



## **AS PREMIA FOODS**

**Consolidated Unaudited Interim Report  
for 3<sup>rd</sup> quarter and 9 months of 2013**



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Main areas of activity:	Production of ice cream Wholesale of food products Production and sale of fish products Fish farming
Reporting period:	1 January 2013 – 30 September 2013
Auditor:	AS PricewaterhouseCoopers



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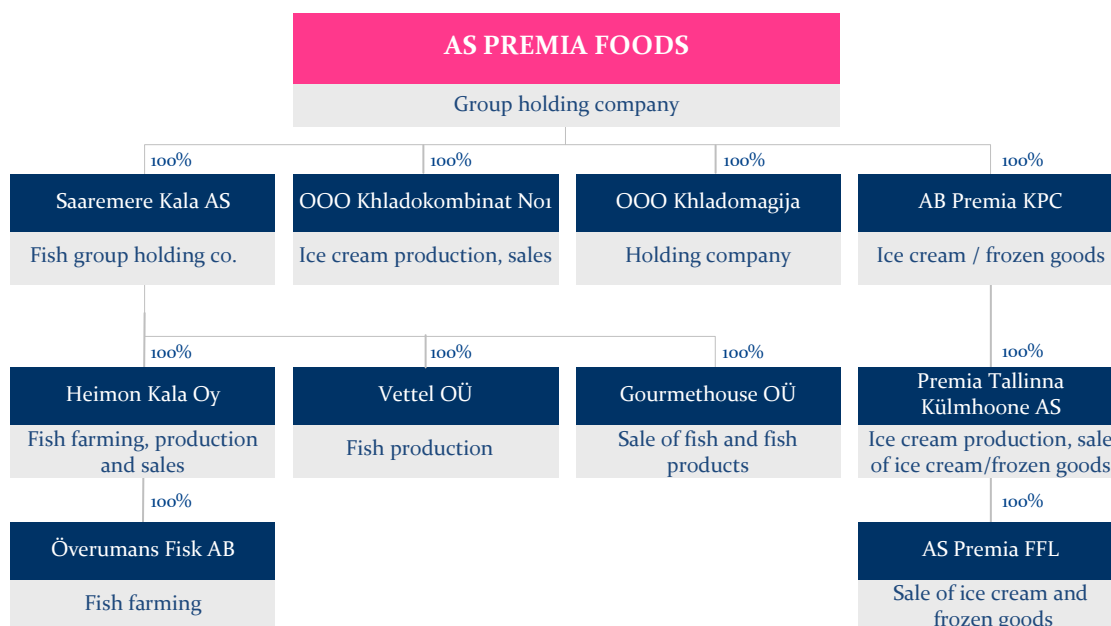
**ACTIVITIES REPORT BY MANAGEMENT BOARD**

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

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

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

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



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



## SUMMARY OF FINANCIAL RESULTS

### Unaudited financial results of AS Premia Foods, 3<sup>rd</sup> quarter and 9 months, 2013

The financial results of Premia Foods during the 3<sup>rd</sup> quarter and 9 months, 2013, may be characterized by the increase of turnover for the third quarter in a row, considerably improved profitability and decreased operating costs. For the first time in the company's history, Premia reached organic quarterly increase of turnover by over 10% as the increase of turnover of the 3<sup>rd</sup> quarter was 13.8%. The EBIT in the 3<sup>rd</sup> quarter of 2013 increased 2.6 times, if compared to the same period of the previous year, reaching 2.7 million euro; in the summary of 9 months the corresponding figure was 3.1 million euro and the growth was 4.6 times. The net profit increased during the 3<sup>rd</sup> quarter of 2013, if compared to the same period of the previous year, by 1.9 times, reaching 2.1 million euro; in the summary of 9 months the net profit increased, if compared to the same period of the previous year, by 2.8 times, reaching 1.9 million euro.

The main financial results of the operations of the company during the reporting period are the following:

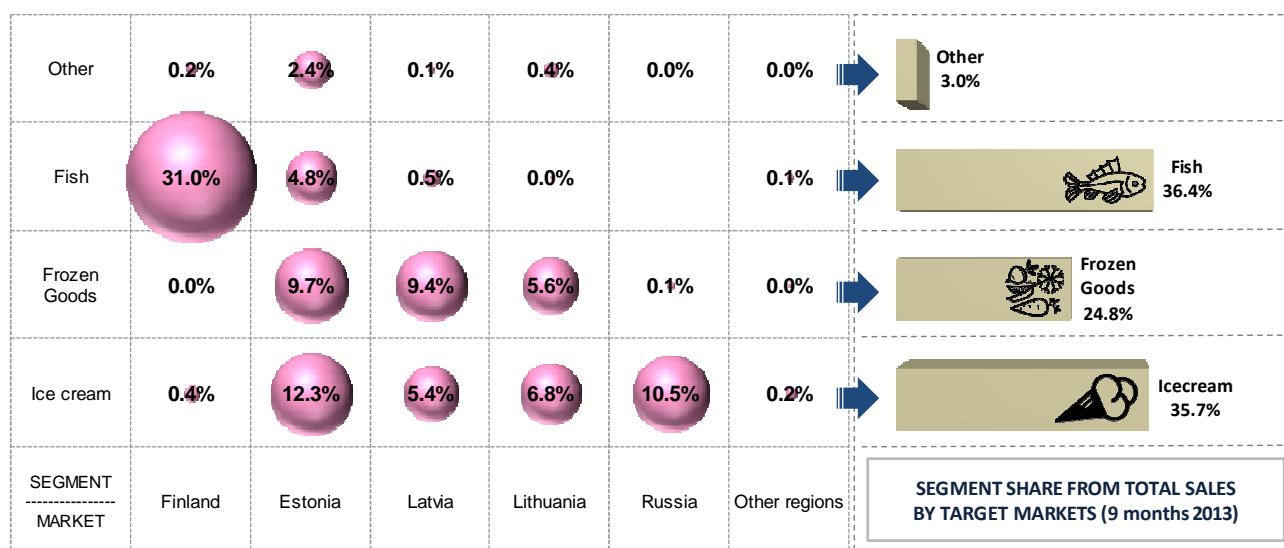
- ❖ The unaudited consolidated turnover of the 3<sup>rd</sup> quarter of 2013 of Premia Foods increased by 13.8%, i.e. 3.3 million euro, if compared to the results of the 3<sup>rd</sup> quarter of 2012, reaching 26.9 million euro. The unaudited consolidated turnover of 9 months of 2013 was 72.9 million euro, having increased on a yearly basis by 9.2%, i.e. 6.1 million euro. In the summary of 9 months of 2013, the turnover increased in all the business segments and target markets of Premia Foods.
- ❖ The company's gross profit of the 3<sup>rd</sup> quarter of 2013 was 7.1 million euro, remaining at the same level as during the same period of the previous year. In the summary of 9 months of 2013, Premia earned a gross profit of 18.8 million euro, which is 0.4 million euro less than the result of the same period of the previous year, whereas the main reason thereof is the decreased gross margin of the fish business segment. During the 3<sup>rd</sup> quarter of 2013, the ice cream business segment and the frozen goods business segment earned 0.5 million euro more gross profit, if compared to the results of the previous year; in the summary of 9 months the referred business segments earned 1.6 million more gross profit, if compared to the 9 months of 2012.
- ❖ Premia's EBITDA of the 3<sup>rd</sup> quarter of 2013 was 3.3 million euro, exceeding the result of the previous year by 1.8 times. In the summary of 9 months of 2013, the EBITDA was 5.0 million euro, exceeding the result of the previous year by 1.6 times. The EBITDA increased in the summary of 9 months of 2013 in all the business segments, the largest contribution came from the ice cream business segment.
- ❖ The positive impact of livestock revaluation on the operating profit of the company during the 3<sup>rd</sup> quarter was 1.3 million euro, if compared to the previous year; in the summary of 9 months of 2013, the positive impact on the operating profit was 2.4 million euro.
- ❖ The EBIT in the 3<sup>rd</sup> quarter of 2013 was 2.7 million euro, exceeding the result of the previous year by 2.6 times. In the summary of 9 months, the EBIT was 3.1 million euro, which exceeds the result of the previous year by 4.6 times. Also the operating profit improved during the 9 months of 2013 in all the business segments, the largest increase here came once again from the ice cream business segment.
- ❖ The net profit of the 3<sup>rd</sup> quarter of 2013 was 2.1 million euro, exceeding the result of the previous year by 1.9 times. In the summary of 9 months of 2013, Premia earned a net profit of 1.9 million euro, exceeding the result of the previous year by 2.8 times.
- ❖ The operating expense ratio decreased during the 3<sup>rd</sup> quarter by 4.6 percentage points, if compared to the same period of 2012, and in the summary of 9 months by 2.8 percentage points. In total, the operating expenses, on an annual basis, decreased during the 3<sup>rd</sup> quarter of 2013 by 0.4 million euro, in the summary of 9 months by 0.5 million euro.



The company's key ratios of the 3<sup>rd</sup> quarter and 9 months of 2013 have been indicated in the following table.

		KEY RATIOS							
Profit & Loss, EUR mln	formula	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
Sales		18.3	27.8	26.9	<b>72.9</b>	17.1	26.1	23.6	66.8
Gross profit		3.8	8.0	7.1	<b>18.8</b>	4.2	7.9	7.1	19.3
EBITDA from operations	before one-offs and fair value adjustment	-0.4	2.4	2.1	<b>4.1</b>	0.0	2.7	2.1	4.9
EBITDA		-0.7	2.4	3.3	<b>5.0</b>	-0.6	1.9	1.9	3.2
EBIT		-1.3	1.7	2.7	<b>3.1</b>	-1.4	1.1	1.0	0.7
Net profit		-1.2	1.0	2.1	<b>1.9</b>	-1.2	0.8	1.1	0.7
Gross margin	Gross profit / Net sales	20.6%	28.6%	26.4%	<b>25.8%</b>	24.5%	30.4%	30.2%	28.8%
Operational EBITDA margin	EBITDA from operations/Net sales	-2.2%	8.8%	7.8%	<b>5.7%</b>	0.1%	10.5%	8.9%	7.3%
EBIT margin	EBIT / Net sales	-7.3%	6.2%	10.0%	<b>4.2%</b>	-8.3%	4.0%	4.4%	1.0%
Net margin	Net earnings / Net sales	-6.5%	3.7%	7.7%	<b>2.6%</b>	-6.9%	2.9%	4.7%	1.0%
Operating expense ratio	Operating expenses / Net sales	27.1%	22.7%	21.6%	<b>23.4%</b>	29.7%	24.0%	26.1%	26.2%
Balance Sheet, EUR mln	formula	31.12.12	31.03.13	30.06.13	30.09.13	31.12.11	31.03.12	30.06.12	30.09.12
Net debt	Short and Long term Loans and Borrowings - Cash	13.8	13.2	15.2	<b>14.6</b>	11.3	12.2	12.0	10.9
Equity		36.5	35.3	36.1	<b>38.2</b>	40.5	39.3	39.8	37.1
Working capital	Current Assets - Current Liabilities	12.1	10.4	10.8	<b>13.1</b>	12.8	12.0	12.4	9.7
Assets		63.2	62.4	67.7	<b>66.1</b>	64.1	64.2	68.5	65.4
Liquidity ratio	Current Assets / Current Liabilities	1.91	1.73	1.58	<b>1.86</b>	2.19	1.91	1.70	1.55
Equity ratio	Equity / Total Assets	58%	57%	53%	<b>58%</b>	63%	61%	58%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	28%	27%	30%	<b>28%</b>	22%	24%	23%	23%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	2.71	2.80	3.46	<b>3.31</b>	2.55	1.98	2.19	2.06
ROE	Net Earnings / Average Equity	0%	0%	1%	<b>3%</b>	-1%	1%	0%	-1%
ROA	Net Earnings / Average Assets	0%	0%	1%	<b>2%</b>	-1%	0%	0%	-1%

## BUSINESS SEGMENT ANALYSIS





The main figures by the business segments of Premia Foods for 9 months of 2013 are indicated in the table below.

<b>SEGMENT ANALYSIS</b>							
<b>EUR million</b>	<b>9m 2013</b>	<b>9m 2012</b>		<b>EUR million</b>	<b>9m 2013</b>	<b>9m 2012</b>	
<b><u>Sales</u></b>				<b><u>EBITDA from operations</u></b>			
Ice cream	26.1	24.4	▲	Ice cream	4.2	3.0	▲
Frozen goods	18.1	16.5	▲	Frozen goods	0.1	0.0	▲
Fish and fish products	26.5	24.2	▲	Fish and fish products	0.0	2.1	▼
Other	2.2	1.7	▲	Other & unallocated	-0.2	-0.2	▲
<b>Total</b>	<b>72.9</b>	<b>66.8</b>	▲	<b>Total</b>	<b>4.1</b>	<b>4.9</b>	▼
<b><u>Gross profit</u></b>				<b><u>EBITDA</u></b>			
Ice cream	12.0	10.8	▲	Ice cream	4.2	3.0	▲
Frozen goods	4.2	3.8	▲	Frozen goods	0.1	0.0	▲
Fish and fish products	2.0	4.1	▼	Fish and fish products	0.9	0.4	▲
<b><u>Gross margin</u></b>				<b><u>EBIT</u></b>			
Ice cream	46%	44%	▲	Ice cream	3.5	2.1	▲
Frozen goods	23%	23%	▲	Frozen goods	-0.3	-0.4	▲
Fish and fish products	7%	17%	▼	Fish and fish products	0.2	-0.3	▲

### Fish and fish products business segment



The turnover of the **fish and fish products business segment** achieved during the 3<sup>rd</sup> quarter the fastest growth of the last two years, increasing by 28.4%, i.e. 2.1 million euro, if compared to the same period of the previous year. The turnover growth came mainly from the HoReCa sector. In the summary of 9 months of 2013, the turnover of the fish business segment increased by 9.9%, i.e. 2.4 million euro, if compared to the same period of the previous year.

The proportion of the fish and fish products business segment in the turnover of 9 months of 2013 of Premia Foods was 36.4% which has remained at the same level, if compared to the same period of the previous year. The production volume of the fish products increased in the 3<sup>rd</sup> quarter of 2013 by 26.0% and by 6.0% in the summary of 9 months.

<b>EUR million</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>9m 2013</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>9m 2012</b>
Sales	8.2	8.9	9.4	<b>26.5</b>	7.7	9.2	7.3	24.2
Gross profit	0.8	0.6	0.5	<b>2.0</b>	1.5	1.5	1.1	4.1
Gross margin	10%	7%	5%	<b>7%</b>	20%	16%	15%	17%
EBITDA from operations	0.2	-0.1	-0.1	<b>0.0</b>	0.7	0.8	0.6	2.1
EBITDA	-0.1	-0.1	1.2	<b>0.9</b>	0.1	-0.1	0.3	0.4
Operating profit	-0.3	-0.4	0.9	<b>0.2</b>	-0.1	-0.3	0.1	-0.3

Similarly to the 1<sup>st</sup> half of the year, the prices of raw fish remained, during the 3<sup>rd</sup> quarter of 2013, at a considerably higher level, if compared to the level of 2012. The market price of salmon was, in the summary of 9 months of 2013, higher by 49.1% and the price of rainbow trout was higher by 28.9%, if compared to the price level of the previous year<sup>1</sup>, whereas during the same period Premia lost only 10 percentage points in gross margin.

The main target market of the fish business segment is Finland. Due to the local market practice and peculiarities thereof, significant changes in the prices of raw fish can be transferred into the retail prices within 4-6 months as from notification about price changes and, as the prices of raw fish continued to increase during the 3<sup>rd</sup> quarter 2013, the positive impact of the price changes will become evident during the 4<sup>th</sup> quarter of 2013. Due to the continuously high price of raw fish, the EBITDA from operations decreased during the 3<sup>rd</sup> quarter of 2013 by 0.6 million euro and, in the summary of 9 months, by 2.0 million euro, if compared to the same periods of the previous year.

Premia has partially hedged the risk of the world market price fluctuations through vertical integration. If the world market price of raw fish increases, the value of the fish breed in Premia's fish farms increases as well, and that results in a positive impact of revaluation of livestock in the company's financial results. The positive impact of the livestock revaluation on the

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



EBITDA of and the operating profit of the company in the 3<sup>rd</sup> quarter of 2013 was 1.3 million euro, if compared to the previous year, and 2.4 million euro in the summary of 9 months. The operating profit of the business segment of 9 months increased by 0.5 million euro, if compared to the same period of the previous year.



### Ice cream business segment

In the summary of 9 months of 2013, the turnover of **the ice cream business segment** increased by 1.6 million euro, i.e. 6.6%, if compared to the same period of the previous year. During the 3<sup>rd</sup> quarter of 2013, the turnover of this business segment increased by 0.3 million euro, i.e. 3.3%, if compared to the 3<sup>rd</sup> quarter of 2012. The turnover of the ice cream business segment increased during the peak season, i.e. the 2<sup>nd</sup> and the 3<sup>rd</sup> quarter, by 1.8 million euro, i.e. 8.5%, if compared to previous year. The greatest monetary increase in the summary of 9 months of 2013 came from Estonia, if compared to the same period of 2012, where the turnover was higher by 1.0 million euro, i.e. 12.2%, if compared to the same period of 2012. Latvia followed with the increase of 0.4 million euro, i.e. 12.4%. The good results of the ice cream business segment resulted from the successful novelty products in all the target markets, strong marketing and sales campaigns and favourable weather conditions.

The proportion of the ice cream business segment in the total turnover of 9 months of 2013 of Premia Foods was 35.7%. The production volume of the ice cream business, in summary of 9 months of 2013, remained at the same level (+0.1%), if compared to the 9 months of 2012.

EUR million	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
Sales	3.6	12.1	10.4	<b>26.1</b>	3.7	10.7	10.0	24.4
Gross profit	1.4	5.7	4.9	<b>12.0</b>	1.3	5.0	4.6	10.8
Gross margin	39%	47%	47%	<b>46%</b>	35%	46%	46%	44%
EBITDA from operations	-0.2	2.2	2.1	<b>4.2</b>	-0.4	1.8	1.5	3.0
Operating profit	-0.4	2.0	1.9	<b>3.5</b>	-0.6	1.5	1.2	2.1

The gross margin of the ice cream business segment remained during the 3<sup>rd</sup> quarter at the level of the 2<sup>nd</sup> quarter and, similarly to the previous quarters, continued to increase on an annual comparison. The gross margin increased in the summary of 9 months by 1.8 percentage points reaching 46%, if compared to the previous year. The company earned a gross profit which was, in the 3<sup>rd</sup> quarter of 2013, higher by 0.3 million euro, i.e. 7.4%, and in the summary of 9 months higher by 1.2 million euro, i.e. 11.1%, if compared to the previous year.

The EBITDA from operations of the ice cream business segment increased during the 3<sup>rd</sup> quarter of 2013 by 0.6 million euro, i.e. 40.8%, and by 1.2 million euro, i.e. 39.1% in the summary of 9 months, if compared to the same periods of 2012. The operating profit of the business segment increased by respectively 0.7 million euro, i.e. 58.5%, and by 1.4 million euro, i.e. 65.4%.

Premia continues in the 3<sup>rd</sup> quarter as the market leader of the Baltic ice cream market with the monetary market share of 23%, having increased its market share by 1 percentage point, if compared to the same period of the previous year. As a result of the exceptionally long and warm summer, the competition in the market was very intense, there were more novelty products and marketing campaigns than ever before and the desire of all market participants to seize additional market share was well recognisable. The competition between strong trademarks was, among other things, a reason why the market share of private labels has somewhat decreased, if compared to the 3<sup>rd</sup> quarter of 2012. Another important trend shows the increase of the market share of Ingman/Unilever in all the Baltic markets which is based on, among other things, massive advertising campaigns in mass media and discount campaigns in retail market. Premia focused in all the Baltic states on strengthening of its flagship brands through intensive product development and through advertising and sales campaigns which were focused on efficiency. A successful combination of these three resulted in the increase of market share in all Premia's target markets.





The following chart illustrates the dynamics of the market shares in the Baltics during the last two years:

Others	Others	Others	Others	Others	Others	Others	Others
Private Label 18%	Private Label 17%	Private Label 16%	Private Label 16%	Private Label 16%	Private Label 14%	Private Label 15%	Private Label 16%
Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3	Competitor 3
Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2	Competitor 2
Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1	Competitor 1
<b>Premia 24%</b>	<b>Premia 23%</b>	<b>Premia 23%</b>	<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 22%</b>	<b>Premia 23%</b>	<b>Premia 23%</b>
Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13

Source: AC Nielsen, evaluation of management



### Frozen goods business segment

The turnover of the frozen goods business segment continued to increase during the third quarter, increasing on an annual basis by 11.3%, i.e. 0.6 million euro. In the summary of 9 months of 2013, the increase of the business segment on an annual basis was 9.4%, i.e. 1.6 million euro. The turnover of the frozen goods increased the most in Lithuania in the summary of 9 months, i.e. by 0.9 million euro, Latvia followed with the increase of 0.6 million euro. The proportion of the turnover of 9 months of the frozen goods in the total turnover of 9 months of 2013 of Premia Foods was 24.8%, remaining at the same level as during the same period of the previous year.

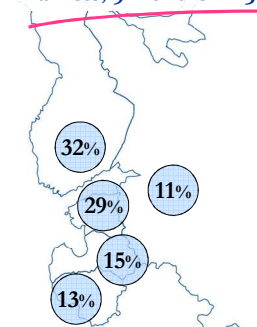
EUR million	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
Sales	5.9	6.0	6.2	<b>18.1</b>	5.3	5.6	5.6	16.5
Gross profit	1.4	1.4	1.4	<b>4.2</b>	1.2	1.3	1.3	3.8
Gross margin	24%	23%	23%	<b>23%</b>	24%	23%	23%	23%
EBITDA from operations	-0.3	0.3	0.1	<b>0.1</b>	-0.3	0.2	0.1	0.0
Operating profit	-0.4	0.2	0.0	<b>-0.3</b>	-0.5	0.1	0.0	-0.4

The gross profit of the frozen goods business segment of the 3<sup>rd</sup> quarter of 2013 increased by 0.1 million euro, i.e. 11.4%, if compared to the result of the same period of 2012. In the summary of 9 months of 2013, the gross profit of the frozen goods business segment increased by 0.4 million euro, i.e. 11.1%, if compared to the comparable period of 2012. The gross margin has, throughout the quarters and also in the summary of 9 months, remained at the same level as during the previous year. The EBITDA from operations of the frozen goods business segment increased in the summary of 9 months by 0.1 million euro, if compared to the respective result of 2012.

### BUSINESS SEGMENT ANALYSIS BY MARKETS

Sales (EUR million)	GEOGRAPHICAL MARKETS							
	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
Finland	6.8	8.0	8.3	<b>23.1</b>	6.7	7.9	6.3	20.9
Estonia	5.3	7.9	8.1	<b>21.3</b>	4.9	7.5	7.4	19.8
Latvia	2.9	4.3	4.0	<b>11.2</b>	2.4	3.7	3.7	9.8
Lithuania	1.8	4.0	3.5	<b>9.3</b>	1.6	3.6	3.3	8.4
Russia	1.4	3.5	2.8	<b>7.7</b>	1.5	3.3	2.8	7.6
Other	0.0	0.2	0.1	<b>0.3</b>	0.0	0.2	0.0	0.2
export share	71%	72%	70%	71%	71%	71%	68%	70%

Sales share in target markets, 9 months 2013



In the summary of 9 months of 2013, the turnover of Premia has increased in all its target markets. The greatest increase in turnover came from Finland, where the increase was 2.2 million euro, if compared to the previous year. Estonia followed with the increase in turnover



of 1.5 million euro and Latvia came third with the increase in turnover of 1.3 million euro. The proportion of the Baltics in the turnover of 9 months of 2012 of Premia Foods was 57.4%.

## COST ANALYSIS

The operating expense ratio decreased during the 3<sup>rd</sup> quarter of 2013 by 4.6 percentage points and in the summary of 9 months of 2013 by 2.8 percentage points, if compared to the previous year. Despite the rapid growth in turnover during the nine months of 2013, the operating expenses have decreased by 0.5 million euro, i.e. 2.6%, if compared to the same period of the previous year.

In the summary of 9 months of 2013, the marketing costs increased by 0.8 million euro, if compared to the same period of 2012, and it resulted mainly from increased media prices and the increased competition in all business segments and in all target markets. The logistics costs also increased by 0.6 million euro during the same period, the reason thereof was mainly the increase in turnover and the increase of fuel prices.

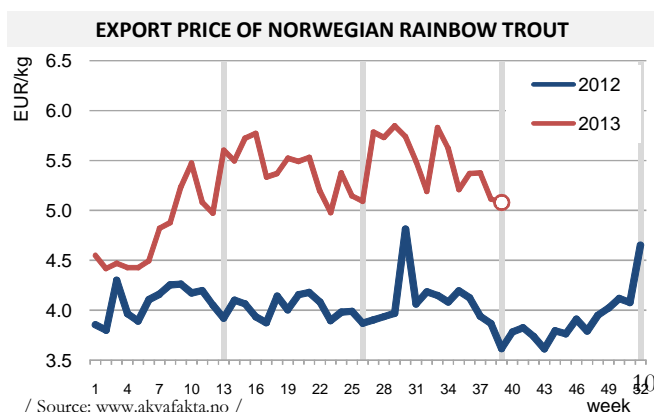
The cost of goods sold increased during the 9 months of 2013 by 6.6 million euro, if compared to the previous year, which mainly resulted from the increased turnover and rapidly increased prices of raw fish.

The EBITDA from operations of the 9 months of 2013, i.e. the operating profit before market price driven revaluation of livestock, one-off income and expenses and amortisation expenses, was 4.1 million euro which is by 0.7 million euro less than during 2012.

The EBITDA of the 3<sup>rd</sup> quarter of 2013 was 3.3 million euro, exceeding the result of the previous year by 1.8 times. In the summary of 9 months of 2013, the EBITDA was 5.0 million euro, exceeding the result of the previous year by 1.6 times.

During the nine months of 2013 there were one-off expenses in the amount of 218 thousand euro and during the same period of 2012 in the amount of 347 thousand euro.

	9m 2013	9m 2012	change	9m 2013	9m 2012	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
<b>Sales</b>	<b>72.9</b>	<b>66.8</b>	<b>+ 6.1</b>	<b>100.0%</b>	<b>100.0%</b>	
<b><u>Cost of goods sold</u></b>	<b><u>- 54.1</u></b>	<b><u>- 47.5</u></b>	<b><u>+ 6.6</u></b>	<b><u>74.2%</u></b>	<b><u>71.2%</u></b>	<b><u>+ 3.0%</u></b>
incl one-off exp	- 0.2	- 0.3	- 0.1	0.2%	0.5%	- 0.2%
materials in production & cost of goods purchased for resale	- 45.9	- 39.5	+ 6.4	62.9%	59.2%	+ 3.8%
labour costs	- 3.9	- 3.7	+ 0.2	5.3%	5.5%	- 0.2%
depreciation	- 0.9	- 1.0	- 0.1	1.3%	1.5%	- 0.2%
other cost of goods sold	- 3.4	- 3.3	+ 0.1	4.7%	5.0%	- 0.3%
<b><u>Operating expenses</u></b>	<b><u>- 17.0</u></b>	<b><u>- 17.5</u></b>	<b><u>- 0.5</u></b>	<b><u>23.4%</u></b>	<b><u>26.2%</u></b>	<b><u>- 2.8%</u></b>
incl one-off exp	- 0.0	- 0.0	+ 0.0	0.1%	0.0%	+ 0.0%
labour costs	- 5.3	- 5.0	+ 0.3	7.3%	7.5%	- 0.2%
transport & logistics services	- 3.6	- 3.1	+ 0.6	5.0%	4.6%	+ 0.4%
depreciation	- 1.0	- 1.5	- 0.5	1.4%	2.2%	- 0.8%
marketing	- 2.7	- 1.9	+ 0.8	3.7%	2.9%	+ 0.8%
other operating expenses	- 4.4	- 6.0	- 1.6	6.1%	9.0%	- 2.9%
<b><u>Other income/expenses</u></b>	<b><u>0.2</u></b>	<b><u>0.3</u></b>	<b><u>+ 0.1</u></b>	<b><u>-0.3%</u></b>	<b><u>-0.4%</u></b>	<b><u>+ 0.1%</u></b>



The increase of the EBIT during the 3<sup>rd</sup> quarter of 2013 was 1.6 million euro and, in the summary of 9 months, 2.4 million euro, if compared to the previous year. The increase of the EBIT in the 3<sup>rd</sup> quarter resulted from the increased profitability of the ice cream business segment and from the profit from revaluation of livestock. In the summary of 9 months of 2013, all the business segments of Premia contributed to the increase of the EBIT.



The company's net profit of the 3<sup>rd</sup> quarter of 2013 was 2.1 million euro which is 1.0 million euro, i.e. 1.9 times, better than the results of the comparable period. The net profit of the first nine months of 2013 increased within a year by 1.2 million euro, i.e. by 2.7 times, reaching 1.9 million euro.

As at 30.09.2013, of all Premia's biological assets, 91% is comprised of rainbow trout and 9% of whitefish breed in the Finnish and Swedish fish farms. The comparable price of rainbow trout at the end of the 3<sup>rd</sup> quarter was higher by 34%, if compared to the previous year.

The profit arising from the revaluation of livestock during the 9 months of 2013 was higher by 2.4 million euro, if compared to the result of the same period in 2012.

## FINANCIAL POSITION

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

The cash flow from operations during the first 9 months of 2013 was 1.8 million euro (2.8 million euro during the same period of 2012). The cash flow from operations was mainly influenced by the increase of biological assets. The livestock increased within 9 months by 643 tons, if compared to the previous year, which resulted in the decrease of the cash flow from operations by 3.7 million euro.

### LIQUIDITY AND SOLVENCY RATIOS

Ratio	formula	31.12.12	31.03.13	30.06.12	30.09.13	31.12.11	31.03.12	30.06.12	30.09.12
Liquidity ratio	Current Assets / Current Liabilities	1.91	1.73	1.58	<b>1.86</b>	2.19	1.91	1.70	1.55
Equity ratio	Equity / Total Assets	58%	57%	53%	<b>58%</b>	63%	61%	58%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	28%	27%	30%	<b>28%</b>	22%	24%	23%	23%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	2.71	2.80	3.46	<b>3.31</b>	2.55	1.98	2.19	2.06

The level of net debt as at the balance sheet date was 14.6 million euro (on 30.09.2012 the respective figure was 10.9 million euro). Financial leverage, i.e. the proportion of net debt in the total capitalisation, was 28% (on 30.09.12, the respective ratio was 23%). In the 4<sup>th</sup> quarter of 2012, the company assumed an additional long term loan in the amount of 3.9 million euro with the purpose of making payments to the shareholders in connection with the share capital decrease. Therefore, while analysing the liquidity and solvency ratios of the company, the impact of the restructuring the debt and the equity, which occurred in the 4<sup>th</sup> quarter of 2012.

Net debt to EBITDA as at 30.09.13 was 3.31 (30.09.12: 2.06). In case of elimination of the aforesaid equity distributions, the respective comparable ratio would have been 2.43 as at 30.09.13. The liquidity ratio demonstrating short-term solvency was as at 30.09.13 1.86 (30.09.12: 1.55). The proportion of equity in the balance sheet total was 58% (30.06.12: 57%) and the company had working capital in the amount of 13.1 million euro (30.09.12: 9.7 million euro).

## BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods was as at 30.09.13 66.1 million euro, having increased by 0.6 million euro, i.e. 1.0%, per year.

The company's current assets amounted to 28.3 million euro and the balance of cash and bank accounts was 1.3 million euro. As at 30.09.13, the company had undrawn overdraft facility limit in the amount of 2.0 million euro.

Accounts receivable and prepayments amounted to 9.1 million euro and 92% of the accounts receivable and prepayments were trade receivables. Comparing to the previous year, the accounts receivable and prepayments increased by 7.9%, i.e. 0.7 million euro. The increase of receivables has resulted from the 13.8% increase of turnover in the 3<sup>rd</sup> quarter.

Comparing to the previous year, inventories and livestock combined have increased by 3.9%, i.e. 0.7 million euro.

Accounts payable and prepayments have, if compared to 30.09.12, decreased by 12%, i.e. by 3.6 million euro. As at 30.09.2012 accounts payable and prepayments included liability to shareholders arising from the share capital reduction in the total amount of 3.9 million euro. The liabilities in total have decreased by 1.7%, i.e. by 0.5 million euro, amounting to 27.9 million euro.

The equity of Premia Foods was as at 30.09.13 38.2 million euro.

## INVESTMENTS

During 9 months of 2013, the expenditures into Premia Foods' tangible and intangible assets were 2,154 thousand euro (2012 9 months: 1,765 thousand euro). 774 thousand euro from that amount was invested in modernizing the production lines in the ice cream factory located in Tallinn and to increase production efficiency, also for innovation.



## PERSONNEL

By the end of the 3<sup>rd</sup> quarter of 2013, the number of employees has increased by 3 people, if compared to the same period of the previous year, whereas the average number of employees during the 3<sup>rd</sup> quarter was smaller by 15 people, if compared to the same period of previous year. The decrease of the average number of employees resulted mainly from the reorganizations carried out in Russia and in Lithuania which cover the increased labour needs in the Estonian fish and ice cream production units resulting from the increased production volumes during the third quarter.

The payroll expenses have increased during the 3<sup>rd</sup> quarter of 2013 by 4.8%, if compared to the previous year. In the summary of 9 months, the payroll expenses have increased by 5.7%.

	PERSONNEL ANALYSIS							
	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
No of employees, at the end of period	758	771	737	<b>737</b>	728	811	734	734
Average number of employees	734	759	754	<b>749</b>	705	786	769	753
Finland	39	41	42	<b>41</b>	38	41	42	40
Estonia	347	377	365	<b>363</b>	317	376	354	349
Latvia	119	118	119	<b>119</b>	115	118	122	118
Lithuania	86	85	87	<b>86</b>	92	96	93	94
Russia	127	122	119	<b>123</b>	128	137	136	134
Sweden	16	16	22	<b>18</b>	15	18	22	18
Payroll expenses (th EUR)	2,807	3,258	3,099	<b>9,164</b>	2,535	3,173	2,958	8,667
Monthly average payroll exp per employee (th EUR)	1.27	1.43	1.37	<b>1.36</b>	1.20	1.35	1.28	1.28

## SHARES

Premia Foods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange as from 5 May 2010, the company has issued 38.7 million ordinary shares with the nominal value of 0.50 euro (nominal value was 10 EEK until 13 April 2011 and 0.60 euro until 3 September 2012).

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		

The dynamics of the share price of Premia Foods (EUR) and the volume of transactions (no of shares traded) during the period from 5 May 2010 up to 30 September 2013.





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

TRADING HISTORY								
Price (EUR)	Q1	Q2	Q3	9m 2013	Q1	Q2	Q3	9m 2012
Open	0.640	0.658	0.721	<b>0.640</b>	0.671	0.662	0.691	0.671
High	0.700	0.728	0.745	<b>0.745</b>	0.700	0.735	0.814	0.814
Low	0.620	0.650	0.662	<b>0.620</b>	0.621	0.640	0.650	0.621
Last	0.700	0.718	0.690	<b>0.690</b>	0.660	0.688	0.665	0.665
Traded volume, thousand	467	406	311	<b>1,183</b>	178	449	536	1,163
Turnover, million	0.30	0.28	0.22	<b>0.79</b>	0.12	0.31	0.39	0.82
Market capitalization, million	27.08	27.77	26.69	<b>26.69</b>	25.53	26.61	25.72	25.72

MARKET RATIOS		
Ratios	formula	30.09.13
EV/Sales	(Market Cap + Net Debt) / Sales	<b>0.4</b>
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	<b>9.4</b>
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	<b>8.0</b>
Price-to-Earnings	Market Cap / Net Earnings	<b>20.3</b>
Price-to-Book	Market Cap / Equity	<b>0.7</b>

Market Cap, Net Debt and Equity as of 30.09.2013

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

## Shareholders structure

Major shareholders of AS Premia Foods at 30 September 2013:

1. ING Luxembourg S.A. ....	62.71%	6. Firebird Avrova Fund. Ltd.....	1.68%
2. LHV Pensionifond L .....	4.41%	7. LHV Pensionifond XL.....	1.48%
3. OÜ Rododendron .....	3.36%	8. OÜ Footsteps Management .....	1.31%
4. Ambient Sound Investments OÜ .....	3.20%	9. Compensa Life Vienna Insurance Group SE .....	1.09%
5. Firebird Republics Fund Ltd. ....	3.09%	10. OÜ Freespirit.....	0.94%

## MANAGEMENT AND MANAGING BODIES

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

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

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

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

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



The meeting of Supervisory Board appointed Katre Kõvask as the chairman of Management Board starting from 15 May 2013.

As at 30 September 2013, the members of management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	30/09/2013 No of shares	%
Chairman of the Management Board – Katre Kõvask	506,943	1.31%
Member of the Management Board – Silver Kaur	365,141	0.94%
Member of the Management Board – Erik Haavamäe	185,242	0.48%
Chairman of the Supervisory Board – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
Member of the Supervisory Board – Lauri Kustaa Äimä	125,000	0.32%
Member of the Supervisory Board – Vesa Jaakko Karo	90,000	0.23%
Member of the Supervisory Board – Arko Kadajane	8,928	0.02%
Member of the Supervisory Board – Harvey Sawikin	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
<b>Total number of shares owned by supervisory and Management Board</b>	<b>2,625,243</b>	<b>6.79%</b>

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

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

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

**Indrek Kasela** (born 1971) holds LL.M (master of laws) degree from New York University (1996), BA degree in law from the University of Tartu (1994) and certificate in EU Law from the University of Uppsala and serves as a member of Supervisory Board of several group entities, such as AS Premia Tallinna Külkhoone and Vettel OÜ. He serves as Supervisory Board member of AS Toode, AS PKL, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, Ridge Capital AS and a Management Board member of AS Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ and Noblessneri Jahtklubi OÜ as well as board member of several companies domiciled in Baltics and Russian Federation.

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

**Lauri Kustaa Äimä** (born 1971) holds a master's degree in Economics from the University of Helsinki has been a member of the Supervisory Board of the company since its foundation and of AS Premia Tallinna Külkhoone since 2005. Lauri Kustaa Äimä is the managing director and founding shareholder of Kaima Capital Oy. He serves as a management or Supervisory Board member of AS Tallink Group, Salva Kindlustuse AS, AS Baltika and AS PKL 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 Aurora Fund. He is a member of the New York State Bar.

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

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

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



## INTERIM ACCOUNTING REPORT

### Consolidated statement of financial position

EUR '000	30/09/2013	31/12/2012	30/09/2012	Note
Cash and cash equivalents	1,254	1,357	1,490	
Receivables and prepayments	9,091	8,152	8,422	
Inventories	10,032	10,308	10,520	
Biological assets	7,953	5,631	6,789	
<b>Total current assets</b>	<b>28,330</b>	<b>25,448</b>	<b>27,221</b>	
Deferred income tax assets	393	473	477	
Long-term financial investments	127	131	88	(Note 2)
Investment property	2,084	2,084	2,084	(Note 3)
Property, plant and equipment	12,712	12,499	13,000	(Note 3)
Intangible assets	22,424	22,548	22,571	(Note 4)
<b>Total non-current assets</b>	<b>37,741</b>	<b>37,735</b>	<b>38,220</b>	
<b>TOTAL ASSETS</b>	<b>66,070</b>	<b>63,183</b>	<b>65,441</b>	
Borrowings	5,373	3,953	4,088	(Note 5,6)
Payables and prepayments	9,895	9,399	13,480	
<b>Total current liabilities</b>	<b>15,268</b>	<b>13,352</b>	<b>17,568</b>	
Borrowings	10,433	11,239	8,350	(Note 5,6)
Deferred income tax liabilities	858	659	901	
Government grants	1,322	1,479	1,537	(Note 7)
<b>Total non-current liabilities</b>	<b>12,613</b>	<b>13,377</b>	<b>10,788</b>	
<b>Total liabilities</b>	<b>27,881</b>	<b>26,729</b>	<b>28,356</b>	
Share capital	19,342	19,342	19,342	(Note 8)
Share premium	16,026	16,026	16,026	
Statutory capital reserve	6	6	6	(Note 8)
Other reserves	57	42	36	(Note 8)
Currency translation differences	665	485	508	
Retained earnings	2,093	553	1,167	
<b>Equity attributable to equity holders of the parent</b>	<b>38,189</b>	<b>36,453</b>	<b>37,085</b>	
<b>Total equity</b>	<b>38,189</b>	<b>36,453</b>	<b>37,085</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>66,070</b>	<b>63,183</b>	<b>65,441</b>	




**Consolidated statement of comprehensive income**

EUR '000	Q3 2013	Q3 2012	9m 2013	9m 2012	Note
Revenue	26,854	23,591	72,906	66,788	(Note 9)
Cost of goods sold	-19,759	-16,461	-54,089	-47,537	
<b>Gross profit</b>	<b>7,094</b>	<b>7,130</b>	<b>18,817</b>	<b>19,251</b>	
<b>Operating expenses</b>	<b>-5,788</b>	<b>-6,159</b>	<b>-17,046</b>	<b>-17,497</b>	
Sales and marketing expenses	-4,868	-5,183	-14,165	-14,048	
General and administrative expenses	-920	-976	-2,881	-3,449	
Other income and expenses, net	93	131	199	250	
Revaluation of biological assets	1,287	-54	1,118	-1,326	
<b>Operating profit</b>	<b>2,685</b>	<b>1,048</b>	<b>3,088</b>	<b>678</b>	(Note 9)
Finance income	-17	128	20	150	
Finance costs	-250	-112	-836	-456	
<b>Profit before income tax</b>	<b>2,418</b>	<b>1,065</b>	<b>2,272</b>	<b>372</b>	
Corporate income tax	-343	42	-345	315	
<b>Net profit for the period</b>	<b>2,075</b>	<b>1,107</b>	<b>1,927</b>	<b>687</b>	
<i>Other comprehensive income</i>					
Currency translation differences	57	45	180	117	
<b>Other comprehensive income</b>	<b>57</b>	<b>45</b>	<b>180</b>	<b>117</b>	
<b>Total comprehensive income</b>	<b>2,132</b>	<b>1,152</b>	<b>2,107</b>	<b>804</b>	
<b>Net profit for the period:</b>					
Attributable to equity holders of the parent	2,075	1,107	1,927	687	(Note 8)
<b>Net profit for the period</b>	<b>2,075</b>	<b>1,107</b>	<b>1,927</b>	<b>687</b>	
Comprehensive income for the period:					
Attributable to equity holders of the parent	2,132	1,152	2,107	804	
<b>Total comprehensive income</b>	<b>2,132</b>	<b>1,152</b>	<b>2,107</b>	<b>804</b>	
<i>Earnings per share</i>					
Basic earnings per share (EUR)	0.05	0.03	0.05	0.02	(Note 8)
Diluted earnings per share (EUR)	0.05	0.03	0.05	0.02	(Note 8)



### Consolidated cash flow statement

EUR '000	9m 2013	9m 2012	Note
<b>Net profit / loss</b>	1,927	687	
<i>Adjustments:</i>			
Depreciation and amortisation	1,949	2,505	(Note 3, 4)
Gain/loss on disposal of non-current assets	-13	-25	
Other non-monetary changes	123	149	
Changes in receivables and prepayments	-859	-1,322	
Changes in inventories	276	-1,346	
Changes in biological assets	-2,322	1,390	
Changes in payables and prepayments	944	864	
Government grants for operating expenses	0	11	(Note 7)
Corporate income tax paid	-223	-130	
<b>Net cash used in operating activities</b>	<b>1,802</b>	<b>2,783</b>	
Proceeds from sale of property, plant and equipment and intangible assets	65	141	(Note 3, 4)
Acquisition of property, plant and equipment and intangible assets	-688	-952	(Note 3, 4)
Government grants for acquisition of assets	0	72	(Note 7)
Acquisition of associate	0	-1	
Repayments of loans granted	3	4	
Interest received	1	3	
Gains from financial investments	0	1	
<b>Net cash used in investing activities</b>	<b>-619</b>	<b>-732</b>	
Change in overdraft facility	1,245	1,804	
Repayments of borrowings	-1,447	-7,924	
Borrowings	0	6,245	
Change in factoring liability	0	-236	
Payments of finance lease principal	-639	-416	
Sale of treasury shares	0	13	
Dividends paid	-387	-387	
Interest paid	-299	-370	
<b>Net cash generated from financing activities</b>	<b>-1,527</b>	<b>-1,271</b>	
<b>NET CASH FLOWS:</b>	<b>-344</b>	<b>780</b>	
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period	1,357	712	
Net change in cash and cash equivalents	-344	780	
Effect of exchange rate changes	241	-2	
<b>Cash and cash equivalents at end of the period</b>	<b>1,254</b>	<b>1,490</b>	



## Consolidated statement of changes in equity

EUR '000	Equity attributable to equity holders of the company							Total	Total Equity
	Share capital	Share premium	Treasury shares	Statutory capital reserve	Other reserves	Currency translation differences	Retained earnings		
<b>Balance at 31/12/11</b>	<b>23,210</b>	<b>16,026</b>	<b>-30</b>	<b>0</b>	<b>21</b>	<b>391</b>	<b>890</b>	<b>40,508</b>	<b>40,508</b>
Share option programme	0	0	0	0	15	0	0	15	15
Increase of statutory reserve	0	0	0	6	0	0	-6	0	0
Reduction of nominal value of the share	-3,868	0	0	0	0	0	0	-3,868	-3,868
Sale of treasury shares	0	0	30	0	0	0	-17	13	13
Dividends	0	0	0	0	0	0	- 387	- 387	- 387
Comprehensive income	0	0	0	0	0	117	687	804	804
<b>Balance at 30/09/12</b>	<b>19,342</b>	<b>16,026</b>	<b>0</b>	<b>6</b>	<b>36</b>	<b>508</b>	<b>1,167</b>	<b>37,085</b>	<b>37,085</b>
<b>Balance at 31/12/12</b>	<b>19,342</b>	<b>16,026</b>	<b>0</b>	<b>6</b>	<b>42</b>	<b>485</b>	<b>553</b>	<b>36,453</b>	<b>36,453</b>
Share option programme	0	0	0	0	15	0	0	15	15
Dividends	0	0	0	0	0	0	- 387	- 387	- 387
Comprehensive income	0	0	0	0	0	180	1,927	2,107	2,107
<b>Balance at 30/09/13</b>	<b>19,342</b>	<b>16,026</b>	<b>0</b>	<b>6</b>	<b>57</b>	<b>664</b>	<b>2,093</b>	<b>38,188</b>	<b>38,188</b>



## Notes to the Interim Report

### Note 1. Summary of material accounting policies

AS Premia Foods is a company registered in Estonia. The interim report as at 30 September 2013 contains AS Premia Foods (hereinafter the Parent Company) and its subsidiaries Saaremere Kala AS in Estonia, AB Premia KPC in Lithuania, OOO Khladokombinat No 1 and OOO Khladomagija in Russia and companies belonging into the group – OÜ Vettel, OÜ GourmetHouse and AS Premia Tallinna Külkhoone in Estonia, Heimon Kala OY in Finland, Överumans Fisk Ab in Sweden, AS Premia FFL in Latvia (hereinafter also the Group). The Group has a holding in an affiliated entity Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology; CCFFT). AS Premia Foods is listed on the NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2012 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website [www.premiafoods.eu](http://www.premiafoods.eu).

### Confirmation of Compliance

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2012 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 2012, 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 12 November 2013.

In the opinion of the management, this interim report for 3<sup>rd</sup> quarter and 9 months 2013 of AS Premia Foods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

### Basis of Preparation

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

### Use of Assessments

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

The same assessments of the management that were used to prepare the consolidated annual report for the financial year that ended on 31 December 2012 were used to prepare this condensed consolidated interim report.

### Note 2. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
<b>Balance at 31.12.2012</b>	<b>51</b>	<b>80</b>	<b>131</b>
Repayments of loans granted	0	-3	-3
<b>Balance at 30.09.2013</b>	<b>51</b>	<b>77</b>	<b>127</b>

Other long-term investments include the investments into shares and holdings, which are not listed on the stock exchange and a claim from loan granted to Selkämeren Jää Oy. Company has earned 188 euro interest revenue and 270 euro dividends from long-term financial investment during the accounting period.

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



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

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
<b>Residual value as of 31.12.2012</b>	<b>2,084</b>	<b>4,894</b>	<b>7,164</b>	<b>367</b>	<b>74</b>	<b>14,583</b>
Unrealised currency effect	0	-13	-52	0	0	-65
Acquired during the period	0	7	1,920	50	101	2,078
Depreciation	0	-279	-1,394	-81	0	-1,754
Assets sold and written off	0	0	-46	0	0	-46
<b>Balance at 30.09.2013</b>	<b>2,084</b>	<b>4,609</b>	<b>7,592</b>	<b>337</b>	<b>174</b>	<b>14,796</b>

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

### Note 4. Intangible Assets

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
<b>Balance as of 31.12.2012</b>	<b>19,942</b>	<b>1,649</b>	<b>563</b>	<b>187</b>	<b>207</b>	<b>22,548</b>
Unrealised currency effect	0	-1	0	-3	-1	-5
Acquired during the period	0	9	0	43	24	76
Re-classification	0	0	0	37	-37	0
Depreciation	0	-79	-21	-95	0	-195
<b>Balance at 30.09.2013</b>	<b>19,942</b>	<b>1,578</b>	<b>542</b>	<b>169</b>	<b>193</b>	<b>22,424</b>

### Note 5. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Other fixed assets	Total
<i>Fixed assets acquired under finance lease</i>				
<b>Acquisition cost as of 30.09.13</b>	<b>1,508</b>	<b>1,429</b>	<b>0</b>	<b>2,937</b>
Accumulated depreciation as of 30.09.13	-251	-313	0	-564
<b>Residual value as of 30.09.13</b>	<b>1,257</b>	<b>1,116</b>	<b>0</b>	<b>2,373</b>
<b>Acquisition cost as of 31.12.12</b>	<b>436</b>	<b>1,626</b>	<b>1</b>	<b>2,063</b>
Accumulated depreciation as of 31.12.12	-198	-509	0	-707
<b>Residual value as of 31.12.12</b>	<b>238</b>	<b>1,117</b>	<b>1</b>	<b>1,356</b>
<b>Payable under finance lease as of 30.09.13</b>	<b>937</b>	<b>1,028</b>	<b>0</b>	<b>1,965</b>
incl. payable within 1 year	221	313	0	534
incl. payable within 1-5 year	577	715	0	1,292
incl. payable after 5 years	139	0	0	139
Principal payments of the period	331	308	0	639
Interest expenses of the period	14	18	0	32
Average interest rate per annum	3.5%	2.5%	x	2.8%



## Note 6. Debt Obligations

EUR '000	30/09/2013	31/12/2012
Finance lease liabilities	534	363
Overdraft	2,906	1,661
Investment loans	1,933	1,929
<b>Short Term Debt Obligations</b>	<b>5,373</b>	<b>3,953</b>
Finance lease liabilities	1,431	786
Investment loans	9,002	10,453
<b>Long Term Debt Obligations</b>	<b>10,433</b>	<b>11,239</b>
incl. payable within 1-5 years	10,294	11,232
incl. payable after 5 years	139	7

Loan residuals as of 30 September 2013 with additional information about the interest rates, payment terms and the collateral established for securing the loans:

Borrower	Creditor	Amount	Interest rate	Maturity date	Loan residual 30.09.2013	less than 1 year	1-5 years	Collateral
<b>Overdraft</b>								
AS Premia Foods <sup>1</sup>	SEB	4 900 tuh EUR	1m EURIBOR + 1.3%	01.04.14	2,906	2,906	0	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Investment loans</b>								
AS Premia Tallinna Külmhoone	Danske Bank	4 500 tuh EUR	3m EURIBOR + 0.75%	25.10.14	2,133	441	1,692	Mortgage 5.1 mln EUR, pledge on subsidiary shares
AS Premia Foods	SEB	10 900 tuh EUR	3m EURIBOR + 1.9%	18.07.17	8,802	1,492	7,310	pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR
<b>Total</b>					<b>13,841</b>	<b>4,839</b>	<b>9,002</b>	

<sup>1</sup> overdraft limit decreases to 3,400 thousand euro starting from 01.12.13 until 01.12.13

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

The company has hedged the risk arising from variable interest rate of the long-term investment loan by executing two transactions of Interest Rate Swap with amortization and fixed the 3 months EURIBOR at the level of 0.799% and 0.785% until 17.07.17. The mark-to-market value of these financial instruments as at the balance sheet date 30.09.13 was -29 thousand euro and the impact on the income statement as a finance income was 17 thousand euro.

## Note 7. Government Grants

EUR '000	9m 2013	9m 2012
<b>Deferred income from government grants at the beginning of period</b>	<b>1,479</b>	<b>1,668</b>
Government grants received during the period	0	7
Change in value due to the exchange rates	-4	25
Recognition as income during the period	-153	-163
<b>Deferred income from government grants at the end of period</b>	<b>1,322</b>	<b>1,537</b>
incl. income within 1 year	204	208
incl. income within 2-19 years	1,118	1,329



The Swedish subsidiary Överumans Fisk Ab has received aid from the European Union, which have been collateralized with real estate mortgage in the amount of 276 thousand euro. As at 30 September 2013, the residual value of fixed assets guaranteed by EU subsidies was 58 thousand euro.

#### Note 8. Equity

As at 30 September 2013, the company had 38,682,860 shares (30 September 2012: 38,682,860).

In 2011 the company has initiated a stock option plan for key employees. In accordance with IFRS 2 the offset entry of the contingent cost of stock option plan has been recognized under the line "Other reserve" in the statement of financial position.

The Annual General Meeting held at 29 May 2013 decided to pay dividends on the account of retained earnings in the amount of 387 thousand euro, i.e. 0.01 euro per share. The list of shareholders entitled to receive dividends was fixed as of 11 June 2013 at 23.59 and the dividends were paid out on 14 June 2013.

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

	Q3 2013	Q3 2012	9m 2013	9m 2012
Net profit (-loss) for the period EUR '000	2,075	1,107	1,927	687
Avg no of shares (thousand)	38,683	38,683	38,683	38,671
Earnings per share (€)	0.05	0.03	0.05	0.02
Diluted earnings per share (€)	0.05	0.03	0.05	0.02

#### Note 9. Segment Reporting

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

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

Fish – fish farming, production and wholesale of fish and fish products;

Ice cream – production and wholesale of ice cream;

Frozen goods – wholesale of frozen goods products;

Other segments – other activities include the provision of logistics services, sale of other services, goods and materials. Other areas of activity are insignificant for the Group and none of them makes up a separate business segment.

#### Secondary segment: Revenue by geographical segments:

EUR '000	Q3 2013	Q3 2012	9m 2013	9m 2012
Finland	8,278	6,299	23,053	20,870
Estonia	8,142	7,436	21,340	19,827
Latvia	4,023	3,737	11,162	9,832
Lithuania	3,514	3,260	9,345	8,438
Russia	2,806	2,825	7,719	7,630
Other	91	34	287	191
<b>Total</b>	<b>26,853</b>	<b>23,591</b>	<b>72,906</b>	<b>66,788</b>

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

The Management Board of the Parent Company assesses the results of business segments on the basis of external revenue and operating profit figures. The management also monitors secondary measures – EBITDA (profit before financial, tax expenses and depreciation, amortisation and impairment of non-current assets) and EBITDA from operations (EBITDA before fair value adjustments on biological assets and one-off expenses). These financial indicators are presented in the tables below.

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

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



## Primary segment

<b>Q3 2013, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	9,416	10,362	6,215	860	0	26,853
Inter-segment revenue	0	0	1	6	-7	0
<b>Total gross revenue</b>	<b>9,416</b>	<b>10,362</b>	<b>6,216</b>	<b>866</b>	<b>-7</b>	<b>26,853</b>
Segment EBITDA from operations	-71	2,105	78	42	0	2,154
Unallocated EBITDA from operations						-62
<b>Total EBITDA from operations</b>						<b>2,091</b>
Segment EBITDA	1,155	2,105	78	42	0	3,380
Unallocated EBITDA						-62
<b>Total EBITDA</b>						<b>3,318</b>
Segment operating profit	910	1,882	-34	33	0	2,791
Unallocated operating profit						-106
<b>Total operating profit</b>						<b>2,685</b>
<b>Q3 2012, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	7,331	10,029	5,582	649	0	23,591
Inter-segment revenue	0	0	0	6	-6	0
<b>Total gross revenue</b>	<b>7,331</b>	<b>10,029</b>	<b>5,582</b>	<b>655</b>	<b>-6</b>	<b>23,591</b>
Segment EBITDA from operations	552	1,495	102	36	0	2,184
Unallocated EBITDA from operations						-87
<b>Total EBITDA from operations</b>						<b>2,097</b>
Segment EBITDA	336	1,495	102	36	0	1,968
Unallocated EBITDA						-87
<b>Total EBITDA</b>						<b>1,881</b>
Segment operating profit	93	1,188	-14	28	0	1,295
Unallocated operating profit						-247
<b>Total operating profit</b>						<b>1,048</b>
<b>9m 2013, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	26,534	26,060	18,089	2,223	0	72,906
Inter-segment revenue	0	0	5	18	-23	0
<b>Total gross revenue</b>	<b>26,534</b>	<b>26,060</b>	<b>18,094</b>	<b>2,241</b>	<b>-23</b>	<b>72,906</b>
Segment EBITDA from operations	41	4,152	101	72	0	4,366
Unallocated EBITDA from operations						-229
<b>Total EBITDA from operations</b>						<b>4,137</b>
Segment EBITDA	942	4,152	101	72	0	5,266
Unallocated EBITDA						-229
<b>Total EBITDA</b>						<b>5,037</b>
Segment operating profit	203	3,471	-275	49	0	3,447
Unallocated operating profit						-359
<b>Total operating profit</b>						<b>3,088</b>
<b>9m 2012, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	24,154	24,435	16,537	1,661	0	66,788
Inter-segment revenue	0	0	2	17	-19	0
<b>Total gross revenue</b>	<b>24,154</b>	<b>24,435</b>	<b>16,539</b>	<b>1,678</b>	<b>-19</b>	<b>66,788</b>
Segment EBITDA from operations	2,064	2,985	-12	85	0	5,122
Unallocated EBITDA from operations						-267
<b>Total EBITDA from operations</b>						<b>4,856</b>
Segment EBITDA	391	2,985	-12	85	0	3,449
Unallocated EBITDA						-267
<b>Total EBITDA</b>						<b>3,183</b>
Segment operating profit	-311	2,098	-430	63	0	1,420
Unallocated operating profit						-743
<b>Total operating profit</b>						<b>678</b>





## Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner
		30/09/2013	31/12/2012		
Saaremere Kala AS	Estonia	100%	100%	Holding	Premia Foods AS
Vettel OÜ	Estonia	100%	100%	Fish processing	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS
AS Premia Tallinna Kõlmhoone	Estonia	100%	100%	Ice cream production, sale of ice cream and frozen food	AB Premia KPC
AB Premia KPC	Lithuania	100%	100%	Sale of ice cream and frozen food	Premia Foods AS
Heimon Kala Oy	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	Fishfarming and sale	Heimon Kala Oy
AS Premia FFL	Latvia	100%	100%	Sale of ice cream and frozen food	AS Premia Tallinna Kõlmhoone
OOO Khladokombinat No1	Russia	100%	100%	Ice cream production, sale of ice cream and frozen food	Premia Foods AS
OOO Khladomagija	Russia	100%	100%	IP Holding	Premia Foods AS

## Note 11. Related Party Transactions

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

Related parties include:

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



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

Company	Debtor	Comments	Receivable as of 30.09.13	Receivable as of 31.12.12
			EUR '000	EUR '000
Vettel OÜ	Companies related to the members of management and	Other receivable	3	16
	<b>Total</b>		<b>3</b>	<b>16</b>

Company	Debtor	Comments	Payable as of 30.09.13	Payable as of 31.12.12
			EUR '000	EUR '000
Premia Foods AS	Companies related to the members of management and supervisory board	Accounts payable	-	8
Heimon Kala Oy		Accounts payable	-	3
Vettel OÜ		Accounts payable	2	1
	<b>Total</b>		<b>2</b>	<b>12</b>

Receivables from related parties have not been written down.

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

Party EUR '000	Type of transaction	9m 2013	9m 2013	9m 2012	9m 2012
		Purchase	Sale	Purchase	Sale
Companies related to the members of management and supervisory board	services	54	2	82	2
	fixed assets	-	-	2	-
	<b>Total</b>	<b>54</b>	<b>2</b>	<b>84</b>	<b>2</b>

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

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

	9m2013 EUR '000	9m2012 EUR '000
Short-term benefits	793	728
Termination benefits	35	0
<b>Total</b>	<b>828</b>	<b>728</b>

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

## Note 12. Contingent Liabilities and Assets

### Compensation Claim against Swedish Board of Agriculture

On 31 July 2013, Överumans Fisk AB, the fully owned subsidiary of AS Premia Foods, filed a claim of compensation of damage and loss of profit against the Swedish Board of Agriculture (Jordbruksverket) in connection with the on-going administrative proceedings initiated against Överumans Fisk AB in May 2012 resulting in the destruction of 17 tons of fish fingerlings. The total amount of damage and loss of profit claimed to be compensated is up to approximately SEK 25,486,867.70 (approximately 3 million euro). The ground for claiming the compensation is the fact that the measures applied in respect of the fish farms operated by Överumans Fisk AB have been more severe if compared to the other fish farms in the same region and therefore disproportional. Due to the extraordinary nature of these proceedings, it is difficult to estimate the final result of the compensation claim and the exact time of adopting relevant decision of the Swedish Board of Agriculture. Aforementioned claim has not been recorded in the company's balance sheet as of 30 September 2013.



### MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 3<sup>RD</sup> QUARTER AND 9 MONTHS OF 2013

The Management Board confirms the correctness and completeness of the consolidated interim report for the 3<sup>rd</sup> quarter and 9 months of 2013 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 26 hereof and confirms to the best of its knowledge that:

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

Chairman of Management Board	Katre Kõvask	digitally signed	12 November 2013
Member of Management Board	Silver Kaur	digitally signed	12 November 2013
Member of Management Board	Erik Haavamäe	digitally signed	12 November 2013