

AS PREMIA FOODS

2009 CONSOLIDATED ANNUAL REPORT

(translation from Estonian original)

Business name:	AS PREMIA FOODS
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Main areas of activities:	Production of ice-cream Wholesale of food products Production and sale of fish products Fish farming
Reporting period:	1 January 2009 – 31 December 2009
Auditor:	Alliot Kangust OÜ

CONTENTS

COMPANY OVERVIEW	5
STATEMENT OF THE CHAIRMAN	6
MANAGEMENT REPORT	8
The Corporate Governance Report	14
Management Board's confirmation on the Management Report.....	17
CONSOLIDATED FINANCIAL STATEMENTS.....	18
Management Board's confirmation on the Consolidated Financial Statements	18
Consolidated Statement of Financial Position.....	19
Consolidated Statement of Comprehensive Income	20
Consolidated Cash Flow Statement	21
Consolidated Statement of Changes in Owners' Equity.....	23
1. General Information and Significant Accounting Policies	24
2. Financial Risks.....	35
3. Accounting Estimates and Judgments	39
4. Cash and Cash Equivalents	40
5. Receivables and Prepayments	40
6. Inventories and Biological Assets	41
7. Fixed assets held for sale	41
8. Subsidiaries.....	42
9. Deferred Tax Assets.....	44
10. Long Term Financial Investments	44
11. Investment Property	44
12. Tangible Fixed Assets	45
13. Intangible Assets	46
14. Fixed Assets Acquired under Finance Lease.....	47
15. Operating Lease	47
16. Borrowings	48
17. Payables	50
18. Target Financing.....	51
19. Owners' Equity.....	51
20. Segment reporting.....	52
21. Sales revenue	55
22. Cost of Goods Sold	56
23. Selling and Distribution Expenses	56
24. Administrative Expenses	56
25. Depreciation	56
26. Other Income and Other Expense	57
27. Financial Income and Expenses.....	57
28. Income Tax Expenses	57
29. Earnings Per Share	59
30. Related Party Transactions	59
31. Off Balance Sheet Items.....	60
32. Subsequent Events	61
33. Supplementary disclosures on the parent company of the Group.....	61
DECLARATION OF THE MANAGEMENT AND SUPERVISORY BOARD	66
INDEPENDENT AUDITOR'S REPORT	67
PROFIT ALLOCATION PROPOSAL.....	68

COMPANY OVERVIEW

AS Premia Foods was established in Estonia in December 2008 by Premia Tallinna Külmuhoone AS with the purpose of creating a holding company for the group consolidating various food companies, including the ice-cream, frozen food and fish business lines, while having production and sales operations in 5 countries. Today, operating in the Baltic States as well as in Finland and Sweden, the Group has become influential company, known for its highly valued and appreciated consumer brands.

The flagships of Premia Foods are Premia, Väike Tom, Vau, Heimon Gourmet, Saaristomeren Kala, Maahärä, Põhjätäht, Regatt, Natali, Bueno!, Polar Fish and others.

As of 31 December 2009 the number of employees of the Group was 581, as of 31 December 2008 – 647.

The contact details of Premia Foods are as follows:

AS Premia Foods

Betooni 4, Tallinn 11415, Estonia

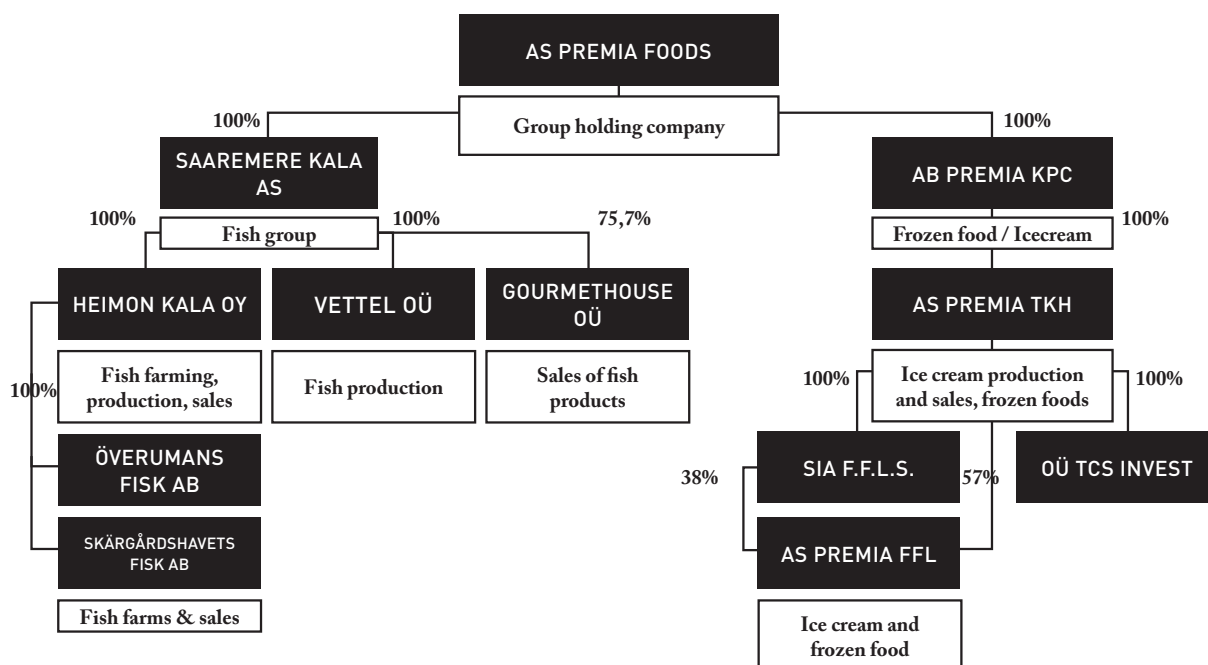
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Premia Foods Group chart:



ADDITIONAL DOCUMENTS

The owners of AS Premia Foods are international investment funds Amber Trust S.C.A. and Amber Trust II S.C.A., DCF Baltic States, Firebird Republics Fund, Firebird Aurora Fund and the company's management.

STATEMENT OF THE CHAIRMAN

At the beginning of the year two food companies were merged: AB Premia KPC, acting with its subsidiaries primarily in the Baltic States and dealing with distribution and sales of frozen foods and production and sales of ice-cream, and Saaremere Kala AS, operating in Finland, Sweden and Estonia with fish farming, processing and selling. For managing those merged companies, a holding company AS Premia Foods, managed from Tallinn, was created.

Merging two strong groups of companies with long historical background, created one of the biggest and unique food businesses in Baltic States, Finland and Sweden, which has the ability and the team to develop further with its diversified portfolio in existing Baltic and Scandinavian markets as well as in North-Western Russia.

The team of Premia is one of the highest values in our company. Consisting of various nationalities and cultural backgrounds, we are able to maximize the best experiences of those people in order to bring the brands close to customers' hearts. Great team and good team spirit is a value that can not be directly expressed in balance sheet rows, but reflects very well in our results also in year of big economic crisis as 2009 was.

Difficult global economic situation is influencing both businesses and customers and there are a few of companies, which enjoyed turnover and profit growth in 2009. Food products consumption went through a smaller drop than the economy as a whole, but still there was decline in consumption. Hence also turnover of Premia Foods showed a decrease and the turnover of 2009 was 1.1 billion Estonian kroons (68.7 million EUR) compared to 1.2 billion EEK (77.3 million EUR in 2008) ¹. But in contrast to the overall economy, which mainly talked about decline in profits, Premia Foods was able to earn an annual profit instead of loss in 2008. Net profit of 2009 was 10.8 million EEK (0.7 million EUR), while in 2008 company's loss was 24.1 million EEK (1.5 million EUR).

The most stable market situation is in Finland, where Premia Foods is selling mainly packed chilled and frozen fish, the turnover remained stable compared to the period a year ago. In Finland, fish products consumption per capita is very high. The trend of increase in sale of bulk fish in 2009 is noticed and in the market was some deficiency of cheaper fish at the end of the year and slight increase in prices in relation with diseases in Chilean salmon farms. But as 40% of the amount of fish required for our products Premia Foods farms itself, we are also less affected by the increase in fish prices. Finnish food consumption was also positively affected by lowering foods VAT from 17% to 12% in October 2009. In July 2010, the VAT on food will be increased to 13%, but also a similar tax will be applied for HoReCa sector (hotels, restaurants, catering), which should give a boost to consumption in this sector. And for Premia Foods it means good news, because developing specific HoReCa-sector products was one of the main targets already in 2009. In 2010, development of new products to the retail market and also development of Hemon Gourmet brand, our flagship in Finnish market, are the key areas for Premia Foods.

Estonia in 2009 had background of decreasing economy and this has made consumers very conservative and dependent of price campaigns. Only in the end of the year 2009 the anticipation of Euro started to grow and the notes of optimism is felt that the second half of 2010 the economy could start to rise. Unemployment rate growth to 15% by the end of 2009 has decreased consumption a lot and biggest downfall has been with consuming of products with bigger added value and average and above-average price level. From Premia products it bears most on expensive ice-creams and frozen products like french fries, vegetables and pizzas. However, the fall is less noticeable in dumplings and in other semi-finished products. Thanks to its powerful trademarks and high-quality products behind those marks, we have been able to maintain our market share in the conditions of declining market and fallen prices. Compared to a year ago, we are especially glad with increased sales of our frozen products trademark Maahärä and with recently launched new pan-Baltic trademark Bueno! It is expected that the market shares will be continuously rearranged in the 2010 and stronger companies will benefit from this. On the other hand the competition increase between retail chains is expected and it also increases pressure on producers across the Baltics, which will lead to campaign price fall and retail chains increase the share of private label products.

Latvia was the cause of concern in the Baltic States in 2009 and the situation continues this year as well. Unemployment rate has reached 20% and regular consumers can be impressed only with campaign prices. In comparison to 2008 our turnover in Latvia dropped by 35%, which was in the same time less than the decline on the whole food market there. The number of bankruptcies has risen drastically in Latvia. In order to survive, the producers in a difficult economic situation make reduced-price offers, which will abnormally lower the price level of the whole market respectively. At the same time, according to the data of AC Nielsen, we have managed to increase especially the market share in ice cream market in Latvia from 14% to 17% and this has been possible due to the strong brands and good distribution in the whole Latvia, which means continuing on the leading position in frozen goods market there.

Lithuanian market is characterized by a stabile sales turnover in comparison to the year before, which indicated increase in market share as the whole food market of Lithuania was decreasing. Although we may feel content with the increase of market share

¹ As the holding company Premia Foods was founded in December 2008, the comparison of financials of 2008 is presented on pro forma basis, i.e. the consolidated data for entities AB Premia KPC and Saaremere Kala AS.

up to 19% and thus having reached the point of sharing the first place in ice cream market, it is still overshadowed by the ever increasing price war and the decrease of pressure towards producers due to tight competition between retail chains. Lithuanian market is characterized by vast fragmentation of the sellers of both ice cream and frozen products, as there are a lot of small companies and distributors. The assortment of products in Lithuania is the most diverse of the Baltic States and differs by retail chains, because Poland as a neighboring country with its devalued zloty has allured the Polish producers to the Lithuanian market. For years the Lithuanian consumer has been the most disloyal to domestic products, as only a few strong local brands, including Premia's flagships there, have been consistently successful.

The significant events of 2009 for Premia and expectations in 2010 are as follows:

- We began to exploit the advantages of our various markets, intending to take the know-how obtained from the Baltic States, the brands and products to the Scandinavian countries and vice versa. We are one of the few food concerns in the area who can make it possible.
- We will launch the sales of chilled fish products in the Baltic States under the new brand name Viking. The products come from our Saaremaa factory Vettel and present a large challenge for our companies in the Baltic States, who for the first time in the history of Premia launch the sale of chilled products under their own brand name on the retail market.
- In Finland we started in 2009 and in 2010 we will continue powerful development in the HoReCa sector, which offers us plenty of challenges for expanding the sale of fish products.
- 2009 was the year of reducing expenses in the Baltic States, including cuts in salaries. In 2010 a slight increase in the price of raw material of ice cream is foreseen, which means that production must increase its efficiency further on.
- In Finland the year 2009 also marked the era of reorganization of production and logistics, which will be completed during 2010. Increase in efficiency is the goal here.
- In April 2010 the electricity market will open, which means the status of a large-scale enterprise for our three units in Estonia and an increase in the cost of electric power by approximately 40%. This will respectively force us to increase efficiency in all units even more.
- In 2009 we introduced the new economic software Navision 5.0 in Premia Tallinna Külmoone, Estonia; the same will take place in Premia FFL, Latvia in April 2010 and after that in Premia KPC, Lithuania.

Premia Foods was established during a very interesting time - at one hand the recession harms many companies, on the other hand, in the long perspective, it gives a chance for solid companies to grow. The crisis will front the strong businesses and Premia Foods is assuredly one of them.

It is our team's goal to become the leading frozen and chilled food product production and sale group in the Baltic, Scandinavia and North-West region of Russia.

Thank you all - customers, clients, employees and partners for exciting year 2009! 2010 means for Premia Foods a plenty of challenges and entering into new markets and I promise on behalf of Premia Foods to present many surprises this year.

Kuldar Leis

Chairman of the Management Board
AS Premia Foods

MANAGEMENT REPORT

Year 2009 showed us difficult times in all markets. Cutting costs, increasing efficiency and reviewing business logics on all markets were natural part of everyday life. It is clear that crisis makes the selection and strong ones survive. Premia Foods was established in most difficult times, but thanks to maximization of synergies, cutting costs and great team spirit, the company was able to earn profit and increase its EBITDA level.

At the same time, Premia Foods continued to pay full attention to the products quality by amending HACCP in all production sites as well as carefully quality-wise selecting the co-operation partners of raw materials for its brands. The year of crises provided the company a unique experience of adapt quickly to the changes on the markets and maximising all outcomes, including economical results of it.

PERFORMANCE RESULTS

Net sales of the Premia Foods Group in 2009 were 1,075.0 million EEK (68.7 million Euros), of which export amounted to 67% or 718.8 million EEK (45.9 million Euros). Net profit for the period was 10.8 million EEK (0.7 million Euros).

KEY FINANCIAL RESULTS AND PERFORMANCE INDICATOR

indicator	formula	2009 EEK mln	2009 EUR mln
Sales		1,075.0	68.7
Gross profit		278.2	17.8
EBITDA	earnings before financial items, tax, depreciation & amortization	97.1	6.2
Net profit		10.8	0.7

indicator	formula	31.12.09 EEK mln	31.12.08 EEK mln	31.12.09 EUR mln	31.12.08 EUR mln
Net debt		289.7	308.5	18.5	19.7
Equity		434.1	425.9	27.7	27.2
Total assets		983.1	1,028.3	62.8	65.7
Gearing (%)	[net debt / (net debt + equity)]	40	42	40	42
Current ratio	[current assets / current liabilities]	1.2	1.1	1.2	1.1

indicator	formula	2009
gross margin (%)	[gross profit / net sales]	25.9
ebitda margin (%)	[EBITDA / net sales]	9.0
EPS (EEK)	[profit attributable to equity holders/average number of shares]	8.19
EPS (EUR)	[profit attributable to equity holders/average number of shares]	0.52

GROUP COMPANIES

The companies belonging to the Group are as follows:

1. Saaremere Kala AS – holding company that covers:
 - Heimon Kala Oy – fish farming, production and sale of fish products in Finland;
 - Vettel OÜ – production of fish products in Estonia;
 - Gourmethouse OÜ – sale of fish products in Estonia;
 - Överumans Fisk Ab – fish farming and sales in Sweden;
 - Skärgårdshavets Fisk Ab – fish farming and sales in Sweden.

2. AB Premia KPC – sale of ice cream and frozen food products in Lithuania

Premia Tallinna Külmoone AS – production and sale of ice cream, sale of frozen food products in Estonia

AS Premia FFL – sale of ice cream and frozen food products in Latvia

SIA F.F.L.S. – holding company in Latvia

TCS Invest OÜ – holding company for expansion to Russia.

MACROECONOMIC ENVIRONMENT

The economic environment of 2009 was the most difficult in the last 10 years. Consumption of food products on the markets of Premia Foods decreased 10-20% in comparison to 2008 and remained on the same level only in Finland, where Premia Foods managed to find ways for increasing sales, though also Finnish market was experiencing depression. The situation in Latvia is the most complicated of all the markets Premia Foods is operating in.. Average prices of food products decreased in addition to their quantities in the Baltic States – 10% on average in the ice cream and frozen food sector. Consumption decreased less in the sector of cheaper products. The decrease in the sales price of products was compensated by the decrease in raw material prices on the world market and salary cuts as well as other cuts in costs in all group companies. The situation in the financial sector remained complicated in 2009 with companies finding it increasingly harder to get financing from banks and their payment discipline suffering as a result. The pressure of retail chains in order receiving better conditions from producers can be expected to increase in 2010, which means that weaker producers will either go bankrupt or get bought up.

OPERATING SEGMENTS

The Group's primary segment reporting format is business segments and secondary segment reporting format is geographical segments. Following three primary segments are distinguished:

"Ice cream" – production and wholesale of ice cream;

"Frozen food" – wholesale of frozen food products;

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

In 2009 Fish contributed 43%, Frozen food 33% and 23% ice cream 23% of Group's total sales.
Other services and sales constituted 1%.

ICE CREAM



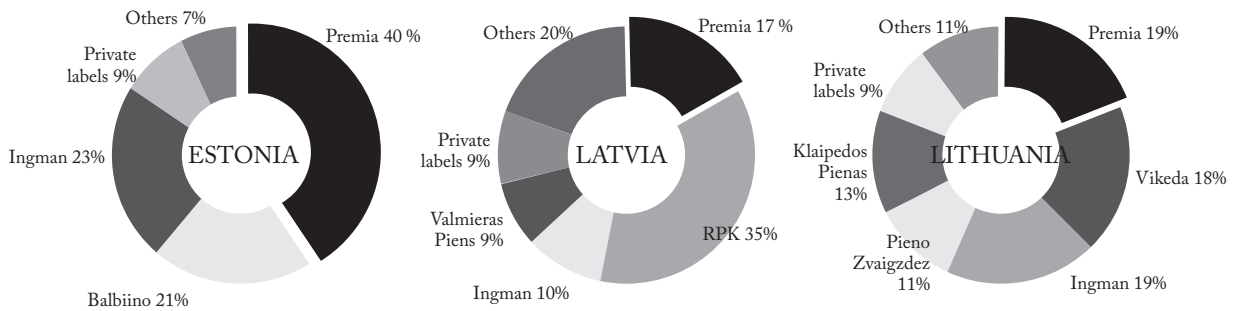
FROZEN FOOD



FISH AND FISH PRODUCTS



ICE CREAM



Source: AC Nielsen June-July 2009 value share, management estimation

The combined market size of the Baltic ice cream market is, according to management estimation 73 million Euros (at whole-sale prices). Premia's estimated market share is 24%. Ice cream consumption per capita is 8l in Estonia, 6l in Latvia and 5l in Lithuania. Consumption in these markets can be characterised by high seasonality, varying up to 6 times between winter and summer. The markets have fairly intensive product development and large variety of brands from all producers on those markets, also close to 10% of the market is owned by retailers' private labels.

Compound annual growth rate of the market during past 4 years has been 3-5%, though during 2009 the decline was up to 15% on Baltic markets, because of economic crisis.

Year 2009 was a year of increased price campaigns in all Baltic markets, people became more dependent on the decreased price levels. Premia was able to sustain or even increase value market shares in all three countries and continued its ice cream exports to Finland under private labels and to Russia under Premia brand. Premia continues as leading ice cream supplier in the Baltic States.

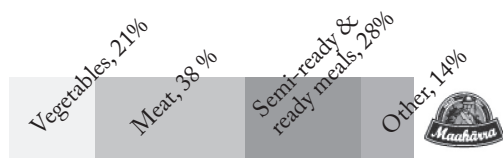
FROZEN FOOD

The relative competitive advantage of the Group is its pan-Baltic presence by having key areas within the company - both deep frozen distribution and sales services.

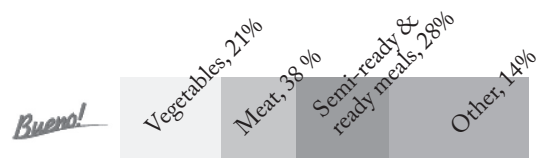
Premia's success bases on strong local and pan-Baltic brands as well as strong overall portfolio of distributed brands. Leading own brands are Maahärä in Estonia, Natali in Latvia and Bueno! and Polar Fish in pan Baltic level. Also, the famous trade-marks like Aviko, Esva, Hortex, Felix and others are Premia's partners in the Baltic States as Premia is able to offer outstanding sales and distribution frozen goods' services in all those countries.

Nearly half of the Group's frozen foods sales revenue is earned from Estonia, 38% from Latvia and 14% from Lithuania. The portfolio of frozen goods covers the whole range, starting from vegetables and ending with pastries, also covering frozen fish and meat products for both retail and HoReCa markets.

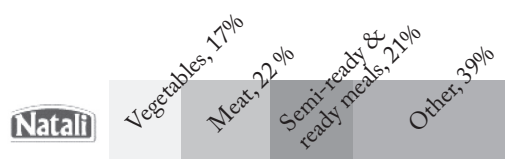
ESTONIAN FROZEN FOOD PORTFOLIO



LATVIAN FROZEN FOOD PORTFOLIO



LITHUANIAN FROZEN FOOD PORTFOLIO



The market of frozen food is in development phase, facing very active product and brand development in order to meet the change in consumers' demands due to the change in their lifestyles. Though year 2009 showed decline in consumption of more expensive products like French fries or pizzas, the share of dumplings and some other local specialities in semi-ready products' range was growing. Premia's portfolio covers premium, mainstream and cheap segments of all frozen foods categories and therefore the company is able to react quickly on changes in consumption behaviour caused by changes in economical environment or lifestyle

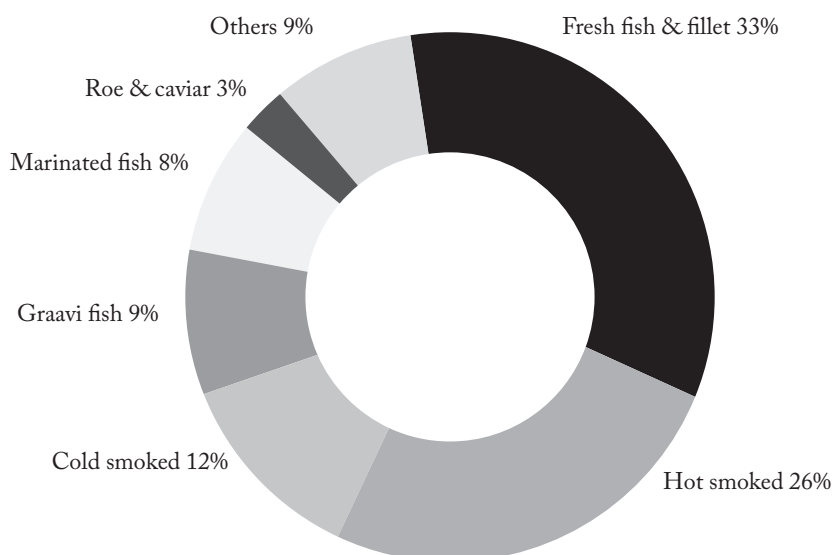
FISH SEGMENT

Premia's main market for fish and fish products is Finland, followed by Estonia and Sweden.

Size of chilled fish retail market in Finland is approximately 155 million Euros and Premia's share is 24 m EUR of it. Premia's flagship brand in mentioned segment is Heimon Gourmet, which was also face lifted in the end of 2009, when modern look and easy-open packages were introduced in Finnish market. Retail market in Finland remains top priority and as packaged fish products makes 80% of sales in chilled fish market in Finland; improvements in branding and packaging were long awaited.

Last year was successful for Saaremere Kala AS, who managed to increase its sales even in depressed market conditions; Fish sales increased in all operated markets.

Thanks to vertical integration in fish line, Premia is more flexible in supplies of raw fish as well as less affected by the fluctuations of the prices of salmon and trout prices in the world. Today, 40% of fish need for production comes from Premia Foods' own fish farms.



In Estonia, Premia is selling mainly fresh raw fish to retail chains. In total 43% of Premia's turnover comes from fish line, which clearly makes the development of this product group very important for the company.

Secondary segment reporting format is geographical segments

ESTONIAN MARKET

According to the preliminary data of Statistics Estonia the retail sales in 2009 was 54.9 billion EEK (858 million Euros). and in constant prices the retail sales decreased by 15%, whereas the retail sales of food products decreased by 8% in the same time.

On the Estonian market, the companies of Premia Foods mainly sell ice cream and frozen food products, but the share of fish products in sales has also been increasing gradually. The market share of ice cream produced in the Tallinn plant under the Premia umbrella-trademark according to research company ACNielsen as of June and July 2009 was 40% in Estonia, which makes it a strong market leader. People in Estonia consume approximately 8 litres of ice cream per person per year and the market volume has been going up gradually.

Premia Tallinna Külmoone also holds a 40% market share in respect of frozen food products. Consumption decreased in the last year due to the economic situation, especially in respect of more expensive product groups such as deep frozen French fries and some frozen vegetables and pizzas. In the same time cheaper products as dumplings, cheaper vegetables and cheaper minced meat remained on their usual levels with their sales volumes.

Gourmethouse OÜ is the main seller of the group's fish products in Estonia. Fresh chilled salmon, trout, etc., are the top sellers. Sales of fresh fish have increased constantly in recent years whilst consumption of packaged fish products per person is considerably smaller than in Nordic countries.

The most famous brands Premia has on Estonian market are Premia, Väike Tom, Regatt, Vau, Põhjataht, Maahärä, Bueno, Gourmet, PolarFish, etc., on the Estonian market.

LATVIAN MARKET

Products of the Premia Foods Group are sold in Latvia by Premia FFL that has an office in Riga and a warehouse in Smarde and the main products sold are frozen products and ice cream, sales of chilled food products and fresh fish make minor part of the business. The retail market share of Premia umbrella-branded ice cream in Latvia is 12% and it has grown in recent years, enabling to achieve second position on Latvian ice cream market. Consumption of ice cream is approximately 6l per person per year. Also, the company holds strong position in frozen food market, selling and distributing both its own brands Bueno! and Polar Fish as well as leading brands in frozen goods sector as Ariols, Aviko, Hortex, Felix and so on.

However, the events in 2009 have had the biggest impact on consumption in Latvia and consumption in both ice cream and deep frozen goods has decreased on average 20 to 30%. The decrease in consumption has been the smallest in the segment of cheap products. The company was still able to experience decline in smaller percentages than market's average, therefore strengthening its position in the market.

The most famous brands in Latvian market are Premia, Klasika, Bravo, Bueno, PolarFish, etc.

LITHUANIAN MARKET

Products of the Premia Foods Group are sold in Lithuania by Premia KPC that has an office and a warehouse in Kaunas. The company mainly sells Premia umbrella-branded ice cream, whose market share in Lithuanian retail is 20% being number 2 on the market, and frozen food products. Consumption of ice cream is approximately 5 l per person per year. The Lithuanian market is characterised by compartmentalisation of ice cream manufacturers and distributors of frozen food. The company is also active in frozen food market both with its own brands Natali, Bueno! and Polar Fish as well as representing brands with high awareness, imported from Europe as well as based in Lithuania.

The most famous brands of Premia in Lithuanian market are Premia, Klasika, Bravo, Natali, Bueno, PolarFish, etc.

FINNISH MARKET

Fish products are the main sales article of Premia in Finland.

Heimon Kala Oy breeds fish and fingerlings in 5 different regions of Finland and processes fish in Uusikaupunki. The total volume of breeding permits in Finland is approximately 1,100 tons per year. The main emphasis of our fish breeding activities is on breeding and development of different trout species and whitefish. Salmon imported from Norway and Denmark is used as raw material in addition to the fish bred by the company itself.

Products are sold on the Finnish market through the sales and logistics centre in Hämeenlinna, which sells the products of Heimon Kala as well as the chilled and frozen fish products of Vettel OÜ, the group's fish industry located in Saaremaa, Estonia. The product portfolio includes fillet and smoked products, salted fish, breaded fish products, fish roe. Fish roe comes from our own fish farms.

The Finnish fish market experienced recession as well, but Premia Foods has found a way to stabilize its sales in the market also in year 2009 thanks to constantly strong sales and marketing activities on the market and the market share of the chilled fish products in retail market of Premia Foods is today about 30%, being strong number 2 player on the market. Premia Foods has entered also the Horeca-segment with fish business during year 2009.

Products are sold under the trademarks Heimon Gourmet and Saaristomeren Kala on the Finnish market.

SWEDISH MARKET

The company owns 2 fish farms in Central and Northern Sweden – Överumans Fisk and Skärgårdshavets Fisk. The total volume of fish farming permits in Sweden is approximately 1,500 tons. The farms breed rainbow trout and arctic char. Last year, the group started selling chilled and deep frozen fish products also on the Swedish market.

EVENTS IN THE FINANCIAL YEAR

In order to bring different food business lines under common management, the Company named AS Premia Foods was established on 23 December 2008. Upon foundation, the shares of the Company were held by Premia Tallinna Külmoone AS, which resolved the issuance of the new shares to the shareholders of Saaremere Kala AS and AB Premia KPC on 30 December 2008. The new shares of the Company were paid for entirely with in-kind non-monetary contributions, consisting of shares of Saaremere Kala and Premia KPC. Prior to the completion of the issuance of new shares in January 2009, the existing shares of the Company, which were held by Premia Tallinna Külmoone, were also sold to the subscribers of the shares of the Company.

INVESTMENTS

The group invested 10.6 million EEK (680 thousand Euros) in fixed and intangible assets during year 2009 the majority of which were investments in production equipment and freezers for selling ice cream, installation of the new version of the Navision business software in Saaremere Kala group companies and Premia Tallinna Külmoone AS.

The planned investments of the group for 2010 amount to 14.1 million EEK (900 thousand Euros).

STAFF

As of 31 December 2009 the number of employees of the Group was 581, as of 31 December 2008 – 647. The labour costs of the company totalled 155.9 million EEK (10 million Euros).

In the financial period 01.01.09 – 31.12.09 the management and supervisory boards of the Group companies and other key members of the management received payments (salary, bonus, other allowances) in the total amount of 14,296 thousand EEK (914 thousand Euros). The abovementioned management remuneration included dismissal compensation in the total amount of 1,761 thousand EEK (113 thousand Euros).

FUTURE PERSPECTIVES

The main goal of Premia Foods in 2010 is to enlarge the synergy and effectiveness created with the establishment of a group, including management of the group, marketing and production activities.

In 2010 the plan is to enter the Russian ice-cream market and acquire, besides Khladokominat No 1 trademarks, ice-cream production with selling structures and logistics. Khladokombinat No 1 market share of the St. Petersburg region ice-cream market has risen up to 20% and is the second largest vendor in the region.

With regard to opening up the electricity market in Estonia from 1st of April, 2010, are Group's 3 Estonian units among those big companies, to whom the free market rules are applied to. In this context, the cost of electricity may rise about 40% for Group's Estonian enterprises.

By spring 2010 the company is planning to complete streamlining its logistics in Finland. After one-off expenses of 1.6 million EEK (0.1 million Euros) the restructuring of logistics should contribute additional savings of approximately 4.7 million EEK (300 thousand EUR) on annual basis.

The group plans to expand sales of fish products in the Baltic States in 2010 by launching a new range of chilled and packaged fish products under brand name Viking that are produced in Vettel, in Saaremaa. The product selection under the Bueno! trademark in the frozen food segment will be expanded in the Baltic States and the company is also developing new ice cream varieties for all countries, including Finland. The group is taking more and more of its fish products to the HoReCa (hotels, restaurants, catering) sector in Finland and more active sales of fish products are being developed in Sweden.

THE CORPORATE GOVERNANCE REPORT

The Corporate Governance Recommendations adopted by the NASDAQ OMX Tallinn Stock Exchange and the Estonian Financial Supervision Authority (hereinafter **CGR**) is an advisory set of rules which provides guidance for conducting corporate governance and is applicable, above all, in respect of companies listed on the NASDAQ OMX Tallinn Stock Exchange.

Compliance with the principles of CGR is binding on the basis of “comply or explain principle”. In other words, the companies listed on the NASDAQ OMX Tallinn Stock Exchange are expected to publish a corporate governance report outlining the principles of CGR, which are not complied with accompanied by issuer’s explanation for such failure to comply.

As a general rule, AS Premia Foods complies with all principles set out in CGR. This report outlines the principles of CGR not fully observed by AS Premia Foods and describes the reasons thereof.

GENERAL MEETING

GENERAL REMARKS

The highest governing body of a public limited company (in Estonian: aktsiaselts) is general meeting of shareholders. According to law, general meetings are either ordinary or extraordinary.

An ordinary general meeting is convened by management board once a year within 6 months as of the end of financial year. As extraordinary general meeting is convened if (i) the value of net assets of a company falls below a half of its share capital or the minimum requirement of share capital of a public limited company as set out by law; (ii) requested by shareholders whose shares represent at least 10% of the company’s issued share capital; (iii) requested by the supervisory board or auditor of company; or (iv) it is clearly in the interests of company. An ordinary general meeting must be convened at least 3 weeks in advance and extraordinary general meeting at least 1 week in advance.

The issues in the competence of a general meeting are determined by law and articles of association of a company. A general meeting is eligible to adopt resolutions if more than half votes represented by shares are present at the meeting unless law or articles of association provide higher quorum requirement. A resolution of general meeting is deemed to be adopted if more than half votes represented at the meeting vote in favour, unless law or articles of association provide higher requirement.

GENERAL MEETINGS OF AS PREMIA FOODS

During the financial year ended on 31 December 2009 two general meetings of AS Premia Foods were held.

As AS Premia Foods was registered in the Estonian Commercial Register on 23 December 2008, no ordinary general meetings of AS Premia Foods have been held yet.

The first extraordinary general meeting of AS Premia Foods was held on 5 May 2009 at the office of notary public of Tallinn Jaan Hargi, located at Roosikrantsi 2, Tallinn. 2,185,139 votes represented by shares took part of the meeting, representing altogether 90.3590% of all the issued shares. The extraordinary general meeting resolved to (i) amend the articles of association; (ii) appoint members of the supervisory board; and (iii) determine the remuneration payable to the members of the supervisory board.

The second extraordinary general meeting of AS Premia Foods was held on 17 August 2009 at the office of notary public of Tallinn Jaan Hargi, located at Roosikrantsi 2, Tallinn. 2,173,092 votes represented by shares took part of the meeting, representing altogether 89.8608% of all the issued shares. The extraordinary general meeting resolved to (i) amend the articles of association; (ii) appoint members of the supervisory board; and (iii) determine the remuneration payable to the members of the supervisory board; (iv) appoint auditor and determine remuneration payable to the latter; (v) re-purchase own shares of the company.

The extraordinary general meetings as described above were duly and timely convened. Notices convening the general meeting were sent to each shareholder personally. All materials containing information on issues in the agendas of the general meetings were available to all the shareholders at the location of the company. The general meetings were conducted in a manner which enabled all the shareholders to ask questions and make proposals.

On the basis of the above description, AS Premia Foods ensured all the shareholders of AS Premia Foods had an opportunity to participate at the general meetings and complied with the requirements of CGR regarding convening general meetings and making available information concerning issues placed to the agendas of the meetings.

Without prejudice to the above, AS Premia Foods did not fully comply with requirements set out in Sections 1.3.1, 1.3.2 and 1.3.3 of CGR.

As set of in Section 1.3.1 of CGR, a member of management board is not elected to be the chairman of a general meeting. Both extraordinary general meetings of AS Premia Foods were chaired by the member of the management board Mr. Kuldar Leis. Such arrangement was merely due practical reasons. Namely, Mr. Kuldar Leis was familiar to the issues placed into the agendas of the general meetings and was in a position to cover all possible questions the shareholders could have had on the agenda items. AS Premia Foods is in the position to confirm that such failure did not result in violation of the shareholders' rights in any way.

According to Section 1.3.2 of CGR a general meeting is attended by members of management board, chairman of supervisory board, if possible also members of supervisory board and at least 1 of auditors. The extraordinary general meetings of AS Premia Foods were not attended by the members of the supervisory board and auditors. Such failure to attend the general meetings by the above mentioned persons happened due to personal reasons; however, AS Premia Foods confirms that it did not impair the interests of the company and the shareholders.

Pursuant to Section 1.3.3 of CGR, an issuer enables electronic participation at the meeting provided that it has respective technical means and that it is not too costly. It was not possible to attend the general meetings of AS Premia Foods via electronic devices as the company does not have relevant equipment and it would have been unreasonable expensive to acquire the same for the general meetings.

SUPERVISORY BOARD

GENERAL REMARKS

Pursuant to law, a supervisory board of a public limited company is a supervisory body responsible for planning the activities of a company, organizing its management and supervising the activities of management board.

According to the articles of association of AS Premia Foods, the supervisory board has three to six members elected by the general meeting for the term of 5 years.

Members of the supervisory board elect a chairman among themselves. Chairman of the supervisory board is responsible for organizing the work of supervisory board and has a casting vote in case of tied vote.

SUPERVISORY BOARD OF AS PREMIA FOODS

Currently, the supervisory board of AS Premia Foods is composed of the following members: Mr. Lauri Kustaa Äimä (since foundation), Mr. Indrek Kasela (since foundation), Mr. Erik Haavamäe (since foundation), Mr. Aavo Kokk (elected on 5 May 2009), Mr. Harvey Sawikin (elected on 5 May 2009) and Mr. Jaakko Karo (elected on 17 August 2009). Hence, the terms of office of the current members of the supervisory board will expire as follows: Mr. Lauri Kustaa Äimä, Mr. Indrek Kasela, and Mr. Erik Haavamäe on 8 December 2013, Mr. Aavo Kokk and Mr. Harvey Sawikin on 5 May 2014 and Mr. Jaakko Karo on 17 August 2014.

The total amount of remuneration provided to the supervisory board members in 2009 was 5 thousand Euros. In addition they were compensated for the costs incurred in performing their duties.

According to law and the provisions of the articles of association of AS Premia Foods, the meetings of the supervisory board are held as frequently as necessary; however, not less frequently than once a quarter. In 2009, the supervisory board held altogether four meetings. The management board informed the supervisory board of the activities and financial position of AS Premia Foods on a regular basis.

The members of the supervisory board of AS Premia Foods are elected in accordance with the principles of CGR and comply with the requirements established in respect of them. The members of the supervisory board comply with their professional obligations arising from law and CGR with due care.

The co-operation and the information exchange between the management board and the supervisory board meet the requirements of CGR. The management board of AS Premia Foods is not aware of any conflicts of interests between the supervisory board members and the company.

MANAGEMENT BOARD

GENERAL REMARKS

Management board is the representative body of a public limited company being responsible for day-to-day management of the latter. According to the articles of association of AS Premia Foods, the management of AS Premia Foods consists of one to four members elected for the term of three years.

MANAGEMENT BOARD OF AS PREMIA FOODS

Currently the members of the management board Mr. Kuldar Leis (since foundation), Ms. Katre Kõvask (elected on 9 June 2009), Mr. Silver Kaur (elected on 9 June 2009) and Mr. Andri Avila (elected on 5 March 2010) conduct the everyday business activities of AS Premia Foods. The supervisory board meeting of 9 June 2009 appointed Mr. Kuldar Leis as the chairman of the management board.

All the members of the management board of AS Premia Foods have complied with their obligations arising from law and CGR. The management board has always acted in the best interests of the company (and its shareholders). The management board has established inside rules for protecting confidential information and acts in strict compliance with those in conducting its everyday business activities. Further, the management board assesses business risks of the company on daily basis and takes necessary steps in order to avoid any adverse effect to the company. The management board acts in compliance with the lawful resolutions of the supervisory board. Information exchange between the management board and the supervisory board may be described as extensive. None of the members of the management board competes with the company. There is no conflict between the interests of the members of the management board and the company.

AS Premia Foods does not comply with the requirement to publish the remuneration, bonus system and other payments and benefits received by the members of the management board on the web page of the company and in this report (Section 2.2.7 of CGR). AS Premia Foods is of the opinion that such disclosure may impair the rights and interests of the members of the management board and the company itself. Further, breakdown of all amounts paid to the members of the managing bodies is indicated in the consolidate annual report of the company.

DISCLOSURE OF INFORMATION

As AS Premia Foods has not yet been listed on the NASDAQ OMX Tallinn, no information has been published yet on the web page of AS Premia Foods and the web page of the NASDAQ OMX Tallinn Stock Exchange.

REPORTING

AS Premia Foods prepares financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

In disclosing financial information, AS Premia Foods observes the requirements of Estonian legislation and the rules of the NASDAQ OMX Tallinn Stock Exchange.

MANAGEMENT BOARD'S CONFIRMATION ON THE MANAGEMENT REPORT

The Management Board acknowledges its responsibility and confirms, to the best of its knowledge that the Management Report:

- presents a true and fair view of all significant events that occurred during the reporting period as well as their impact on the consolidated financial statements;
- includes the description of major risks and doubts of the group; and provides an overview of all significant transactions with related parties.
- Management Report as set out in pages 5 to 16 is an integral part of AS Premia Foods Consolidated Annual Report.

Chairman of the Management Board	Kuldar Leis
Member of the Management Board	Silver Kaur
Member of the Management Board	Katre Kõvask
Member of the Management Board	Andri Avila



March 22, 2010
March 22, 2010
March 22, 2010
March 22, 2010

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board confirms its responsibility for the preparation of the consolidated financial statements of AS Premia Foods for 2009 set out on pages 19 to 66 and declares that:

1. the principles, accounting policies and procedures used to prepare the consolidated financial statements comply with the requirements of International Financial Reporting Standards as adopted by the European Union;
2. the consolidated financial statements presents a fair and true view of the financial status, economic performance and cash flow of the group;
3. AS Premia Foods and all group companies are going concerns.

Chairman of the Management Board	Kuldar Leis
Member of the Management Board	Silver Kaur
Member of the Management Board	Katre Kõvask
Member of the Management Board	Andri Avila



March 22, 2010

March 22, 2010

March 22, 2010

March 22, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>As at 31 December</i>	<i>31.12.2009 EEK '000</i>	<i>31.12.2008 EEK '000 pro forma</i>	<i>31.12.2009 EUR '000</i>	<i>31.12.2008 EUR '000 pro forma</i>	<i>Note</i>
Cash and cash equivalents	19,618	19,693	1,254	1,259	(Note 4)
Receivables and prepayments	134,070	159,516	8,569	10,195	(Note 5)
Inventories	205,164	208,305	13,112	13,313	(Note 6)
Fixed assets held for sale	26,721	25,769	1,708	1,647	(Note 7)
Total current assets	385,573	413,283	24,643	26,414	
Deferred income tax asset	5,541	5,541	354	354	(Note 9)
Long-term financial investments	1,507	1,411	96	90	(Note 10)
Investment property	32,600	2,660	2,084	170	(Note 11)
Tangible fixed assets	241,980	283,194	15,465	18,100	(Note 12,14)
Intangible assets	315,850	322,239	20,186	20,594	(Note 8,13)
Total fixed assets	597,478	615,045	38,186	39,308	
Total assets	983,051	1,028,328	62,828	65,722	
Loans and borrowings	159,556	184,269	10,198	11,777	(Note 16)
Factoring payable	42,754	30,929	2,732	1,976	
Payables	131,686	175,884	8,416	11,241	(Note 17)
Total current liabilities	333,996	391,082	21,346	24,994	
Loans and borrowings	149,731	143,895	9,569	9,197	(Note 16)
Long-term payable to shareholders	17,226	15,802	1,101	1,010	(Note 30)
Deferred tax liabilities	21,900	22,126	1,400	1,414	(Note 28)
Target financing	26,085	29,513	1,667	1,886	(Note 18)
Total noncurrent liabilities	214,942	211,336	13,737	13,507	
Total liabilities	548,938	602,418	35,083	38,501	
Share capital	24,183	400	1,546	26	
Unregistered share capital	0	23,783	0	1,520	
Share premium	398,688	398,723	25,481	25,483	
Treasury shares	-3,986	0	-255	0	
Currency translation reserve	1,415	0	90	0	
Retained earnings	10,003	0	639	0	
Equity attributable to the equity holders of the Company	430,303	422,906	27,501	27,029	
Non-controlling interest	3,810	3,004	244	192	
Total equity	434,113	425,910	27,745	27,221	(Note 19)
Total equity and liabilities	983,051	1,028,328	62,828	65,722	

ADDITIONAL DOCUMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2009 EEK '000	2009 EUR '000	Note
<i>Continuing operations</i>			
Sales	1,074,973	68,703	(Note 21)
Cost of goods sold	-796,739	-50,921	(Note 22)
Gross profit	278,234	17,782	
Selling and distribution expenses	-212,736	-13,597	(Note 23)
Administrative expenses	-61,855	-3,953	(Note 24)
Other income	40,278	2,574	(Note 26)
Other expense	-9,411	-601	(Note 26)
Fair value adjustment on biological assets	4,862	311	(Note 26)
Operating profit	39,372	2,516	
Financial income	920	59	(Note 27)
Financial expense	-30,124	-1,925	(Note 27)
Net financial items	-29,204	-1,866	
Profit before income tax	10,168	650	
Income tax	641	41	(Note 28)
Profit from continuing operations	10,809	691	
Profit for the period	10,809	691	
<i>Other comprehensive income</i>			
Foreign currency translation differences	1,415	90	
Other comprehensive income	1,415	90	
Total comprehensive income	12,224	781	
Profit attributable to:			
Owners of the Company	10,003	639	
Non-controlling interest	806	52	
Profit for the period	10,809	691	
Total comprehensive income attributable to:			
Owners of the Company	11,418	729	
Non-controlling interest	806	52	
Total comprehensive income	12,224	781	
<i>Earnings per share</i>			
Basic earnings per share (EUR)	8.19	0.52	(Note 29)
Diluted earnings per share (EUR)	8.19	0.52	(Note 29)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December	2009 EEK '000	2009 EUR '000	Note
<i>Cash flow from operations</i>			
Operating profit	39,372	2,516	
Adjustments:			
Depreciation on fixed assets	57,675	3,686	(Note 25)
Loss from sale of fixed assets	911	58	
Revaluation of investment properties	-29,940	-1,913	(Note 26)
Change in receivables related to operating activities	13,554	866	(Note 5)
Change in inventories and fixed assets held for sale	2,189	140	(Note 6)
Change in liabilities and prepayments relating to operating activities	-46,763	-2,989	(Note 17)
Target financing	-4,806	-307	(Note 18)
Prepaid income	985	63	
Exchange losses	3,429	220	
TOTAL CASH FLOW FROM OPERATIONS	36,606	2,340	
<i>Cash flow from investments</i>			
Sale of tangible and intangible fixed assets	954	61	(Note 12,13)
Purchase of tangible and intangible fixed assets	-10,632	-680	(Note 12,13)
Net cash flow from acquisition of subsidiaries	-35	-2	(Note 8)
Loans granted	-4,011	-256	
Repayment of loans granted	6,852	438	
Interest received	1,869	119	
Other financial income	39	3	
TOTAL CASH FLOW FROM INVESTMENTS	-4,964	-317	
<i>Cash flow from financing</i>			
Change in overdraft	423	27	(Note 16)
Repayment of loans	-108,931	-6,962	(Note 16)
Loans raised	103,813	6,635	(Note 16)
Change in factored receivables	11,825	756	
Target financing received	1,486	95	
Capital lease repayments	-14,304	-914	(Note 14)
Interest paid	-20,926	-1,337	(Note 14,27)
Other financial expenses	-1,946	-125	
TOTAL CASH FLOW FROM FINANCING	-28,560	-1,825	
TOTAL CASH FLOW:	3,082	198	

CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	19,693	1,259	
Change in cash and cash equivalents	3,082	198	
Gains/losses on conversion of foreign currencies	-3,157	- 203	
Cash and cash equivalents at the end of the year	19,618	1,254	

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

in thousands of EEK

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Unregistered share capital	Own shares	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31.12.2008	400	398,723	23,783	0	0	0	422,906	3,004	425,910
Increase of share capital	23,783	0	-23,783	0	0	0	0	0	0
Reduction of issue premium	0	-35	0	0	0	0	-35	0	-35
Treasury stock	0	0	0	-3,986	0	0	-3,986	0	-3,986
Profit for the period	0	0	0	0	0	10,003	10,003	806	10,809
Other comprehensive income	0	0	0	0	1,415	0	1,415	0	1,415
Balance at 31.12.2009	24,183	398,688	0	-3,986	1,415	10,003	430,303	3,810	434,113

in thousands of Euros

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Unregistered share capital	Own shares	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31.12.2008	26	25,483	1,520	0	0	0	27,029	192	27,221
Increase of share capital	1,520	0	-1,520	0	0	0	0	0	0
Reduction of issue premium	0	-2	0	0	0	0	-2	0	-2
Treasury stock	0	0	0	-255	0	0	-255	0	-255
Profit for the period	0	0	0	0	0	639	639	52	691
Other comprehensive income	0	0	0	0	90	0	90	0	90
Balance at 31.12.2009	1,546	25,481	0	-255	90	639	27,501	244	27,745

See Note 19 for further information about owners' equity.

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

The Premia Foods Group is known for its highly valued and appreciated food sector consumer brands. The flagships of Premia Foods are Premia, Väike Tom, Vau, Heimon Gourmet, Saaristomeren Kala, Maahärä, Põhjätäh, Regatt, Natali, Bueno!, Polar Fish and others

The main activities of the Group are (i) the production and wholesale of fish and fish products; ii) production and wholesale of ice cream, and (iii) wholesale of frozen food products. The activities of the Group are described in detail in Note 20 "Information on segments"

The parent company AS Premia Foods is registered in the Republic of Estonia (reg. code 11560713, registered address Betooni 4, Tallinn). Premia Foods Group is operating in the Baltic States, Finland and Sweden.

The largest shareholder (Note 19) of AS Premia Foods with a 54.176% shareholding is Amber Trust II S.C.A., Luxembourg domiciled international private equity fund managed jointly by Firebird Private Equity Advisors LLC and Danske Capital.

The management board of AS Premia Foods approved 2009 consolidated financial statements at 22 March 2010. Pursuant to the Commercial Code of the Republic of Estonia, the financial statements are subject to approval by the supervisory board of the Parent company and the general meeting of shareholders.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated financial statements of AS Premia Foods for 2009 have been prepared in accordance with International Financial Standards (IFRS) as adopted by the European Union. The financial statements have been prepared in accordance with those standards and IFRIC interpretations issued and effective or issued and early adopted as of the time of preparing these statements.

The financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss and investment property, which are presented at fair value, as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated financial statements have been prepared for the period of 1 January 2009 to 31 December 2009. The functional currency of AS Premia Foods is Estonian kroon (EEK). These financial statements are presented in thousands of EEK and in thousands of Euros, unless indicated otherwise. The Estonian kroon is pegged to the euro at the rate of EUR 1 = EEK 15.6466

New standards, amendments to standards and interpretations adopted by the Group which became effective in the financial year of the Group beginning on 1 January 2009

IAS 1, Presentation of Financial Statements. In connection with changes in IAS 1 "Presentation of Financial Statements", which became effective as of 1 January 2009, in the Group's consolidated financial statements the consolidated income statement was replaced by a consolidated statement of comprehensive income. The comprehensive income statement also includes all non-owner changes previously recognized in equity. In connection with the complication of the consolidated comprehensive income statement, the presentation of the report of changes in equity also changed. The report on the changes in equity does not recognize statement of comprehensive income elements as separate changes. Pursuant to IAS 1, the term "balance sheet" used previously is replaced by the term "statement of financial position". The revised IAS 1 had an impact on the presentation of primary financial statements but had no impact on the recognition or measurement of specific transactions and balances.

IFRS 8, Operating Segments. The standard applies to entities whose debt or equity instruments are trades in a public market, or that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about the operating segments, which segment information presented on a similar basis to that used for international reporting purposes.

Improving disclosures on financial instruments – Amendment to IFRS 7, Financial Instruments: Disclosures. The amendment requests additional disclosures on fair value measurements and liquidity risk. An entity is required to disclose analysis of financial instruments by using three-level hierarchy for fair value measurements. The amendment (a) explains that liquidity analysis by contractual maturities must contain the issued financial guarantees in the maximum amount of the guarantee and in the earliest period in which the guarantee could be called; and (b) requests disclosure of remaining contractual maturities for those financial derivative instruments for which contractual maturities are essential for an understanding of the timing of the cash flows. In addition, an entity must disclose a maturity analysis of financial assets it holds for managing liquidity risk if that information is necessary to the users of its financial statements to understand the nature and extent of liquidity risk. The enhanced disclosures are included in these financial statements.

IAS 23, Borrowing Costs. The main change to IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

The following amendments and interpretations to existing standards became mandatory for the Group from 1 January 2009 but are not relevant to the Group's operations.

Amendment to IFRS 2, Share-based Payment. Vesting Conditions and Cancellations. The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRIC 13, Customer Loyalty Programs. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The adoption of the amendment did not have any material effect on the Group's financial statements.

Improvements to International Financial Reporting Standards issued in May 2008. The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary (effective for annual periods beginning on or after 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operation activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associated and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The amendments did not have an impact on the Group's financial statements.

IAS 32 and IAS 1 Amendment. Puttable Financial Instruments and Obligations Arising on Liquidation.

IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IFRS 1 and IAS 27 Amendment. Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

IAS 27, Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that transactions which led to changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

IFRS 3, Business Combinations (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step is a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. Acquisition-related costs will be accounted for separately from the business combination and therefore recognized as expenses rather than included in goodwill. An acquirer will have to recognize at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognized in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standards on its financial statements.

Eligible Hedged Items – Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group is currently assessing the impact of the interpretation on its financial statements.

Improvements to International Financial Reporting Standards, issued in April 2009 (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010; the improvements have not yet been adopted by the EU). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operation decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity’s own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognized asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principle or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have any material effect on its financial statements.

IFRS 9, Financial Instruments Part 1: Classification and Measurement, issued in November 2009 (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortized cost only if it is a debt instrument and both (i) the objective of the entity’s business model is to hold the asset to collect the contractual cash flows, and (ii) the asset’s contractual cash flows represent only payments of principal and interest (that is, it has only “basic loan features”). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group is considering the implication of the standard, the impact on the Group and the timing of its adoption by the Group.

Amendment to IAS 24, Related Party Disclosures, issued in November 2009 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU). The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements.

New standards, amendments and interpretations to standards that are not yet effective and are not expected to have a material effect on Group's financial reporting.

Embedded Derivatives – Amendments to IFRIC 9 and IAS 39, issued in March 2009 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, early adoption permitted).

IFRIC 12, Service Concession Arrangements (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, early adoption permitted).

IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, early adoption permitted).

IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, early adoption permitted).

IFRIC 17, Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, early adoption permitted).

IFRIC 18, Transfers of Assets from Customers (effective prospectively to transfer of assets from customers received on or after 1 July 2009, early adoption permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, early adoption permitted).

Classification of Rights Issues – Amendment to IAS 32, issued in October 2009 (effective for annual periods beginning on or after 1 February 2010).

IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008 (effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by EU is effective for annual periods beginning after 31 December 2009, early adoption permitted).

Group Cash-settled Share-based Payment Transactions – Amendments to IFRS 2 (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

Additional Exemptions for First-time Adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).

Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).

PRO FORMA NOTICE

AS Premia Foods was established on 23 December 2008. Upon foundation, the shares of the Company were held by Premia Tallinna Külmoone AS, which resolved the issuance of the new shares to the shareholders of Saaremere Kala AS and AB Premia KPC on 30 December 2008. The new shares of the Company were paid for entirely with in-kind non-monetary contributions, consisting of shares of Saaremere Kala and Premia KPC. Prior to the completion of the issuance of new shares in January 2009, the existing shares of the Company, which were held by Premia Tallinna Külmoone, were sold to the subscribers of the shares of the Company.

In order to consolidate AB Premia KPC and Saaremere Kala from the beginning of the reporting period as well as for the sake of greater disclosure the data for the opening balances of 31.12.08 are stated on a pro forma basis as if the acquisitions of AB Premia KPC and Saaremere Kala AS have been both carried out before the balance date of 31.12.08.

CONSOLIDATION

The consolidated annual report contain the financial indicators of AS Premia Foods and its subsidiaries (hereinafter jointly the Group), which have been consolidated row by row. Subsidiaries are consolidated starting from the date the dominant influence or joint control was transferred to the group and their consolidation is terminated from the date the group lost the dominant influence or joint control.

A subsidiary is a company whose activities are controlled by the parent company. A subsidiary is deemed as controlled by the parent company if the parent company holds over 50% of the voting shares in the subsidiary either directly or indirectly or is otherwise capable of controlling the operating or financial policies of the subsidiary.

Subsidiaries use the same accounting principles in their annual reports as the parent company. All in-group transactions, receivables and liabilities as well as retained earnings and losses on transactions concluded between the group companies have been fully eliminated from the consolidated financial statements. Retained losses are not eliminated if they basically represent impairment.

New subsidiaries are recognised in the consolidated annual accounts using the purchase method.

The cost of acquisition of companies recognised pursuant to the purchase method is allocated to the fair values of assets, liabilities and contingent liabilities as of the date of acquisition. The proportion of acquisition cost that exceeds the fair value of assets, liabilities and contingent liabilities acquired is recognised as goodwill (see the separate principle concerning goodwill). Goodwill reflects the part of the historical cost paid for such assets of the acquired company which cannot be differentiated and recognised separately. If fair value exceeds the acquisition cost, the difference is immediately recognised in full as income received during the period (in the income statement on the "General administrative expenses" account).

CASH AND CASH EQUIVALENTS

Short-term (acquired for up to 3 months) and highly liquid investments that can be converted for a known amount of money and do not entail considerable risk of changes in market value, incl. cash in hand, demand deposits in banks and term deposits whose term does not exceed 3 months are recognised on the cash flow statement as cash and cash equivalents.

SETTLEMENTS IN FOREIGN CURRENCIES

The accounting currency of the parent company is Estonian kroon; all other currencies are deemed foreign currencies.

If a subsidiary's accounting currency is not the same as the parent company's accounting currency, the following exchange rates are used to recalculate the subsidiary's annual reports prepared in a foreign currency:

- all asset and liability entries of the subsidiary (including the goodwill created upon acquisition of such subsidiaries and joint ventures, and adjustments of fair value) are restated using the exchange rate applicable on the balance sheet date;
- the subsidiary's income, expenses and other changes in owners' equity are restated using the period's weighted average exchange rate.

The revaluation difference created upon using different currencies is recognised under the owners' equity on the "Currency translation reserve" account.

All foreign currency transactions are recognised in Estonian kroons using the exchange rates of Eesti Pank valid on the dates of the transactions. Assets and liabilities denominated in foreign currencies are restated in Estonian kroons using the official exchange rates of Eesti Pank valid on 31 December 2009. The gains and losses from changes in exchange rates in respect of customer receivables and supplier payables have been recognised in the income statement as other operating income and expenses, other gains and losses from changes in exchange rates have been recognised as financial income and expenses in the income statement.

FINANCIAL ASSETS

Financial assets are initially recorded at their acquisition cost. The acquisition cost is equal to the fair value of the consideration paid for the financial asset in question. All costs directly associated with the acquisition of financial assets are deemed a part of their acquisition cost. All purchases and sales of financial assets under ordinary market conditions are recognised on the transaction date, i.e. the date when the group undertakes to purchase or sell the given financial asset (e.g. signs a contract). Purchases and sales where transfer of the purchased or sold financial assets from the seller to the purchaser occurs during the period that is usual on the given market or required under the relevant market regulations are deemed to occur under ordinary market conditions.

For the purposes of further reporting the financial assets are divided into the following categories:

- financial assets recognised at fair value with changes through the comprehensive income statement; and
- investments held until their redemption dates see Note 1 Short-term Financial Investments (this category includes acquired term deposits whose redemption deadlines are longer than 3 months and bonds the group intends to hold until their redemption deadlines);
- loans and receivables (this category includes loans granted, customer receivables and other receivables);
- financial assets held for sale (this category includes all other financial assets which are not included in the aforementioned categories).

All financial assets are recorded at their fair value after they have been initially recorded, except for

- accounts receivable, which have not been acquired for resale, and financial assets held up to the redemption date, are recorded at the adjusted acquisition cost thereof, using the effective interest rate. Depreciated acquisition cost is found for the entire validity period of the financial asset and any discounts or premiums that have occurred upon acquisition and the costs directly associated with the transaction are taken into account. The depreciated acquisition cost of short-term receivables is generally equal to their nominal value and short-term receivables are therefore recognised on the balance sheet at nominal value minus write-downs;
- investment into shares and other equity instruments whose fair value cannot be reliably determined (including derivatives related to such assets) are recognised at their adjusted acquisition cost.

Upon the appearance of objective circumstances that point to the reduction of the recoverable value of financial assets to below their book value, the recoverable value of such assets is assessed and the claim is written down if necessary. Recoverable value is the present value of future cash flow derived from the financial assets discounted with the efficient interest rate fixed at the moment of initial recognition. Write-downs of receivables related to operating activities are recognised in the income statement as marketing expenses and write-downs of receivables related to investment activities are recognised in the income statement as financial expenses.

Write-downs are cancelled in the case of receipt of previously written down receivables or any other events that make the write-down invalid and such cancellations are presented as a reduction of the relevant entry in the income statement where the write-down was initially recognised.

Recognition of a financial assets stops when it is paid or sold or the cash flow generated by the asset is fully and without considerable delay transferred to an independent third party to whom most of the risks and benefits associated with the financial asset have been transferred.

FACTORING

Factoring is the sale of receivables and depending on the type of the factoring contracts, the buyer has the right to sell the receivable back to the seller within a certain period time (factoring with the right of recourse) or there is no right to sell the receivable back to the seller and all risks and income associated with the receivable essentially transfer from the seller to the buyer (factoring without the right of recourse).

Factoring with recourse is recognised as a financing transaction (i.e. a loan raised against receivables) and the receivables are recognised in the Balance Sheet until they have been paid or the right of recourse has expired. Factoring liabilities arising from factoring transactions are recorded as separate line item under current liabilities.

Factoring without the right of recourse is recorded as sale of the receivable. Loss from sales of receivables is recognised either under financial expenses or as costs of write-downs of receivables depending on whether a given transaction was signed for the purpose of managing cash flow or hedging the risk of bad debts.

INVENTORIES

Inventories are recognised at acquisition cost or net realisation cost on the balance sheet, whichever is the lowest.

The acquisition cost of raw materials in warehouses and production and the acquisition cost of purchased products consist of their purchase price and the costs directly associated with the purchase. The acquisition cost of finished and semi-finished products is their cost price which consists of direct and indirect production costs proceeding from normal production quantities. The weighted average price method is used for accounting material, goods in progress and finished goods.

BIOLOGICAL ASSETS

Biological assets comprise of roe, fries, juveniles and fish in the lakes and sea. In accordance with IAS 41, biological assets are normally carried in the balance sheet at estimated fair value less estimated sales cost. The changes in fair value of biological assets are presented on a separate line in the income statement. The fair value of biological assets is the market price. The prices are adjusted for quality differences (superior or ordinary). In areas where no external market price exists the valuation is based on internal achieved prices.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded on the Balance Sheet at their acquisition cost less accumulated depreciation and potential write-downs resulting from impairment. In addition to their purchase price, the acquisition cost of purchased fixed assets contains transportation and installation costs and other expenses associated with acquisition and putting the asset to use. The usage costs of the loan assumed in order to finance the tangible assets built for the company (incl. the contract conclusion fee, depreciation, interest), which have been calculated as of the beginning of the construction activities until the receipt of the finished assets, are recognised as a part of the acquisition cost of tangible assets.

Further expenditure related to recorded tangible fixed assets (e.g. replacement of certain parts of some items of assets) is added to the book value of the assets if the following criteria are met: (a) the group is likely to benefit from them in the future and (b) their acquisition cost can be reliably determined. Replaced parts are written off the balance sheet. All other expenditure is recognised as expenses in the period when the expenditure was incurred.

The linear method is used to calculate depreciation. Depreciation rates are established separately for each item of fixed assets on the basis of its useful life.

Buildings	5 ... 50 years
Machinery and equipment	2 ... 15 years
Vehicles	4 ... 13 years
Fixtures, fittings and tools	2 ... 12 years
Land is not a depreciable asset	

Depreciation rates, methods and residual value of tangible assets are reviewed at the end of each financial year and, if necessary, changed. The change is treated as a change in accounting estimates.

Fixed assets will be written down to their recoverable amount (the higher the two – fair value less sales expenses or disposable value) if this is lower than the book value of the assets. The value of assets is tested in order to assess whether the recoverable amount thereof has fallen below the residual book value if there are indications that the value of the assets might have decreased. The write-down is recognised as an expense for the period in the same account of the income statement as the depreciation of the fixed assets written down. The previously recognised write-down will be cancelled if the situation changes and write-down is no longer justified. Cancellation of the write-down is recognised as a decrease in the expenses for the same period in which the cancellation took place.

FIXED ASSETS HELD FOR SALE

Tangible fixed assets which are very likely to be sold within the next 12 months are reclassified as fixed assets for resale. The fixed assets to be sold are recognised at their residual value or fair value (less selling expenses), depending on which is lower.

INVESTMENT PROPERTY

Investment property (land, buildings) is a property held by the owner or by the lessee under a finance lease to earn rental income or capital appreciation or both and is not used in the company's own economic activities. Investment property is initially recognised at cost including any directly attributable cost.

After initial recognition the investment property is carried at fair value based on the valuation performed by independent appraiser and the judgment of the management. The fair value of an investment property reflects the market price at the balance sheet date, which is the optimum price for which the property could be sold or bought on the open market. Revaluation gains and losses are recognised in the income statement as "Other income" or "Other expense".

GOODWILL

Goodwill is initially recognised at its acquisition cost which is the positive difference between the acquisition cost of the acquired holding and the fair value of the acquired assets, liabilities and contingent liabilities on the date of acquisition. Upon any further recognition, goodwill is measured at its acquisition cost less any possible discounts resulting from impairment. An impairment test is carried out in respect of goodwill at least once a year or more frequently if events or changed circumstances show that the book value of goodwill may have decreased.

In order to test impairment, the goodwill created by acquisition of companies is allocated to such cash-generating units or groups of units of the group, which should benefit from the specific acquisition of a company. Intra-group reporting is considered upon allocation of goodwill to cash-generating units – goodwill is allocated to the lowest of levels where it is monitored by the group's management by way of internal reporting.

Impairment is determined by assessing the recoverable value of the goodwill-related cash-generating unit. If the recoverable value of the cash-generating unit is less than its book value, the loss resulting from impairment is recognised. Loss from impairment is recognised in the income statement for the accounting period under "Financial expenses". If the recoverable value of goodwill increases later on and exceeds its book value, the write-down will not be cancelled.

INTANGIBLE FIXED ASSETS

Intangible fixed assets acquired separately from acquisition of companies are recognised only if the following terms and conditions have been fulfilled:

- the asset item is under the group's control;
- the company is likely to earn income from the use of the asset item in the future;
- the acquisition cost of the asset item can be reliably established.

The intangible assets acquired through acquisition of companies are recognised separately from goodwill if the objects of assets can be separated or if these have arisen from the contractual or other legal rights and their fair value can be assessed in a reliable manner on the date of acquisition thereof.

Intangible fixed assets are initially recorded at their acquisition cost which consists of the purchase price and the expenses directly attributable to acquisition. Intangible fixed assets are further recorded on the balance sheet at their acquisition cost less accumulated depreciation and possible write-downs resulting from the impairment of the assets.

In the case of intangible fixed assets it is assessed whether their useful lives are finite or indefinite. The linear method is used for depreciation of intangible fixed assets with finite useful lives. The annual depreciation rates are as follows:

Customer contracts	5 years
Trademarks	25 years
Fish farming licences	50 years or according to the duration
Other intangible fixed assets	3 ... 20 years

The depreciation cost of intangible assets with finite useful lives is recognised in the income statement in the group of expenses where the specific intangible asset item belongs in accordance with its function. The depreciation period and depreciation method of intangible fixed assets with finite useful lives are reviewed at the end of each financial year. Changes in the anticipated useful life or the temporary structure of the future fiscal advantages of the asset are recognised respectively as changes in the depreciation period and method, i.e. as a change in the accounting principles.

An impairment test of the asset is carried out if there are any events or developments which imply that the recoverable amount of an intangible fixed asset with a finite useful life may have decreased to below the book value of the asset and the asset will be written down to its recoverable amount, if necessary.

An impairment test with respect of either each asset item or cash-generating unit is carried out for intangible fixed assets with indefinite useful lives every year. Such intangible assets are not depreciated. The useful lives of intangible assets with indefinite useful lives are reviewed every year in order to ascertain that the useful lives of such assets are still indefinite. If the useful lives can be specified, then such change will henceforth be recorded in the useful lives.

LEASE ACCOUNTING

Capital lease means a lease where all significant risks and benefits related to the ownership of the asset in question are transferred to the lessee.

Capital leases are indicated on the balance sheet under assets and liabilities in the amount of the fair value of the leased assets or at the present value of the minimum amount of lease payments, if the latter is lower. Lease payments are divided into financial expenses and reduction of the residual value of liabilities. Financial expenses are allocated to each lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets leased under capital lease are depreciated in the same manner as fixed assets and their depreciation periods are equal to the expected useful lives of the assets or the lease period, depending on which is shorter.

The remaining lease contracts are treated as operating lease and the payments arising from such contracts shall be written off during the period for which these payments have been or will be made.

The group does not operate as a lessor.

FINANCIAL LIABILITIES

All financial liabilities (supplier payables, loans raised, accrued expenses, bonds issued and other current and noncurrent payables) are first recorded at their acquisition cost which also includes all the expenses directly associated with the acquisition. The acquisition cost method is used for further recognition. The depreciated acquisition cost of financial liabilities is calculated using the internal interest rate method.

Interest expenses attributable to financial liabilities are recognised on the accrual basis as periodic expenses under "Financial income and expenses" on the income statement, except for the interest expenses which are related to the funding of tangible assets to be constructed for internal use.

PROVISIONS

Probable liabilities which have arisen as a result of events occurring before the balance sheet date and the time of realisation or amount of which cannot be determined are recognised as provisions on the Balance Sheet. Provisions are recognised on the balance sheet based on the management's estimations (or those of independent experts, if necessary) concerning the amounts likely to be needed for the performance of the liability and the probable time of materialisation of the provision.

LEGAL RESERVE

Pursuant to the Commercial Code, Premia Foods AS must have a legal reserve amounting at least to 1/10 of the share capital. At least 1/20 of net profit must be transferred to legal reserve every year until the legal reserve is formed. It is not permitted to make payouts to shareholders from the reserve. Legal reserve can be used to cover losses from prior periods and to increase share capital.

REVENUE ACCOUNTING

Revenue from sales of goods is recognised when all significant risks relating to ownership have passed to the buyer, the sales revenue and the income and expenses relating to the transaction can be reliably determined and the proceeds arising from the transaction are likely to be collected. Revenue from sales of services is recognised in the accounting period in which the services are rendered.

Sales revenue is recognised at net realisation cost and does not include income tax, commission and discounts. Sales invoices prepared in foreign currencies are converted into Estonian kroons on the basis of the Eesti Pank exchange rate for the date of the invoice.

Interest income is recorded on the accrual basis (considering the effective interest rate of the asset).

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred, except those, which are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

EMPLOYEE BENEFITS

TERMINATION BENEFITS

The Group recognises termination benefits as a liability and an expense only when the Group is demonstrably committed to terminate an employee's or a group of employees' employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

PAYABLES TO EMPLOYEES

Payables to employees include the performance pay payable to employees on the basis of employment contracts which is calculated by reference to the Group's financial results and satisfaction of the employees' individual performance conditions.

Performance pay is recognised as an expense and a payable to employees when the disbursement will take place during the next reporting period. The performance pay liability includes both the performance pay and related social tax and unemployment insurance charges.

In addition, payables to employees include vacation pay liabilities calculated at the reporting date in accordance with effective employment contracts and applicable legislation. The vacation pay liabilities include both the direct vacation pay liability and associated social tax and unemployment insurance charges.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments. The Group's primary segment reporting format is business segments and secondary segment reporting format is geographical segments.

Segment revenue, expense, assets and liabilities are determined before intra-Group balances and transactions are eliminated as part of the consolidation process except to the extent that such intra-Group balances and transactions are between Group entities within a single segment.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated to it on a

reasonable basis. Unallocated assets and liabilities comprise assets and liabilities which cannot be allocated to any segment on a reasonable basis.

CORPORATE INCOME TAX IN ESTONIA

Pursuant to the Income Tax Act, any dividends paid out are taxed in Estonia instead of annual profit earned. The tax rate applied to dividends paid out from 1 January 2009 is 21/79 on net dividends. Since dividends are the object of income tax instead of corporate profit, then there are no differences between the residual book values and taxable amounts of assets and liabilities which could lead to deferred income tax receivables or payables.

The potential income tax payable relating to the available owners' equity of the group, which would be created upon the disbursement of the available owners' equity as dividends, is not recorded in the Balance Sheet. Income tax arising from the payment of dividends is recognised under expenses in the income statement at the moment the dividends are declared.

SUBSIDIARIES REGISTERED ABROAD

Pursuant to the Income Tax Act the net profit of the company, which has been adjusted with the temporary and permanent differences stipulated in the Income Tax Act, is subject to income tax in Latvia (the tax rate is 15%), Finland (the tax rate is 26%) and Sweden (the tax rate is 28%). There have been no changes in tax rates in Latvia, Finland and Sweden compared to year 2008.

The standard income tax rate in Lithuania was 20 % in 2009. In 2008 along with the 15 % income tax companies had to pay an additional 3 % social tax calculated based on the income tax accounting principles. After the amendments of Income Tax Law of Republic of Lithuania had come into force, 15 % income tax rate has been established for indefinite period starting 1 January 2010. Tax losses of the Companies operating in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments.

Deferred income tax has been determined using to the liability method on all temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred income tax assets are only recognised if it is likely that profits will be earned in the future at the expense of which the deferred income tax assets can be used.

Income tax payable is recognised under current liabilities and deferred income tax liability is recognised under long-term liabilities.

TARGET FINANCING TARGET FINANCING OF ASSETS

The gross method is applied upon the recognition of target financing of assets, i.e. the assets acquired with the help of target financing are recognised on the Balance Sheet at their acquisition cost and the amount received to finance the acquisition of assets is recorded on the Balance Sheet as a liability as deferred income from targeted financing. The acquired assets are depreciated as expenses and the liability relating to target financing is depreciated as income during the useful lives of the assets acquired. Income relating to target financing is recorded under "Other income" in the income statement.

TARGET FINANCING OF OPERATING EXPENSES

Income from target financing is recognised in the income statement proportionally to the expenses related thereto. The gross approach is applied when income is recognised, i.e. grants received and expenses compensated are recognised under different entries in the income statement. Income relating to targeted financing is recorded under other operating revenue in the income statement.

EVENTS AFTER THE BALANCE SHEET DATE

Any important events that occurred during the preparation of the report that have an impact on the previous report period are recognised in the financial statements. Information about events that occurred after the balance sheet date but may influence the decisions of the persons reading the annual report is disclosed in notes.

RESEARCH AND DEVELOPMENT COSTS

The group does not capitalise research and development costs, but recognise them as expensed during the period when the costs were incurred.

2. FINANCIAL RISKS

The book value and fair value of the financial instruments belonging to the group are the same to a significant extent.

CREDIT RISK

Credit risk expresses the potential damages that may arise from the inability of the company's business partners to perform their obligations. The group's management reduces credit risk with regular monitoring of receivables. Available funds are deposited in Danske, Unicredit, SEB and Swedbank. Long-term investments are made if they are required for the expansion of principal activities. The management believes that the group does not have significant credit risks.

The biggest credit risks during the report period in 2009 were associated with the credit provided to customers. The total credit risk as of 31 December 2009 was 124,562 thousand EEK (7,961 thousand Euros). Credit as of 31 December 2008 was 141,462 thousand EEK (9,041 thousand Euros).

CURRENCY RISK

Foreign exchange risk arises when business transactions and assets and liabilities are fixed in a currency, which is not the accounting currency of the company. The Group tries to avoid large open foreign exchange positions. The main used currencies are EEK, LTL, LVL, SEK and EUR. The company is most open to the exchange rate fluctuations of SEK and LVL. The Group has not used any financial instruments to secure against the foreign-exchange risks that may arise from the business transactions and assets and liabilities in the future. The Group does not have significant foreign exchange risks. Gains and losses from these transactions are recognised either under other operating income/expenses or financial income/expenses on the "Gains/losses from changes in exchange rates".

INTEREST RISK

The Group uses fixed and EURIBOR-based interest rates for long-term borrowings. Interest risks are managed by regular comparison of the potential losses arising from changes in interest rates with the costs incurred in risk management. The Group has not applied any instruments to hedge the risk.

The interest rate increase 100 basis points would increase interest expenses by 2,003 thousand EEK (128 thousand Euros)

Below is a summary of the Group's open interest risk position as of 31.12.09 and 31.12.08:

31.12.09, in thousands of EEK	less than 1 year	more than 1 year	Total
<i>Fixed interest rate</i>			
Interest-bearing receivables	852	404	1,256
Factoring liability	42,754	0	42,754
Interest-bearing liabilities (see Note 16)	55,663	15,256	70,919
Net position	97,565	14,852	112,417
<i>Floating interest rate</i>			
Interest-bearing liabilities (see Note 16)	103,893	134,475	238,368
Net position	103,893	134,475	238,368

31.12.08, in thousands of EEK	less than 1 year	more than 1 year	Total
<i>Fixed interest rate</i>			
Interest-bearing receivables	7,169	406	7,575
Factoring liability	30,929	0	30,929
Interest-bearing liabilities (see Note 16)	53,264	190	53,454
Net position	77,024	-216	76,808
<i>Floating interest rate</i>			
Interest-bearing liabilities (see Note 16)	131,005	143,715	274,720
Net position	131,005	143,715	274,720

31.12.09, in thousands of Euros	less than 1 year	more than 1 year	Total
<i>Fixed interest rate</i>			
Interest-bearing receivables	54	26	80
Factoring liability	2,732	0	2,732
Interest-bearing liabilities (see Note 16)	3,558	975	4,533
Net position	6,236	949	7,185
<i>Floating interest rate</i>			
Interest-bearing liabilities (see Note 16)	6,640	8,594	15,234
Net position	6,640	8,594	15,234

31.12.08, in thousands of Euros	less than 1 year	more than 1 year	Total
<i>Fixed interest rate</i>			
Interest-bearing receivables	458	26	484
Factoring liability	1,976	0	1,976
Interest-bearing liabilities (see Note 16)	3,405	12	3,417
Net position	4,923	- 14	4,909
<i>Floating interest rate</i>			
Interest-bearing liabilities (see Note 16)	8,372	9,185	17,557
Net position	8,372	9,185	17,557

LIQUIDITY RISK

The deadlines for receipt of assets and planned cash flow from operating activities are considered when liquidity is monitored and any shortfalls are covered with overdrafts if necessary. Liquidity monitoring is important in the opinion of the management and loans can be refinanced if necessary.

The Group's liabilities by payment terms in a long term timeline are as follows:

31.12.09, in thousands of EEK	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Debt obligations	79,912	96,177	157,284	2,919	336,292
Factoring	42,754	0	0	0	42,754
Accounts payable and other liabilities	111,993	13,219	18,774	0	143,986
Total liabilities	234,659	109,396	176,058	2,919	523,032

31.12.08, in thousands of EEK	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Debt obligations	63,873	125,619	133,742	40,475	363,709
Factoring	30,929	0	0	0	30,929
Accounts payable and other liabilities	156,014	17,504	18,774	0	192,292
Total liabilities	250,816	143,123	152,516	40,475	586,930

31.12.09, in thousands of Euros	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Debt obligations	5,107	6,147	10,052	187	21,493
Factoring	2,732	0	0	0	2,732
Accounts payable and other liabilities	7,158	845	1,200	0	9,203
Total liabilities	14,997	6,992	11,252	187	33,428

31.12.08, in thousands of Euros	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Debt obligations	4,082	8,028	8,548	2,587	23,245
Factoring	1,976	0	0	0	1,976
Accounts payable and other liabilities	9,971	1,119	1,200	0	12,290
Total liabilities	16,029	9,147	9,748	2,587	37,511

CAPITAL RISK

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with industry practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents.

	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
Total borrowings	309,287	328,165	19,767	20,974
Less: Cash and cash equivalents	19,618	19,693	1,254	1,259
Net debt	289,669	308,472	18,513	19,715
Total equity	434,113	425,910	27,745	27,221
Total capital (net debt + total equity)	723,782	734,382	46,258	46,936
Gearing ratio	40%	42%	40%	42%

3. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include: valuation of trade receivables (Note 5), valuation of inventory (Note 6), valuation of goodwill (Note 8), valuation of investment property (Note 11), valuation of financial assets (Note 10), determination of the useful life of property, plant and equipment (Note 12) and determination of the useful life of intangible assets (Note 13).

TRADE RECEIVABLES VALUATION (NOTE 5)

Upon valuation of trade receivables, the management relies on its best knowledge taking into consideration historical experience. A provision for impairment of trade receivables are established when the payments are overdue more than 90 days. Payments overdue more than 90 days are provisioned at 50% and payments overdue more than 180 days in full extent. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

INVENTORY VALUATION (NOTE 6)

Upon valuation of inventories, the management relies on its best knowledge taking into consideration historical experience, general background information and potential assumptions and conditions of future events. In determining the impairment of inventories, the sales potential as well as the net realisable value of finished goods is considered. Upon valuation of raw materials, their potential as a source of finished goods and generating income is considered; upon valuation of work in progress, their stage of completion that can reliably be measured is considered.

The estimate of fair value of biomass will always contain uncertain assumptions, even though the Company has built in-house expertise in assessing these factors. The volume of biomass is in itself an estimate that is based on the juveniles put into lake/sea, the estimated growth and estimated mortality based on observed mortality in the period. The volume is adjusted for gutting wastage. Company tests the biomass by carrying out actual physical inventory weighing twice a year. Due to the weather conditions at the balance sheet date and process lengthiness the physical inventory is not possible to carry out as of the balance sheet date.

VALUATION OF GOODWILL (NOTE 8)

The management has carried out impairment tests as at 30.09.2009 for goodwill which arose upon acquisition of the following cash generating units or companies: AB Premia KPC (Lithuania) and Saaremere Kala AS (Estonia). Since the assessment of value was conducted less than 12 months after the acquisition of companies, the acquisition costs of the acquired companies have been retroactively adjusted as a result of the impairment test (IFRS 3.58).

VALUATION OF INVESTMENT PROPERTY (NOTE 11)

Starting from the financial year of 2009 the investment property is evaluated at fair value. For evaluating the fair value of the real estate management has used independent real estate agency. Before 2009, the real estate investments were recognized at cost. As according to the assessment of the management it is impossible to evaluate the fair value of the real estate investments retroactively before 2009, the investments in the previous periods are shown at cost.

USEFUL LIVES OF INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT (NOTE 11, 12)

Management has estimated the useful lives of property, plant and equipment based on the volume and conditions of production, historical experience in this area and the perspectives in the future.

USEFUL LIVES OF INTANGIBLE ASSETS (NOTE 13)

Management has determined and estimated the useful lives of intangible assets, taking into account the business conditions and volumes, historical experience in this area and the perspectives in the future.

THE IMPACT OF THE GLOBAL FINANCIAL AND ECONOMIC CRISIS

The ongoing global financial crisis that hit the world in 2007 has drained liquidity in the economy making it increasingly difficult to raise funds in the capital markets.

Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Deteriorating operating conditions for debtors may also have an impact on the management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. In preparing these financial statements management relied on its assessment of how the local and global economic environment may impact the company's financial performance and financial position. Owing to the instability of the market situation, the effect of further developments in the economic environment may differ materially from management's current assessment.

4. CASH AND CASH EQUIVALENTS

	31.12.2009 EEK'000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
Cash and bank accounts	19,618	19,693	1,254	1,259
Total cash and cash equivalents	19,618	19,693	1,254	1,259

5. RECEIVABLES AND PREPAYMENTS

	31.12.2009 EEK '000	31.12.2008 EEK'000	31.12.2009 EUR '000	31.12.2008 EUR '000
Customer receivables ¹	126,276	143,015	8,071	9,140
Allowance for doubtful receivables ²	-1,714	-1,553	-110	-99
Other receivables	1,483	10,229	95	654
Prepaid expenses	2,095	3,222	134	206
Prepaid taxes	5,299	4,009	339	256
Other prepayments	631	594	40	38
Total receivables and prepayments	134,070	159,516	8,569	10,195

¹ The limitation period of customer receivables:	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
term not due	112,261	123,270	7,175	7,878
0-90 days	7,837	13,828	501	884
more than 90 days	6,178	5,917	395	378
Total	126,276	143,015	8,071	9,140

² Changes in allowance for doubtful receivables:	EEK '000	EUR'000
Doubtful accounts at the beginning of the period (31.12.08)	-1,553	-99
Accounts deemed as doubtful received in the reporting period	128	8
Accounts deemed doubtful during the reporting period	-2,014	-129
Accounts written off the balance sheet during the reporting period	1,678	107
Change in value arising from exchange rates	47	3
Doubtful accounts at the end of the period (31.12.09)	-1,714	-110

The commercial pledge established as collateral to loans also covers accounts receivable (see Note 16).

6. INVENTORIES AND BIOLOGICAL ASSETS

Inventories, excl biological assets	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
Raw materials	32,524	40,776	2,079	2,606
Work in progress	3,239	669	207	43
Finished goods	26,701	32,664	1,707	2,088
Goods for resale	43,625	49,616	2,788	3,170
Prepayments for stock	1,635	2,675	104	171
Total inventories, excluding biological assets	107,724	126,400	6,885	8,078

The value of inventories written off and written down during 2009 amounted to 2,624 thousand EEK (168 thousand Euros). Single largest write-off in amount of 501 thousand EEK (32 thousand Euros) was caused by the break up of the freezing equipment. Loss of contaminated goods were covered by the insurance. In total 923 thousand EEK (59 thousand Euros) of inventory loss was covered by insurance, respective income from insurance indemnities is reflected under "Other income". The cost of write-down has been recognised under "Cost of goods sold" in the statement of comprehensive income.

Biological assets	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR'000	31.12.2008 EUR '000
Fries	21,290	17,480	1,361	1,117
Juveniles	8,718	10,771	557	688
Fish suitable for harvesting	67,432	53,654	4,310	3,429
Total biological assets	97,440	81,905	6,228	5,235

The estimate of fair value of biomass is based on the volume of biomass and weighted average market price of the fish at the balance date. Biological assets comprise of following species: rainbow trout (*Oncorhynchus mykiss*), whitefish (*Coregonus lavaretus*) and arctic char (*Salvelinus alpinus*).

The commercial pledge established as collateral to loans covers also stock (see Note 16).

7. FIXED ASSETS HELD FOR SALE

Fixed assets held for sale as of 31.12.09 comprise of the fish processing equipment and trademarks at their residual book value of 26,721 thousand EEK (1,708 thousand Euros). The management estimates that sale of said fixed assets within next 12 months is very likely. During 2009 write-downs in amount of 353 thousand EEK (23 thousand EUR) have been made. Respective write downs have been recorded under "Other expense" (Note 26).

8. SUBSIDIARIES

Holdings of the Group as of 31 December 2008 and 2009:

Name of the company	Country of location	Holding (%)		Group's share in owners' equity			
		31.12.09	31.12.08	31.12.09 EEK '000	31.12.08 EEK '000	31.12.09 EUR '000	31.12.08 EUR '000
AB Premia KPC	Lithuania	100%	100%	120,761	69,116	7,718	4,417
Saaremere Kala AS	Estonia	100%	100%	140,163	138,676	8,958	8,863

Holdings of AB Premia KPC as of 31 December 2008 and 31 December 2009:

Name of the company	Country of location	Holding (%)	
		31.12.09	31.12.08
Premia Tallinna Külkhoone AS	Estonia	100%	100%
TCS Invest OÜ	Estonia	100%	100%
SIA F.F.L.S.	Latvia	100%	100%
AS Premia FFL	Latvia	95%	95%

Holdings in subsidiaries TCS Invest OÜ and SIA F.F.L.S. are owned through another subsidiary, Premia Tallinna Külkhoone AS. Holding in subsidiary AS Premia FFL is owned through other subsidiaries, Premia Tallinna Külkhoone AS and SIA F.F.L.S.

Pursuant to the contract with the 5% minority shareholder of AS Premia FFL, Premia Tallinna Külkhoone AS is obliged to buy the holding in the future for 6,376 thousand EEK (408 thousand Euros). The management believes that as the transactions do not constitute the purchase of a minority shareholding, but the obligation of buying out shares, then Premia FFL has been consolidated to the extent of 100% and the relevant liability is recognised under "Payables" on the balance sheet (see Note 17).
Holdings of Saaremere Kala AS as of 31 December 2008 and 2009:

Name of the company	Country of location	Holding (%)	
		31.12.09	31.12.08
Heimon Kala Oy	Finland	100%	100%
Vettel OÜ	Estonia	100%	100%
GourmetHouse OÜ	Estonia	51%	51%
Saaristomeren Kala Oy	Finland	x	100%
Skärgårdshavets Fisk Ab	Sweden	100%	100%
Överumans Fisk Ab	Sweden	100%	100%

Subsidiary Saaristomeren Kala Oy was merged with subsidiary Heimon Kala Oy on 31 May 2009. Holdings in subsidiaries Skärgårdshavets Fisk Ab and Överumans Fisk Ab are owned through another subsidiary, Heimon Kala Oy (through Saaristomeren Kala Oy until 31 May 2009).

The fair value and book value of the acquired net assets immediately before acquisition as of 31 December 2008 were as follows:

in thousands of EEK	Net book value	Fair Value	Net book value	Fair Value
	Saaremere Kala	Saaremere Kala	Premia KPC	Premia KPC
Cash	13,560	13,560	5,733	5,733
Receivables and stock	220,367	220,367	167,830	167,830
Fixed assets (Note 12,13)	148,076	148,076	226,923	226,923
Goodwill (Note 13)	47,308	47,308	40,400	40,400

Payables	-290,635	-290,635	-371,770	-331,874
Net assets	138,676	138,676	69,116	109,012
Minority shareholding	3,004	3,004	0	0
Net assets acquired	135,672	135,672	69,116	109,012
Acquisition cost		162,381		260,125
Goodwill (Note 13)		26,709		151,113

in thousands of Euros	Net book value	Fair Value	Net book value	Fair Value
	Saaremere Kala	Saaremere Kala	Premia KPC	Premia KPC
Cash	867	867	366	366
Receivables and stock	14,084	14,084	10,727	10,727
Fixed assets (Note 12,13)	9,463	9,463	14,503	14,503
Goodwill (Note 13)	3,024	3,024	2,582	2,582
Payables	-18,575	-18,575	-23,761	-21,211
Net assets	8,863	8,863	4,417	6,967
Minority shareholding	192	192	0	0
Net assets acquired	8,671	8,671	4,417	6,967
Acquisition cost		10,378		16,625
Goodwill (Note 13)		1,707		9,658

The percentage of holdings in the owners' equity of subsidiaries equals the right to vote. Shares of the subsidiaries have not been listed on the stock exchange.

On 30 December 2008, the company issued 2,378,286 new shares to the shareholders of AB Premia KPC and Saaremere Kala AS. The issued shares were paid for by non-monetary contributions, which were shares of Premia KPC and Saaremere Kala. The new shares were registered in January 2009.

The acquisition cost of the investment acquired by way of the share issue was 594,572 thousand EEK (38,000 thousand Euros), which consisted of the following components:

- purchase price of AB Premia KPC in the amount of 378,648 thousand EEK (24,200 thousand Euros), which was paid by way of a non-monetary contribution in Premia KPC shares;
- the purchase and sales price of Saaremere Kala AS in the amount of 215,924 thousand EEK (13,800 thousand Euros), which was paid by way of a non-monetary contribution in Saaremere Kala shares;
- legal advisory fees and the non-refundable taxes associated with the transaction in the total amount of 35 thousand EEK (2 thousand Euros).

As of 30 September 2009 the company conducted a test of the decrease in the recoverable value of goodwill using market-based comparable value coefficient. In the market-based approach, the company has been compared to other similar companies in the same sector that are publicly traded on the market or recently sold and where sufficient information is available about the transaction price. In this case, manufacturers of food products, fish farms and manufacturers of fish products in Europe have been treated as the sector and the price level and different ratios of these companies have been compared. Price-to-sale, price-to-book and enterprise value divided by earnings before depreciation (EV/EBITDA) are the ratios used. The average industry specific valuation multiples have been applied to the actual economic indicators of subsidiaries in order to find fair value. The recoverable value found as a result of the impairment test for AS Saaremere Kala was 53,543 thousand EEK (3,422 thousand Euros) less than the book value of the tested cash-generating entity and for AB Premia KPC Group, it was 118,523 thousand EEK (7,575 thousand Euros) less than the book value of the tested cash-generating entity.

Since the assessment of value was conducted less than 12 months after the acquisition of companies, the acquisition costs of the acquired companies have been retroactively adjusted as a result of the test (IFRS 3.58).

The goodwill generated by the transaction in the amount of 177,822 thousand EEK (11,365 thousand Euros) relates to the ben-

efits derived from the synergy arising from the common management of the subsidiaries in the future and the crossing of sales networks.

In 2008 Saaremere Kala AS and AB Premia KPC earned losses in the amount of 25,308 thousand EEK (1,617 thousand Euros) and generated sales revenue in the amount of 1,210,228 thousand EEK (77,348 thousand Euros).

On 9 December 2008, AB Premia KPC issued 2,378,286 new shares to the minority shareholders of Premia Tallinna Külmuhoone AS. The shares were paid for by non-monetary contributions on 12 December 2008, which were shares of Premia Tallinna Külmuhoone. The cost of the transaction amounted to 39,896 thousand EEK (2,550 thousand Euros). The new shares were registered on 7 January 2009. As a result of the transaction AB Premia KPC acquired a 100% shareholding in Premia Tallinna Külmuhoone AS. An increase of net assets in the amount of 39,896 thousand EEK (2,550 thousand Euros) arising from the aforementioned transaction is considered in finding the fair value of AB Premia KPC.

9. DEFERRED TAX ASSETS

The income tax claim of Heimon Kala Oy in the amount of 5,541 thousand EEK (354 thousand Euros) has resulted from the difference in the tax depreciation of fixed assets and losses from previous periods. Deferred income tax payable is described in Note 28.

10. LONG TERM FINANCIAL INVESTMENTS

	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
Loans (interest rate 3.5% per annum)	404	406	26	26
Shares and participations at cost	745	809	47	52
Shares and participations at market value	358	196	23	12
Total long term financial investments	1,507	1,411	96	90

11. INVESTMENT PROPERTY

	EEK '000	EUR '000
Residual value as of 31.12.2008 additions from the acquisitions of subsidiaries	2,660	171
Revaluation	29,940	1,913
Residual value as of 31.12.2009	32,600	2,084

Land and buildings at Peterburi tee 42 that are no longer used in the principal activities of the company are recognised as investment properties. Investment properties have been recognised using the fair value method. The fair value of investment properties according to an expert valuation is 32,600 thousand EEK (2,084 thousand Euros).

The costs associated with the management of investment properties amount to approximately 344 thousand EEK (22 thousand Euros) per year and consist of the cost of electricity and heating. Investment property did not generate any rental income during the period.

12. TANGIBLE FIXED ASSETS

in thousands of EEK	Land and buildings	Machinery, equipment	Fixtures, fittings and tools	Construction in progress, prepayments	Total
Residual value as of 31.12.2008	99,586	163,477	10,090	10,041	283,194
additions from the acquisitions of subsidiaries					
Acquired during the period	1,054	7,030	935	-1,646	7,373
Residual value of assets sold and written off	0	-1,792	-73	-50	-1,915
Reclassification as fixed assets (residual value)	0	0	0	-13	-13
Change in value arising from exchange rates	304	491	69	527	1,391
Depreciation	-8,423	-35,364	-4,263	0	-48,050
Residual value as of 31.12.2009	92,521	133,842	6,758	8,859	241,980
Acquisition cost as of 31.12.2008	125,987	324,708	39,365	10,041	500,101
Accumulated depreciation as of 31.12.2008	-26,401	-161,231	-29,275	0	-216,907
Acquisition cost as of 31.12.2009	127,345	325,103	39,231	8,859	500,538
Accumulated depreciation as of 31.12.2009	-34,824	-191,261	-32,473	0	-258,558

in thousands of Euros	Land and buildings	Machinery, equipment	Fixtures, fittings and tools	Construction in progress, prepayments	Total
Residual value as of 31.12.2008	6,365	10,448	645	642	18,100
additions from the acquisitions of subsidiaries					
Acquired during the period	67	449	60	-105	471
Residual value of assets sold and written off	0	-114	-5	-4	-123
Reclassification as fixed assets (residual value)	0	0	0	-1	-1
Change in value arising from exchange rates	20	31	4	34	89
Depreciation	-539	-2,260	-272	0	-3,071
Residual value as of 31.12.2009	5,913	8,554	432	566	15,465
Acquisition cost as of 31.12.2008	8,052	20,753	2,516	642	31,963
Accumulated depreciation as of 31.12.2008	-1,687	-10,305	-1,871	0	-13,863
Acquisition cost as of 31.12.2009	8,139	20,778	2,507	566	31,990
Accumulated depreciation as of 31.12.2009	-2,226	-12,224	-2,075	0	-16,525

See Note 14 for information about fixed assets acquired by capital lease.

See Note 16 for information about tangible fixed assets pledged as collateral to debt obligations.

13. INTANGIBLE ASSETS

in thousands of EEK	Goodwill	Client contracts	Trade-marks	Licences, subscription fees	Other intangible assets	Prepay-ments	Total
Residual value as of 31.12.2008							
additions from the acquisitions of subsidiaries	265,530	27,167	15,152	10,681	2,257	1,452	322,239
Acquired during the period	0	0	0	401	3,019	-161	3,259
Change in value arising from exchange rates	0	-32	0	0	0	9	-23
Depreciation	0	-7,101	-842	-626	-1,056	0	-9,625
Residual value as of 31.12.2009	265,530	20,034	14,310	10,456	4,220	1,300	315,850
Acquisition cost as of 31.12.2008	265,530	35,496	16,836	11,842	6,956	1,461	338,121
Accum. depreciation as of 31.12.2008	0	-8,329	-1,684	-1,161	-4,699	0	-15,873
Acquisition cost as of 31.12.2009	265,530	35,496	16,836	12,243	9,975	1,300	341,380
Accum. depreciation as of 31.12.2009	0	-15,462	-2,526	-1,787	-5,755	0	-25,530

in thousands of Euros	Goodwill	Client contracts	Trademarks	Licences, subscription fees	Other intangible assets	Prepayments	Total
Residual value as of 31.12.2008							
additions from the acquisitions of subsidiaries	16,971	1,736	968	682	144	93	20,594
Acquired during the period	0	0	0	26	193	-10	209
Change in value arising from exchange rates	0	-2	0	0	0	0	-2
Depreciation	0	-454	-54	-40	-67	0	-615
Residual value as of 31.12.2009	16,971	1,280	914	668	270	83	20,186
Acquisition cost as of 31.12.2008	16,971	2,269	1,076	756	445	93	21,610
Accum. depreciation as of 31.12.2008	0	-533	-108	-74	-301	0	-1,016
Acquisition cost as of 31.12.2009	16,971	2,269		782	638	83	21,819
Accum. depreciation as of 31.12.2009	0	-873		-114	-368	0	-1,633

Other intangible assets comprise mainly of software licenses. Further information regarding goodwill is disclosed in Note 8.

14. FIXED ASSETS ACQUIRED UNDER FINANCE LEASE

in thousands of EEK	Machinery, equipment	Fixtures, fittings and tools	Total
Acquisition cost as of 31.12.2009	64,503	1,193	65,697
Accumulated depreciation as of 31.12.2009	-28,216	-365	-28,582
Residual value as of 31.12.2009	36,287	828	37,115
Acquisition cost as of 31.12.2008	96,460	6,226	102,686
Accumulated depreciation as of 31.12.2008	-40,765	-3,272	-44,037
Residual value as of 31.12.2008	55,694	2,955	58,649

in thousands of Euros	Machinery, equipment	Fixtures, fittings and tools	Total
Acquisition cost as of 31.12.2009	4,123	76	4,199
Accumulated depreciation as of 31.12.2009	-1,803	-23	-1,827
Residual value as of 31.12.2009	2,319	53	2,372
Acquisition cost as of 31.12.2008	6,165	398	6,563
Accumulated depreciation as of 31.12.2008	-2,605	-209	-2,814
Residual value as of 31.12.2008	3,560	189	3,749

	2009 EEK '000	2008 EEK '000	2009 EUR '000	2008 EUR '000
Principal payments in the financial year	14,304	0	914	0
Interest expenses in the financial year	1,229	0	79	0
Average interest rate	3.6%	n.a.	3.6%	n.a.
Finance lease liabilities at 31 December, incl.	27,095	40,999	1,732	2,620
up to 1 year	11,967	13,738	765	878
within 1-5 years	15,128	27,261	967	1,742
Minimum lease payments of finance lease liabilities:				
up to 1 year	12,728	15,302	814	978
within 1-5 years	15,512	28,713	991	1,835
Total	28,240	44,015	1,805	2,813
Future interest expense on finance leases	-1,145	-3,016	-73	-193
Present value of finance lease liabilities	27,095	40,999	1,732	2,620

15. OPERATING LEASE

In 2009 the Group made operating lease payments in the total amount of 17,595 thousand EEK (1,125 thousand Euros). The group leases vehicles, warehouses, production facilities, water areas, office premises and equipment.

Operating lease payments in 2009	Land and buildings	Machinery, equipment	Vehicles	Total
Operating lease payments (in thousand EEK)	14,498	541	2,556	17,595
Operating lease payments (in thousand EUR)	927	35	163	1,125

The company has been renting the deep frozen cold storage located at Betooni 4 by way of operating lease since September 2008 under the following terms: the contract has been entered into for ten years and the present value of the minimum sum of lease payments at the moment the contract was entered into is considerably lower than the fair value of the leased property. The other factors specified in IAS 17 also refer to the existence of operating lease.

Company has issued a bank guarantee to the Lessor of Betooni 4 equal to 12 month lease payments.

Operating lease payments to be made in subsequent periods under contracts that will not be terminated up to 1 year amount 17,359 thousand EEK (1,109 thousand Euros);

16. BORROWINGS

Short Term Borrowings	Effective interest rate	Date of maturity	31.12.09 EEK'000	31.12.08 EEK'000	31.12.09 EUR'000	31.12.08 EUR'000
Finance lease liabilities (see Note 14)			11,967	13,738	765	878
Overdraft, incl.			35,800	35,377	2,288	2,261
limit 168 thousand Euros	5.70%	without a term	0	2,434	0	156
limit 185 thousand Euros	1m Euribor+2.0%	31.12.2009	0	977	0	62
limit 168 thousand Euros	3m Euribor+2.5%	without a term	0	2,628	0	168
limit 1,917 thousand Euros	SEB base interest+2.2%	15.05.2010	24,534	24,566	1,568	1,570
limit 740 thousand Euros ^{1,2}	3m Euribor+4.5%	21.02.2010	11,266	4,772	720	305
Bonds, 11% coupon	12.02%	09.04.2009	0	19,521	0	1,248
Pension insurance loan, incl.			4,694	16	300	1
25 thousand Euros	6.00%	01.07.2030	0	16	0	1
650 thousand Euros	5.35%	25.01.2014	2,034	0	130	0
850 thousand Euros	5.35%	25.01.2014	2,660	0	170	0
Investment loans, incl.			53,942	79,820	3,448	5,101
2,499 thousand Euros	6m Euribor+2.5%	16.02.2009	0	39,100	0	2,499
72 thousand Euros	6m Euribor+1.9%	30.06.2014	0	66	0	4
135 thousand Euros	3m Euribor+1.0%	15.07.2009	0	102	0	7
171 thousand Euros	12m Euribor+0.5%	15.09.2010	0	285	0	18
402 thousand Euros	12m Euribor+0.5%	10.12.2014	0	350	0	22

100 thousand Euros	6m Euribor+1.8%	09.03.2010	0	157	0	10
3,000 thousand Euros ²	6m Euribor+2.5%	01.02.2010	9,218	15,647	589	1,000
1,500 thousand Euros ²	6m Euribor+2.5%	01.02.2010	23,470	0	1,500	0
3,725 thousand Euros	3m Euribor+8.4%	20.03.2012	6,722	0	433	0
2,301 thousand Euros	6m Euribor+3.7%	15.05.2012	4,360	14,995	279	958
1,278 thousand Euros	6m Euribor+1.5%	20.05.2011	1,956	1,704	125	109
4,500 thousand Euros	6m Euribor+0.75%	25.10.2014	6,436	5,678	411	363
1,124 thousand Euros	6m Euribor+1.9%	31.08.2016	1,730	1,736	111	111
Working capital loan	SEB base+1.5%	01.06.2010	2,184	4,504	140	288
Related party loans, incl.			50,969	31,293	3,258	2,000
Majority shareholder loan	12.67%	15.05.2010	19,676	0	1,258	0
Majority shareholder loan	8.87%	31.03.2010	31,293	31,293	2,000	2,000
Total			159,556	184,269	10,198	11,777

¹ limit decreases to 730 thousand euro by 21.01.2010; 720 thousand euro by 21.02.2010

² please see Note 32 Subsequent events for the extension of these loan facilities

Long Term Borrowings	Effective interest rate	Date of maturity	31.12.09 EEK'000	31.12.08 EEK'000	31.12.09 EUR'000	31.12.08 EUR'000
Finance lease liabilities (see Note 14)			15,128	27,261	967	1,742
Pension insurance loan, incl.			15,256	190	975	12
25 thousand Euros	6.00%	01.07.2030	0	190	0	12
650 thousand Euros	5.35%	25.01.2014	6,611	0	422	0
850 thousand Euros	5.35%	25.01.2014	8,645	0	553	0
Investment loans, incl.			119,347	114,483	7,627	7,317
72 thousand Euros	6m Euribor+1.9%	30.06.2014	0	663	0	42
171 thousand Euros	12m Euribor+0.5%	15.09.2010	0	674	0	43
402 thousand Euros	12m Euribor+0.5%	10.12.2014	0	3,846	0	246
100 thousand Euros	6m Euribor+1.8%	09.03.2010	0	313	0	20
3,000 thousand Euros	6m Euribor+2.5%	01.02.2010	0	10,329	0	660
1,500 thousand Euros	6m Euribor+2.5%	01.02.2010	0	23,470	0	1,500
3,725 thousand Euros	3m Euribor+8.4%	20.03.2012	48,226	0	3,082	0
2,301 thousand Euros	6m Euribor+3.7%	15.05.2012	6,541	0	418	0
1,278 thousand Euros	6m Euribor+1.5%	20.05.2011	3,114	5,161	199	330
4,500 thousand Euros	6m Euribor+0.75%	25.10.2014	51,681	58,403	3,303	3,733
1,124 thousand Euros	6m Euribor+1.9%	31.08.2016	9,785	11,624	625	743

Working capital loan	SEB base+1.5%	01.06.2010	0	1,971	0	126
Total, incl.			149,731	143,895	9,569	9,197
payable within 1-5 years			146,869	107,072	9,386	6,843
payable after 5 years			2,862	36,833	183	2,354

Debts are secured with mortgages set on the registered immovable in the amount of 277,160 thousand EEK (17,714 thousand Euros), commercial pledge set on its' assets in the amount of 115,262 thousand EEK (7,367 thousand Euros). In addition the shares of AS Premia FFL and Heimon Kala Oy are pledged in favour of Danske/Sampo Bank as collaterals.

The pension insurance loans issued by the VARMA pension insurance company are guaranteed by the Finnish Sampo Bank and the fee rate for the guarantee is 2.5%. The investment loans of 58,284 thousand EEK (3,725 thousand Euros) are guaranteed by the KredEx Credit and Export Guarantee Fund in amount of 30,000 thousand EEK (1,917 thousand Euros), with the fee rate for the guarantee being 2.1%. The effective interest rate captures the fee rate of the abovementioned guarantees.

Debts are also secured by shareholders' guarantee in amount of 105,615 thousand EEK (6,750 thousand Euros).

Swedish subsidiaries have been paid EU grants, which in accordance with the regulation established in Sweden to cover EU grants must be guaranteed by a mortgage or commercial pledge. The subsidiaries have guaranteed the EU grants with a mortgage on real estate in the amount of 7,540 thousand EEK (482 thousand Euros) and with a commercial pledge in the amount of 2,539 thousand EEK (162 thousand Euros). As of 31 December 2009 the guaranteed residual value of the EU grants is the amount of 3,862 thousand EEK (247 thousand Euros).

17. PAYABLES

	31.12.2009 EEK '000	31.12.2008 EEK '000	31.12.2009 EUR '000	31.12.2008 EUR '000
Accounts payable	76,987	113,469	4,920	7,252
Employee-related payables	17,547	19,420	1,121	1,241
Shares buy-out obligation (Note 8)	6,376	6,978	407	446
Payables to group companies and shareholders	5,312	698	340	45
Interest payable	809	2,168	52	138
Other payables	3,559	5,461	228	349
Taxes payable, incl.:	21,096	27,690	1,348	1,770
social tax	3,224	4,017	206	257
VAT payable	14,532	18,567	929	1,187
personal income tax	2,352	3,203	150	205
other taxes	988	1,903	63	121
Total payables	131,686	175,884	8,416	11,241

Accounts payable also include payables to related parties. See Note 30.

18. TARGET FINANCING

	31.12.2009 EEK '000	31.12.2009 EUR '000
Deferred income from target financing as of 31.12.08	29,513	1,886
Target financing received during the period	1,591	102
Returned target financing	-117	-8
Change in value arising from exchange rates	-96	-6
Transferred to income during the period (see Note 26)	-4,806	-307
Income from target financing at the end of period	26,085	1,667
Revenue within 1 year	4,000	256
Revenue within 2-14 years	22,085	1,411

For further information regarding target financing-related off-balance sheet receivables, see Note 31.

19. OWNERS' EQUITY

The company had 2,418,286 shares as of 31 December 2009. The company has 16,202 treasury stocks. The nominal value of a share is 10 Estonian kroons. The registered share capital as of 31.12.09 was 24,183 thousand EEK (1,546 thousand Euros). The registered share capital as of 31.12.08 was 400 thousand EEK (26 thousand Euros). The amount of minimum share capital stipulated in the articles of association is 6,250,000 Estonian kroons and maximum capital is 25,000,000 Estonian kroons. The company does not have potential shares with voting rights.

The following changes have occurred in share capital in 2009:

Pursuant to the resolution of the sole shareholder dated 30 December 2008, it was decided to increase the share capital and share premium of the parent company by 38,000 thousand Euros. The non-monetary contribution was audited by Alliot Kangust OÜ. As a result of the transaction, the number of shares increased by 2,378,286 and the share capital by 23,783 thousand EEK (1,520 thousand Euros). Since the new shares were registered in January 2009, then the amount 23,783 thousand EEK (1,520 thousand Euros) has been recognised under "Unregistered share capital" as of 31 December 2008.

Content	Type	Amount EEK '000	Amount EUR '000
Shareholders of Saaremere Kala AS	Non-monetary	215,934	13,800
Shareholders of AB Premia KPC	Non-monetary	378,648	24,200
Total		594,572	38,000

Pursuant to the resolution of shareholders dated 17 August 2009, it was decided to buy back 16,202 treasury stocks for the total amount of 3,986 thousand EEK (255 thousand Euros).

As of the balance sheet date, all non-monetary transfers had been made and the changes in the company's share capital are recognised in the Estonian Central Register of Securities.

Shareholder	31.12.2009 number of shares	%
ING Luxembourg S.A., holding the shares of:	2,030,943	83.983%
Amber Trust II S.C.A	1,301,354	53.813%
Amber Trust S.C.A	538,137	22.253%
DCF Fund II Baltic States	191,452	7.917%
Firebird Aurora Fund, Ltd.	63,801	2.638%
Firebird Republics Fund, Ltd.	53,548	2.214%
AS Premia Foods	16,202	0.670%

Members of management and supervisory board, persons and entities related to them:		
OÜ Rododendron (company held by Mr. Kuldar Leis)	129,524	5.356%
OÜ Footsteps Management (company held by Ms. Katre Kõvask)	48,504	2.006%
OÜ Freespirit (company held by Mr. Silver Kaur)	38,628	1.597%
Mr. Pekka Pentti Olavi Lahtinen	19,236	0.796%
Kamakamaka OÜ (company held by Mr. Erik Haavamäe)	17,900	0.740%
Total	2,418,286	

Please see also the Note 32 for subsequent changes in equity.

20. SEGMENT REPORTING

IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009), introduces the “management approach” to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available and that is evaluated regularly by the Group’s Chief Operating Decision Maker in order to decide upon the allocation of resources and assess performance.

Following primary segments are distinguished in the consolidated financial statements:

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

“Ice cream – production and wholesale of ice cream;

“Frozen food” – wholesale of frozen food products;

Other operations include sale of logistics services, other services and materials. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2009.

There is relatively high level of integration between the Ice Cream and Frozen Food reportable segments. This integration includes shared distribution, selling and marketing services. The accounting policies of the reportable segments are the same as described in Note 1.

The Parent company’s management board assesses the performance of the operating segments based on a measure of external revenue and operating profit. Inter-segment pricing is determined on an arm’s length basis and the conditions applied do not differ materially from the market.

in thousands of EEK 2009	Note	Fish	Ice cream	Frozen food	All other segments	Eliminations	Total
External revenue		458,215	251,797	1,815	14,222	0	1,074,973
Inter-segment revenue		2,220	0	0	0	-2,220	0
Total gross segment revenue	21	460,435	251,797	350,739	14,222	-2,220	1,074,973
Segment operating profit		15,822	23,553	-17,952	169	0	21,592
Unallocated operating profit							17,780
Total operating profit							39,372
Financial income (expense)							-29,204
Income tax							641
Profit for the period							10,809

Segment assets		336,957	140,465	123,337	2,525	-27,821	575,463
Unallocated Group assets							407,588
Total Assets							983,051
Segment liabilities		95,895	39,918	39,692	1,865	-16,328	161,042
Unallocated Group liabilities, thereof							387,896
Loans and borrowings							309,287
Other Group liabilities							78,609
Total liabilities							548,938
Depreciation/ amortization	12	-16,264	-17,879	-13,612	-295		-48,050
Unallocated (intangible amortization)	13						-9,625
Total depreciation	25						-57,675
Capital expenditures	12	4,709	1,815	1,062	68		7,373
Unallocated (purchase of intangibles)	13						3,259
Total capital expenditures							10,632

in thousands of EEK 2008	Fish	Ice cream	Frozen food	All other segments	Eliminations	Total
Segment assets	348,960	163,835	155,928	2,939	-35,719	635,943
Unallocated Group assets						392,385
Total Assets						1,028,328
Segment liabilities	104,299	48,859	58,930	1,806	-15,793	198,101
Unallocated Group liabilities, thereof:						404,317
Loans and borrowings						328,165
Other Group liabilities						76,152
Total liabilities						602,418

in thousands of EEK 2009	<i>Note</i>	Fish	Ice cream	Frozen food	All other segments	Eliminations	Total
External revenue		29,285	16,093	22,416	909	0	68,703
Inter-segment revenue		142	0	0	0	-142	0
Total gross segment revenue	<i>21</i>	29,427	16,093	22,416	909	-142	68,703
Segment operating profit		1,011	1,505	-1,147	11	0	1,380
Unallocated operating profit							1,136
Total operating profit							2,516
Financial income (expense)							-1,866
Income tax							41
Profit for the period							691
Segment assets		21,535	8,977	7,883	161	-1,778	36,778
Unallocated Group assets							26,050
Total Assets		-16,264	-17,879	-13,612	-295		62,828
Segment liabilities		6,129	2,551	2,537	119	-1,044	10,292
Unallocated Group li- abilities, thereof:							24,791
Loans and borrowings		4,709	1,815	1,062	68		19,767
Other Group liabilities							5,024
Total liabilities							35,083
Depreciation / amortization	<i>12</i>	-1,039	-1,143	-870	-19	0	-3,071
Unallocated (intangi- ble amortization)	<i>13</i>						-615
Total depreciation	<i>25</i>						-3,686
Capital expenditures	<i>12</i>	301	116	68	4	-18	471
Unallocated (purchase of intangibles)	<i>13</i>						209
Total capital expenditures							680

in thousands of EUR 2008	Fish	Ice cream	Frozen food	All other segments	Eliminations	Total
Segment assets	22,303	10,471	9,965	188	-2,283	40,644
Unallocated Group assets						25,078
Total Assets						65,722
Segment liabilities	6,666	3,123	3,766	115	-1,009	12,661
Unallocated Group liabilities, thereof:						25,840
Loans and borrowings						20,974
Other Group liabilities						4,866
Total liabilities						38,501

Segment assets include all assets directly attributable to a segment and assets that can be allocated to the segment on a reasonable basis. Segment assets exclude fixed assets held for sale, accrued interest receivable, deferred tax assets, financial investments, investment property and goodwill.

Segment liabilities include all liabilities directly attributable to a segment and liabilities that can be allocated to the segment on a reasonable basis. Segment liabilities exclude accrued interest payable, deferred tax liabilities, payables to shareholders, share buy-out obligation and borrowings.

Revenue from three major customers, each customer exceeding 10% threshold, in Fish, Ice Cream and Frozen Food segments, constituted 390,350 thousand EEK (24,948 thousand EUR) of Group total revenues in 2009.

The secondary segment is the geographical area distinguished by the location of customers.

Revenue from external customers		
	2009 EEK '000	2009 EUR '000
Estonia	356,134	22,761
Lithuania	136,397	8,717
Latvia	184,401	11,785
Finland	389,547	24,897
Other geographical regions	8,494	543
Total	1,074,973	68,703

Other geographical regions include Sweden, Russia and other countries. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2009.

21. SALES REVENUE

	2009 EEK '000	2009 EUR '000
Fish and fish products	458,215	29,285
Ice-cream	251,797	16,093
Frozen food	350,739	22,416
Other	14,222	909
Total sales revenue	1,074,973	68,703

22. COST OF GOODS SOLD

	2009 EEK '000	2009 EUR '000
Cost of goods purchased for resale	-311,788	-19,927
Materials in production	-344,243	-22,001
Labour costs	-73,255	-4,682
Depreciation (Note 25)	-22,465	-1,436
Other cost of goods sold ¹	-44,988	-2,875
Total cost of goods sold	-796,739	-50,921

¹ Other cost of goods sold comprise of production and fish farming assets related expenses (rent, maintenance, insurance, utilities etc), personnel related expenses and other costs and outsourced services

23. SELLING AND DISTRIBUTION EXPENSES

	2009 EEK '000	2009 EUR '000
Advertising, marketing and product development	-26,387	-1,686
Transportation services	-41,602	-2,659
Labour costs	-65,415	-4,181
Depreciation (Note 25)	-25,926	-1,657
Other selling and distribution expenses ¹	-53,406	-3,414
Total selling and distribution expenses	-212,736	-13,597

¹ Other selling and distribution expenses comprise of property related expenses (rent, maintenance, insurance, utilities etc), personnel related expenses and other services

24. ADMINISTRATIVE EXPENSES

	2009 EEK '000	2009 EUR '000
Labour costs	-26,001	-1,662
Depreciation (Note 25)	-9,284	-593
Other administrative expenses ¹	-26,570	-1,698
Total administrative expenses	-61,855	-3,953

¹ Other administrative expenses comprise of outsourced services, consultancy fees, IT costs, personnel related expenses and other expenses

25. DEPRECIATION

	2009 EEK '000	2009 EUR '000
Depreciation on tangible fixed assets (Note 12)	-48,050	-3,071
Depreciation on intangible fixed assets (Note 13)	-9,625	-615
Total depreciation (Notes 22,23,24)	-57,675	-3,686

Depreciation costs have been recognised under “Cost of goods sold”, “Administrative expenses” and “Selling and distribution expenses” in the consolidated statement of comprehensive income.

26. OTHER INCOME AND OTHER EXPENSE

	2009 EEK '000	2009 EUR '000
Profit from revaluation of investment properties	29,940	1,914
Income from target financing	4,806	307
Other income	5,532	353
Other expenses	-9,411	-601
Total	30,867	1,973

PROFIT/LOSS ON BIOLOGICAL ASSETS

in thousands of EEK	Fries	Juveniles	Fish suitable for harvesting	2009
Acquisition and reclassification of assets	-554	-14	-12,844	12,276
Sale of biological assets	-2,105	0	-5,309	-7,414
Total	-2,659	-14	7,535	4,862

in thousands of EUR	Fries	Juveniles	Fish suitable for harvesting	2009
Acquisition and reclassification of assets	-35	-1	-12,844	12,276
Sale of biological assets	-135	0	-339	-474
Total	-170	-1	482	311

27. FINANCIAL INCOME AND EXPENSES

	2009 EEK '000	2009 EUR '000
Interest income	717	46
Other financial income	202	13
Interest expenses	-24,568	-1,570
Other financial expenses	-5,555	-355
Total	-29,204	-1,866

28. INCOME TAX EXPENSES

	2009 EEK '000	2009 EUR '000
Accrued during the period	-690	-44
Reversed during the period	1,331	85
Total	641	41

	2009 EEK '000	2009 EUR '000
Deferred income tax liability as of 31 December 2008	22,126	1,414
Deferred income tax liability from revaluation of assets during the period	982	63
Deferred income tax reversed during the period	-1,331	-85
Change in value arising from exchange rates	123	8
Deferred income tax liability as of 31 December 2009	21,900	1,400

The group's income tax expenses amounted to 641 thousand EEK (41 thousand EUR) in 2009

Comparison between the actual and calculated income tax expense:

in thousands of EEK	Estonia	Lithuania	Latvia	Finland	Sweden	Total
Profit before income tax	24,379	-5,877	-4,985	-10,260	4,457	7,714
Income tax rate	0%	15%	15%	26%	28%	x
Taxable expenses	0	363	4,468	27	0	4,858
Change in deferred income tax liability	0	-3,707	0	0	0	-3,707
Taxable profit (loss)	0	-9,222	-517	0	4,457	-5,281
Calculated income tax	0	0	0	0	8	0
Tax allowances	0	0	0	0	37	0
Income tax expense	0	0	0	7	11	18
Reversed income tax from previous periods	0	0	0	308	0	308
Deferred income tax	0	0	0	-914	-393	-1,307
Deferred income tax reversed in the period	189	-501	1,828	123	0	1,639
Total	189	-501	1,828	-483	-393	641

ADDITIONAL DOCUMENTS

in thousands of EUR	Estonia	Lithuania	Latvia	Finland	Sweden	Total
Profit before income tax	1,558	-376	-319	-656	285	493
Income tax rate	0%	15%	15%	26%	28%	x
Taxable expenses	0	23	286	2	0	310
Change in deferred income tax liability	0	-237	0	0	0	-237
Taxable profit (loss)	0	-589	-33	0	4,457	-338
Calculated income tax	0	0	0	0	8	0
Tax allowances	0	0	0	0	37	0
Income tax expense	0	0	0	7	11	1
Reversed income tax from previous periods	0	0	0	308	0	20
Deferred income tax	0	0	0	-59	-25	-84
Deferred income tax reversed in the period	12	-32	117	8	0	105
Total	12	-32	117	-31	-25	41

Estonian corporate income tax rate is 0%, but any dividends paid out are taxable, tax rate applied to dividends paid out from 1 January 2009 is 21/79 on net dividends (see Note 1 Corporate Income Tax in Estonia).

29. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2009 is based on the profit attributable to ordinary shareholders of 10,003 thousand EEK (639 thousand EUR) and a weighted average number of ordinary shares outstanding of 1,221 thousand, calculated as follows:

	31.12.2009
Average number of shares (in thousands)	1,221
number of registered shares at the beginning of the period	40
number of registered shares at the end of the period	2,418
number of treasury shares at the end of the period	16
Net profit attributable to the owners of the Company (in thousands of EEK)	10,003
Earnings per share (EEK)	8.19
Net profit attributable to the owners of the Company (in thousands of Euros)	639
Earnings per share (EUR)	0.52

Since the Company does not have potential ordinary shares, the diluted earnings per share equals to ordinary share profit.

30. RELATED PARTY TRANSACTIONS

Transactions with related parties constitute transactions with:

Group A: shareholders of the Company (the majority shareholder of Premia Foods AS is international investment fund Amber Trust II S.C.A)

Group B: shareholders of the subsidiaries

Group C: members of the management and supervisory board;

Group D: close family members of and companies related to the above.

In the preparation of the consolidated financial statements, all intra-group receivables and liabilities and all intra-group revenues, expenses and unrealised gains and losses were eliminated.

During the reporting period, Group entities performed transactions with related parties in the following volumes and at the end of the reporting period balances with related parties were the following:

PURCHASES AND SALES OF GOODS AND SERVICES:

2009	Group	Purchases EEK '000	Sales EEK '000	Purchases EUR '000	Sales EUR '000
Companies related to minority shareholders	A,D	2,621	219	168	14

The contract terms are based on market rates for these types of services.

BALANCES WITH RELATED PARTIES:

	Group	31.12.09 EEK '000	31.12.08 EEK '000	31.12.09 EUR '000	31.12.08 EUR '000
Current assets					
Companies related to minority shareholders	A,D	186	84	12	5
Companies related to minority shareholders (loan)	D	0	3,371	0	215
Companies related to minority shareholders (interest)	D	0	531	0	34
Current liabilities					
Amber Trust II S.C.A. (loan)	A	50,969	31,293	3,258	2,000
Amber Trust II S.C.A. (interest)	A	4,733	119	303	8
Companies related to minority shareholders (interest)	A	579	579	37	37
Companies related to minority shareholders	B	6,376	6,978	408	446
Companies related to minority shareholders (services)	A,D	218	640	14	41
Noncurrent liabilities					
Amber Trust II S.C.A.	A	17,226	15,802	1,101	1,010

The short-term unsecured loan from Amber Trust II S.C.A. in the amount of 31,293 thousand EEK (2,000 thousand Euros) carries an effective interest rate of 8.87%. Another short-term unsecured loan from Amber Trust II S.C.A. in the amount of 19,676 thousand EEK (1,258 thousand Euros) has an effective interest rate of 12.67% per annum (Note 16). 4,614 thousand EEK (295 thousand Euros) interest expense to Amber Trust II S.C.A. was recognized during 2009. No actual interest payments to the majority shareholder were made.

Noncurrent liability to Amber Trust II S.C.A. comprises of AB Premia KPC payable for buyback of its own shares in amount of 18,778 thousand EEK (1,200 thousand Euros) in December 2008. Payable is recognized at discounted value.

FINANCIAL INCOME / FINANCIAL EXPENSES:

2009	Group	Income EEK '000	Expense EEK '000	Income EUR '000	Expense EUR '000
Amber Trust II S.C.A.	A	0	6,155	0	393
Companies related to minority shareholders	B,D	84	603	5	39

FEES OF THE MANAGEMENT

In the financial period 01.01.09 – 31.12.09 the management and supervisory boards of the Group companies and other key members of the management received payments (salary, bonus, other allowances) in the total amount of 14,296 thousand EEK (914 thousand Euros). The abovementioned management remuneration included dismissal compensation in the total amount of 1,761 thousand EEK (113 thousand Euros). The members of the management and supervisory board do not receive pension-related rights from the company.

DISMISSAL COMPENSATION

The management board members are entitled to receive dismissal compensation; the maximum cost arising from payment of dismissal compensation including taxes is 3,443 thousand EEK (221 thousand Euros).

31. OFF BALANCE SHEET ITEMS**EU GRANTS**

In spring 2008, Överumans Fisk Ab was granted with a double fold increased farming volume in Ankarsund. Necessary investments were carried out by fall 2008. At the same time the company applied for EU subsidies from the fish farmers' aid programme. As of the balance sheet date the receivable has not been recorded in balance sheet. Decision on EU subsidies in amount of SEK 1,197,708 has been made on March 10, 2010 and paid out on March 11, 2010.

Heimon Kala Oy has applied for EU grants from the fish processors and fish wholesalers' aid programme, which as of the balance day is an off-balance sheet receivable. Decision on EU subsidies in amount of EUR 8,231 has been made on March 2, 2010 and paid out on March 11, 2010.

32. SUBSEQUENT EVENTS

ACQUISITION OF NON-CONTROLLING INTEREST

As of February 26, 2010 Saaremere Kala AS has signed the share purchase agreement with one of the minority shareholders of Gourmethouse OÜ in order to buy the additional 24.29% shareholding. Transaction amounted to 1,700 thousand EEK (109 thousand Euros), of which 500 thousand EEK (32 thousand Euros) was paid at closing, 600 thousand EEK (38.3 thousand Euros) will be payable at 31.08.10 and remainder 600 thousand EEK (38.3 thousand Euros) at 28.02.11. As a result of the above-mentioned transaction the shareholding of Saaremere Kala AS in Gourmethouse OÜ has increased up to 75.71%

EXTENSION OF BORROWINGS

As of February 10, 2010 overdraft contract ending on 21.02.2010 was extended until August 21, 2010. Credit limit according to the signed contract is 11,266 thousand EEK (720 thousand Euros), decrease from May 8th onwards by 250 thousand EEK (16 thousand EUR) per month down to 10,266 thousand EEK (656 thousand Euros). Interest rate of the contract stayed at current level, i.e. 3-month Euribor + 4.5%.

As of January, 2010 two investment loan facilities maturing on February 1, 2010 were extended until March 29th, 2010. Extended amount was 32,688 thousand EEK (2,089 thousand Euros) and interest rate 6-month Euribor + 7.0%.

BONUS ISSUE

Pursuant to the resolution of the shareholder dated 15 March 2010, it was decided to increase the share capital of the Company by 217,645,740 Estonian kroons without making contributions into the share capital using the Company's own equity. The share capital will be increased from the issue premium of the Company. After the increase of the share capital the share capital of the Company will be 241,828,600 Estonian kroons that is divided into 24,182,860 ordinary shares of the Company with a nominal value of 10 Estonian kroons. The reason for the share capital increase and bonus issue was above all increase of credibility of the Company in the market.

Along with the bonus issue the minimum share capital stipulated in the articles of association was increased to 175,000,000 Estonian kroons and maximum capital to 700,000,000 Estonian kroons.

33. SUPPLEMENTARY DISCLOSURES ON THE PARENT COMPANY OF THE GROUP

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (parent company) shall be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company the same accounting policies have been used as in preparing the consolidated financial statements. The accounting policy for reporting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the Annual Report in conjunction with IAS 27, Consolidated and Separate Financial Statements.

In the parent separate primary financial statements, disclosed to these consolidated financial statements (Supplementary disclosures), investments into the shares of subsidiaries are accounted for at cost less any impairment recognised.

STATEMENT OF FINANCIAL POSITION

As at 31 December	31.12.2009 EEK '000	31.12.2008 EEK '000 pro forma	31.12.2009 EUR '000	31.12.2008 EUR '000 pro forma
Cash	11,859	400	758	26
Receivables and prepayments	9,480	0	606	0
Total current assets	21,339	400	1,364	26
Long-term financial investments	422,506	422,506	27,003	27,003
Total fixed assets	442,506	422,506	27,003	27,003
Total assets	443,845	422,906	28,367	27,029
Loans and borrowings	19,676	0	1,258	0
Payables	2,311	0	147	0
Total current liabilities	21,987	0	1,405	0
Loans and borrowings	3,986	0	255	0
Total noncurrent liabilities	3,986	0	255	0
Total liabilities	25,973	0	1,660	0
Share capital	24,183	400	1,546	26
Unregistered share capital	0	23,783	0	1,520
Share premium	398,688	398,723	25,481	25,483
Treasury stock	-3,986	0	-255	0
Retained earnings	-1,013	0	-65	0
Total owners' equity	417,872	422,906	26,707	27,029
Total liabilities and owners' equity	443,845	422,906	28,367	27,029

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2009 EEK '000	2009 EUR '000
Sales	2,554	163
Gross profit	2,554	163
Administrative expenses	-2,993	-191
Operating profit	-439	-28
Financial income	1,477	94
Financial expenses	-2,051	-131
Profit before taxes	-1,013	-65
Net profit for the period	-1,013	-65
Other comprehensive income		
Total comprehensive income	-1,013	-65

CASH FLOW STATEMENT

	2009 EEK '000	2009 EUR '000
<i>Cash flow from operations</i>		
Operating profit	-439	-28
<i>Adjustments:</i>		
Change in receivables related to operating activities	-472	-30
Change in liabilities and prepayments relating to operating activities	381	24
TOTAL CASH FLOW FROM OPERATIONS	-530	-34
<i>Cash flow from investments</i>		
Net cash flow from acquisition of subsidiaries	-35	-2
Loans granted	-27,484	-1,757
Repayment of loans granted	19,676	1,258
Interest received	159	10
TOTAL CASH FLOW FROM INVESTMENTS	-7,684	-491
<i>Cash flow from financing</i>		
Loans raised	19,676	1,257
TOTAL CASH FLOW FROM FINANCING	19,676	1,257
TOTAL CASH FLOW:	11,462	732
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	400	26
Change in cash and cash equivalents	11,462	732
Gains/losses on conversion of foreign currencies	-3	0
Cash and cash equivalents at the end of the year	11,859	758

STATEMENT OF CHANGES IN OWNERS' EQUITY

in thousands of EEK

	Share capital	Share premium	Unregistered share capital	Treasury shares	Reserves	Retained earnings	Total Equity
As of 31.12.2008 according to IFRS	400	398,723	23,783	0	0	0	422,906
Adjusted unconsolidated equity as of 31.12.2009	400	398,723	23,783	0	0	0	422,906
Increase of share capital	23,783	0	-23,783	0	0	0	0
Reduction of share premium	0	-35	0	0	0	0	-35
Treasury shares	0	0	0	-3,986	0	0	-3,986
Comprehensive income	0	0	0	0	0	-1,013	-1,013
As of 31.12.2009 according to IFRS	24,183	398,688	0	-3,986	0	-1,013	417,872
Adjustments according to the Estonian Accounting Act	0	0	0	0	1,415	11,016	12,431
Adjusted unconsolidated equity as of 31.12.2009	24,183	398,688	0	-3,986	1,415	10,003	430,303


in thousands of Euros

	Share capital	Share premium	Unregistered share capital	Treasury shares	Reserves	Retained earnings	Total equity
As of 31.12.2008 according to IFRS	26	25,483	1,520	0	0	0	27,029
Adjusted unconsolidated equity as of 31.12.2009	26	25,483	1,520	0	0	0	27,029
Increase of share capital	1,520	0	-1,520	0	0	0	0
Reduction of share premium	0	-2	0	0	0	0	-2
Treasury shares	0	0	0	-255	0	0	-255
Comprehensive income	0	0	0	0	0	-65	-65
As of 31.12.2009 according to IFRS	1,546	25,481	0	-255	0	-65	26,707
Adjustments according to the Estonian Accounting Act	0	0	0	0	90	704	794
Adjusted unconsolidated equity as of 31.12.2009	1,546	25,481	0	-255	90	639	27,501







Adjusted unconsolidated equity is the basis for the determination of distributable equity according to the Estonian Accounting Act

DECLARATION OF THE MANAGEMENT AND SUPERVISORY BOARD

The management board has prepared the management report and the consolidated financial statements of AS Premia Foods for the year ended at 31 December 2009.

Chairman of the Management Board	Kuldar Leis		March 22, 2010
Member of the Management Board	Silver Kaur		March 22, 2010
Member of the Management Board	Katre Kõvask		March 22, 2010
Member of the Management Board	Andri Avila		March 22, 2010

The supervisory board of AS Premia Foods has reviewed the annual report, prepared by the management board, consisting of the management report, the consolidated financial statements, the management board's recommendation for profit distribution and the independent auditor's report, and has approved the annual report for presentation on the annual shareholders meeting.

Chairman of the Supervisory Board	Indrek Kasela		March 22, 2010
Member of the Supervisory Board	Lauri Kustaa Äimä		March 22, 2010
Member of the Supervisory Board	Harvey Sawikin		March 22, 2010
Member of the Supervisory Board	Aavo Kokk		March 22, 2010
Member of the Supervisory Board	Jaakko Karo		March 22, 2010
Member of the Supervisory Board	Erik Haavamäe		March 22, 2010

INDEPENDENT AUDITOR'S OPINION

(translation of the Estonian original)

TO THE SHAREHOLDERS OF AS PREMIA FOODS

We have audited the accompanying consolidated financial statements of AS Premia Foods and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 16 – 58.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AS Premia Foods and its subsidiaries as at 31 December 2009, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Aivar Kangust
Alliott Kangust OÜ
Tallinn
22 March 2010

PROFIT ALLOCATION PROPOSAL

The management board of AS Premia Foods proposes to present to the shareholders' general meeting the following profit allocation:

- to add the profit for financial year to the retained earning of previous periods,
- no dividend distributions to shareholders