

P R F O O D S

AS PRFoods

Consolidated Unaudited Interim Report
for 1st quarter and 3 months of 2015
(translation of the Estonian original)



Business name:	AS PRFoods
Commercial register number	11560713
Address:	Betooni 4, Tallinn, 11415
Phone:	+372 603 3800
Fax:	+372 603 3801
Website:	www.prfoods.ee
Main activities:	Production and sale of fish products Fish farming
Reporting period:	1 January 2015 - 31 March 2015
Auditor:	AS PricewaterhouseCoopers

TABLE OF CONTENTS

CORPORATE PROFILE.....	4
ACTIVITIES REPORT BY MANAGEMENT BOARD	6
OVERVIEW OF THE ECONOMIC ACTIVITIES	6
DESCRIPTION OF MAIN RISKS OF THE GROUP	13
MANAGEMENT AND SUPERVISORY BOARD.....	17
PRFOODS SHARE	18
INTERIM ACCOUNTING REPORT.....	21
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	22
CONSOLIDATED CASH FLOW STATEMENT	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
NOTES TO THE INTERIM REPORT.....	25
NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES.....	25
NOTE 2. INVENTORIES	26
NOTE 3. BIOLOGICAL ASSETS.....	26
NOTE 4. LONG-TERM FINANCIAL INVESTMENTS.....	27
NOTE 5. TANGIBLE FIXED ASSETS	27
NOTE 6. INTANGIBLE ASSETS	28
NOTE 7. FINANCIAL LEASE.....	28
NOTE 8. DEBT OBLIGATIONS.....	29
NOTE 9. GOVERNMENT GRANTS.....	29
NOTE 10. EQUITY	29
NOTE 11. SEGMENT REPORTING.....	30
NOTE 12. RELATED PARTY TRANSACTIONS	30
NOTE 13. CONTINGENT LIABILITIES AND ASSETS.....	31
NOTE 14. DISCONTINUED OPERATIONS	31
NOTE 15. EVENTS AFTER THE BALANCE SHEET DATE.....	34
MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 1ST QUARTER AND 3 MONTHS OF 2015	35

CORPORATE PROFILE

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

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

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

Group companies:

Subsidiary	Domicile	Ownership interest		Area of activity	Owner
		31.03.2015	31.12.2014		
Saaremere Kala AS	Estonia	100%	100%	Holding company of fish segment	PRFoods AS
Vettel OÜ	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS
Heimon Kala Oy	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	Fishfarming and sales	Heimon Kala Oy
OOO Khladomagija	Russia	100%	100%	Holding company	PRFoods AS

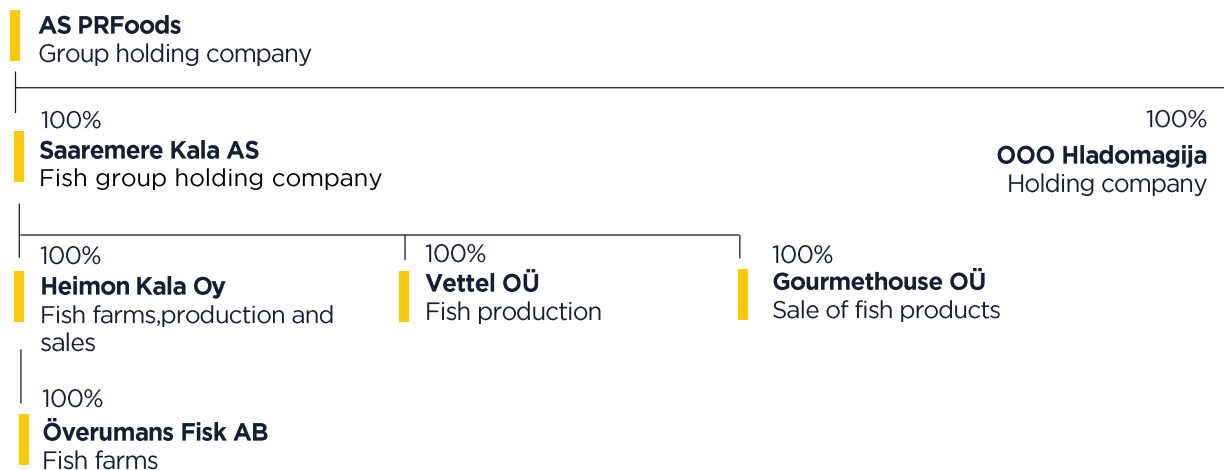
MISSION

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

Structure of the PRFoods Group as at 31. March 2015



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

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

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



ACTIVITIES REPORT BY MANAGEMENT BOARD

OVERVIEW OF THE ECONOMIC ACTIVITIES

Unaudited financial results of AS PRFoods, 1st quarter and 3 months of 2015.

In order to enable to evaluate the financial results of continuing operations, the comparative information of the 1st quarter of 2014 has been restated.

- Unaudited consolidated revenue of 10.3 million euros, an increase of 1.2% or 0.1 million euros.
- Gross margin was 12.2%, a decrease of 1.6 percentage points due to seasonal effects.
- EBITDA from operations of 0.4 million euros, a decrease by 0.1 million euros.
- Negative impact from revaluation of biological assets was 1.0 million euros (1st quarter 2014: negative impact of 1.1 million euros).
- EBITDA of -0.6 million euros, an improvement by 0.1 million euros.
- The operating loss of -0.9 million was around the same level compared to the previous year.
- Net loss -0.5 million euros, an improvement by 0.4 million euros or 42.3%.

As a comment to the financial results for 1st quarter of 2015 it can be said that despite the weakening Finnish economy and the its challenging foodproduction industry we have been able to increase sale in our main market and decrease significantly the customary loss of the first quarter. Investment programm is ending the in the fish production unit and fish production is already showing improved results. PRFoods is a clear leader in its field and aims to improve the profitability of the company and to take renewed direction towards Value Added Products.

The following tables set out the key performance indicators of the company for the 1st quarter and 3 months of 2015.

		KEY RATIOS		
Profit & Loss, EUR mln	formula / comment	Q1 2015	Q1 2014	3m
Sales		10.3	10.2	▲
Gross profit		1.3	1.4	▼
EBITDA from operations	before one-offs and fair value adjustment	0.4	0.5	▼
EBITDA	loss before interest, tax, depreciation and amortisation	-0.6	-0.7	▲
EBIT	operating loss	-0.9	-0.9	▲
EBT	loss before tax	-0.8	-1.2	▲
Net loss		-0.5	-0.9	▲
Gross margin	Gross profit / Net sales	12.2%	13.8%	▼
Operational EBITDA margin	EBITDA from operations/Net sales	4.1%	4.9%	▼
EBITDA margin	EBITDA /Net sales	-5.9%	-6.5%	▲
EBIT margin	EBIT / Net sales	-8.6%	-9.2%	▲
EBT margin	EBT / Net sales	-7.4%	-11.7%	▲
Net margin	Net earnings / Net sales	-5.2%	-9.2%	▲
Operating expense ratio	Operating expenses / Net sales	11.3%	12.6%	▲

KEY RATIOS

Balance Sheet, EUR mln	formula	31.03.15	31.03.14
Net debt	Short and Long term Loans and Borrowings - Cash	-3.3	13.6
Equity		33.1	36.1
Working capital	Current Assets - Current Liabilities	21.8	8.5
Assets		39.5	63.8
Liquidity ratio	Current Assets / Current Liabilities	5.72	1.47
Equity ratio	Equity / Total Assets	84%	56%
Gearing ratio	Net Debt / (Equity + Net Debt)	-11%	27%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	-7.85	27.52
ROE	Net Earnings / Average Equity	-2%	-3%
ROA	Net Earnings / Average Assets	-1%	-2%

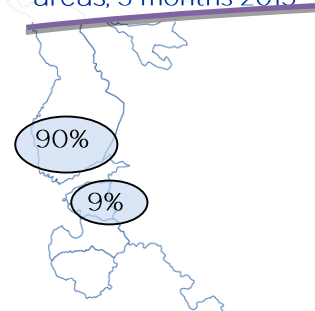
REVENUE

Revenue in Finland grew by a total of 0.6 million euros in the 1st quarter of 2015.

The share of revenue from Finland accounted for 90.1% of the total revenue of PRFoods for the 1st quarter of 2015, which is up by 6.3 percentage points compared to the same period in the previous year. PRFoods has focused on the higher-margin, value-added products in our core market of Finland, however the company experienced higher than usual wholesale volumes in the first quarter. Sales revenue decreased in Estonia due to lower focus on the low-margin wholesale of fresh Norwegian salmon.

PRFoods has started to expand its geographical reach since the current year and launched the sale of the first batches of smoked fish products to Norway.

The share of turnover in key geographic areas, 3 months 2015



2015 3 MONTHS SALES GROWTH

GEOGRAPHIC REGIONS

YOY GROWTH

YOY INCREASE (EUR '000)

Finland	6.3%	550
Estonia	-21.2%	-240
Other	-58.0%	-184
Total	1.2%	126

PRODUCT SEGMENTS

YOY GROWTH

YOY INCREASE (EUR '000)

Cold and hot smoked products	-3.4%	-131
Other fish products	3.0%	63
Fish and fishfilet	-6.5%	-267
Other	-100.0% - /	-73
Total	1.2%	126

Biggest contribution to revenue growth was from the fish and fish fillet product category, totalling 0.3 million euros or 6.5%. Revenue decreased in the retail sector in the hot and cold smoked

product categories by -0.1 million euros or -3.4%. This included a total revenue decrease in the hot smoked product category of -0.2 million euros or -9.6% and sales in the cold smoked product category increased by 0.1 million euros or 8.5%.

CLIENT SEGMENTS	YOY GROWTH	YOY INCREASE (EUR '000)
HoReCa	-4,1%	-131
Retail chains	-1,4%	-77
Wholesale	22,2%	324
Other	-83,3%	10
Total	1,2%	126

Revenue by customer segment grew in the wholesale sector by a total of 0.3 million euros or 22.2% and fell in both the HoReCa and the retail sector by -0.1 million euros. The decrease in the HoReCa sector amounted to -4.1% and sales in the retail sector decreased by -1.4%.

COST ANALYSIS

Revenue from continuing operations increased in 1st quarter of 2015 by a total of 0.13 million euros or 1.2%. At the same time operating expenses decreased by 0.12 million euros or 9.3%. The ratio of operating expenses to revenue decreased in the 1st quarter of 2015 by 1.29 percentage points compared to one year ago.

	Q1 2015	Q1 2014	change	Q1 2015	Q1 2014	change
	EUR mln	EUR mln	EUR mln	as % of sales	as % of sales	as % of sales
Sales	10.30	10.17	0.13 ↑	100.00%	100.00%	
Cost of goods sold	- 9.04	- 8.77	0.27 ↑	87.81%	86.24%	1.57%
incl one-off exp	0.00	- 0.02	- 0.02	0.00%	0.24%	-0.24%
materials in production & cost of goods purchased for resale	- 7.23	- 7.07	0.16	70.18%	69.51%	0.67%
labour costs	- 0.76	- 0.74	0.02	7.41%	7.25%	0.16%
depreciation	- 0.23	- 0.23	- 0.00	2.24%	2.28%	-0.04%
other cost of goods sold	- 0.82	- 0.73	0.09	7.98%	7.20%	0.78%
Operating expenses	- 1.17	- 1.29	- 0.12 ↑	11.34%	12.63%	-1.29%
labour costs	- 0.38	- 0.37	0.01	3.64%	3.66%	-0.02%
transport & logistics services	- 0.38	- 0.40	- 0.02	3.72%	3.88%	-0.16%
depreciation	- 0.05	- 0.05	- 0.00	0.46%	0.48%	-0.02%
advertising, merchandising, marketing and product development	- 0.16	- 0.20	- 0.04	1.52%	1.98%	-0.46%
other operating expenses	- 0.21	- 0.27	- 0.06	2.00%	2.63%	-0.63%
Other income/expenses	0.06	0.07	- 0.01 ↑	0.53%	-0.72%	1.25%

Cost of goods sold increased by 0.27 million euros and the ratio of cost of goods sold to turnover increased by 1.57 percentage points in the 1st quarter of 2015 compared to the same period in 2014. The greatest impact on the deterioration of the gross margin was due to the absence of one core product, the hot smoked fish fillet, from the assortment in the month of January. The sales of this product in February and March amounted to 691 thousand euros.

Overall, the sales revenue exceeded the level from one year ago, growth coming from trading of fresh fish. This included partial outsourcing of production whereby fish is sold to the subcontractor and subsequently purchased back from the same partner as fillet, therefore the Group applies almost a 0% margin in this case. Production capacity will increase once the new fillet line is launched in 2015 and the described subcontracting will no longer be required. Profitability of the company's own products will also improve thanks to the new fillet line.

In the 1st quarter of 2015, EBITDA from operations, i.e. the operating profit before market price driven revaluation of biological assets, one-off expenses and depreciation and amortisation expense, was 0.4 million euros, which is a decrease by 0.1 million euros compared to the 1st quarter of 2014.

The loss from the revaluation of fish stock of the first 3 months of 2015 was -1.0 million euros (loss in the first 3 months of 2014 of -1.1 million euros). The biological assets of PRFoods as at 31.03.2015 are made up of 97% rainbow trout farmed in the Finnish and Swedish fish farms and 3% whitefish.

EBITDA of the reporting period was -0.6 million euros, improving by 0.1 million euros compared to the previous year.

Operating profit of the 1st quarter of 2015 amounted to -0.9 million euros, which was around the same level compared to the previous year. Finance costs decreased in the period by 0.2 million euros or 89% compared to the previous period. The substantial difference is caused by the weakening of the Russian rouble against the euro in the 1st quarter of 2014; therefore the Group sustained currency exchange losses on rouble-denominated loans issued to its Russian subsidiary.

The company's net loss for the 1st quarter of 2015 amounted to -0.5 million euros, improving by 0.4 million euros or 42.3% in a year (1st quarter of 2014: loss from continuing operations of -0.9 million euros). Including discontinued operations, the net loss for the 1st quarter of 2014 amounted to -1.1 million euros.

BIOLOGICAL ASSETS

Biological assets are fish stocks, including the following species:

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

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

The Group uses the Norwegian export statistics for evaluation of the fish stocks of rainbow trout / Source: <http://www.akvafakta.no> /. For evaluation of the fish stocks of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association is used.



Change in biological assets in tons	Q1 2015	Q1 2014	Change Q1 15/Q1 14
Biomass at beginning of the period	1 563	1 538	25
Biomass at end of the period	986	1 032	-46
Harvested (in live weight)	-557	-479	-78

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

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

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

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

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

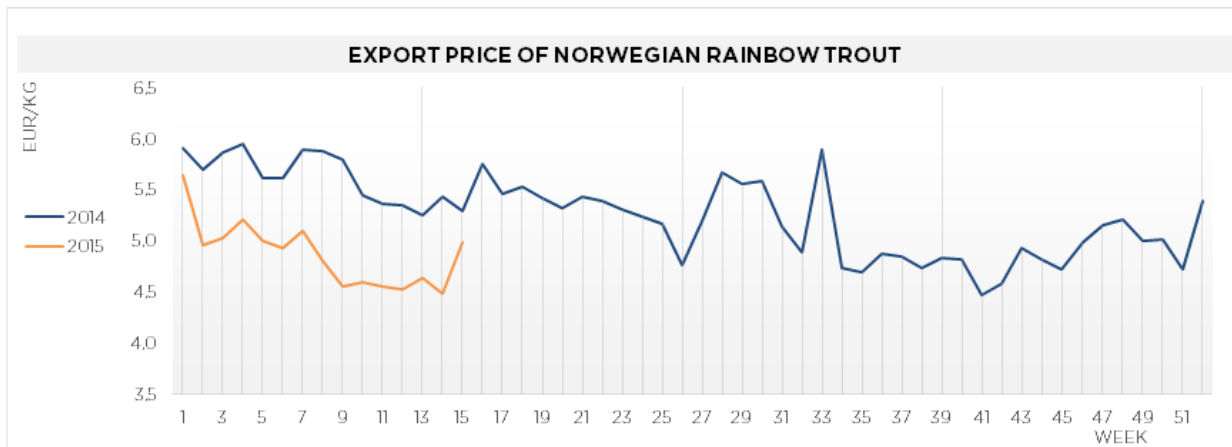
The fair value of juveniles cannot be determined reliably due to the absence of an active market, and they are measured in the statement of financial position at cost. Subsequent expenditure directly related to bringing the juveniles up to the point they are suitable for harvesting are capitalised in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

At each balance sheet date, the cost is compared with the net realisable value of the juveniles. The net realisable value is the estimated fair value of fish suitable for harvesting at the time the juveniles are expected to become suitable for harvesting, less estimated costs on breeding the juveniles to make them suitable for harvesting, and on subsequent sale. When it is probable that the cash flows from future sales cover both the cost as well as the additional expenditure related to breeding and sale, juveniles are measured at cost. Otherwise, juveniles are written down to their estimated net realisable value. Impairment losses are recognised as expenses of the reporting period.

- On initial recognition (on acquisition or reclassification from juveniles) and at each balance sheet date thereafter, the fish ready for harvesting are measured at their fair value less estimated costs to sell. The basis for determination of fair value is the estimated biomass of fish ready for harvesting, less the weight loss occurring at disposal, and the weighted average market price at the balance sheet date, which is the most recent market price for similar assets sold by independent parties, adjusted for the effect of existing differences, assuming no major changes have occurred in the economic environment between the transaction date and the balance sheet date. In areas where external market prices are unavailable, the estimate is based on domestic market prices. The quality class (higher or regular) is also considered in the determination of prices.

Gains and losses arising from fair value adjustments of biological assets are recognised in the separate line "Revaluation of biological assets" in the statement of comprehensive income. Produce from biological assets is recognised at fair value less estimated costs to sell (Note 3).

	Impact of change EUR '000 31.03.2015
Revaluation of fish ready for harvesting (price adjustment)	
Negative impact from change in fair value	-296
Negative impact from cost increase	-57
Difference between the selling price and the market price	-381
Adjustment to the statement of comprehensive income (loss)	-294
Total loss from change in fair value	-1,028



/Source: www.akvafakta.no/

Average price	Q1 2015	Q1 2014	Change Q1 15/Q1 14	Q4 2014	Change Q1 15/Q4 14
Salmon	4.74	5.60	-15.4%	4.58	3.6%
Rainbow trout	4.78	5.62	-14.9%	4.88	-2.1%

The market price of salmon and rainbow trout has declined by 15% in the first three months of the year 2015 compared to the same period from the previous year. In the interest of comparability, it is advisable to use the price level of the 4th quarter of 2014 as a basis. Compared to the latter period, the price of salmon increased by 3.6% and the price level of rainbow trout declined by -2.1% in the 1st quarter of 2015.

FINANCIAL POSITION

LIQUIDITY AND SOLVENCY RATIOS

Ratio	formula	31.03.15	31.03.14
Liquidity ratio	Current Assets / Current Liabilities	5.72	1.47
Equity ratio	Equity / Total Assets	84%	56%
Debt to total assets	Debt / Total Assets	16%	44%
Gearing ratio	Net Debt / (Equity + Net Debt)	-11%	27%
Net debt-to-EBITDA	Net Debt/EBITDA from operations	-7.85	27.52

Cash flow from operating activities of continuing operations in the first 3 months of 2015 amounted to 1.2 million euros (-0.1 million euros in the same period in 2014). The total impact of non-cash changes was 1.1 million euros, which was attributable to the elimination of principal and interest receivable and payable between continuing and discontinued operations from the balance sheet.

Net debt as at the balance sheet date was -3.3 million euros (31/03/2014 13.6 million euros). Financial leverage or the ratio of net debt in the entire capitalisation was -11% (31/03/2014: 27%).

The ratio of net debt to EBITDA as at 31/03/2015 was -7.85 (31/03/2014: 27.52). The liquidity ratio demonstrating short-term solvency as at 31/03/2015 was 5.72 (31/03/2014: 1.47). The proportion of equity to the total assets was 84% (31/03/2014: 56%) and the company had working capital in the amount of 21.8 million euros (31/03/2014: 8.5 million euros).

The negative net debt and increase in equity are attributable to the fact that the Group sold its ice cream and frozen goods segment at the end of 2014 and the proceeds from the transaction are held in cash. The Group is proposing to its general meeting of shareholders to distribute 11.6 million euros of the proceeds from the transaction to shareholders through a reduction of share capital (also see Note 15).

BALANCE SHEET ANALYSIS

The consolidated balance sheet total of PRFoods as at 31.03.2015 was 39.5 million euros, having decreased by 24.4 million euros or 38.1% within a year. The decrease in the balance sheet total is attributable to the aforementioned transaction.

The company's current assets as at 31.03.2015 amounted to 26.4 million euros and the balance of cash and bank accounts was 4.0 million euros.

Receivables and prepayments of continuing operations increased by 8.3 million euros year-on-year, from which 8 million euros is attributable to uncollected instalments from the sale of subsidiaries (additional information is presented in Notes 14 and 15). Inventories and biological assets of continuing operations increased by 1.2 million euros compared to the previous year. The growth is related to a substantial change in tactics by the Group whereby it increased its inventories in the autumn period of 2014 and purchased large volumes of favourably priced raw material (trout), which is used in the ongoing production process.

Biological assets decreased by a total of 0.5 million euros compared to the 1st quarter of last year even though the volume of fish harvested in the fish farms in the 1st quarter of 2015 was higher by 78 tonnes. The reason was the prevailing market price on 31.03.2015, which was 14.9% lower compared to the price at the end of the 1st quarter of the previous year. Considering this fact, the decrease of the loss by 0.1 million euros attributable to change in fair value is a very good achievement.

Payables and prepayments as at 31/03/2015 stood at 4.4 million euros (31/03/2014: continuing operations 4.4 million euros; including discontinued operations 11.1 million euros).

The equity of PRFoods as at 31/03/2015 amounted to 33.1 (31/03/2014: 36.1) million euros.

INVESTMENTS

During the financial year, the capital expenditures by PRFoods in tangible and intangible assets of continuing operations amounted to 417 thousand euros (in the 1st quarter of 2014, capital expenditures of continuing operations amounted to 165 thousand euros, capital expenditures including discontinued operations amounted to 359 thousand euros).

Capital expenditures were related to production equipment and expansion of facilities. A fillet line, fish smoker, washing equipment and metal detector were purchased in the fish processing facility in Saaremaa and the office and warehouse buildings were extended. In addition, Rocla forklifts and stainless steel cabinets were purchased.

A feeding vessel was purchased in the company Heimon Kala Oy operating in Finland and a tugboat was renovated through replacement of the engine.

Prepayments were made in the fish farm of Överumans Fisk Ab located in Sweden for a fish pump and heat pump.

TEAM

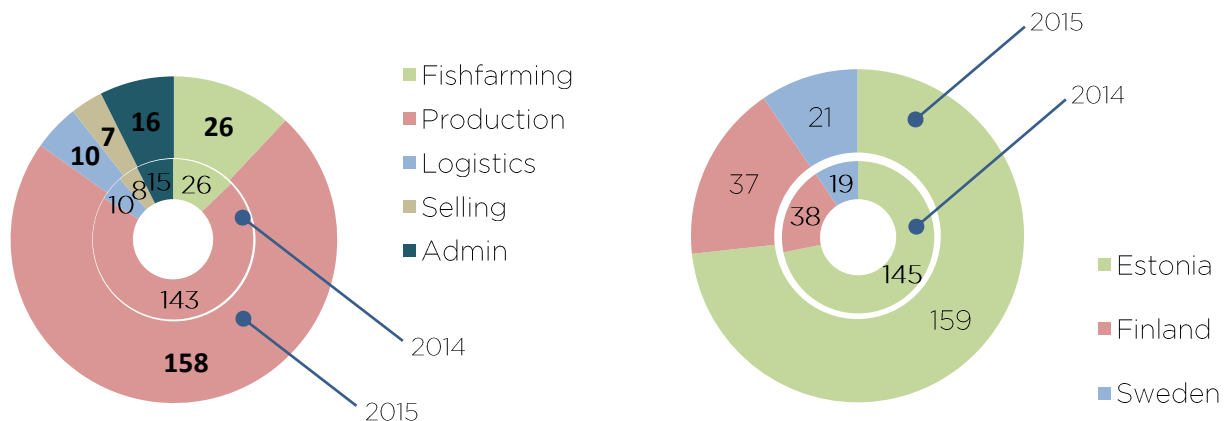
Based on the quarterly average, the employee count increased by 7.4% to 217 employees, however the number of employees did not increase in the reporting period compared to the previous year's average.

Labour costs related to production increased by a total of 3.4%, a rate which was higher than planned. Production volumes decreased in the Estonian fish production facility at the beginning of the year. However, the process of reallocating human resources is typically not a flexible and quick procedure and necessary changes take time. Production workers at the Finnish fish production facility were paid supplementary overtime pay in March, which was caused by an increase in production volumes due to Easter holidays.

This was somewhat offset by a decrease in support staff costs by 0.3%. Overall, staff costs in the 1st quarter of 2015 increased by a total of 2.5%.

PERSONNEL ANALYSIS

Continuing operations	Q1 2015	Q1 2014	15/14		2014	3m 15/14
				3m		
Average number of employees	217	202	7.4%	▲	217	▲
Finland	37	38	-2.6%	▼	40	▼
Estonia	159	145	9.7%	▲	156	▲
Sweden	21	19	10.5%	▲	21	▲
Payroll expenses (th EUR)	1,138	1,110	2.5%	▲	5,096	n/a
Monthly average payroll exp per employee (th EUR)	1.75	1.83	-0.05	▼	1.96	▼



DESCRIPTION OF MAIN RISKS OF THE GROUP

The Group's risk management policy is based on the requirements established by regulatory bodies, generally accepted practices and the Group's internal rules. The Group is guided by the principle to manage risks in a manner that ensures an optimal risk to reward ratio. As part of the Group's risk management, all potential risks, their measurement and control are defined, and an action plan is prepared to reduce risks while ensuring the attainment of the Company's financial and other strategic objectives.

The Management Board of the Parent Company has the main role in management of risks. The Supervisory Board of the Parent Company exercises supervision over the measures taken by the Management Board to manage risks. The Group assesses and limits risks through systematic risk management. For managing financial risks, the Group has involved its financial unit that finances the Parent Company as well as its subsidiaries and, directly as a result of that, also manages liquidity risk and interest rate risk.

Credit risk

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

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

Liquidity risk

Liquidity risk represents a threat to solvency of the company. Liquidity risk means that the Group might not have available resources to settle its financial liabilities in a timely manner.

The Group aims at keeping the financing need and financing possibilities of the Group in balance. Cash flow planning is used as a tool to manage liquidity risks. For efficient management of the Group's cash flows, the bank accounts of the Parent Company and Estonian subsidiaries make up a cash pool account that enables the members of the cash pool account to use the Group's financial resources within the limit established by the Parent Company.

To manage liquidity risks, the Group uses different financing sources, including bank loans, overdraft facilities, continuous monitoring of trade receivables and delivery contracts.

Overdraft facilities are used to finance working capital, long-term bank loans or finance lease agreements are used to purchase non-current assets.

As at 31 March 2015, the Group's working capital was EUR 21,752 thousand and as at 31 March 2014 EUR 8,509 thousand.

The management considers it important to monitor liquidity risks; the additional need for capital can be covered by overdraft facilities or by refinancing the loan portfolio. The overdraft facility was not drawn down as at the balance sheet date. At 31 March 2014, the balance of the unused overdraft facility was EUR 1,889 thousand.

Currency risk

Currency risk arises when business transactions, assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group tries to avoid large foreign currency exposures. The main currencies used are SEK and EUR. The Group is exposed to fluctuations of the exchange rate of SEK. The Group has not used any financial instruments to secure itself against currency risks that may arise from business transactions and assets and liabilities in the future. Any income and expenses arising from foreign currency transactions are included in other operating income/expenses or financial income/cost under "Foreign exchange gains/losses".

Interest rate risk

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

Capital management

With regard to capital management, the Group's objective is to ensure sustainability of the Group in order to ensure returns for shareholders while preserving an optimal capital structure for reducing capital expenditure. For preserving or improving the capital structure, the Group may regulate the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the debt.

Proforma balance sheet structure of AS PRFoods after the registration of the capital reduction

The impact of the expected share capital reduction on the Group's statement of financial position is provided below based on data from the 1st quarter of 2015 if the general meeting of shareholders approves the proposal by the Supervisory Board of PRFoods concerning the reduction of share capital on 28 May 2015.

EUR '000	The balance sheet structure after the registration of the reduction of share capital	Adjustment	31.03.2015
ASSETS			
Cash and cash equivalents	396	-3,605	4,001
Receivables and prepayments	3,393	-8,000	11,393
Inventories	7,387	0	7,387
Biological assets	3,579	0	3,579
Total current assets	14,755	-11,605	26,360
Deferred income tax	103	0	103
Long-term financial investments	161	0	161
Investments property	0	0	0
Tangible fixed assets	6,672	0	6,672
Intangible assets	6,194	0	6,194
Total non-current assets	13,130	0	13,130
TOTAL ASSETS	27,885	-11,605	39,490
EQUITY AND LIABILITIES			
Loans and borrowings	196	0	196
Payables	4,412	0	4,412
Total current liabilities	4,608	0	4,608
Loans and borrowings	509	0	509
Deferred tax liabilities	229	0	229
Government grants	1,011	0	1,011
Total non-current liabilities	1,749	0	1,749
TOTAL LIABILITIES	6,357	0	6,357
Share capital	7,737	-11,605	19,342
Share premium	16,026	0	16,026
Treasury shares	-134	0	-134
Statutory capital reserve	6	0	6
Other reserve	0	0	0
Currency translation reserve	458	0	458
Retained loss	-2,565	0	-2,565
TOTAL EQUITY	21,528	-11,605	33,133
TOTAL EQUITY AND LIABILITIES	27,885	-11,605	39,490

Share capital has been adjusted by the reduction of nominal value of shares. The share capital reduction will be funded by the proceeds received from the sale of the ice cream and frozen goods segments and distributions to shareholders will be made not before the time period 15.12.2015 - 31.12.2015.

The balance sheet item "Receivables and prepayments" has been reduced by 8,000 thousand euros, which is related to the receivables from the sale transaction of subsidiaries and of which the second instalment was collected on 30 April 2015 in the amount of 4,000 thousand euros. The third

and final instalment is due on 31 October 2015 (additional disclosures are presented in Notes 14 and 15).

In accordance with the aforementioned transactions, the balance sheet item "Cash and bank accounts" has been restated. The Group is considering raising additional funds from various sources of financing. PRFoods has entered into a 5,000 thousand euro bank overdraft facility agreement with SEB Pank. As at 31.03.2015, the Group has not drawn down its overdraft facility. More detailed disclosures are provided in Note 8.

In line with industry practice, the Group uses the below indicators to monitor its capital and solvency. While analysing the financial leverage ratio, the aforementioned impact of the restructuring of the debt and equity must be taken into account.

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. As at 31.03.2015, net debt stood at -3,296 thousand euros. The negative net debt is attributable to the fact that the Group sold its ice cream and frozen goods segment at the end of 2014 and the proceeds from the transaction are held in cash on its bank account. After the share capital reduction, net debt using data from 31.03.2015 would amount to 309 thousand euros.

LIQUIDITY AND SOLVENCY RATIOS

Ratio	formula	The balance sheet structure after the registration of the reduction of share capital	31.03.15
Liquidity ratio	Current Assets / Current Liabilities	3.20	5.72
Equity ratio	Equity / Total Assets	77%	84%
Debt to total assets	Debt / Total Assets	23%	16%
Gearing ratio	Net Debt / (Equity + Net Debt)	1%	-11%

Fair value of financial instruments

The Group divides financial instruments into three levels depending on their revaluation:

- Level 1: Financial instruments that are valued using unadjusted price from the stock exchange or some other active regulated market.
- Level 2: Financial instruments that are evaluated by assessment methods based on monitored inputs. This level includes, for instance, financial instruments that are assessed by using prices of similar instruments in an active regulated market or financial instruments that are re-assessed by using the price on the regulated market, which have low market liquidity.
- Level 3: Financial instruments that are valued by assessment methods based on non-monitored inputs.

The Group's management estimates that the carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values at 31 March 2015 and 31 March 2014. Cash and bank balances, trade receivables, other receivables, trade payables and other payables are expected to be settled within 12 months or are recognised immediately before the balance sheet date and therefore their fair value is not significantly different from their carrying amount. The Group's long-term borrowings have a floating interest rate that changes according to fluctuations in the market interest rates. The Group's management estimates that the Group's risk level has not significantly changed since the assumption of borrowings. Thus, the fair value of non-current financial liabilities is approximately equal to their carrying amount.

MANAGEMENT AND SUPERVISORY BOARD

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

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



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

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

The highest governing body of a public limited company is the General Meeting of shareholders. According to law, the General Meetings of shareholders are either ordinary or extraordinary.

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

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

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

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

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

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

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

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

As at 31.03.2015, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	31.03.2015 number of shares	ownership interest
Chairman of the Management Board until 01.02.2015 – Katre Kõvask	506,943	1.31%
Member of the Management Board until 31.12.2014 – Silver Kaur	365,141	0.94%
Member of the Management Board until 01.02.2015 – Erik Haavamäe	185,242	0.48%
Chairman of the Supervisory Board, Chairman of the Management Board from 02.02.2015 – Indrek Kasela	41,823	0.11%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
Member of the Supervisory Board, Chairman of the Supervisory Board from 02.02.2015 – Lauri Kustaa Äimä	125,000	0.32%
Member of the Supervisory Board – Vesa Jaakko Karo	90,000	0.23%
Member of the Supervisory Board – Arko Kadajane	8,928	0.02%
Member of the Supervisory Board – Harvey Sawikin	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
Total number of shares owned by the members of the Supervisory and Management Board	2,625,243	6.79%

PRFOODS SHARE

AS PRFoods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010. The company has issued 38.7 million ordinary shares with the nominal value of 0.50 euro (nominal value was 10 EEK until 13 April 2011 and 0.60 euro until 3 September 2012). All shares have equal voting and dividend rights. PRFoods shares do not have an official market maker.

ISIN	EE3100101031	Issued shares	38,682,860
Symbol of share	PRFIT	Listed shares	05.05.2010
Market	BALTIC MAIN LIST	Minimum quantity of tradable securities:	1 share
Nominal value	0.50 EUR		
Emiteeritud väärtpapereid	38,682,860		

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 March 2015.



The nominal value of a PRFoods share is currently 50 cents. The Supervisory Board will propose to the general meeting of shareholders held on 28 May 2015 to reduce the company's share capital by way of distribution to shareholders through the reduction in the nominal value of the share by 30 cents. As a result the new nominal value of the share will be 20 cents. PRFoods has distributed to its shareholders a total amount of 5.4 million euros in dividends and share capital reduction since its shares were publicly listed.

The reason for the reduction of share capital is to balance the adjustment of the capital structure of AS PRFoods, enabling to balance the company's debt to equity ratio and helps restore the return on equity and other ratios of AS PRFoods to a more satisfactory level. More detailed information is presented in Note 15.

TRADING HISTORY

Price (EUR)	Q1 2015	Q1 2014
Open	0.670	0.710
High	0.700	0.760
Low	0.620	0.611
Last	0.650	0.655
Traded volume, thousand	372	469
Turnover, million	0.25	0.33
Market capitalization, million	25.14	25.34

MARKET RATIOS

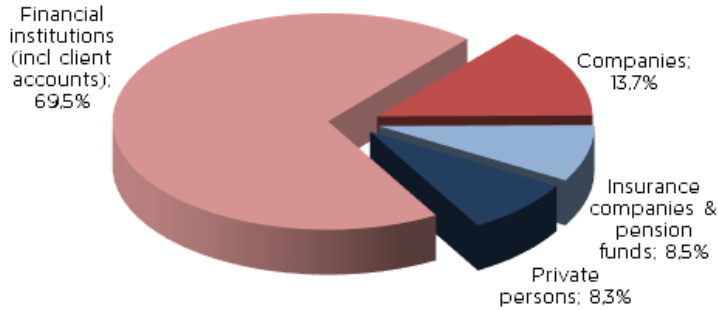
Ratios	formula	31.03.2015
EV/Sales	$(\text{Market Cap} + \text{Net Debt}) / \text{Sales}$	0.475
EV/EBITDA from operations	$(\text{Market Cap} + \text{Net Debt}) / \text{EBITDA from operations}$	74.1
EV/EBITDA	$(\text{Market Cap} + \text{Net Debt}) / \text{EBITDA}$	38.3
Price-to-Earnings	$\text{Market Cap} / \text{Net Earnings}$	neg
Price-to-Book	$\text{Market Cap} / \text{Equity}$	0.8

Market Cap, Net Debt and Equity as of 31.03.2015

Net Debt continuing operations as of 31.03.2015

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

Distribution according to holder groups as at 31 March 2015



Shareholder structure

Major shareholders of PRFoods as at 31.03.2015 were:

ING Luxembourg S.A. (Esindajakonto)	62,71%
LHV Pensionifond L-----	4,53%
OÜ Rododendron-----	3,36%
Ambient Sound Investments OÜ -----	3,20%
Firebird Republics Fund Ltd. -----	3,09%
Firebird Avrora Fund, Ltd. -----	1,68%
Compensa Life Vienna Insurance Group SE -----	1,66%
LHV Pensionifond XL-----	1,51%
OÜ Footsteps Management -----	1,31%
OÜ Freespirit -----	0,94%

The division of shareholders according to number of acquired shares:

Number of shares	Number of shareholders	% of shareholders	Total number of shares	% of share capital
1..1,000	605	44.4%	308,504	0.8%
1,001..10,000	639	46.9%	2,084,693	5.4%
10,001..50,000	70	5.1%	1,310,260	3.4%
50,001..100,000	9	1.9%	595,240	1.5%
More than 100,000	22	1.7%	34,384,163	88.9%
Total	1,345	100.0%	38,682,860	100.0%

INTERIM ACCOUNTING REPORT

Consolidated statement of financial position

EUR '000	Note	31.03.2015	31.12.2014	31.03.2014
ASSETS				
Cash and cash equivalents		4,001	3,330	1,447
Receivables and prepayments		11,393	12,014	8,036
Inventories	(Note 2)	7,387	6,563	12,958
Biological assets	(Note 3)	3,579	5,583	4,111
Total current assets		26,360	27,490	26,552
Deferred income tax		103	103	611
Long-term financial investments	(Note 4)	161	134	136
Investments property		0	0	2,084
Tangible fixed assets	(Note 5)	6,672	6,484	12,094
Intangible assets	(Note 6)	6,194	6,218	22,370
Total non-current assets		13,130	12,939	37,295
TOTAL ASSETS		39,490	40,429	63,847
EQUITY AND LIABILITIES				
Loans and borrowings	(Note 7, 8)	196	198	6,984
Payables		4,412	4,493	11,059
Total current liabilities		4,608	4,691	18,043
Loans and borrowings	(Note 7, 8)	509	555	8,050
Deferred tax liabilities		229	457	476
Government grants	(Note 9)	1,011	1,054	1,212
Total non-current liabilities		1,749	2,066	9,738
TOTAL LIABILITIES		6,357	6,757	27,781
Share capital	(Note 10)	19,342	19,342	19,342
Share premium		16,026	16,026	16,026
Treasury shares	(Note 10)	-134	-117	0
Statutory capital reserve	(Note 10)	6	6	6
Currency translation reserve		458	441	715
Retained loss		-2,565	-2,026	-23
TOTAL EQUITY		33,133	33,672	36,066
TOTAL EQUITY AND LIABILITIES		39,490	40,429	63,847

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Note	Q1 2015	Q1 2014
Sales	(Note 11)	10,299	10,173
Cost of goods sold		-9,044	-8,773
Gross profit		1,255	1,400
Operating expenses		-1,168	-1,285
Selling and distribution expenses		-838	-874
Administrative expenses		-330	-411
Other income/expenses		55	73
Fair value adjustment on biological assets	(Note 3)	-1,028	-1,129
Operating loss		-886	-941
Financial income		148	11
Financial expenses		-29	-259
Loss before tax		-767	-1,189
Income tax		228	255
Net loss for the year from continuing operations		-539	-934
Net loss for the year from discontinuing operations (attributable to equity holders of the company)	(Note 14)	0	-202
Net profit (loss)		-539	-1,136
Other comprehensive income (expense) that might subsequently be classified to profit or loss:			
Foreign currency translation differences		17	-33
incl continued operations		17	-28
incl discontinued operations		0	-5
Total comprehensive loss		-522	-1,169
Loss per share (€)	(Note 10)	-0.01	-0.03
incl continued operations		-0.01	-0.02
incl discontinued operations		0.00	-0.01
Diluted loss per share (€)	(Note 10)	-0.01	-0.03
incl continued operations		-0.01	-0.02
incl discontinued operations		0.00	-0.01

Consolidated cash flow statement

EUR '000	Note	Q1 2015	Q1 2014
Continuing operations			
Net profit / loss		-539	-934
<i>Adjustments:</i>			
Depreciation	(Note 5, 6)	278	281
Profit from sale and write off of fixed assets		-12	0
Other non-cash items		39	-1,110
Changes in receivables and prepayments		523	918
Changes in inventories	(Note 2)	-824	-743
Changes in biological assets	(Note 3)	2,004	2,159
Changes in payables and prepayments		-277	-686
Corporate income tax paid		-18	-32
Discontinued operations		0	108
Total cash flow from operations		1,174	-39
Continuing operations			
Sale of tangible and intangible fixed assets	(Note 5, 6)	12	114
Purchase of tangible and intangible fixed assets	(Note 5, 6)	-431	-144
Repayments of loans granted		1	2
Discontinued operations		0	-100
Total cash flow from investments		-418	-128
Continuing operations			
Own shares buy-back		-17	0
Change in overdraft		0	925
Repayments of loans		0	-373
Capital lease repayments	(Note 7)	-48	-34
Interests paid		-20	-90
Discontinued operations		0	-128
Total cash flow from financing		-85	300
Total cash flow		671	133
Cash and cash equivalents at beginning of year		3,330	1,314
Change in cash and cash equivalents		671	133
Cash and cash equivalents at the end of the period		4,001	1,447

Consolidated statement of changes in equity

	Share capital	Share premium	Own shares	Statutory capital reserve	Other reserve	Translation reserve	Retained earnings	Total equity
Balance at 31.12.2013	19,342	16,026	0	6	62	748	1,113	37,298
The own shares repurchase program	0	0	-117	0	0	0	0	-117
Share option programme	0	0	0	0	-62	0	62	0
Dividends	0	0	0	0	0	0	-387	-387
Transactions with equity holders of the company	0	0	-117	0	-62	0	-325	-504
Net loss for the year	0	0	0	0	0	0	-2,814	-2,814
Other comprehensive expense	0	0	0	0	0	-308	0	-308
Total comprehensive expense for the period	0	0	0	0	0	-308	-2,814	-3,122
Balance at 31.12.2014	19,342	16,026	-117	6	0	441	-2,026	33,672
The own shares repurchase program	0	0	-17	0	0	0	0	-17
Transactions with equity holders of the company	0	0	-17	0	0	0	0	-17
Net loss for the year	0	0	0	0	0	0	-539	-539
Other comprehensive income	0	0	0	0	0	17	0	17
Total comprehensive expense for the period	0	0	0	0	0	17	-539	-522
Balance at 31.03.2015	19,342	16,026	-134	6	0	458	-2,565	33,133

Additional information about equity is disclosed in Note 10 and Note 15.

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 31.03.2015 encompass AS PRFoods (hereinafter Parent Company) together with its subsidiaries Saaremere Kala AS in Estonia and OOO Hladomagija in Russia and the group companies OÜ Vettel, OÜ Gourmet House in Estonia and Heimon Kala Oy in Finland and Överumans Fisk Ab in Sweden (hereinafter also referred to as Group). The Group has a stake in an associate, the Competence Center of Food and Fermentation Technologies (CCFFT). AS PRFoods shares are listed on NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

In order to be able to evaluate the performance of continuing operations, in the interest of comparability the data from the 1st quarter ended 31 March 2014 have been restated, classifying the ice cream and frozen goods business segment (AB Premia KPC, AS Premia Tallinna Külkhoone, AS Premia FFL, OOO Hladokombinat No 1), including the Russian trademarks that were previously owned by AS PRFoods, as discontinued operations.

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

Confirmation of Compliance

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2014 have been applied. The report does not hold all the information that must be presented in a complete annual report so it should be read together with the Parent Company's audited consolidated annual report for the financial year that ended on 31 December 2014, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

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

The Management Board approved the publication of this condensed unaudited consolidated interim report on 15 May 2015.

In the opinion of the management, this interim report for 1st quarter and 3 months 2015 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

Basis of Preparation

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

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

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

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

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

Use of Assessments

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

The same assessments of the management that were used to prepare the consolidated annual report for the financial year that ended on 31 December 2014 were used to prepare this condensed consolidated interim report.

Note 2. Inventories

EUR '000	31.03.2015	31.12.2014
Raw materials and materials	3,841	3,860
Work-in-progress	327	169
Finished goods	2,193	1,947
Goods purchased for sale	914	513
Prepayments for inventories and goods in transit	112	74
Total inventories	7,387	6,563

The total value of inventories written off in the 1st quarter of 2015 was 4 thousand euros (continuing operations in the 1st quarter of 2014: 130 thousand euros). In 2014, inventories were written off in continuing operations in the total amount of 282 thousand euros. A commercial pledge set as collateral for loans also covers inventories (see Note 8).

Note 3. Biological assets

Biological assets	31.03.2015 EUR '000	31.12.2014 EUR '000
Fry	139	282
Juveniles	2,710	2,089
Fish suitable for harvesting	730	3,212
Total biological assets	3,579	5,583

As at 31.03.2015, biological assets totalled 986 (31.12.2014: 1,563) tonnes. In the reporting period, agricultural produce was harvested in the amount of 557 (2014: 1,686) tonnes. 479 tonnes of agricultural produce was harvested in the same period in the previous year.

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

Change in biological assets	Q1 2015	2014
	EUR '000	EUR '000
Biological assets at beginning of the period	5,583	6,270
Purchased	23	482
Additions	484	4,963
Fair value adjustments	-1,028	-571
Harvested	-1,433	-5,087
Written off	-78	-369
Exchange rate differences	28	-105
Biological assets at end of the period	3,579	5,583

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 -544 thousand euros (2014: 4,392 thousand euros), comprising of amounts presented under "Additions" and "Fair value adjustments". In the amount of "Additions", the Group has capitalised subsequent expenditures incurred on development of immature biological assets, therefore in the income statement, only the gain/loss from fair value adjustments is presented as a separate line.

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

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

Note 4. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
Balance at 31.12.2014	62	72	134
Profit from equity participation	27	0	27
Balance at 31.03.2015	89	72	161

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

Note 5. Tangible Fixed Assets

EUR '000	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
Residual value as of 31.12.2014	2,654	3,364	253	213	6,484
Unrealised currency effect	7	13	1	1	22
Acquired during the period	124	60	25	208	417
Depreciation	-62	-176	-13	0	-251
Balance at 31.03.2015	2,723	3,261	266	422	6,672

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

Note 6. Intangible Assets

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licenses	Pre-payments	Total
Balance as of 31.12.2014	4,730	659	533	17	279	6,218
Unrealised currency effect	0	1	1	1	0	3
Re-classification	0	0	51	72	-123	0
Depreciation	0	-14	-6	-7	0	-27
Balance at 31.03.2015	4,730	646	579	83	156	6,194

Note 7. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Total
Fixed assets acquired under finance lease			
Acquisition cost as of 31.12.2014	814	351	1,165
Accumulated depreciation as of 31.12.2014	-161	-85	-246
Residual value as of 31.12.2014	653	266	919
Acquisition cost as of 31.03.2015	814	351	1,165
Accumulated depreciation as of 31.03.2015	-149	-92	-241
Residual value as of 31.03.2015	665	259	924
Payable under finance lease as of 31.03.2015	542	163	705
incl. payable within 1 year	124	72	196
incl. payable within 1-5 year	418	91	509
Principal payments of the period	32	16	48
Interest expenses of the period	3	1	4
Average interest rate per annum	2.07%	2.91%	2.40%

Note 8. Debt Obligations

EUR '000	31.03.2015	31.12.2014
Finance lease liabilities (Note 7)	196	198
Total short-term loans	196	198
Finance lease liabilities (Note 7)	509	555
Total long-term loans	509	555
incl. payable within 1-5 years	509	555

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

As at 31.03.2015, the Group has not drawn down its overdraft facility.

Note 9. Government Grants

	Q1 2015 EUR '000	Q1 2014 EUR '000
Deferred income from government grants at the beginning of period	1,054	1,264
Change in value due to the exchange rates	3	-3
Recognition as income during the period (Note 26)	-46	-49
Deferred income from government grants at the end of period	1,011	1,212
incl. income within 1 year	184	196
incl. income within 2-17 years	827	1,016

Note 10. Equity

As at 31.03.2015, the company had 38,682,860 shares (31.03.2014: 38,682,860), including 193,406 treasury shares (31/03/2014: 0 treasury shares).

From 01.07.2014, the company initiated a repurchasing programme of its own shares in accordance with the resolution of the general meeting held at 29.05.2014 and pursuant to the Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

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

As at 31.03.2015, AS SEB Pank in the name and on the account of AS PRFoods has acquired 193,406 shares at an average price of 0.6921 euros per share.

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

Note 11. Segment Reporting

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

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

Sales by geographic regions	Q1 2015	Q1 2014
	EUR '000	EUR '000
Finland	9,275	8,725
Estonia	891	1,131
Other	133	317
Total	10,299	10,173

Note 12. Related Party Transactions

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

Related parties include:

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

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

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

Company	Creditor	Payables and prepayments	Payable as at 31.03.2015	Payable as at 31.12.2014
			EUR '000	EUR '000
PRFoods AS	Companies related to members of the Management and Supervisory Boards	Accounts payable	5	0
	Total		5	0

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

Party	Type of transaction	Q1 2015 Purchase	Q1 2015 Sale	Q1 2014 Purchase	Q1 2014 Sale
EUR '000					
Companies related to members of the Management and Supervisory Boards	services	9	0	3	1
	Total	9	0	3	1

Management estimates that all related party transactions have been concluded at market prices and at market conditions. Benefits including employment taxes to members of the Management

Boards and Supervisory Boards of AS PRFoods and its subsidiaries and other key members of management were as follows (continuing operations):

EUR '000	Q1 2015	Q1 2014
Short-term benefits	129	167
Total	129	167

The members of the Management and Supervisory Boards are not entitled to any pension-related rights from the company. The members of the Management Board are entitled to termination benefits. The maximum expense related to payment of termination benefits including taxes totals 167 thousand euros (31.03.2014: 121 thousand euros).

Note 13. Contingent Liabilities and Assets

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

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

Note 14. Discontinued operations

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

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

- 19,109 thousand euros of the purchase price was paid at the closing of the transaction;
- 4,000 thousand euros of the purchase price will be paid after the expiry of 6 months from the closing date of the transaction and is due on 30.04.2015 (also see Note 15);
- 4,000 thousand euros of the purchase price will be paid after the expiry of 12 months from the closing date of the transaction and is due on 31.10.2015.

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

The total interest income recognised on discounting in the 1st quarter of 2015 was 97 thousand euros (1st quarter of 2014: 0 thousand euros).

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

Assets and liabilities of discontinued operations

EUR '000	31.03.2015	31.03.2014
ASSETS		
Cash and cash equivalents	0	223
Receivables and prepayments	0	5,094
Inventories	0	7,284
Total current assets	0	12,601
Deferred income tax	0	423
Investments property	0	2,084
Tangible fixed assets	0	5,844
Intangible assets	0	16,133
Total non-current assets	0	24,484
TOTAL ASSETS	0	37,086
EQUITY AND LIABILITIES		
Loans and borrowings	0	2,164
Finance lease liabilities	0	434
Payables	0	6,802
Total current liabilities	0	9,400
Finance lease liabilities	0	1,038
Deferred tax liabilities	0	128
Total non-current liabilities	0	1,166
TOTAL LIABILITIES	0	10,567
Net assets of discontinued operations	0	26,519

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

	Q1 2015 EUR '000	Q1 2014 EUR '000
Loans received, intra-group:		
Loan residual	0	3,130
Interest payables	0	1,475
Overdraft given, intra-group:		
Overdraft receivable	0	4,224
Interest receivable	0	18

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

An extract of the revenue and expenses of discontinued operation

	Q1 2015 EUR '000	Q1 2014 EUR '000
Discontinued operations		
Sales	0	10,451
Cost of goods sold	0	-7,005
Gross profit	0	3,446
Operating expenses	0	-3,604
Selling and distribution exp	0	-3,026
Administrative expenses	0	-578
Other income/expenses	0	-80
Operating loss	0	-237
Financial income	0	0
Financial expenses	0	-28
Loss before tax	0	-265
Income tax	0	64
Net loss for the period from discontinuing operations	0	-202

Consolidated cash-flow of the discontinued operation

	Q1 2015 EUR '000	Q1 2014 EUR '000
Total cash flow from operations	0	108
Total cash flow from investments	0	-100
Total cash flow from financing	0	-128
Total cash flow	0	-120
Cash and cash equivalents at the beginning of the period	0	343
Change in cash and cash equivalents	0	-120
Cash and cash equivalents at the end of the period	0	223

Note 15. Events after the balance sheet date**Receipt of the second instalment of the AB Premia KPC share sales transaction**

Nordic Foods Holding AS paid on 30 April 2015 to AS PRFoods the second instalment of 4,000 thousand euros in exchange for the acquisition of shares in AB Premia KPC (Note 14).

Convening of the General Meeting

On 5 May 2015, the Management Board of PRFoods convened the annual general meeting of shareholders, which is held on 28 May 2015. The agenda of the general meeting contains in addition to the usual items on the agenda, such as the approval of the annual report for 2014, adopting a resolution on covering the loss and appointing an auditor for the financial year 2015, the reduction of share capital and the associated approval of a revision to the articles of association.

Reduction of share capital

- The Supervisory Board has proposed to the annual general meeting of shareholders held on 28 May 2015 to reduce the share capital of AS PRFoods as follows:
- Share capital is reduced by reduction in the nominal value of the share by 0.30 euros (30 cents), as a result the new nominal value of the share will be 0.20 euros (20 cents);
- Share capital will be reduced by a total amount of 11,604,858 euros, as a result the new share capital amount will be 7,736,572 euros;
- The reason for the reduction of share capital is an adjustment to the capital structure of AS PRFoods. Reduction of share capital enables AS PRFoods to balance the company's debt to equity ratio and helps restore the return on equity and other ratios of AS PRFoods to a more satisfactory level. The share capital reduction will be funded by the proceeds received from the sale of the ice cream and frozen goods segments.

The proforma balance sheet of AS PRFoods (on the basis of data from the 1st quarter) after the capital reduction has been registered is presented in the management report.

The share capital reduction will be carried out by way of distribution to shareholders. The amount of the distribution will be 0.3 euros (30 cents) per share. Distributions to shareholders will be made not before the time period 15.12.2015 – 31.12.2015.

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 1ST QUARTER AND 3 MONTHS OF 2015

The Management Board confirms the correctness and completeness of the consolidated interim report for the 1st quarter and 3 months of 2015 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 - 34 hereof and confirms to the best of its knowledge that:

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

Member of Management Board

Indrek Kasela

digitally signed

15. May 2015