

## MERGER REPORT

### on the merger of AS Premia Foods and OÜ TCS Invest

10 February 2011

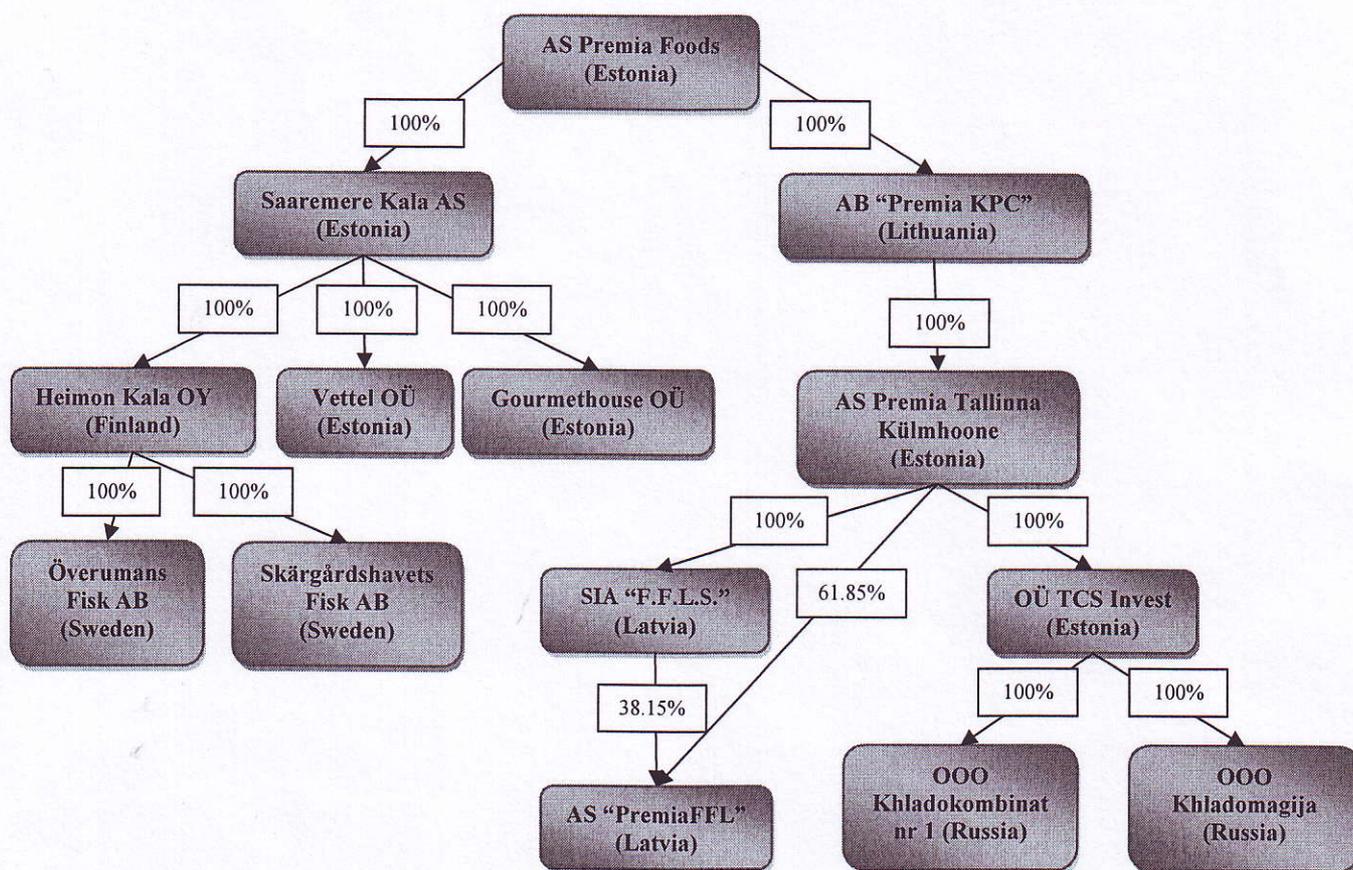
Hereby AS Premia Foods (hereinafter **Premia**) and OÜ TCS Invest (hereinafter **TCS**) submit the merger report in accordance with Section 393 of the Commercial Code and Section 7.116 of the part „Requirement for Issuers“ of the Rules of the NASDAQ OMX Tallinn Stock Exchange.

Herebelow legal and economic reasoning for the merger of TCS into Premia and the merger agreement executed by the latter on 10 February 2011 has been provided.

#### General Remarks

TCS belongs to the group of companies of Premia. The sole shareholder of TCS is AS Premia Tallinna Külmoone, the sole shareholder of which is AB Premia KPC, which in turn is a wholly-owned subsidiary of Premia.

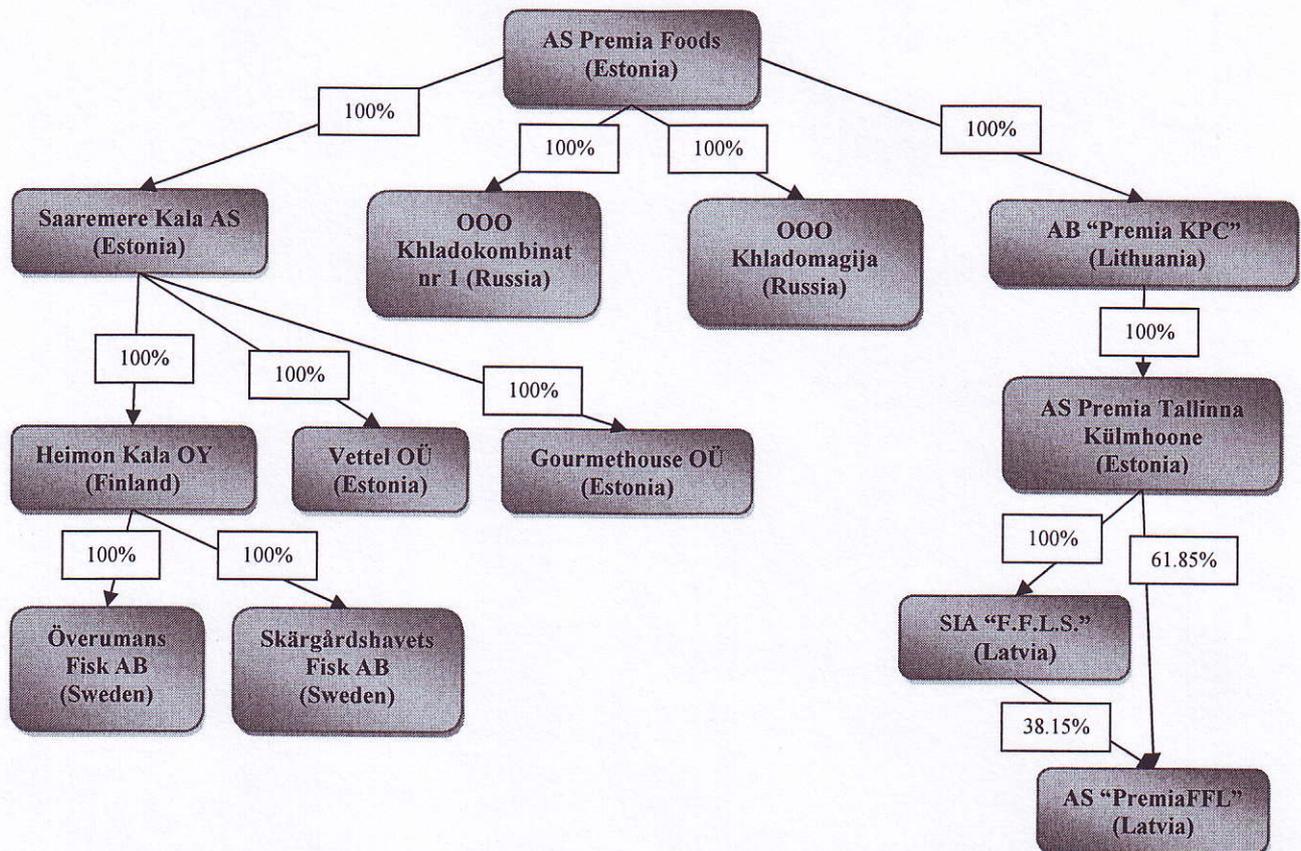
Before the merger of Premia and TCS, the group structure of the Premia group of companies is as follows:



#### Execution of Merger Agreement

On 10 February 2011, Premia and TCS executed a merger agreement according to which Premia is the acquiring company and TCS the company being merged. Pursuant to the merger agreement, TCS transfers all its assets, rights and obligations to Premia and TCS as the company being merged is considered to be ended in accordance with Section 403(2) of the Commercial Code upon registration of the merger in the Commercial Register. The merger agreement enters into force once approved by the General Meeting of shareholders of Premia and the sole shareholder of TCS, if so required by the Commercial Code.

After the completion of the merger as contemplated under the merger agreement, the group structure of the Premia group of companies is as follows:



### **Purpose of Merger, Legal and Economic Reasoning**

The purpose of the contemplated merger is to make the group structure of Premia clearer, more comprehensive and transparent.

TCS is a holding company, which does not carry out independent economic activity. The only assets of TCS comprise of the shareholding in the ultimate subsidiaries of Premia in Russia (OOO Khladokombinat No. 1 and OOO Khladomagija) and the trademarks used by the referred companies. In the course of the contemplated merger, the above-named assets will be transferred to Premia.

The contemplated merger is an intra-group merger and in the course of the latter, the volume, content and nature of the assets of Premia group will not be altered. The financial results of the companies involved in the merger are being consolidated in the level of Premia and all the referred financial results have been made available to all the investors of Premia via the information system of NASDAQ OMX Tallinn Stock Exchange.

Above all, due to the fact that TCS is a company belonging to the same group of companies with Premia, the Management Boards of the merging entities have preferred the type of merger provided by the Commercial Code, pursuant to which the merging company TCS is transferred into the acquiring company Premia in a way that all the assets of TCS (all the rights and obligations of the latter) are transferred to the acquiring company in full as of the registration of the merger in the Commercial Register.

### **The Substitution of Sole Share of TCS, Additional Payments**

According to the merger agreement, the sole share of TCS shall not be substituted with the shares of Premia or transferred, it will be rendered void and it will no longer be valid.

Premia shall compensate Premia Tallinna Külkhoone AS, the sole shareholder of TCS, the value of the sole share in cash. The amount of the compensation shall be 66,468.11 euro.

No additional payments shall be made in the course of the merger.

***Business Name***

After the merger, Premia will continue under the business name AS Premia Foods.

***Balance Sheet Date***

Balance sheet date of a merger is considered to be the date from which all the transactions of the merging company shall be considered to be made on the account of the acquiring company. The balance sheet date of this merger is 1 January 2011.

***Auditing***

The merger agreement shall be reviewed by an auditor. Premia and TCS have agreed that the merger agreement shall be reviewed by Rimess OÜ. The auditor shall be remunerated in accordance with the agreement executed with the latter.

***Impact of Merger to Employees***

TCS has no employees, so there are no consequences to the employees of TCS arising from the merger.

The employees of Premia will not be influenced by the merger, all the employment agreements will remain in full force and effect and there are no consequences to the employees of Premia arising from the merger.

***Availability of Merger Agreement***

The merger agreement has been made available in the Register Department of the Harju County Court, in the Office of the notary public Jaan Hargi at Roosikrantsi 2, Tallinn, and in the location of Premia (Betooni 4, Tallinn, 11415).

Kuldar Leis  
Chairman of Management Board of AS Premia Foods

Kuldar Leis  
Member of Management Board of OÜ TCS Invest

