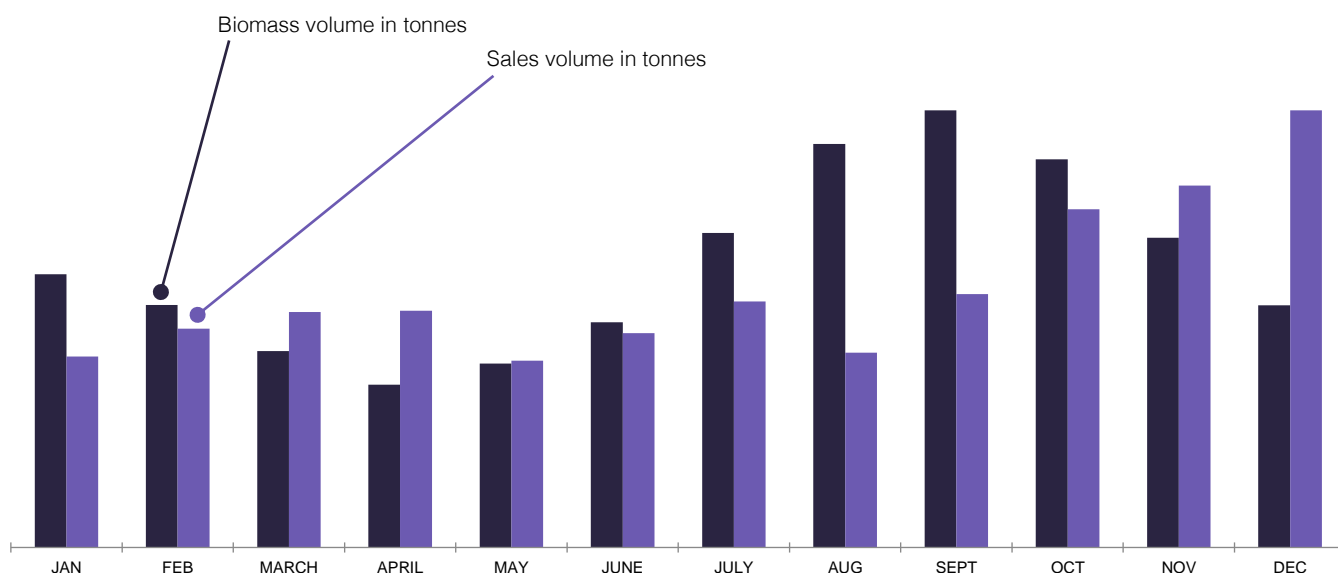
Due to the growth of biomass, the low season in fish farming lasts from November until May, while the high season lasts from June to September. Biomass growth is being influenced by the temperature in seas and lakes. Trout, for instance, grows faster from summer until autumn when the water is warmer. Between winter and spring, i.e. the cold period, fish practically stop growing. In fish processing facilities production volumes increase between September and Christmas and between March and May.

The long production cycle and the need to balance the volatility of market prices of raw materials require notably bigger investments in net working capital as compared to some other food industry businesses. In the high season of harvesting, there is a considerable need for working capital for purchasing feed and livestock. In addition, day-to-day production operations require sufficient stocks. For instance, in the autumn period when the supply of raw fish exceeds the market demand and the price level is the lowest during the year, companies consider purchasing large quantities of favourably priced raw materials (mainly trout) that are used in the ongoing production process. In the final third of the year, in the autumn-winter period when producers are selling fish harvested in their fish farms, the cash flow from operating activities is positive. In other words, notable fluctuation of net working capital is an entirely normal phenomenon in the fish business during the year.

In the period when cash flow from operations is negative, the Group pays special attention to cash conversion cycle by optimising the use of current assets. For balancing the cash circulation, the Company uses factoring and, if necessary, borrows in the form of overdraft. The volatility level of current assets depends on the specific financial year due to the specific features of seasonal business and is influenced by various factors including high dependence on weather conditions.

SEASONALITY OF THE BUSINESS

The graph shows the seasonal character of business by month, reflecting the growth of biomass volume in fish farming and sales volume in production.



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.

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

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

CREDIT RISK

Credit risk expresses a potential loss that arises in the event of clients failing to perform their contractual obligations. To reduce credit risk, the payment discipline of clients is consistently monitored.

To minimize credit risk, solvency of a potential future contractual partner is assessed based on the information received from the Commercial Register, Tax Board or other public sources. Contracts for purchase and sale of products are concluded with all contractual partners, and a payment term is granted only to reliable partners. If possible, the Group uses factoring without recourse as an additional measure to manage credit risk.

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 31 December 2016, the Group's working capital was 12.4 million euros (as at 31 December 2015 11.4 million 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 taken into use in amount of 3.4 million euros in subsidiaries (31.12.2015 overdraft was not drawn down as at the balance sheet date).

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 is operating in Estonia (currency EUR), Finland (currency EUR) and Sweden (currency SEK). For hedging the currency risk, all substantial agreements with foreign parties are signed in EUR. The Group has no substantial receivables and liabilities in foreign currency, which is not bound with EUR. Majority of existing long-term capital rent contracts are signed in EUR, therefore they are treated as liabilities free from currency risk.

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

The Group's capital consists of borrowings and total equity. As at 31.12.2016 the equity totalled 23.8 million euros (31.12.2015: 23.2 million euros). The Group's principle is to maintain strong equity base with the purpose of maintaining credibility for shareholders, creditors and the market as well as for ensuring sustainable development of the Company. In the long term, the Company's objective is to increase shareholder income and to ensure the capacity to pay dividends.

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.

The Group considers it important to ensure that its equity structure is at the optimum level. Therefore, it is monitored that the Group's equity-to-assets ratio is at least 35% (31.12.2016: 67.9%, 31.12.2015: 78.8%) and that the ratio of interest-bearing liabilities to assets does not exceed 25% (31.12.2016: 13.3%, 31.12.2015: 4.6%). According to the overdraft contract signed with AS SEB Pank, the Company's working capital financing rate cannot fall below 70% and the Group has met this requirement.

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

EUR '000	31.12.2016	31.12.2015
Total borrowings	4,640	1,349
Less: Cash and cash equivalents	4,374	1,921
Net debt	266	-572
Total equity	23,753	23,221
Total capital (net debt + equity)	24,019	22,649
Debt to equity ratio	1%	-3%

The net debt of Group at 31.12.2016 was positive 0.3 million euros (31.12.2015: negative -0.6 million euros).

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, Elering AS, Kevelt AS, Tulundusühistu Tuleva and a Management Board member of OÜ Transtech Service, OÜ Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ, Noblessneri Jahtklubi OÜ and Gridio OÜ as well as board member of several companies and NGOs 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.

Information about the education and career of the members of the Supervisory Board as well as their membership in the management bodies of companies have been published on AS PRFoods website at www.prfoods.ee.

As at 31.12.2016, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	number of shares	ownership interest
Chairman of the Supervisory Board until 02.02.2015, Member of the Management Board from 02.02.2015 – Indrek Kasela	1,041,823	2.69%
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	2,567,917	6.64%

SHARE AND SHAREHOLDERS

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 calculated value of 0.20 euro (nominal value was 10 EEK until 13 April 2011, 0.60 euro until 3 September 2012 and 0.50 euro until 2 October 2015).

On 30 June 2016, shares without nominal value of AS PRFoods were registered in the Commercial Register based on the resolutions adopted by the General Meeting of Shareholders of the Company held on 26 May 2016. The amount of the registered share capital of the Company is 7,736,572 euros, which is divided into 38,682,860 ordinary shares without nominal value and with the calculated value of 0.20 euros per share. All shares have equal voting and dividend rights. PRFoods shares do not have an official market maker.




ISIN	EE3100101031	Number of securities	38,682,860
Symbol of share	PRF1T	Listed shares	38,682,860
Market	BALTIC MAIN LIST	Listing date	05.05.2010
Calculated value	0.20 EUR	Minimum quantity of tradable securities	1 share

THE PRFOODS SHARE WAS PART OF THE FOLLOWING INDICES:

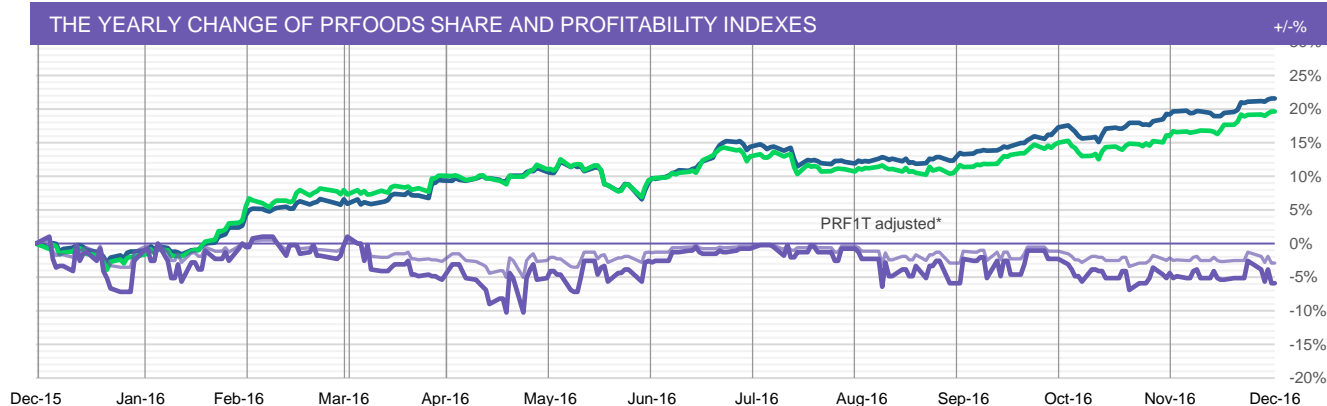
Index	Description	Type	Short name
OMX Tallinn GI	OMX Tallinn All-Share index	Gross index	OMXT
OMX Baltic Benchmark GI	OMX Baltic All-Share index	Gross index	OMXBGI

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 All-Share 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 31.12.2015 AND 31.12.2016:

Index / Equity	31.12.2015	31.12.2016	change %
 OMX Baltic Benchmark GI	648.32 EUR	788.17 EUR	21.57%
 OMX Tallinn	898.99 EUR	1,075.50 EUR	19.53%
 PRF1T	0.390 EUR	0.367 EUR	-5.90%

THE YEARLY CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES



Baltic comparison index increased 21.57% during the given period, Tallinn Stock Exchange All-Share index increased 19.63% and PRFoods share price decreased -5.90%. *The decrease of PRFoods's share, adjusted by the capital reduction payments during the named period was -2.91%.

TRADING HISTORY

Price (EUR)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	12m 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	12m 2015
Open	0.390	0.389	0.380	0.380	0.390	0.670	0.638	0.692	0.384	0.670
High	0.397	0.394	0.390	0.387	0.397	0.700	0.740	0.731	0.394	0.740
Low	0.362	0.349	0.365	0.363	0.349	0.620	0.634	0.382	0.363	0.363
Last	0.389	0.379	0.381	0.367	0.367	0.640	0.691	0.394	0.390	0.390
Traded volume, thousand	308	1,400	159	561	2,429	221	853	585	238	1,896
Turnover, million	0.12	0.52	0.06	0.21	0.91	0.15	0.60	0.33	0.09	1.17
Market capitalization, million	15.05	14.66	14.74	14.20	14.20	24.76	26.73	15.24	15.09	15.09

1,135 transactions were made with PRFoods shares in the 12 months of 2016. The volume of the transactions was 2.43 million, i.e. 6.3% of all shares, and the monetary value was 0.91 million euros. Comparable data during the 12 months of 2015: 1,451 transactions with a volume of 1.90 million shares, i.e. 4.9% of all shares, and the monetary value was 1.17 million euros. The highest trading price was 0.397 euros per share and the lowest trading price was 0.349 euros per share (the trading price in the 12 months of 2015 was 0.740 and 0.363 euros per share, respectively).

The closing price of the share was 0.375 euros per share as at 31.12.2016 (31.12.2015: 0.390 euro per share and 31.12.2015: 0.390 euro per share). The market value of AS PRFoods was 14.20 million euros as at 31.12.2016, decreasing year-on-year by -5.9% (market value 31.12.2015: 15.09 million euros).

MARKET RATIOS

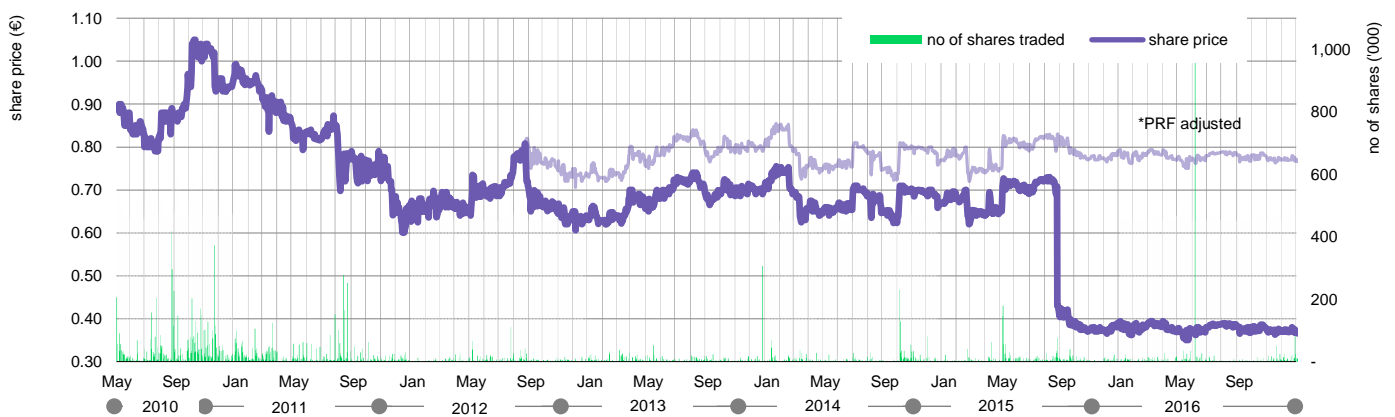
Ratios	formula	31.12.2016	31.12.2015
EV/Sales	(Market Cap + Net Debt) / Sales	0.336	0.289
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	-8.047	4.971
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	13.124	7.143
Price/EBITDA from operations	Market Cap / EBITDA from operations	-7.899	5.167
Price/EBITDA	Market Cap / EBITDA	14.917	7.424
Price-to-Earnings	Market Cap / Net Earnings	-7.014	12.796
Price-to-Book	Market Cap / Equity	0.598	0.650

Market Cap, Net Debt and Equity as of 31.12.2016

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 31 DECEMBER 2016:

*Dynamics of PRFoods's share price adjusted by the capital reduction payments.

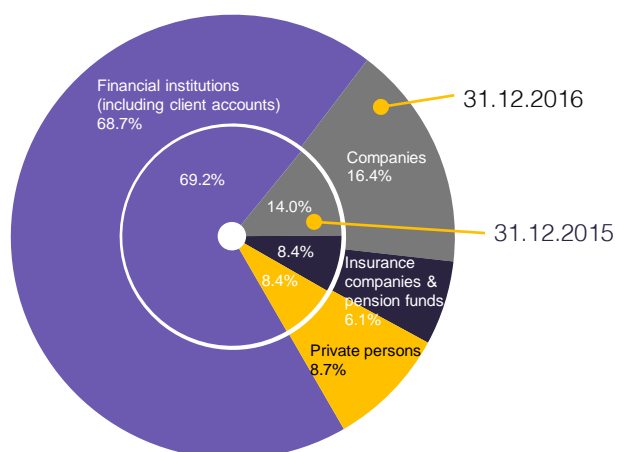


The nominal value of the PRFoods share was decreased by 10 euro cents on 29 August 2012 and by 30 euro cents on 28 August 2015. The calculated value of PRFoods share is currently 20 euro cents. PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital reduction since its shares were publicly listed.

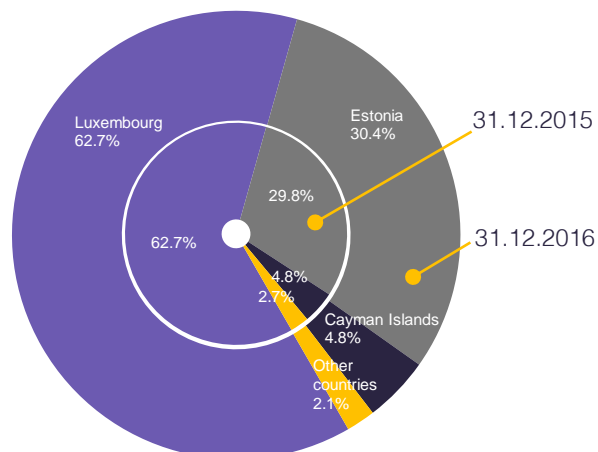
SHAREHOLDERS STRUCTURE

SHAREHOLDERS AS AT 31.12.2016		1,223 SHAREHOLDERS -5.1% FROM 31.12.2016		
	Number of shares	% of total 31.12.2016	% of total 31.12.2015	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	62.71%	-
OÜ Rododendron	1,298,705	3.36%	3.36%	-
Ambient Sound Investments OÜ	1,239,116	3.20%	3.20%	-
Firebird Republics Fund Ltd.	1,195,270	3.09%	3.09%	-
LHV Pensionifond L	1,055,863	2.73%	4.56%	- 709,483
Lindermann. Birnbaum & Kasela OÜ	1,041,823	2.69%	0.05%	+ 1,023,073
Compensa Life Vienna Insurance Group SE	743,058	1.92%	1.58%	+ 132,000
Firebird Avrora Fund. Ltd.	648,220	1.68%	1.68%	-
OÜ Footsteps Management	503,701	1.30%	1.30%	-
LHV Pensionifond XL	365,511	0.94%	1.52%	- 223,100
Total largest shareholders	32,349,633	83.62%	83.05%	+ 222,490
Other minority shareholders	5,680,045	14.69%	15.84%	- 446,117
Treasury shares	653,182	1.69%	1.11%	+ 223,627
Total	38,682,860	100.00%	100.00%	-

STRUCTURE OF SHAREHOLDERS ACCORDING TO HOLDER CATEGORIES



STRUCTURE OF SHAREHOLDERS ACCORDING TO RESIDENCE



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	560	45.8%	272,670	0.7%
1,001 ... 10,000	558	45.6%	1,861,252	4.8%
10,001 ... 50,000	71	5.8%	1,469,255	3.8%
50,001 ... 100,000	7	0.6%	429,337	1.1%
More than 100,000	27	2.2%	34,650,346	89.6%
Total	1,223	100.0%	38,683,860	100.0%

P R F O O D S

Interim Accounting Report

Consolidated interim financial statements

Consolidated statement of financial position

EUR '000	Note	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents	(Note 2)	4,374	1,921
Receivables and prepayments	(Note 3)	4,065	3,653
Inventories	(Note 4)	5,393	5,616
Biological assets	(Note 5)	7,584	4,421
Total current assets		21,416	15,611
Deferred income tax		134	138
Long-term financial investments		103	161
Tangible fixed assets	(Note 6)	7,285	7,427
Intangible assets	(Note 7)	6,031	6,128
Total non-current assets		13,553	13,854
TOTAL ASSETS		34,969	29,465
EQUITY AND LIABILITIES			
Loans and borrowings	(Note 8, 9)	3,700	286
Payables	(Note 10)	5,127	3,760
Government grants	(Note 11)	162	177
Total current liabilities		8,989	4,223
Loans and borrowings	(Note 8, 9)	940	1,063
Deferred tax liabilities		736	252
Government grants	(Note 11)	551	706
Total non-current liabilities		2,227	2,021
TOTAL LIABILITIES		11,216	6,244
Share capital		7,737	7,737
Share premium		14,007	16,026
Treasury shares		-256	-172
Statutory capital reserve		12	6
Currency translation reserve		428	471
Retained profit (-loss)		1,825	-847
Equity attributable to parent		23,753	23,221
TOTAL EQUITY	(Note 12)	23,753	23,221
TOTAL EQUITY AND LIABILITIES		34,969	29,465

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Note	Q4 2016	Q4 2015	12m 2016	12m 2015
Sales	(Note 13)	16,903	17,178	47,429	50,273
Cost of goods sold	(Note 14)	-14,971	-14,599	-43,409	-43,509
Gross profit		1,932	2,579	4,020	6,764
Operating expenses		-1,294	-1,599	-4,782	-5,411
Selling and distribution expenses		-964	-1,249	-3,346	-4,033
Administrative expenses		-330	-350	-1,436	-1,378
Other income/expenses		-293	96	-120	406
Fair value adjustment on biological assets	(Note 5)	-1,101	-359	2,263	-888
Operating profit (-loss)		-756	717	1,381	871
Financial income		1	65	2	303
Financial expenses		-7	-25	-238	-105
Profit (-loss) before tax		-762	757	1,145	1,069
Income tax		214	-20	-486	110
Net profit (-loss) for the period		-548	737	659	1,179
Other comprehensive income (-loss) that may subsequently be classified to profit or loss:					
Foreign currency translation differences		8	32	-43	30
Total comprehensive income (-expense)		-540	769	616	1,209
Total comprehensive income (-expense) attributable to:					
Owners of the Company		-540	769	616	1,209
Total comprehensive income (-expense) for the period		-540	769	616	1,209
Profit (-loss) per share (EUR)	(Note 12)	-0.01	0.02	0.02	0.03
Diluted profit (-loss) per share (EUR)	(Note 12)	-0.01	0.02	0.02	0.03

Consolidated cash flow statement

EUR '000	Note	12m 2016	12m 2015
Total cash flow from operations			
Net profit (-loss)		659	1,179
Adjustments:			
Depreciation	(Note 6, 7)	1,234	1,161
Profit from sale and write off of fixed assets		-6	-65
Other non-cash items		20	-242
Changes in receivables and prepayments		-408	544
Changes in inventories	(Note 4)	223	947
Changes in biological assets	(Note 5)	-3,163	1,162
Changes in payables and prepayments		2,039	-966
Corporate income tax paid		-188	-55
Total cash flow from /(used in) operating activities		410	3,665
Total cash flow from investments			
Sale of tangible and intangible fixed assets	(Note 6, 7)	9	95
Purchase of tangible and intangible fixed assets	(Note 6, 7)	-811	-1,042
Sales of subsidiaries		0	8,000
Repayments of loans granted		0	4
Interests received		0	5
Profit from long-term investments		4	1
Total cash flow used in investing activities		-798	7,063
Total cash flow from financing			
Reduction of share capital	(Note 12)	0	-11,504
Own shares buy-back	(Note 12)	-84	-156
Change in overdraft		3,367	0
Change in factored receivables	(Note 9)	5	0
Capital lease repayments	(Note 8)	-343	-381
Interests paid		-104	-96
Total cash flow (used in)/from financing activities		2,841	-12,137
Total cash flow		2,453	-1,409
Cash and cash equivalents at beginning of year	(Note 2)	1,921	3,330
Change in cash and cash equivalents		2,453	-1,409
Cash and cash equivalents at the end of the period	(Note 2)	4,374	1,921

Consolidated statement of changes in equity

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total equity
Balance at 31.12.2014	19,342	16,026	-117	6	441	-2,026	33,672
Reduction of share capital	-11,605	0	101	0	0	0	-11,504
The own shares repurchase program	0	0	-156	0	0	0	-156
Transactions with equity holders of the company	-11,605	0	-55	0	0	0	-11,660
Net loss for the period	0	0	0	0	0	1,179	1,179
Other comprehensive income	0	0	0	0	30	0	30
Total comprehensive income (expense) for the period	0	0	0	0	30	1,179	1,209
Balance at 31.12.2015	7,737	16,026	-172	6	471	-847	23,221
Balance at 31.12.2015	7,737	16,026	-172	6	471	-847	23,221
Covering the loss from previous year	0	-2,019	0	-6	0	2,025	0
Formation of statutory reserve capital	0	0	0	12	0	-12	0
The own shares repurchase program	0	0	-84	0	0	0	-84
Transactions with equity holders of the company	0	-2,019	-84	6	0	2,013	-84
Net loss for the year	0	0	0	0	0	659	659
Other comprehensive expense	0	0	0	0	-43	0	-43
Total comprehensive expense for the period	0	0	0	0	-43	659	616
Balance at 31.12.2016	7,737	14,007	-256	12	428	1,825	23,753

Additional information about equity is disclosed in Note 12.

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 31.12.2016 encompass AS PRFoods (hereinafter Parent Company) together with its subsidiaries Saaremere Kala AS in Estonia 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.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2015 is available at the Parent Company's location at Viru 19, 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 31.12.2015 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 2015, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 23 February 2017.

In the opinion of the management, this interim report for 4th quarter and 12 months of 2016 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.

NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	31.12.2016	31.12.2015
Cash on hand	9	13
Bank accounts	4,365	1,908
Total cash and cash equivalents	4,374	1,921

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	31.12.2016	31.12.2015
Trade receivables	3,543	3,197
Allowance for doubtful receivables	-12	-15
Other receivables	7	7
Prepaid expenses	166	134
Prepaid taxes	314	180
Other prepayments	47	150
Total receivables and prepayments	4,065	3,653

No write-downs on receivables have been recognised.

A commercial pledge set as collateral for loans also covers receivables (see Note 9).

NOTE 4. INVENTORIES

EUR '000	31.12.2016	31.12.2015
Raw materials and materials	2,703	2,488
Work-in-progress	903	1,158
Finished goods	1,281	1,302
Goods purchased for sale	484	648
Prepayments for inventories and goods in transit	22	20
Total inventories	5,393	5,616

The Group earned a loss from write-off of inventories in the 12 months of 2016 in total 10 thousand euros. In 2015, the Group earned a loss of 195 thousand euros from write-off of inventories.

A commercial pledge set as collateral for loans also covers inventories (see Note 9).

NOTE 5. BIOLOGICAL ASSETS

EUR '000	31.12.2016	31.12.2015
Fry	629	244
Juveniles	1,347	1,742
Fish suitable for harvesting	5,608	2,435
Total biological assets	7,584	4,421

As at 31.12.2016, biological assets totalled 1,418 tonnes. As at 31.12.2015, biological assets totalled 1,215 tonnes. In the reporting period, agricultural produce was harvested in the amount of 2,045 tonnes. In the 2015 agricultural produce was harvested in the amount of 2,185 tonnes.

The Group produces in its fish farms located in Finland and Sweden mainly rainbow trout (*Oncorhynchus mykiss*), and, in a lesser degree, also whitefish (*Coregonus lavaretus*).

CHANGE IN BIOLOGICAL ASSETS		
EUR '000	12m 2016	12m 2015
Biological assets at beginning of the period	4,421	5,583
Purchased	1,431	860
Additions	5,617	5,035
Fair value adjustments	2,263	-888
Harvested	-5,748	-6,156
Written off	-251	-89
Exchange rate differences	-149	76
Biological assets at end of the period	7,584	4,421

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 7,880 thousand euros, comprising of amounts presented under "Additions" and "Fair value adjustments" above. In the 2015 the growth of biological assets was total 4,147 thousand euros.

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.

Group measures biological assets in fair value or acquisition cost.

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

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	31.12.2016	31.12.2015
Land and buildings		
Cost	5,783	5,497
Accumulated depreciation	-2,986	-2,739
Land and buildings at carrying amount	2,797	2,758
Machinery and equipment		
Cost	9,361	8,762
Accumulated depreciation	-5,205	-4,520
Machinery and equipment at carrying amount	4,156	4,242
Other tangible assets		
Cost	642	574
Accumulated depreciation	-344	-283
Other tangible assets at carrying amount	298	291
Construction in progress, prepayments	34	136
Total property, plant and equipment	7,285	7,427

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 8. Additional information about collateral for loans is disclosed in Note 9.

NOTE 7. INTANGIBLE ASSETS

EUR '000	31.12.2016	31.12.2015
Goodwill	4,730	4,730
Trademarks and patents		
Cost	1,085	1,085
Accumulated amortisation	-542	-487
Trademarks and patents at carrying amount	543	598
Immaterial rights		
Cost	859	859
Accumulated amortisation	-322	-300
Immaterial rights at carrying amount	537	559
Software licenses		
Cost	294	286
Accumulated amortisation	-236	-212
Software licenses at carrying amount	58	74
Prepayments for intangible assets	163	167
Total intangible assets	6,031	6,128

NOTE 8. FINANCE LEASE

FIXED ASSETS ACQUIRED UNDER FINANCE LEASE		
EUR '000	31.12.2016	31.12.2015
Machinery and equipment		
Cost	1,791	1,708
Accumulated depreciation	-215	-298
Machinery and equipment at carrying amount	1,576	1,410
Means of transport		
Cost	488	388
Accumulated depreciation	-54	-90
Means of transport at carrying amount	434	298
Total property, plant and equipment	2,010	1,708

The Group is leasing under financial lease terms fish industry production equipment, fish harvesting equipment, a workboat, a tractor, passenger cars and computers. During the reporting period, fixed assets were leased as financial lease in the total amount of 262 thousand euros. During the 2015, fixed assets were leased as financial lease in the total amount of 977 thousand euros.

FINANCE LEASE PAYABLES		
EUR '000	31.12.2016	31.12.2015
Present value of finance lease liability		
Due in less than 1 year	328	286
Due between 1-5 years	940	1,063
Present value of lease payments	1,268	1,349
Principal payments in the financial year	343	381
Interest expenses in the financial year	24	22
Average interest rate	2.25%	2.51%

See also Note 6 and 9.

NOTE 9. BORROWINGS

EUR '000	31.12.2016	31.12.2015
Finance lease liabilities (Note 8)	328	286
Overdraft	3,367	0
Factoring liability	5	0
Total short-term loans	3,700	286
Finance lease liabilities (Note 8)	940	1,063
Total long-term loans	940	1,063
incl. payable within 1-5 years	940	1,063

On 06.09.2016, AS PRFoods and AS SEB Pank closed the limit of the existing overdraft contract and closed group account agreement between AS PRFoods and its subsidiaries. On 06.09.2016, AS Saaremere Kala and AS SEB Pank signed overdraft contract to open for AS Saaremere 5.0 million euro credit limit. The term of the overdraft facility is 30.04.2017 and the interest rate is 6 month EURIBOR + 1.7%. The bank overdraft is secured by a mortgage of 10.1 million euros, a commercial pledge of 4.0 million euros and AS PRFoods guarantee in amount of 5.0 million euros. AS Saaremere Kala and subsidiaries OÜ Vettel and OÜ Gourmethouse have signed new group account agreement with AS SEB Pank.

The overdraft was used in the amount of 3.4 million euros as at 31.12.2016. The overdraft was not used as at 31.12.2015.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	31.12.2016	31.12.2015
Trade payables	3,965	2,322
Payables to employees	623	664
Interest payables	4	0
Other payables	11	2
Tax liabilities, incl.:	524	772
Social security tax	166	161
VAT	266	430
Personal income tax	77	82
Corporate income tax	0	84
Other taxes	15	15
Total payables and prepayments	5,127	3,760

NOTE 11. GOVERNMENT GRANTS

EUR '000	12m 2016	12m 2015
Deferred income from government grants at the beginning of period	883	1,054
Change in value due to the exchange rates	-8	6
Recognition as income during the period	-162	-177
Deferred income from government grants at the end of period	713	883
incl. income within 1 year	162	177
incl. income within 2-17 years	551	706

NOTE 12. EQUITY

EUR '000	31.12.2016	31.12.2015
Share capital	7,737	7,737
Share premium	14,007	16,026
Treasury shares	-256	-172
Statutory capital reserve	12	6
Currency translation reserve	428	471
Retained profit (-loss)	1,825	-847
Equity attributable to parent	23,753	23,221
TOTAL EQUITY	23,753	23,221

Share capital

As at 31.12.2016, the Company's registered share capital was 7,736,572 euros. As at 31.12.2015, the Company had registered share capital in the amount of 7,736,572 euros. On 2 October 2015, the reduction of share capital of AS PRFoods and related changes were entered into the Commercial Register. Share capital was reduced in accordance with the resolution adopted by the general meeting of shareholders held on 28 May 2015 by way of reducing the nominal value of a share by 0.3 euro (30 cents), which resulted in a new nominal value of a share at 0.2 euro (20 cents). The reason for the reduction of share capital was to adjust the Group's capital structure with the aim of bringing the return on equity and ratios to a more acceptable level.

On 30 June 2016, shares of AS PRFoods without nominal value were registered in the Commercial Register instead of shares with nominal value, based on the resolutions adopted by the Company's general meeting of shareholders held on 26 May 2016. The registered share capital of the Company is 7,736,572 euros, divided into 38,682,860 ordinary shares without nominal value having a book value of 0.20 euro per share. A new version of the Company's Articles of Association also came into force, stating that the minimal share capital is 7,000,000 euros and the maximum share capital is 28,000,000 euros. The Articles of Association are available on AS PRFoods website at www.prfoods.ee.

Share premium

The Company's share premium comprises mainly of the amount received over the nominal value upon issue of shares, less costs associated with the issue of shares. According to the Commercial Code, a premium may be used to cover a loss of a company if such loss cannot be covered by retained profit from previous periods or the capital reserve prescribed in the Articles of Association and other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital by a bonus issue. No payments to shareholders are allowed to be made from the share premium funds.

The ordinary general meeting of shareholders held on 26 May 2016 decided to cover the retained loss in the previous periods of AS PRFoods from reserves and share premium in the total amount of 2,026,000 euros, where the share premium was used to cover 2,019,500 euros and the reserve was used to cover 6,500 euros.

Own shares

As of 01.07.2014, the Company initiated its own shares buy-back programme in accordance with the resolution of the general meeting of shareholders held on 29.05.2014, according to which up to 500,000 own shares will be bought back before 31 May 2017. The initial own shares buy-back programme was completed on 18.05.2016. The ordinary general meeting of shareholders held on 26 May this year adopted a resolution to expand the existing buy-back programme,

according to which up to 500,000 additional own shares will be bought back before 29.05.2019. On 14 June 2016, the Management Board of AS PRFoods entered into a service agreement with AS SEB Pank to continue the implementation of the own shares buy-back programme.

The buy-back programme is implemented in compliance with the resolutions of the general meetings of shareholders held on 29.05.2014 and 26.05.2016, and Commission Regulation (EU) No. 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

As at 31.12.2016, AS SEB Pank has acquired a total of 653,182 own shares with average price 0.3919 euro per share in the name and on behalf of AS PRFoods. As at 31.12.2015, the Company had bought back 429,555 own shares.

Capital reserve

The Estonian Commercial Code requires companies to create a capital reserve. Each year at least 1/20 of profit for the year has to be transferred to the capital reserve until the reserve amounts to 1/10 of share capital. The capital reserve may be used for covering losses and increasing share capital but not for making distributions to shareholders. The shareholders adopted a resolution at the general meeting held on 26 May to cover the retained loss from previous periods of AS PRFoods from reserve and share premium in the amount of 2,026,000 euros and transfer 12,400 euros from the profit of 2015 of the parent company to the reserve, and not to distribute the remaining profit. The loss covered from the reserve was in the amount of 6,500 euros.

EARNINGS PER SHARE

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

	Q4 2016	Q4 2015	12m 2016	12m 2015
Net profit (loss) attributable to equity holders of the company EUR '000	-548	737	659	1,179
Average number of shares (in thousand)	38,683	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	-0.01	0.02	0.02	0.03
Earnings (-loss) per share (EUR)	-0.01	0.02	0.02	0.03
Diluted earnings (-loss) per share (EUR)	-0.01	0.02	0.02	0.03

NOTE 13. SEGMENT REPORTING

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

Two business segments – the fish segment and other segments - are presented together since the proportion of other segments in business operations is marginal. The proportion of other segments was 0.08% in reporting period and 0.07% in 2015.

SALES BY GEOGRAPHIC REGIONS

EUR '000	Q4 2016	Q4 2015	12m 2016	12m 2015
Finland	13,700	14,703	38,956	44,198
Estonia	1,380	1,732	4,974	4,841
Other	1,823	743	3,499	1,234
Total	16,903	17,178	47,429	45,432

NOTE 14. COST OF GOODS SOLD

EUR '000	Q4 2016	Q4 2015	12m 2016	12m 2015
Cost of goods purchased for sale	-1,086	-1,438	-3,891	-4,074
Materials used in production	-11,733	-10,614	-31,809	-31,366
Staff costs	-953	-1,085	-3,217	-3,376
Depreciation and amortisation	-256	-255	-1,020	-960
Other costs of goods sold ¹	-943	-1,207	-3,472	-3,733
Total cost of goods sold	-14,971	-14,599	-43,409	-43,509

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

NOTE 15. 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

GROUP COMPANIES					
Subsidiary	Domicile	Ownership and voting rights %		Area of activity	Owner
		31.12.2016	31.12.2015		
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

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

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

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

Company	Creditor	Payables and prepayments	Payable as at 31.12.2016 EUR '000	Payable as at 31.12.2015 EUR '000
Vettel OÜ	Companies related to members of the Management and Supervisory Boards	Trade payables	2	0
	Total		2	0

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

Party EUR '000	Type of transaction	12m 2016 Purchase	12m 2016 Sale	12m 2015 Purchase	12m 2015 Sale
Companies related to members of the Management and Supervisory Boards	services	13	2	49	2
	Total	13	2	49	2

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

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:

EUR '000	12m 2016	12m 2015
Short-term benefits	565	512
Total	565	512

Management benefits increased year-on-year bases by 53 thousand euros, which was mainly influenced by the annual management bonuses paid to the management of subsidiaries in 2nd quarter for the results of the 2015 financial year.

The members of the Management and Supervisory Boards are not entitled to any pension-related rights from the company. The members of the Management Boards are entitled to termination benefits. The maximum expense related to payment of termination benefits including taxes totals 205 thousand euros (31.12.2015: 167 thousand euros).

NOTE 16. CONTINGENT LIABILITIES

Contingent liabilities in connection with setting a mortgage for the benefit of the Customs Board of Finland

A mortgage was set for the benefit of the Finnish 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.

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 4TH QUARTER AND 12 MONTHS OF 2016

The Management Board confirms the correctness and completeness of the consolidated interim report for the 4th quarter and 12 months of 2016 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 8 – 47 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 the Management Board

Indrek Kasela

digitally signed

26 February 2017

