

PRFOODS

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

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

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

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

The balance sheet item "Receivables and prepayments" has been reduced by 8,000 thousand euros, which is related to the receivables from the sale transaction of subsidiaries and of which the second instalment was collected on 30 April 2015 in the amount of 4,000 thousand euros. The third and final instalment is due on 31 October 2015 (additional disclosures are presented in Notes 14 and 15).

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

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

Net debt equals total debt (total amount of short-term and long-term borrowings recognised in the consolidated statement of financial position) less cash and cash equivalents. As at 31.03.2015, net debt stood at -3,296 thousand euros. The negative net debt is attributable to the fact that the Group sold its ice cream and frozen goods segment at the end of 2014 and the proceeds from the transaction are held in cash on its bank account. After the share capital reduction, net debt using data from 31.03.2015 would amount to 309 thousand euros.

LIQUIDITY AND SOLVENCY RATIOS

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