OVOSTAR UNION

ANNUAL REPORT

2014

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Annual report is available on our website
http://ovostar.ua/

REPORT OF THE MANAGEMENT BOARD

Chief Executive’s review

Dear Shareholders,

Over the course of the year 2014 Ovostar Union continued normal operations, increasing egg production and sales volumes compared to the previous year. We are on firm ground despite a continuing economic and political turmoil.

Our solid financial performance and sustained profitability in percentage terms has been secured through an increase in sales to export coupled with growth in egg output, sustained production efficiency and low level of borrowings.

We continue onward progress to achieve new milestones. Sound financial position allows us to concentrate on business development. Having previously announced our plans for organic growth, we continue progressively increasing our production capacities on the premises of our second production complex in Stavysche using leading-edge technology. Laying hens equipment installed on the farm is compliant with EU enriched cage standard.

In 2014 we increased our egg output by some 15%, hope to continue in the same spirit in 2015. Over the course of this year, we plan to increase volumes of eggs and egg products exported to our foreign clients. For this reason, in addition to expansion of new egg production facilities, we shall invest in new egg processing equipment. In so doing we are able to double our dry egg products production capacities in 2016.

I would like to express my gratitude to Ovostar Union team for their outstanding performance and operational excellence. In these complex times, our staff do their job persistently, showing true firmness and moving forward towards intended objectives. We look forward to stabilization of situation in Ukraine and triumph of democratic values which should give a solid basis for overcoming the economic crisis in the country.

Sincerely,

Borys Bielikov, Chief Executive Officer

Key financials for three years

Income statement

in USD thousands	2014	2013	2012
Revenue	74 780	80 342*	60 335
Net change in fair value of biological assets	2 813	8 594	10 995
Cost of sales	(50 778)	(54 473)	(42 237)
Gross profit	**26 815**	**34 463**	**29 093**
Other operating income	2 703	3 960	1 057
Selling and distribution costs	(2 255)	(3 553)*	(3 785)
Administrative expenses	(1 480)	(1 773)	(1 783)
Other operating expenses	(401)	(751)	(808)
Operating profit	**25 382**	**32 346**	**23 774**
EBITDA	**29 105**	**36 192**	**27 259**
Finance costs	(997)	(1 345)	(266)
Finance income	1 619	205	787
Profit before tax	**26 004**	**31 206**	**24 295**
Income tax expense	(179)	21	(298)
Profit for the year	**25 825**	**31 227**	**23 997**

**In 2014 and 2013, the Group reclassified marketing expenses (loyalty programs) from "Selling and distribution costs" to "Revenue" in the amount of USD 1 319 thousand and USD 917 thousand, respectively.*

Profitability dynamics

in percentage of net sales	2014	2013	2012
EBITDA margin	39%	45%	45%
Net profit margin	35%	39%	40%

Balance sheet

in USD thousands	2014	2013	2012
Non-current assets	**68 177**	**110 948**	**85 677**
Non-current biological assets	27 356	43 500	32 331
Property, plant and equipment and intangible assets	40 507	66 678	53 265
Deferred tax assets	314	770	81
Current assets	**33 443**	**48 566**	**34 121**
Inventories	8 409	12 096	10 648
Current biological assets	9 822	14 672	8 754
Trade and other receivables	11 892	12 702	13 187
Prepayments to suppliers and for income tax	849	488	380
Cash and cash equivalents	2 471	8 608	1 152
Total assets	**101 620**	**159 514**	**119 798**
Total equity	**85 065**	**139 326**	**108 099**
Non-current liabilities	**7 613**	**11 414**	**2 001**
Interest-bearing loans and other financial liabilities	7 203	10 618	1 790
Deferred tax liability	410	796	211
Current liabilities	**8 942**	**8 774**	**9 698**
Trade and other payables	6 356	5 792	6 790
Advances received	278	62	273
Interest-bearing loans and borrowings	2 308	2 920	2 635
Total liabilities	**16 555**	**20 188**	**11 699**
Total equity and liabilities	**101 620**	**159 514**	**119 798**

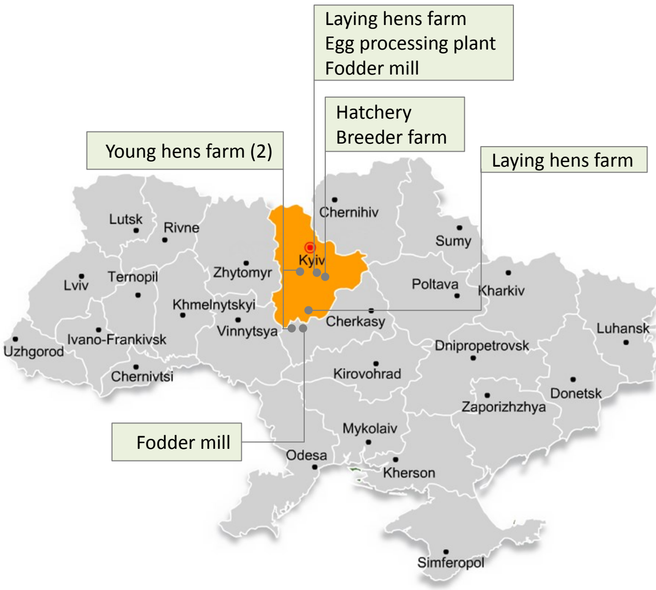
Corporate summary

Ovostar Union N.V. is a holding entity incorporated under the laws of the Netherlands consolidating companies with production assets located in Ukraine (hereinafter referred to as "we, us"). Our shares have been quoted on the Warsaw Stock Exchange since June 2011.

Our mission is to work and progress in order to produce ecologically clean and healthy food for Ukrainians. Being one of Ukrainian market leaders, we are focused on production of branded eggs for middle class population and egg products in liquid and dry form for leading Ukrainian and international food companies present on the local market. We consider product quality to be very important because we believe that customer loyalty is achieved through superior quality of products offered while satisfied and devoted customers create the basis for profitable growth.

Business geography

Our production facilities are located in the Central part of Ukraine in Kyiv and Cherkasy regions within 130 km from each other. Production premises include one breeder farm with parent flock, one hatchery producing day-old pullets, two young laying hens sites and two laying hen farms. The egg processing plant is located on the premises of one of the laying hen farms. Fresh eggs supplied to egg processing plant within 24 hours after being produced ensure high quality the final products. Auxiliary production consists of two fodder mills with a total capacity of 56 tons of fodder per hour and a sunflower processing plant that produces among other items sunflower meal that is used in poultry feed.

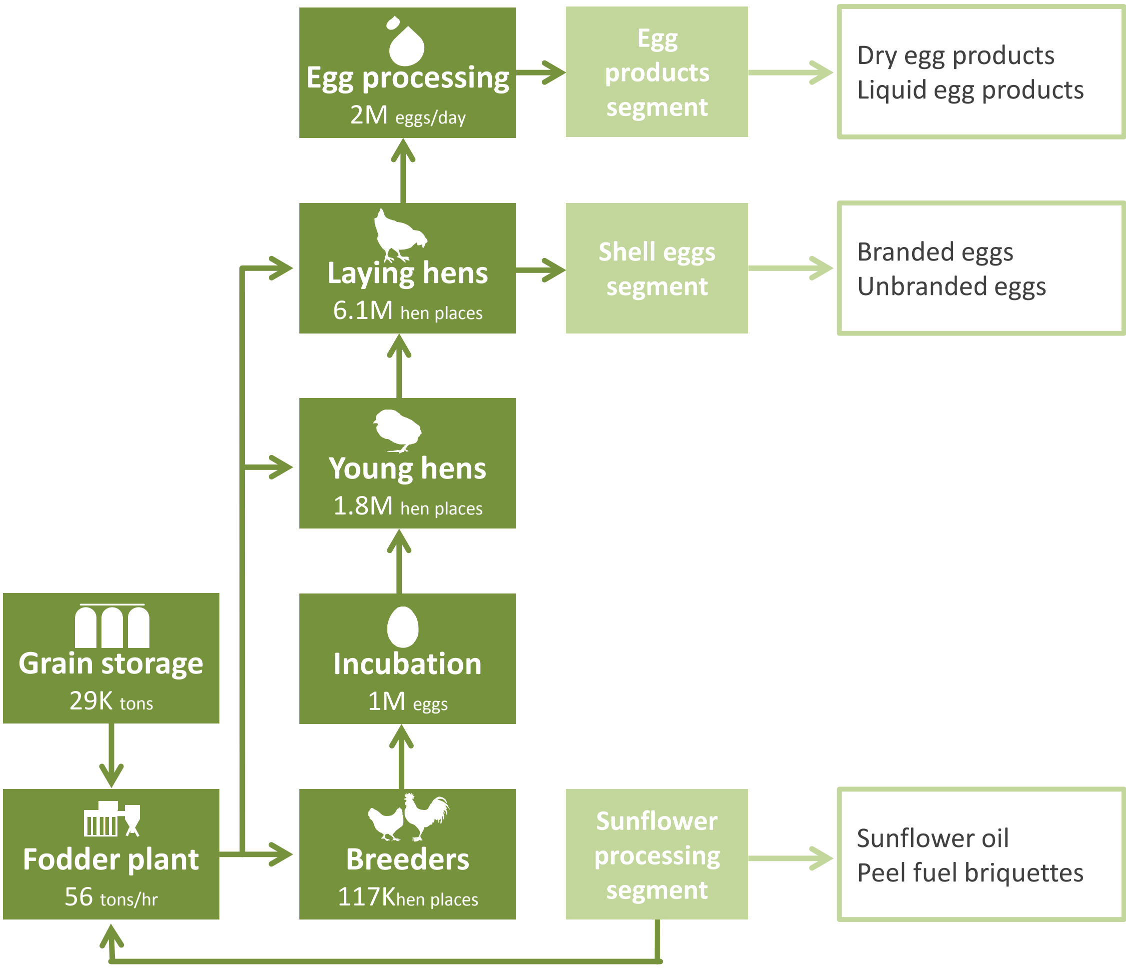


Business model

Our production sites employ the most up-to-date poultry and processing equipment and progressive technological concepts ensuring efficient production processes and superior quality of final products.

We have adopted a large-scale production approach. Our vertically integrated business model spans from parent flock to egg processing, including also fodder production, processing of sunflower seeds and grain storage. High level of vertical integration allows us to optimize production costs and control product quality at each stage of the production process.

Our products are compliant with international quality standards ISO 9001:2008 and ISO 22000:2005, FSSC 22000 as well as applicable national Ukrainian standards and sanitary norms.



Our brands

Shell eggs | We supply the Ukrainian market with the widest range of packed shell eggs under brand name Yasensvit™. Key customers in shell egg sales are large local and international retail chains in Ukraine.

Prices for branded packaged eggs are traditionally higher than the average egg price on the market. The price premium is justified by high consistent quality of our products as well as their adaptation to specific consumer preferences.

We remained the major producer of private label eggs in Ukraine in 2014, supplying eggs branded by retail network to Auchan, Silpo, Metro, Furshet, ATB, Velyka Kyshenya, Eko and a number of smaller regional retail chains.

Egg products | We offer separated and whole egg products in dry and liquid form. Egg products are mainly used by food companies in Ukraine and abroad. We are the largest producer of liquid egg products in Ukraine. Our egg products are sold under the Ovostar™ brand.

Our customer base in the egg products segment is mixed in terms of location, size and industry, with key clients operating in mayonnaise and confectionery sectors. Among our key local customers are Roshen, Kraft Foods Ukraine (part of Mondelez International), Kharkiv Biscuit, McDonalds (we are their exclusive supplier of eggs and egg products) and Nestle.

By means of the egg products segment we address specific needs of our B2B customers and offset pronounced seasonal price fluctuations that are present in local shell egg market throughout the year. This provides us with a broader market presence as well as more even profitability throughout the reporting periods.

Shell eggs assortment

Омега-3 · SUPER MAX · original eggs · ІДЕАЛ БАЛАНС · Молодильні

Для духмяних пирогів · Домашній смак · Свіжі яйця · Справжні велетні

Селянські · Фермерські · Україна

Добрий Звичай · Fine Life · ХІТ продукт · Весела ферма · Брусничка

Кожен День · clever · Фуршет · ТРАДИЦІЯ · добра вигода

Egg products assortment

Market overview and competitive position

Shell egg market

Shell egg market in Ukraine is divided into industrial and household production. In 2014, share of eggs produced in industrial format reached 64% of the total volume. In accordance to the information of the State Statistics committee of Ukraine, aggregate shell egg production increased by 4% in 2014 to 19.9 billion pieces. Having produced 1 billion eggs in 2014, our share in industrial egg production remained at 8%.

The total number of laying hens flock housed in industrial format is practically the same year-on-year, 41 million birds. In 2014 egg consumption rate in Ukraine reached approximately 311 eggs per capita.

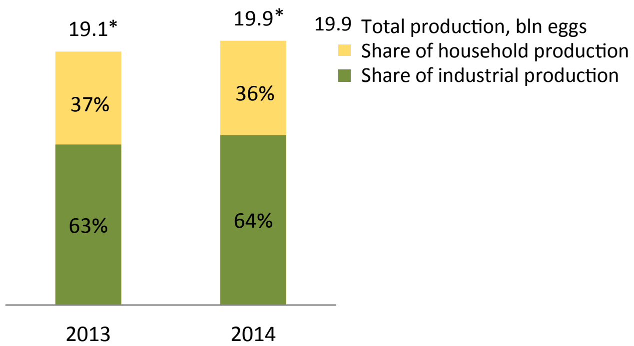
Egg products market

In 2014 expansion of Ukrainian egg products market slowed down because of the general deterioration of the business environment.

Over the reporting period, the size of the liquid egg products market in Ukraine stayed unchanged. We kept our leading position in this sector enjoying a 90% market share, but the overall market dynamics have been distorted by a temporary decrease in demand from the side of our key clients located in the Donbass region.

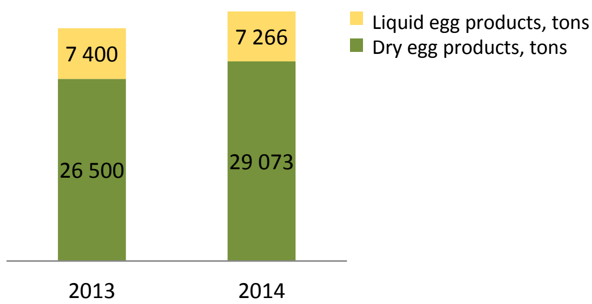
Dry egg products production in 2014 increased by 10% together with growth of sales volumes to destinations outside Ukraine.

Shell egg production in Ukraine

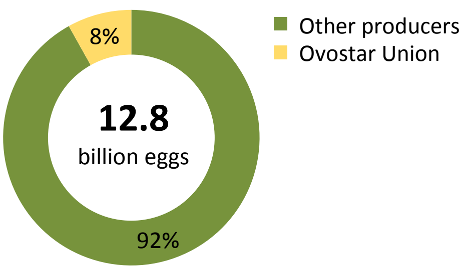


*Total volumes excluding production in Crimea

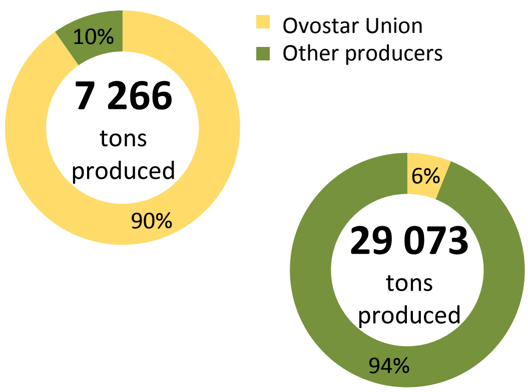
Egg products production in Ukraine



Our share in industrially produced eggs



Our share in production of egg products



Activity in key segments

Egg segment

Production | In 2014 we increased egg production by 16% year-on-year from 893 to 1 038 million. This year has been marked with commencement of the investment program realized on the premises of our production site in Stavysche and related infrastructure.

Sales | Volume of eggs sold in 2014 increased by 25% year-on-year to 733 million which translated into a revenue of USD 49 million (2013: USD 51 million). Therewith, volume of eggs exported increased 3 times, from 30 to 89 million eggs whereas export revenue from sale of shell eggs increased 2.4 times to USD 6 million.

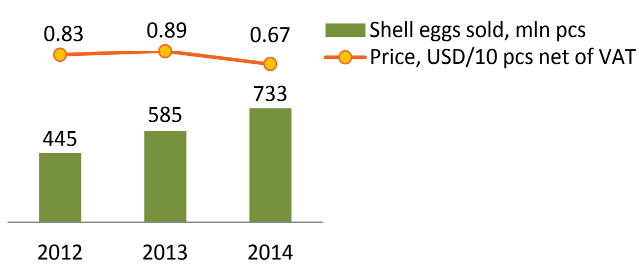
Average sales price of shell eggs increased by 15% to 0.819 UAH/egg compared to 0.715 UAH/egg in 2013. At the same time, devaluation of Ukrainian Hryvnia, especially steep in the fourth quarter of the year, resulted in lower prices per unit in USD terms. In 2014 egg selling price in USD decreased by 25% year-on-year to USD 0.07/piece net of VAT.

We sell the majority of eggs on the local market, although in 2014 the share of eggs exported has been increased to diversify emergent currency risk. Sales to export in 2014 amounted to 12% of total volumes sold compared to 5% the year before. Branded eggs still constitute a major part of our egg sales. They are sold through retail chains and branded points of sale which together contributed 71% of egg sales revenue in 2014 equivalent to USD 35 million.

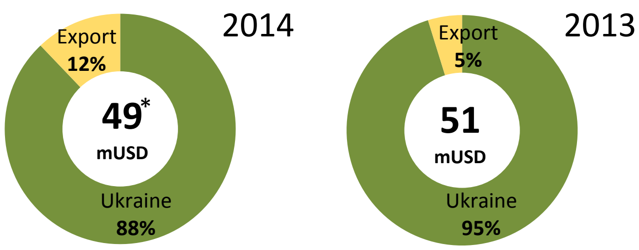
mUSD 51.4

segment revenue in 2014
including mUSD 2.8 of revenue from other sales

Egg sales



Sales structure



In 2014 and 2013 we reclassified marketing expenses (loyalty programs). Please refer to Note 8 of the Consolidated Financial Statements

Egg products segment

Production | We processed 319 million eggs in 2014, producing 6 558 tons of liquid and 1 759 tons of dry egg products which represents an decrease of 4% and an increase of 28% year-on-year.

Sales | Over the past year we sold 6 514 tons of liquid and 1 712 tons of dry egg products, a 4% decrease and a 14% increase year-on-year,.

Although average sales prices in UAH increased year-on-year (dry egg products: +32% to 60.10 UAH/kg; liquid egg products: +15% to 18.20 UAH/kg), prices per kg in USD terms have been lower year-on-year on the back of Ukrainian Hryvnia devaluation. Selling price of dry egg products decreased by 12% to USD 5.05/kg while the price of liquid egg products decreased by 23% year-on-year to USD 1.53/kg.

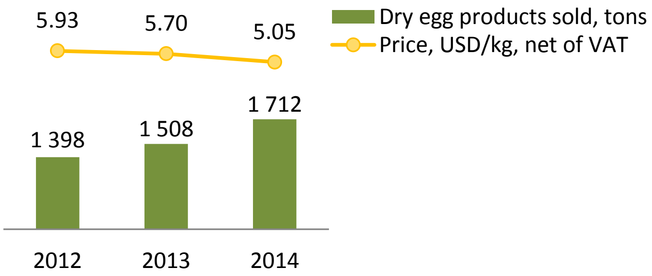
In 2014 egg products segment revenue decreased by 11% year-on-year to USD 20 million (2013: USD 23 million). At the same time, sales to export contributed 30% to the total segment revenue equivalent to USD 6 million (2013: 13% or USD 3 million).

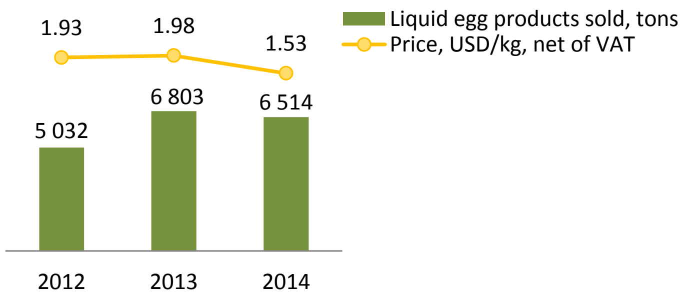
While focus on production of liquid egg products is an important part of our strategy, economic and political turmoil in Ukraine over the year 2014 resulted in revision of production plans in favor of export-oriented dry egg products.

mUSD **20.0**

segment revenue in 2014

Egg products sales





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Financial results overview

Financial performance

Revenue | Our revenue on a reported basis decreased in USD equivalent by 7% to USD 74 780 ths from USD 80 342 ths. As developed historically, egg segment has been the main contributor to total revenue (USD 51 365 ths in 2014), followed by egg products segment (USD 20 026 ths in 2014). The remaining USD 3 389 ths has been contributed by sales of the sunflower processing segment.

Gross profit and cost of sales | A year-on-year decrease in cost of sales of 7% to USD 50 778 ths matched the decrease in total revenue, so a reduction of gross margin in percentage terms was mainly attributed to consistent approach to revaluation of biological assets (USD 2 813 in 2014 compared to USD 8 594 in 2013).

EBITDA | Due to UAH depreciation over the year, selling and distribution costs decreased by 37% to USD 2 255 ths while transportation cost remained the main component of this expense item. Local currency depreciation also resulted in 30% lower Income from special VAT treatment of USD 2 539 ths. As a result of these developments, EBITDA decreased by 20% year-on-year to USD 29 105 ths while EBITDA margin reached 39%.

Net profit | In 2014 net profit decreased by 17% year-on-year to USD 25 825 ths.

Financial position

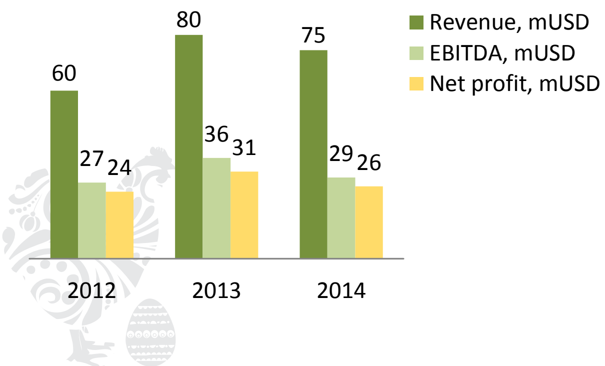
Assets, liabilities and equity | In 2014 value of our total assets decreased by 36% to USD 68 177 ths mainly as a result of UAH depreciation against USD from 7.99 to 15.77 at 31 December of 2013 and 2014. USD-based value of property, plant and equipment decreased by 39% on a reported basis to USD 40 507 ths. Value of current and non-current biological assets together decreased by 36% to USD 37 178 ths also for the reason of devaluation of UAH, although the size of total poultry flock showed 12% growth year-on-year. The receivables consisted mainly of trade receivables (USD 7 646 ths) and VAT for reimbursement (USD 4 441 ths).

Our total liabilities decreased by 18% on a reported basis to USD 16 555 ths whereas the main component of this item remained loans and borrowings.

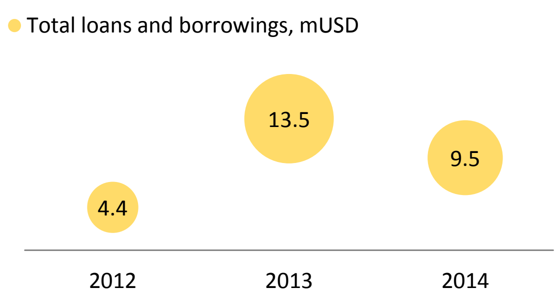
Retained earnings remained key component of equity, which decreased by 61% year-on-year to USD 85 065 ths.

Loans and borrowings | At the end of the year our total interest-bearing loans and borrowings amounted to USD 9 511 ths. Depreciation of EUR during the year resulted in revaluation profit on our EUR-based loan outstanding which has been decreased by USD 1 671 ths.

Profitability dynamics



Loans and borrowings dynamics



Loans outstanding to Landes Bank Berlin and Credit Agricole amounted to USD 8 818 ths and USD 402 ths, respectively. At the reporting date, financial lease liabilities amounted to USD 291 ths.

Cash flow

In 2014 we maintained a positive operating cash flow of USD 14 675 ths. Key components of this section being the balance sheet items, have been adversely affected by significant fluctuations in exchange rate of UAH. Negative translation differences arose from substantial variance between period average and end of period exchange rate.

Nevertheless, we continued our investments in expansion of production capacities. Net cash flow used in investing activities reached USD 16 082 ths in 2014; like in the previous year, the main components were purchase of property, plant and equipment and increase in biological assets.

Net cash flows used in financing activities amounted to USD 3 623 ths in 2014, whereas we repaid equivalent of USD 2 982 ths of loan principal and USD 641 ths of interest. No new loans have been acquired in 2014. In February 2015 we have obtained an export credit facility from AKA Ausfuhrkredit-GmbH and Landesbank Berlin AG. The total amount of financing is EUR 14.5 million with a 7-year maturity. The facility has been provided with an export credit cover of Euler Hermes AG and is used for purchase of poultry equipment.

Notes to the Financial Statements

Financial reporting standards | The Consolidated Financial Statements of Ovostar Union N.V. have been prepared in accordance with IFRS standards, as adopted by the European Union. Note 2 to the Consolidated Financial Statements contains more detailed information on this item.

Transactions with related parties | Note 25 to the Consolidated Financial Statements of Ovostar Union N.V. contains more information on transactions with related parties.

Changes in accounting policy | Note 5 to the Consolidated Financial Statements of Ovostar Union N.V. contains more information on changes in accounting policy.

Financial instruments | Note 28 to the Consolidated Financial Statements of Ovostar Union N.V. contains more information on financial instruments.

Strategy and outlook for 2015

Strategy

Our strategy is directed at strengthening our market position through intensive growth and continuous focus on customer satisfaction. We strongly believe that investments in improvement of our production efficiency and adjustment of product offering in line with customer expectations provide us with long-term competitive advantage.

We believe that successful teamwork is the foundation of success. Our employees play a critical role in reaching corporate aims as they personify our corporate values and contribute their valuable personal and industry experience ensuring efficient operation of the business.

Outlook for 2015

In 2015 we plan to continue increasing shell egg production volumes on the back of implementation of our capacity expansion plans. Taking into account the highly unpredictable development of UAH exchange rate in the future, it has been decided by the management to increase sales of shell eggs and dry egg products to export destinations. Prices for clients operating outside Ukraine are fixed in USD and allow us make predictions of financial results with more certainty. It is planned to generate up to 25% of total revenue in 2015 through export sales.

Investment program update

Over the course of 2014 we carried out reconstruction of egg production and infrastructure facilities on the premises of production complex in Stavysche. Three new buildings for laying hens have been raised thereby increasing total laying hens capacity by 1 million hen places. Other notable investment items included installation of a young laying hens building, a parent flock building and an egg sorting machine.

Growth in production volumes in the next 2 to 3 years will be incremental and dependent on the pace of reconstruction of production capacities. The time frame of further capacity expansion is subject to the political and economic situation in Ukraine that directly affects the amount of free cash flow that we generate and the amount of bank financing that is available to us. At the time of publication of this report, it has been planned by management to carry out reconstruction of 4 laying hens houses of approx. 300 ths hen places each in 2015.

In the view of determination to increase the share of export sales, we plan to invest in expansion of egg processing capacities, namely dry egg products production. In 2015 we scheduled the installation of egg white concentration equipment, and setup of an egg drying machine is planned in 2016.

Forecasted production volumes

	Units	2014	2015F	2016F
Eggs produced	million	1 038	1 250	1 600
Dry egg products produced	tons	1 759	1 900	2 200
Liquid egg products produced	tons	6 558	6 900	7 200

Human resources

The majority of our employees are involved in production processes on the premises located in Kiev and Cherkasy regions. We recruit, employ and promote employees on the sole basis of their qualification and abilities. Equal employment opportunities and career perspectives are provided for all employees, regardless of their gender, age, nationality or religious views.

Our personnel policy is aimed at creation and retention of a well consolidated and highly professional team of individuals that are able to respond effectively to changing market environment. We strive to ensure a positive, productive and successful work environment. The level of satisfaction is, among other criteria, confirmed by high employee retention rates (97% on average for the last 5 years).

We aim to maintain a fair and comprehensive system of remuneration. Overall remuneration of our employees is divided into material and non-material portions. Material remuneration consists of a basic fixed salary plus a variable component like bonuses that depend on achievement of corporate and personal targets. We also compensate our employees for mobile communication and expenses for use of personal vehicles for business purposes. Non-material remuneration consists of professional trainings and corporate team-building events.

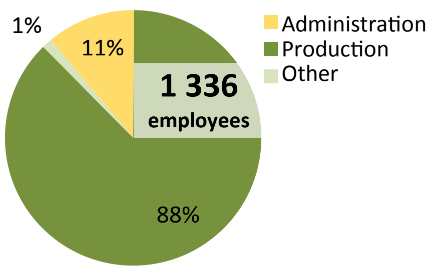
Legal relationships between us and our employees are regulated by the Labor Code of Ukraine and executed in the form of term and termless labor agreements. We cooperate with the State Pension Fund making monthly social insurance contributions. A corporate pension schedule has not been established.

Our employees other than some of the Board members do not have any shareholdings in Ovostar Union N.V., nor do they hold any stock options or other rights to shares nor participate in any other way in the capital of Ovostar Union N.V. Currently, no arrangements relating to such participation are planned in the short-term perspective.

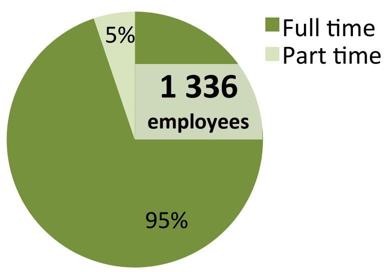
Quantity of employees

	2014	2013	2012
Employees, year end	1 336	1 334	1 317

Workforce areas of expertise



Full time / part time employment



Risk management and internal control

Risk	Impact	Mitigation	2014 status / Notes
Macroeconomic risks	Depreciation of Ukrainian Hryvnia leads to deterioration of income per household and change in consumer preferences	Worsening economic conditions do not affect consumption of eggs per capita because eggs remain the most affordable source of animal-based protein.	In 2014 egg consumption amounted to 311 eggs per capita.
	Poor economic conditions result in lack of debt financing available.	Historically, we have been reliant primarily on own positive cash flow and debt financing is used only for implementation of long-term investment programs.	As at 31 March 2015, we had USD 17.6 mln outstanding in long-term export credit facilities while total borrowings reached USD 18.1 mln.
	VAT reimbursement and other advantages to agricultural companies may be cancelled.	We are primarily focused on operational efficiency.	Special treatment of VAT this year was the only properly working type of state support to agricultural producers.
Price risk	Rapid devaluation of Ukrainian Hryvnia leads to lower item prices in USD terms and thereby decreases periodic financial results.	Increase of export sales, a natural hedge against currency rate fluctuations. Higher cost incurred in UAH is gradually transferred to the final consumer through an increase of UAH-based prices for shell eggs and egg products on the local market.	In 2014: – share of revenue generated from export sales reached 16% (2013: 7%) – UAH-based price of shell eggs increased by 15%, dry egg products +32%, liquid egg products +15% YoY
Concentration of sales	Excessive concentration of sales may lead to financial instability in case of loss of key customer.	Our customer base is mixed in terms of size and industry. We are building a balanced customer portfolio.	In 2014, only 2 clients generated more than 10% of our total revenue.

Risk	Impact	Mitigation	2014 status / Notes
Biological risks	Non-adherence to biosecurity standards and subsequent possible outbreaks of poultry diseases can severely limit our ability to perform normal operations.	Adherence to biosecurity standards in line with the best international practices. Egg production and egg processing facilities are compliant with ISO 9001 : 2008 and ISO 22000:2005.	No occurrences of dangerous poultry diseases like Newcastle's, Avian flu, Marek's have been ever registered on our premises.
Competition	Offerings from the existing competitors or new market entrants may weaken our competitive position.	Our market position is hard to reproduce: – we offer products of sustained superior quality – product propositions are developed based on clear demand from the target market – successful operation of an industrial poultry farm requires extensive initial investment and highly experienced field-specific management	Although we increased production volumes during the year by some 15%, we are able to respond quickly to changing needs of the market in general and our key customers particularly. We enjoy an ability to effectively diversify our sales to destinations outside Ukraine.
Climate risks	Extreme weather conditions can have a detrimental effect on the well-being of poultry flock and their production efficiency.	Our egg production facilities are equipped with an automatic climate-control system.	Optimal climate conditions for laying hens include 40-60% humidity and ambient temperature within 20-25°C.

Risk management

Risk management is an essential part of the decision-making process providing reasonable assurance that risks are controlled to the furthest extent possible. Risk management and internal control systems are being regularly discussed with the executive management and the Audit Committee. In their review of our risk profile, the main focus is placed on principal risks that could significantly deteriorate our operational and financial results.

It has to be noted that proper identification of risks significantly reduces but does not completely eliminate the possibility of human error, poor judgment in decision making, fraud or occurrence of unforeseeable events. The risks that we face in the course of regular operations are not limited to the risks described above, but those above are regarded as the most significant in the short-term perspective. Some risks are yet unknown and some risks that are insignificant at the moment could become material in the future.

Internal control system

The Board of Directors is ultimately responsible for establishing, controlling and enhancing our internal control system. We consider risk management to be a continuous process of monitoring, assessing and mitigating risks through internal control systems and procedures at each level within the organization.

We use guidelines, instructions and procedures applied to operations, financial reporting, planning, human resource and customer management etc.; these are being reviewed and updated on a regular basis. Our employees are trained to implement and comply with these guidelines, instructions and procedures.

Key elements of the internal control system are budgeting, investment management, operational management and financial reporting. They monitor the progress and the actual results of the company's operating activities. We also use a staff evaluation and appraisal system. The process of enhancement of the internal control system will be continued in 2015.

For more information on risks please refer to Note 27 of the 2014 Consolidated Financial Statements.

Deficiencies of the system

In 2014, we did not identify any material weaknesses of the internal control system that might adversely impact our operational activity, financial results and financial position. The risks are clearly identified and controlled to the highest possible extent by our top management within their relevant function.

Shareholder and share information

Share capital structure

According to publicly available information as at 31 December 2014, shareholders of Ovostar Union N.V. with substantial participation of at least 5% of all votes at the General Meeting of Ovostar Union N.V. shareholders are listed in the table.

At 31 December 2014 total share capital of Ovostar Union N.V. was 6,000,000 shares. Each share has a nominal value of one vote at the General Meeting of Shareholders.

Changes in shareholders' structure

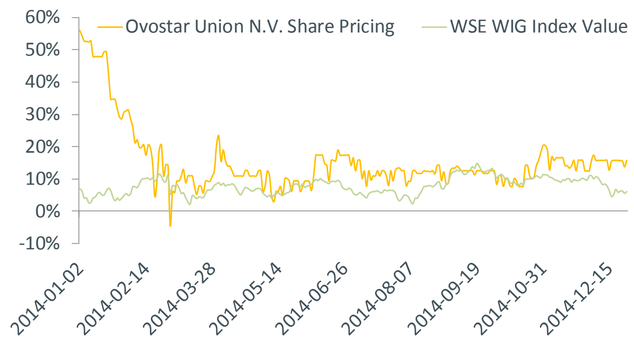
In 2014 our shareholders did not report substantial increase or decrease in the number of shares.

Events after the reporting date | On 3 February 2015 MetLife PTE S.A. decreased its share in Ovostar Union N.V. share capital to 4.77% (286 080 shares) from 5.80% (348 097 shares).

Share capital structure at 31 December

Shareholder	Share in capital, %		
	2014	2013	2012
Prime One Capital Ltd	71%	71%	74%
Generali	10%	10%	12%
Aviva	5%	5%	5%
MetLife (Amplico)	6%	6%	-
Others	8%	8%	9%
Total	100%	100%	100%

Share price dynamics in 2014



Key quotation indicators of Ovostar Union N.V.

Share price, PLN	2014	2013	2012
Opening	100	98	67
Maximum	100	100	130
Minimum	59	98	67
Closing	72	100	98

CORPORATE GOVERNANCE REPORT

Board of Directors

Composition and duties of the Board

Our Board of Directors has a one-tier structure, consisting of executive and non-executive directors. The executive director is authorized to represent Ovostar Union Group in its everyday operations, while the non-executive directors monitor the activities, supervise and advise the executive director. Currently, the Board consists of three members: one executive director Mr. Borys Bielikov and two non-executive directors Mr. Vitalii Veresenko and Mr. Marc van Campen.

Duties of the non-executive directors include among other things supervision of the executive management's adherence to the established corporate strategy, proper compliance with best practices of corporate governance and general operational issues. Performing their duties, the non-executive directors have participated in the meetings of the Board of Directors in 2014. No cases of non-compliance with rules and requirements that would have required the intervention of the non-executive directors have been detected in 2014.

Chairman of the Board and Corporate Secretary

The Chairman of the Board of Directors determines the agenda and heads the Board meetings and is responsible for the proper functioning of the Board. This position is always selected among the non-executive directors, and is appointed during the first meeting of the Board. Our Chairman of the Board currently is Mr. Veresenko.

Chairman of the Board is assisted by the Group's Corporate Secretary, whose duty is the observance of all necessary procedures for the Board of Directors and compliance of their activities with the requirements specified in the Group's Articles of Association. The Corporate Secretary is appointed and dismissed by the Board.

Voting

Each member of the Board is entitled to one vote taking resolutions during the Board meeting. All resolutions of the Board are taken by an absolute majority of votes. In the case of an absence of absolute majority (when an even score is achieved during the voting), the Chairman of the Board of Directors has a casting vote.

Representation

Members of the Board represent Ovostar Union Group and the Board has the authority to appoint any official as a representative, and to determine the list of his/her powers. The executive director is authorized to represent the Group on his own and to sign documents on behalf of the Group. In case of a conflict of interest between the Group and one of the directors, the conflicted director may not participate in the decision-making process concerning the matter causing the conflict. In case all members of the Board are in conflict with the interests of the Group, the decisions shall be made by the General Meeting of Shareholders.

Members of the Board are appointed and may be suspended or dismissed from their position by the General Meeting of Shareholders. Any suspension may be extended several times, but the total period of suspension from duties shall not exceed three months. The fact of suspension is void if at the end of three months it has not been decided either to extend the suspension period, or to dismiss the Director. Share ownership in the Group is not required to qualify as a member of the Board.

Shareholding by the Board members and insider trading

We have established the Securities Rules, followed by the Board members at the acquisition of securities share and transactions with them. Regarding the acquisition of shares and equity participation, the Board members and other persons related to us follow the conditions and requirements of the EU Market Abuse Directive and our Insider Trading Rules, which reflect the essence of this directive. Securities Rules and Insider Trading Rules are available on our website: http://ovostar.ua/en/ipo/rules/

Statement of the Board of Directors

The Board of Directors of Ovostar Union N.V. hereby confirms that (1) neither of the Board members is a member of the Supervisory Board of - or holds the position of non-executive director at - more than two listed companies; (2) neither of the Board members holds the position of the Chairman of the Supervisory Board - or of the board of directors, in case such board consists of executive and non-executive directors - of other companies, except for our enterprises.

Change in the Board structure

In November 2014 the Board of Directors of Ovostar Union N.V. accepted the resignation of Oleksandr Bakumenko, the non-executive Board member, who has been elected as the Ukrainian parliament member to the VIII convocation of Verkhovna Rada and hence became restricted to be employed elsewhere under the law of Ukraine. Mr. Bakumenko will be officially dismissed from his position upon a decision of the Annual General Meeting of Shareholders to be held in June 2015. During this meeting, a new non-executive Board member will be officially appointed.

Board of Directors

	Executive	Non-executive	
Name and Title	Borys Bielikov 	Vitalii Veresenko 	Marc van Campen 
Biography	Mr. Bielikov has over 16 years' experience in poultry industry. Mr. Bielikov has started his career in UkrOptServis LLC in 1993. From 1997 to 1998 he occupied the position of deputy director at UkrAgroTrade LLC. Mr. Bielikov graduated from the National Aviation University in 1994.	Mr. Veresenko has over 17 years' experience in poultry industry. Mr. Veresenko formerly occupied position of director at Dyvosvit LLC. Mr. Veresenko graduated from Kiev Air Defence Radio Technical Engineers College in 1990.	Mr. van Campen held several positions at Océ van der Grinten N.V., and until 2002 had been the general counsel at NBM-Amstelland N.V., at that time one of the largest companies in the construction sector in the Netherlands listed on the Amsterdam Stock Exchange. In addition Mr. Van Campen held the director's position in a number of other Dutch companies. Mr. Van Campen graduated from Nijmegen University in 1968.
Term of Office	Mr. Bielikov was appointed Chief Executive Officer of Ovostar Union N.V. in 2011	Mr. Veresenko was appointed Chairman of the Board in 2011	Mr. van Campen was appointed non-executive director of Ovostar Union N.V. in 2011
Dependency status	Dependent	Dependent	Independent
External appointments	No	No	Director at Astarta Holding N.V. listed on the WSE as well as in Montferland Beheer B.V., the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA and Lugo Terminal Srl.

Committees of the Board of Directors

Audit Committee

The Board of Directors has established an Audit Committee in order to meet the necessary corporate governance requirements and to ensure our financial transparency.

The Audit Committee is responsible for advising and monitoring the activities of the Board of Directors in the areas of, among other things, the completeness of financial reporting, our financial strategy, tax planning, including:

(i) functioning of control and internal risk management systems;

(ii) provision of financial information (including choice of the accounting policy, application of new rules and evaluation of their impact on our performance, interaction with internal and external auditors, etc.);

(iii) monitoring the compliance of our activities with the recommendations of internal and external auditors;

(iv) interaction with external auditors, including control of the auditor's independence, their remuneration and provision of any services outside the audit scope;

(v) our tax planning policy;

(vi) sources of our funding;

(vii) review of the annual budget and capital investments of the Group.

At least one of the committee members must be a financial expert as defined in the Dutch Corporate Governance Code, and all committee members must be financially literate.

Our Audit Committee satisfies these requirements. The document describing Terms of Reference Governing the Audit Committee is available on our website http://ovostar.ua/en/ipo/rules/

Mr. van Campen is the Chairman of the Committee. Mr. Bakumenko was a member of the Committee until November 2014 when he resigned from the position of non-executive Board member. After the General Meeting of Shareholders appoints a new non-executive member of the Board in June 2015, (s)he will be appointed by the Board as the second independent member of the Audit Committee.

Meetings of Stakeholders in 2014

Meetings of Shareholders (the "General Meeting")

We, as a Dutch legal entity, must hold at least one annual General Meeting, to be held in the Netherlands and not later than six (6) months after the end of the financial year. The annual General Meeting is, among other things, entitled to discuss the annual report of the Board with respect to the general state of affairs in the company, approve the financial statements for the previous financial year, vote whether to grant discharge to members of the company's corporate bodies, and/or appoint members to fill any vacancies on any of the corporate bodies.

Notices of shareholders' meetings must be published on the company's website and via any other electronic communication method in accordance with applicable regulations in Poland, at least forty two (42) days before the day of the meeting.

The Board of Directors determines the items on the agenda for the General Meeting. Furthermore, the agenda shall contain such items as requested in writing by one or more persons entitled to attend the general meeting, representing solely or jointly at least 1% of the issued capital or holding shares of the company which according to the official price list of the regulated market represent a value of at least EUR 50,000,000 at least sixty days before the date of the meeting. The meeting shall not adopt resolutions on matters other than those that have been placed on the agenda.

An extraordinary General Meeting may be convened as often as the Board of Directors or shareholders together representing at least 10% of the issued capital deem necessary. Under Dutch law, valid shareholders' resolutions can be taken in a meeting outside the Netherlands, provided that the entire issued share capital is represented at such meeting.

Voting at the General Meeting | Shareholders may participate in the General Meeting and exercise their voting right personally or by written proxy. Each share in the capital of the company confers the right to cast one vote, subject to the relevant provisions of the Articles of Association. Every holder of shares and every other party entitled to attend the General Meeting who derives his/her rights from such shares, is only entitled to attend the General Meeting in person, or represented by a person holding a written proxy, to address the General Meeting and, in as far as he/she has voting rights, to vote at the meeting, if he/she has lodged documentary evidence of his/her voting rights. The requirement of a written proxy is also met if the proxy is recorded electronically. For this purpose, Dutch law prescribes a mandatory record date to establish which shareholders are entitled to attend and vote at the General Meeting.

Such record date is fixed at the twenty eighth (28th) day before said General Meeting. The voting rights and the right to attend the General Meeting shall accrue to those holding such entitlements and are registered as such in a register designated for that purpose by the Board of Directors on this record date. The convocation to the General Meeting shall state the record date, the place where and the manner in which registration shall take place.

The Chairman of the General Meeting shall further decide whether persons other than those who are entitled to admittance pursuant to the aforementioned shall be admitted to the Meeting. The Members of the Board of Directors shall have the right to attend the General Meeting. In these Meetings they shall have an advisory vote. Unless provided otherwise in the Articles of Association or the law, all resolutions are adopted by absolute majority of votes. The company must record the voting results for each resolution adopted at a shareholders' meeting. These results must be posted on the company's website not later than on the fifteenth (15th) day following the day of the shareholders' meeting and should be available on the website for at least one year.

We conducted one General Meeting of shareholders on 19 June 2014 in Amsterdam, the Netherlands. During the meeting 2013 annual accounts have been adopted, the Board has been authorized to appoint the external auditor for the 2014 annual accounts, and a number of other standard items have been discussed and approved.

Amendment of the Articles of Association | The General Meeting can resolve to amend the Articles of Association upon the proposal of the Board of Directors. Such resolution is to be taken by an absolute majority of votes cast. If a proposal to amend the Articles of Association is to be submitted to the General Meeting, the convening notice must state this fact. At the same time, if the proposal is for an amendment to the Articles of Association, a copy of the motion containing a verbatim text of the proposed amendment must be deposited at the company's office for inspection by the shareholders and depositary receipt holders until the meeting is adjourned.

Issuance of Shares | The company may only issue shares pursuant to a resolution of the General Meeting or of another corporate body designated to do so by a resolution of the General Meeting for a fixed period not exceeding five (5) years. Such designation must specify the maximum number of shares that may be issued pursuant to the designation. The designation may each time be extended for a further period of up to five (5) years. The designation may not be revoked, unless the designation provides otherwise.

On 19 June 2014, by a resolution of the General Meeting the Board was designated to issue shares and to limit or exclude any pre-emptive rights in connection with such share issue for a period of 5 (five) years.

Pre-emptive Rights | Each shareholder has a pre-emptive right in respect of all share issuances or grants of the right to acquire shares, in proportion to the number of shares held by such holder. Shareholders, however, have no pre-emptive right in respect of the issuance of shares, or the grant of the right to acquire shares, which are issued or granted for a consideration other than cash, to employees of the company or of a group company of the company, or in respect of the issuance of shares to any person who exercises a previously existing right to subscribe for shares. Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. Pre-emptive rights may also be excluded or restricted by the corporate body to which the power to exclude or restrict pre-emptive rights has been granted by a resolution of the General Meeting for a fixed period not exceeding five (5) years.

Board of Directors meetings

In 2014 the Board of Directors held four meetings.

9 April 2014 | The first meeting was convened on in Amsterdam, the Netherlands. During the meeting the Board of Directors approved the 2013 annual report of Ovostar Union N.V.

14 May 2014 | The second meeting was held on 14 May 2014 in Kyiv, Ukraine. During the meeting the Board has approved the financial statements of Ovostar Union N.V. for the first quarter of 2014.

28 August 2014 | The third meeting was held on in Kyiv, Ukraine. During the meeting the Board approved the 2014 semi-annual report of Ovostar Union N.V. and appointed the external auditor for financial year 2014.

12 November 2014 | The fourth meeting was held in Amsterdam, the Netherlands. The Board of Directors has approved the financial statements of Ovostar Union N.V. for the nine months of 2014 and discussed the outlook for the year 2014.

Audit committee meetings

In 2014 the Audit Committee of Ovostar Union N.V. held two meetings.

29 July 2014 | Agenda of this meeting included discussion on 2014 audit process and the Audit committee proposed to approve Baker Tilly Berk as the auditor for the year 2014. Additionally, the operational management updated the Audit committee on Ovostar Union's plans for development in the following 2-3 years and outlook for the second half of the year.

12 November 2014 | During the meeting Committee discussed potential risks for the business and their possible impact on the Group's operations and results in the year 2014.

Corporate governance and control

Being a Dutch holding company listed on the Warsaw Stock Exchange, we have to comply both with the applicable best practice provisions of the Dutch Corporate Governance Code (the "Code") and the requirements of the Code of Best Practice for WSE Listed Companies (the "Rules" and together referred to as the "Codes").

Dutch Corporate Governance Code

The Code includes the principles and describes the best practices for boards of directors, supervisory boards and general meetings of shareholders, financial statements, auditors, standards compliance and procedures of information disclosure. Dutch companies listed on the stock markets are obligated, under Dutch law, to publish an annual report, regardless of whether they comply with the Code fully, partially, or do not comply at all. If a company does not comply with the conditions of the Code or does not meet the requirements and conditions described in the Code, it shall specify the reasons for non-use and/or inconsistencies in the annual report. Please refer to section "Deviations from the Dutch Corporate Governance Code" below for more information on the Group's compliance with the Code.

WSE Corporate Governance Rules

Companies listed on the Warsaw Stock Exchange are guided by the Rules. The published statement of our partial compliance with the WSE Corporate Governance requirements is available on our website.

Deviations from the Dutch Corporate Governance Code

The Codes are similar in their requirements and we meet most of the applicable principles and requirements of both. In case of non-compliance to certain requirements of the Codes, we undertake to publish the non-compliance items stating the reasons for existing discrepancies.

Currently, we do not comply with the following requirements of the Code:

Best Practice Provision III | Since we have a one-tier governance structure the functions attributed to supervisory board members in a two-tier governance structure are distributed among the non-executive directors of the Group.

Best Practice Provision III.5 | Since we have a one-tier governance structure and only two non-executive directors, we are not obliged to have separate committees for audit, remuneration and appointment. Currently, we have established the Audit Committee. The remuneration committee and appointment committee have not been installed.

Best Practice Provision III.8.4 | Under this requirement, most of the Board of Directors members shall be independent non-executive directors. We partially comply with this requirement meaning that two out of three of our directors are non-executive, but only one is independent. Mr. van Campen is an independent non-executive director, while Mr. Veresenko is not an independent non-executive director. The Board of Directors has decided not to overcome this non-compliance by increasing of the number of Board members, as it may directly affect the efficiency and speed of decision making by the Board.

Best Practice Provision IV.3.11 | Currently we have no written survey of existing and potential anti-takeover measures in place, as referred to in Best Practice Provision IV.3.11.

Deviations from the WSE Corporate Governance Rules

To date, we meet all requirements of the WSE Corporate Governance Rules.

Confirmations required by the Codes

The Board of Directors confirms that during 2014 no conflicts of interest between the Directors and the Group occurred. In case of a conflict of interest, the Board would have acted in accordance with the Best Practice Provisions II.3.2, II.3.3 and III.6.1 to III.6.3 of the Dutch Corporate Governance Code.

The Board of Directors confirms that during 2014 no conflicts of interest between the Group and the shareholders owning more than 10% equity share in the Group occurred. In case of such a situation, the Board would have acted in accordance with the Best Practice Provision III.6.4 of the Dutch Corporate Governance Code.

Other items of non-compliance

The Board of Directors hereby confirms that currently its composition is not balanced within the meaning of the Simplification and Flexibilisation Act for the Dutch companies—the Flex BV Act. At the date of publication of this report the Board (3 persons) consisted of 100% male members. At the same time, 4 out of 7 key management personnel are female, so the Group deems that a healthy balance of male/female composition is overall maintained.

FINANCIAL STATEMENTS

Statement of Directors' responsibilities

Statement of the Board of Directors on the compliance of the annual financial statements

With this statement the Board of Directors of Ovostar Union N.V. confirms that, as far as their knowledge, the financial statements of the Group and its subsidiaries for the year ended 31 December 2014 have been prepared in accordance with all applicable accounting standards, and they truly and fairly reflect the data on the assets, liabilities, financial position and results of the Group and its subsidiaries, and the report of the Board of Directors for the year ended 31 December 2014 truly and fairly reflects the position of the Group and its subsidiaries as of 31 December 2014 and includes a description of the key events and results and the key risks faced by the Group and its subsidiaries during the year 2014.

Statement of the Board of Directors on the appointment of an independent auditor to conduct audit of the consolidated annual financial statements

With this statement the Board of Directors of Ovostar Union N.V. confirms that Baker Tilly Berk N.V., acting as the independent auditor of the Group's consolidated financial statements for the year ended 31 December 2014, was appointed in accordance with the legal requirements and that the auditing company and the person conducting the audit meet all the legal requirements for issuing an objective and independent auditor's opinion.

Statement of the Board of Directors on the internal control system

The Board of Directors assessed the effectiveness of the internal control system at the end of 2014. During the investigation on which the assessment was based, no shortcomings were identified that might possibly have a material impact on the operational results or financial reporting of the Group. Based on the assessment results the Board members have come to a decision that the internal control system of the Group provides a reasonable degree of certainty that it is functioning well. It should be noted, however, that the system of internal control cannot provide a full certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

10 April 2015

Amsterdam, the Netherlands

[signed]	[signed]	[signed]
Borys Bielikov	Vitalii Veresenko	Marc Van Campen
Chief Executive Officer, Executive Director	Chairman of the Board, Non-executive Director	Head Audit Committee, Non-executive Director

INDEPENDENT AUDITOR’S REPORT

Auditors

BAKER TILLY BERK

Baker Tilly Berk N.V.
Entrada 303
PO Box 94124
1090 GC Amsterdam
The Netherlands
T: +31 (0)20 644 28 40
F: +31 (0)20 646 35 07
E: amsterdam@bakertillyberk.nl
Reg.no.: 24425560
www.bakertillyberk.nl

To: The Shareholders and the Board of Directors of Ovostar Union N.V.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To: The Shareholders and the Board of Directors of Ovostar Union N.V.

Report on the Audit of the Financial Statements 2014

Our opinion

We have audited the accompanying financial statements 2014 of Ovostar Union N.V. (the company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Ovostar Union N.V. as at December 31, 2014 and of its results and its cash flows in the year 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Ovostar Union N.V. as at December 31, 2014 and of its financial performance for the year 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2014;
2. the following statements for 2014: consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
3. notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2014;
2. the company profit and loss account for the year 2014; and
3. notes comprising a summary of the accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Ovostar Union N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 750,000. The materiality is based on 1% of turnover. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. We agreed with the Board of Directors that misstatements in excess of USD 37,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit
Ovostar Union N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Ovostar Union N.V.
Because we are ultimately responsibility for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were, the size and/or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial statements or specific items.
The group audit mainly focused on covering group's activities in Ukraine (LLC "Ovostar Union" and its subsidiairies) and also included audit procedures at Dutch holding level (Ovostar Union N.V.)
We have performed audit procedures ourselves at Dutch holding level. When auditing LLC "Ovostar Union" and its subsidiairies, we have used the work of other auditors.
By implementing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Devaluation of Hryvna
The manufacturing components of the Group are incorporated in Ukraine and the Ukrainian hryvna is the functional currency for these components. The Ukrainian hryvnya devalued in 2014 against major foreign currencies. The National Bank of Ukraine introduced a range of measures aimed at limiting the outflow of customer deposits from the banking system, improving the liquidity of banks, and supporting the exchange rate of the Ukrainian hryvnya. In January-March 2015, the Ukrainian hryvnya continued to devalue against the US dollar. In particular, the National Bank of Ukraine has brought the official rate of the US dollar to the high twenties as of this report's preparation compared to USD/UAH 15.77 as at December 31, 2014.
Our audit procedures included, among others, recalculation of foreign currency translation reserve and reconciliation of the current effect of functional currency conversion to the opening and closing balances. We reviewed the conversion methodology used by the Group management for compliance with requirements of IAS 21.

Biological Assets Valuation
The Consolidated Statement of financial position as at December 31, 2014 includes Biological assets for a total amount of USD 37,178,000 as at December 31, 2014. We refer to note 17 in the financial statements.
The fair value measurement of the biological assets highly depends on the projected cash flow and discounting rate. Our audit procedures included the test of input data and recalculated discounting rate and evaluation of the assumptions used by management. Besides, we verified methodology consistency with prior audited period.

VAT reimbursement
As at December 31, 2014 the Group classified and disclosed VAT assets in note 21 of the financial statements for a total amount of USD 4,441,000. Management believes that the group is able to reimburse VAT assets during 2015 in full amount.
Our audit procedures included receipt of confirmations directly from Ukrainian tax authorities which confirmed the declared amount for reimbursement disclosed in Group financial statements. In addition to that we scrutinised transactions related to the VAT reimbursement, which are related to the opening balance as at December 31, 2013.

Emphasis of Matter regarding the political and economic crisis in Ukraine
We draw your attention to Note 26. Commitments and contingencies to the consolidated financial statements, which describes the current political crisis in Ukraine.
The impact of the continuing economic crisis and political turmoil in Ukraine and their final resolution are unpredictable and may adversely affect the Ukrainian economy and the operations of the Group. Our opinion is not qualified in respect of this matter.

BAKER TILLY BERK

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.
The Board of Directors is responsible for overseeing the company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.
Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.
We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.
Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on Other Legal and Regulatory Requirements

Report on the management board report and the other information

Pursuant to legal requirements under Section 2:393 sub 5 at e and f of the Dutch Civil Code (concerning our obligation to report about the management board report and other data), we declare that:

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.
- Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Engagement

We were engaged by the Board of Directors as auditor of Ovostar Union N.V. on October 4, 2011, as of the audit for the year 2011 and have operated as statutory auditor ever since that date.

Amsterdam, April 9, 2015

Baker Tilly Berk N.V.

Original has been signed by H.R. Dikkeboom RA

Audit Partner

CONSOLIDATED
FINANCIAL STATEMENTS OF
OVOSTAR UNION N.V.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014
(in USD thousand, unless otherwise stated)

	Note	For the year ended 31 December 2014	For the year ended 31 December 2013
Revenue	8	74 780	80 342*
Changes in fair value of biological assets	17	2 813	8 594
Cost of sales	9	(50 778)	(54 473)
Gross profit		**26 815**	**34 463**
Other operating income	12	2 703	3 960
Selling and distribution costs	10	(2 255)	(3 553)*
Administrative expenses	11	(1 480)	(1 773)
Other operating expenses	13	(401)	(751)
Operating profit		**25 382**	**32 346**
Finance costs	14	(997)	(1 345)
Finance income	15	1 619	205
Profit before tax		**26 004**	**31 206**
Income tax expense	16	(179)	21
Profit for the period		**25 825**	**31 227**
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		(80 086)	-
Other comprehensive income for the period, net of tax		**(80 086)**	**-**
Total comprehensive income for the period, net of tax		**(54 261)**	**31 227**
Profit for the period attributable to:			
Equity holders of the parent company		25 339	30 589
Non-controlling interests	7	486	638
Total profit for the period		**25 825**	**31 227**
Other comprehensive income attributable to:			
Equity holders of the parent company		(78 037)	-
Non-controlling interests	7	(2 049)	-
Total other comprehensive income		**(80 086)**	**-**
Total comprehensive income attributable to:			
Equity holders of the parent company		(52 698)	30 589
Non-controlling interests		(1 563)	638
Total comprehensive income		**(54 261)**	**31 227**
Earnings per share:			
Weighted average number of shares		6 000 000	6 000 000
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (USD per share)		4.22	5.10

*In 2014 and 2013, the Group reclassified marketing expenses (loyalty programs) from “Selling and distribution costs” to “Revenue” in the amount of USD 1 319 thousand and USD 917 thousand, respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

(in USD thousand, unless otherwise stated)

	Note	As at 31 December 2014	As at 31 December 2013
Assets			
Non-current assets			
Biological assets	17	27 356	43 500
Property, plant and equipment and intangible assets	18	40 507	66 678
Deferred tax assets	16	314	770
Total non-current assets		**68 177**	**110 948**
Current assets			
Inventories	20	8 409	12 096
Biological assets	17	9 822	14 672
Trade and other receivables	21	11 892	12 702
Prepayments to suppliers		849	486
Prepayments for income tax		-	2
Cash and cash equivalents	22	2 471	8 608
Total current assets		**33 443**	**48 566**
Total assets		**101 620**	**159 514**
Equity and liabilities			
Equity			
Issued capital	23	73	83
Share premium		30 933	30 933
Foreign currency translation reserve		(78 057)	(30)
Retained earnings		104 444	73 855
Result for the period		25 339	30 589
Equity attributable to equity holders of the parent		**82 732**	**135 430**
Non-controlling interests	7	2 333	3 896
Total equity		**85 065**	**139 326**
Non-current liabilities			
Interest-bearing loans and other financial liabilities	19	7 203	10 618
Deferred tax liability	16	410	796
Total non-current liabilities		**7 613**	**11 414**
Current liabilities			
Trade and other payables	24	6 356	5 792
Advances received		278	62
Interest-bearing loans and other financial liabilities	19	2 308	2 920
Total current liabilities		**8 942**	**8 774**
Total liabilities		**16 555**	**20 188**
Total equity and liabilities		**101 620**	**159 514**

Notes on pages 44– 82 form an integral part of these company financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

(in USD thousand, unless otherwise stated)

	Attributable to equity holders of the parent company							
	Issued capital	Share premium	Foreign currency translation reserve	Retained earnings	Result for the period	Total	Non-controlling interests	Total equity
As at 31 December 2012	**79**	**30 933**	**(26)**	**50 399**	**23 456**	**104 841**	**3 258**	**108 099**
Profit for the period	-	-	-	-	30 589	30 589	638	**31 227**
Other comprehensive income	-	-	-	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**30 589**	**30 589**	**638**	**31 227**
Allocation of prior year result	-	-	-	23 456	(23 456)	-	-	**-**
Exchange differences	4	-	(4)	-	-	-	-	**-**
As at 31 December 2013	**83**	**30 933**	**(30)**	**73 855**	**30 589**	**135 430**	**3 896**	**139 326**
Profit for the period	-	-	-	-	25 339	25 339	486	**25 825**
Other comprehensive income	-	-	(78 037)	-	-	(78 037)	(2 049)	**(80 086)**
Total comprehensive income	**-**	**-**	**(78 037)**	**-**	**25 339**	**(52 698)**	**(1 563)**	**(54 261)**
Allocation of prior year result	-	-	-	30 589	(30 589)	-	-	**-**
Exchange differences	(10)	-	10	-	-	-	-	**-**
As at 31 December 2014	**73**	**30 933**	**(78 057)**	**104 444**	**25 339**	**82 732**	**2 333**	**85 065**

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014
(in USD thousand, unless otherwise stated)

	Note	For the year ended 31 December 2014	For the year ended 31 December 2013
Operating activities			
Profit before tax		26 004	31 206
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and amortisation of intangible assets	9, 10, 11	3 723	3 846
Net change in fair value of biological assets	18	(2 813)	(8 594)
Disposal of property, plant and equipment		12	(64)
Finance income		(1 441)	(205)
Finance costs		507	1 345
Recovery of assets previously written-off	12	(122)	-
Impairment of doubtful accounts receivable and prepayments to suppliers	14	243	101
Liability for unused vacation		79	64
VAT written off	14	84	601
Working capital adjustments:			
Increase in trade and other receivables		(9 068)	(1 090)
Increase in prepayments to suppliers		(1 052)	(166)
Increase in inventories		(3 744)	(1 736)
Increase/(Decrease) in trade and other payables and advances received		2 314	(2 064)
		14 726	**23 532**
Income tax paid		(51)	(82)
Net cash flows from operating activities		**14 675**	**23 450**
Investing activities			
Proceeds from sale of property, plant and equipment		12	74
Purchase of property, plant and equipment	19	(8 424)	(4 675)
Increase in biological assets	18	(7 774)	(8 493)
Interest received		104	72
Proceeds from repayment of loan to Beneficial Owner		-	1 069
Net cash flows used in investing activities		**(16 082)**	**(11 953)**
Financing activities			
Proceeds from borrowings		-	1 468
Repayment of borrowings		(2 982)	(5 055)
Interest paid		(641)	(454)
Net cash flows used in financing activities		**(3 623)**	**(4 041)**
Net (decrease)/increase in cash and cash equivalents		**(5 030)**	**7 456**
Effect from translation into presentation currency		(1 107)	-
Cash and cash equivalents at 1 January		**8 608**	**1 152**
Cash and cash equivalents at 31 December		**2 471**	**8 608**

****For translating results and financial position into a presentation currency, the Group applies IAS 21 "The Effects of Changes in Foreign Exchange Rates". Procedures and rules applied by the Group are specified in Note 2.2.***

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

1. Corporate information

Ovostar Union N.V. (referred to herein as the "Company"), a limited liability company registered under the laws of Holland, was incorporated on 22 March 2011 in Amsterdam. Ovostar Union N.V. was formed to serve as the ultimate holding company of LLC "Ovostar Union" and its subsidiaries. Hereinafter, LLC "Ovostar Union" and its subsidiaries are referred to as the "Ovostar Union Group" or the "Group". The Company registered office and principal place of business is Jan van Goyenkade 8, 1075 HP Amsterdam.

Principal activities of the Group include egg production, distribution, egg products manufacturing and production of sunflower oil. The largest shareholder is Prime One Capital Ltd., Cyprus. Its principal activity is the holding of ownership interests in its subsidiary and strategic management.

The Group operates through a number of subsidiaries in Ukraine (the list of the subsidiaries is disclosed in Note 7) and has a concentration of its business in Ukraine, where its production facilities are located. All subsidiary companies are registered under the laws of Ukraine. The registered office and principal place of business of the subsidiary companies in Ukraine is 34 Petropavlivska Street, Kyiv, Ukraine.

Information on other related party relationships of the Group is provided in Note 25.

Total number of employees of all companies of the Group constituted 1 336 employees as at 31 December 2014 and 1 334 employees as at 31 December 2013.

The Company is listed on Warsaw Stock Exchange.

The Consolidated financial statements for the year ended 31 December 2014 were authorized by the Board of Directors on 10 April 2015.

2. Basis of preparation

2.1. Statement of compliance and basis of measurement

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU" hereinafter).

The companies of the Group maintain their accounting records under Ukrainian Accounting Standards ("UAS" hereinafter). UAS principles and procedures may differ from those generally accepted under IFRS EU. Accordingly, the consolidated financial statements, which have been prepared from the Group entities' UAS records, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS EU.

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Biological assets	*Fair value less costs to sell*

Details of the Group accounting policies are included in Note 5.

2.2. Going concern basis

The financial statements are prepared on a going concern basis, under which assets are sold and liabilities are repaid in the ordinary course of business. The accompanying consolidated financial statements do not include adjustments that would need to be made in case if the Group was unable to continue as a going concern.

(in USD thousand, unless otherwise stated)

2.3. Functional and presentation currency

The functional currency of the Company is U.S. dollar (USD). The consolidated financial statements are presented in the company's functional currency, that is, U.S. dollar (USD). The operating subsidiary have Ukrainian hryvnia (UAH) as their functional currency. All values are rounded to the nearest thousands, except when otherwise is indicated.

The USD has been selected as the presentation currency for the Group as: (a) management of the Group manages business risks and exposures, and measures the performance of its businesses in the USD; (b) the USD is widely used as a presentation currency of companies engaged primarily in agricultural; and (c) the USD is the most convenient presentation currency for non-Ukrainian users of these IFRS consolidated financial statements.

The Group translates its results and financial position into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented (ie including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognised in other comprehensive income.

During 2014, the exchange rate had significant fluctuations. Consistent with IAS 21, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate. On consolidation, the assets and liabilities of the Subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in "Other comprehensive income" and accumulated in the "Foreign currency translation reserve".

Relevant exchange rates are presented as follows:

	Closing rate as at 31 December 2014	Average rate for the year ended 31 December 2014	Closing rate as at 31 December 2013	Average rate for the year ended 31 December 2013
USD/UAH	15.7686	11.9095	7.9930	7.9930
EUR/UAH	19.2329	15.7410	11.0415	10.6116
PLN/USD	3.5407	3.1585	3.0110	3.1647
EUR/USD	0.8227	0.7537	0.7264	0.7533

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. Use of estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, due to uncertainty about these estimates, actual results recorded in future periods may differ from such estimates.

These consolidated financial statements include management's estimates regarding the value of assets, liabilities, revenues, expenses, and recognized contractual obligations. These estimates mainly include:

4.1. Impairment of property, plant and equipment

In accordance with IAS 36 "Impairment of Assets" the Group reviews the carrying amount of non-current tangible assets (mainly property, plant and equipment) to identify signs of impairment of these assets.

If there is an indication that an asset may be impaired, the Company uses a model of strategic planning in order to calculate the discounted cash flows (using the "value in use" method as defined in IAS 36) and, thus, assess the recoverability of the carrying amount of property, plant and equipment. The model was based on budgets and forecasts approved by the management for the next 5 years.

Expected future cash flows reflect long-term production plans formed on the basis of past experience and market expectations. The plans take into account all relevant characteristics of poultry farming, including

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

egg production, volume of egg processing, prices for main components of mixed fodder. Thus, the production capacity is the basis for forecasting the future production volume for each subsequent year and related production costs.

Levels of costs included in projected cash flows are based on current long-term production plans. When conducting impairment testing, recent levels of costs are taken into account, as well as the expected cost changes based on the current condition of operating activities and in accordance with the requirements of IAS 36. IAS 36 provides a number of restrictions on future cash flows, which may be recognized in respect of future restructuring and capital modernization expenses.
Below are the key assumptions that formed the basis for forecasting future cash flows in the models:

- prices for main components of mixed fodder are based on internal forecasts of the Group's management;
- production data (production of eggs, safety of livestock, production of egg products) based on internal forecasts of the Group's management from past experience;
- selling prices for eggs, egg products are based on forecasts of the Group's management and market expectations.

Management believes that calculations of the recoverable amount are most sensitive to changes in such assumptions as the price of poultry meat, price of eggs and egg products, price of poultry fodder and production data. Management believes that any reasonably possible change in key assumptions on which the recoverable amount of the Company is based will not cause the excess of carrying amount of the Group over its recoverable amount.

Application of IAS 36 requires extensive judgments by the management regarding estimates and assumptions related to future cash flows and discount rate. Given the nature of the current global economic environment, such assumptions and estimates have a high degree of uncertainty. Therefore, other similar assumptions may lead to significantly different results.

4.2. Fair value of biological assets

Estimation of fair value of biological assets is based on the discounted cash flow model. The fair value of biological assets might be affected by the fact that the actual future cash flows will differ from the current forecast, which typically occurs as a result of significant changes in any factors or assumptions used in the calculations.

Among such factors are:

- differences between actual prices and price assumptions used in estimating net realizable value of eggs;
- changes in productivity of laying hens;
- unforeseen operational problems inherent in the branch specificity;
- age of hens at the end of the reporting period;
- changes in production costs, costs of processing and products sales, discount and inflation rates and exchange rates that could adversely affect the fair value of biological assets.

The key assumptions concerning biological assets based on discounted cash flow approach are presented as follows:

- cost planning at each stage of poultry farming will remain constant in future periods;
- egg production volume will not be significantly changed;
- discount rate for determining the present value of future cash flows expected from the biological assets was set at 31 December 2014: 27.58% (31 December 2013: 25.84%).

Management determined that calculations of the fair value of biological assets are the most sensitive to changes in such assumptions as the volume of egg production, cost planning and prices of eggs, egg products and poultry meat. Management believes that any reasonably possible change in key assumptions will not cause any significant change in the fair value of biological assets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Although some of these assumptions are obtained from published market data, the majority of these assumptions are estimated based on the Group's historical and projected results.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in Notes 17, 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

4.3. Allowances for doubtful debts

The Group forms allowances for doubtful debts to cover any potential losses arising in case of buyer's insolvency. In assessing the adequacy of the allowance for doubtful debts the management takes into account overall current economy conditions, terms of balances for outstanding receivables, the Group's experience to write-off liabilities, customers' solvency and changes in the conditions of payment. Changes in the economy, industry or financial position of individual buyers may cause adjustment to the amount of allowance for doubtful debts reflected in the consolidated financial statements.

4.4. Useful lives of property, plant and equipment

The Group estimates useful lives of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, changes are recorded as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates can have a significant impact on the carrying amount of property, plant and equipment and depreciation expenses during the period.

4.5. Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that the inflow of taxable profit is possible, at the expense of which these losses may be implemented. Significant judgments are required from the management in determining the amount of deferred tax assets that can be recognized on the basis of the possible terms of receipt and the level of future taxable profit together with the future tax planning strategy.

5. Summary of significant accounting policies

5.1. Recognition and measurement of financial instruments

The preparation of the financial statements requires management to make estimates and assumptions Financial assets and financial liabilities are recorded in the Group's consolidated statement of financial position when the Group becomes a contractual party regarding the corresponding financial instrument. The Group records the acquisition and sale of financial assets and financial liabilities at the settlement date.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Fair value of investments that are actively traded in organized financial markets is calculated on the basis of current market value at the close of trading on the reporting date. Regarding investments in securities for which there is no active market, fair value is calculated using other methods of valuation of financial instruments. Such valuation methods include the use of information on recent market transactions between well informed, willing to commit such transaction, independent parties, or data about the current market value of another similar instrument, discounted cash flow analysis or other pricing models.

Accounting policy for subsequent revaluation of these items is disclosed below in the appropriate sections of accounting policy.

5.2. Financial assets

Initial recognition and measurement

Financial assets are recognised initially at transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset

5.3. Effective interest rate method

The effective interest rate method is used to calculate the amortized cost of a financial asset and distribute interest income during the relevant period. The effective interest rate is the rate that enables discounting of estimated future cash receipts through the expected life of a financial asset or a shorter period, if applicable.

Revenues relating to debt instruments are recorded using the effective interest rate method, except for financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss - a financial asset is classified as at fair value through profit or loss if it is held for trading or designated at fair value through profit or loss.

A financial asset is classified as held-for-trading if it is:

- purchased originally for the purpose of sale / repayment within a short period of time; or

- a part of the portfolio of identified financial instruments that are managed together, and structure of which demonstrates the intention of profit earning in the short term; or
- a derivative that is not classified as a hedging instrument and is not effective for these purposes.

A financial asset that is not a financial asset held-for-trading may be classified as a financial asset at fair value through profit or loss at the time of recognition in the accounting records if:

- application of such classification eliminates or significantly reduces discrepancies in valuation or accounting, that otherwise might arise, or
- a financial asset is a part of a group of financial assets, financial liabilities or both groups, which are managed and controlled on the basis of fair value in accordance with a documented risk or investment management strategy, and information about this group is provided internally on that basis, or
- it exists in the framework of the contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits to classify the whole contract (asset or liability) as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value with arising gains or losses recognized in the consolidated statement of comprehensive income. Net gains or losses recognized in the income statement include dividends and interest received on the relevant financial asset.

Held-to-maturity investments - investments held to maturity are measured at amortized cost using the effective interest rate method, less impairment, and income is recognized using the effective yield method. During the reporting periods presented in these financial statements, the Group had no investments of this category.

Loans and receivables - accounts receivable regarding principal activities, loans, borrowings and other receivables with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest rate method less impairment and uncollectible debts. Interest income is recognized by applying the effective interest rate, except for short-term receivables for which the amount of such interest income is insignificant.

Unquoted investments available for sale are accounted for at cost if their fair value cannot be reliably measured.

5.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank accounts.

5.5. Short-term deposits

Short-term deposits in the statement of financial position comprise short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

5.6. Impairment of financial assets

Financial assets, except for financial assets at fair value through profit or loss, at each reporting date are assessed for signs indicating impairment. Impairment loss is recognized when there is objective evidence of reduction of the estimated future cash flows on this asset as a result of one or more events that occurred after the financial asset was recorded in the accounting. For financial assets at amortized cost, the amount of impairment is calculated as the difference between the asset's carrying amount and present value of the expected future cash flows discounted using the effective interest rate.

Impairment loss directly reduces the carrying amount of all financial assets, except for accounts receivable on principal activities, carrying amount of which is reduced due to the allowance formed. If the accounts receivable on principal activities are uncollectible, they are written-off against the related allowance. Subsequently received reimbursements of amounts previously written-off are recorded in credit of the allowance account. Changes in the carrying amount of the allowance account are recorded in the profit and loss.

Except for equity instruments available for sale, if in a subsequent period the amount of impairment loss decreases and such decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss previously recognized is recovered by adjusting the items in the income statement. In this case, the carrying amount of financial investments at the date of recovery of impairment cannot exceed its amortized cost, which would be reflected in the case, if impairment was not recognized.

In respect of equity securities available for sale, any increase in fair value after recognition of impairment loss relates directly to equity.

5.7. Writing-off of financial assets

The Group writes-off a financial asset only if rights for cash flows under the corresponding contract terminated the treaty or if a financial asset and corresponding risks and rewards are transferred to other organization. If the Group does not transfer or retain all the principal risks and rewards of ownership of the asset and continues to control the transferred asset, it shall record its share in the asset and related liability in the amount of possible payment of corresponding amounts. If the Group retains all the principal risks and rewards of ownership of the transferred financial asset, it shall continue to account for the financial asset, and reflect a secured loan on income earned.

5.8. Financial liabilities and equity instruments issued by the Group

5.8.1. Accounting as liabilities or equity

Debt and equity financial instruments are classified as liabilities or equity based on the substance of the corresponding contractual obligations.

5.8.2. Equity instruments

Equity instrument is any contract confirming the right for a share in the company's assets remaining after deduction of all its liabilities. Equity instruments issued by the Group are recorded in the amount of generated income net of direct expenses for their issue.

5.8.3. Liabilities under financial guarantee contracts

Liabilities under financial guarantee contracts are initially measured at fair value and subsequently recorded at the higher of:

- cost of contractual obligations determined in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, and
- cost, less, where applicable, accumulated depreciation reflected in accordance with the principles of revenue recognition set forth below.

5.8.4. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

A financial liability is classified as held for trading if it is:

- assumed mainly to be repurchased within a short period of time; or
- a part of the portfolio of identified financial instruments that are managed together, and structure of which demonstrates the intention of profit earning in the short term; or
- a derivative that is not classified as a hedging instrument and is not effective for these purposes.

A financial liability that is not a financial liability held-for-trading may be classified as a financial liability at fair value through profit or loss at the time of recognition in the accounting records if:

- application of such classification eliminates or significantly reduces discrepancies in valuation or accounting, that otherwise might arise, or
- a financial liability is a part of a group of financial assets, financial liabilities or both groups, which are managed and controlled on the basis of fair value in accordance with a documented risk or investment management strategy, and information about this group is provided internally on that basis, or
- it exists within the framework of the contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits to classify the whole contract (asset or liability) as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value with arising gains or losses recognized in the financial results. Net gains or losses recognized in the income statement include interest paid on a financial liability.

Other financial liabilities - other financial liabilities, including borrowings, are accounted for at fair value less transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with the recognition of interest expenses using the effective (actual) yield.

5.8.5. Trade and other accounts payable

Trade payables are recognized when the counterparty fulfills its contractual obligations and measured at amortized cost using the effective interest rate.

5.8.6. Loans and borrowings

Loans and borrowings are initially recognized at fair value less costs incurred in the transaction. Subsequently, loans and borrowings are stated at amortized cost; any difference between proceeds (net of transaction costs) and the amount of repayment is reflected in the income statement over the period for which loans and borrowings are issued using the effective interest rate method. Loans and borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the obligation to at least one year after the date of balance sheet preparation.

5.8.7. Writing-off of financial liabilities

The Group writes-off financial liabilities only when they are repaid, cancelled or expire.

5.9. Foreign currency transactions

Transactions in currencies other than the functional currency are initially recorded at exchange rates set on the dates of these transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates applicable at the reporting date. All realized and unrealized gains and losses resulting from exchange rate differences are included in profit or loss for the period.

5.10. Biological assets

Biological assets represented by the commercial herd and herd replacements are recorded at fair value less estimated selling and distribution expenses. Estimate of fair value of biological assets of the Group is based on discounted cash flow models, according to which the fair value of biological assets is calculated using present value of the expected net cash flows from biological assets discounted at the appropriate rate.

The Group recognizes a biological asset only where it controls an asset as a result of past events; it is probable that the economic benefits from the asset will flow to the Group; fair value or cost of an asset can be estimated with reasonable certainty.

Profit or loss arising on initial recognition of biological assets at fair value less estimated selling and distribution expenses is included in the consolidated income statement as incurred.

Agricultural products collected from a biological asset are measured at fair value less estimated selling and distribution expenses. Profit or loss arising on initial recognition of agricultural products at fair value, less estimated selling and distribution expenses, is recognized in the consolidated statement of comprehensive income.

5.11. Inventories

Inventories consist mainly of raw materials, package and packing materials, agricultural produce and finished goods. Inventories are valued at the lower of cost and net realisable value.

Cost of goods includes the cost of acquisition and, where appropriate, costs incurred in bringing inventories to their present condition and location. Cost is calculated using the weighted average method. Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect to the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

5.12. Property, plant and equipment

Property, plant and equipment are recorded at historical cost or deemed cost, equal to fair value at the date of transition to IFRS, less accumulated depreciation and accumulated impairment losses. Historical cost of an asset of property, plant and equipment includes (a) the purchase price, including non-recoverable import duties and taxes net of trade and other discounts; (b) any costs directly related to bringing an asset to the location and condition, which allow its functioning in accordance with the intentions of the Group's management; (c) initial assessment of the costs of dismantling and removal in the asset of property, plant and equipment and restoring the occupied territory; this obligation is assumed by the Company either upon the acquisition of an asset, or as a result of its operation for a certain period of time for the purposes not related to the production of inventories during this period. Cost of assets created in-house includes cost of materials, direct labor costs and an appropriate proportion of production overheads.

Construction in progress includes costs directly related to the construction of property, plant and equipment, including distribution of variable overheads associated with the construction and prepayments for the property, plant and equipment. Construction in progress is not depreciated. These assets are depreciated from the moment when they are used in economic activity, on the same basis as depreciation on other assets.

Subsequently capitalised costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalisation are charged to the consolidated statement of comprehensive income as incurred.

Depreciable amount is the cost of an asset of property, plant and equipment, or any other amount, less its residual value. The residual value of an asset is the estimated amount that the company would receive to date from the sale of an item of property, plant and equipment, less estimated costs of disposal if the asset reached the age and condition, in which, presumably, it will be at the end of its useful life. Assets under finance lease are depreciated over the shorter of estimated useful life on the same basis as own assets or over the period of the relevant lease.

Depreciation is provided to write-off the depreciable amount over the useful life of an asset and is calculated using the straight-line method. Useful lives of the groups of property, plant and equipment are as follows:

Buildings	10 - 40 years
Plant and equipment	5 - 25 years
Vehicles	3 - 10 years
Furniture and fittings	3 - 5 years
Construction in progress and uninstalled equipment	No depreciation

The residual value, useful life and depreciation method are reviewed at the end of each financial year. Impact of any changes arising from estimates made in prior periods is recorded as a change in an accounting estimate.

Gains or losses arising from disposal or liquidation of an asset of property, plant and equipment, are defined as the difference between sales proceeds and carrying amount of an asset and recognized in profit or loss.

5.13. Impairment of property, plant and equipment

At the end of each reporting period the Group identifies signs of possible impairment of assets. If any such indication exists, the Group reviews the carrying amount of its items of property, plant and equipment to determine whether any signs of impairment exist due to depreciation. If any such indication exists, the expected recoverable amount of an asset is estimated to determine the amount of impairment losses, if any.

In order to determine the impairment losses, assets are grouped at the lowest levels for which it is possible to identify separately the cash flows (cash generating unit).

The recoverable amount is the higher of fair value less selling and distribution expenses and value of an asset in use. In assessing the value of an asset in use, the estimated future cash flows associated with the asset, are discounted to their present value using pre-tax discount rate that reflects current market estimates of time value of money and the risks inherent in the asset.

If, according to the estimates, the recoverable amount of an asset (cash generating unit) is less than its carrying amount, the carrying amount of an asset (cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized immediately in the income statement, except when the asset is recorded at a revalued amount. In this case the impairment loss is considered as a revaluation decrease.

In cases where impairment losses are subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of recovery amount, however, in such a way that the increased carrying amount does not exceed the carrying amount that would be determined, if an impairment loss was not recognized in respect of an asset (cash generating unit) in previous years. Reversal of impairment loss is recognized immediately in the income statement, except when the asset is recorded at a revalued amount. In this case, the reversal of an impairment loss is considered as a revaluation increase.

5.14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.
Amortization is calculated on a straight line basis over the useful life of an asset, which is 10 years.

5.15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.16. Leases

Leases are classified as finance leases when according to the terms of lease the lessee assumes all principal risks and rewards incident to ownership of the leased property. Other leases are classified as operating leases. Income and expenses associated with operating leases are accrued on a straight-line basis and recorded in the income statement over the lease term.

5.17. Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income. Operating lease payments are recognized as an expense in the income statement evenly over the lease term.

5.18. Group as a lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same base as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

5.19. Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. Such liabilities are disclosed in the notes to the financial statements, except where the probability of outflow of resources embodying economic benefits is insignificant.

Contingent assets are not recognized in the financial statements, but disclosed in the notes to the extent that it is probable that the economic benefits will flow to the Group.

5.20. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

The amount recognized as a provision is the best estimate of compensation necessary to repay a current liability on the reporting date, which takes into account all the risks and uncertainties inherent in this liability. In cases where the amount of provision is estimated using cash flows that can be required to repay current liabilities, its carrying amount represents the present value of these cash flows.

Where there is a possibility that one or all of the economic benefits necessary to recover the amount of provision will be reimbursed by a third party, the receivables are recognized as an asset if there is actual assurance that such reimbursement will be received and the amount of receivables can be measured reliably.

5.21. Revenue recognition

Revenues from the sale of goods are recognized when the Group has transferred to the buyer all significant risks and rewards of ownership of the goods, and it is probable that the economic benefits associated with this transaction will flow to the Group.

Revenues from rendering of services are recognized in the reporting period in which the services were provided, based on the level of completion of the specific transaction and only when the amount of revenue can be reliably measured and it is probable that the economic benefits associated with this transaction will flow to the Group.

Income and expenses relating to the same transaction or event are recognized simultaneously. Interest income is recognized using the effective interest rate method.

5.22. Income tax

Income tax is calculated in accordance with the requirements of the applicable legislation of Ukraine. Income tax is calculated on the basis of financial results for the year adjusted to items that are not included in taxable income or that cannot be attributed to gross expenses. It is calculated using tax rates effective at the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used to calculate taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recorded taking into account the degree of certainty in sufficient taxable income, which enables to realize temporary differences related to gross expenses.

Deferred tax is calculated at tax rates, which presumably will be applied during the sale of related assets or repayment of related liabilities.

Assets and liabilities on deferred income tax are offset when: a) the Group has a legally enforceable right to offset the recognized current income tax assets and liabilities; b) the Group intends either to perform settlement by offsetting counterclaims, or simultaneously sell the asset and settle the liability; c) deferred tax assets and liabilities relate to income taxes levied by the same taxation authority in each future period in which it is intended to repay or reimburse a significant amount of deferred tax liabilities and assets.

Deferred income tax is recognized in the income statement, except when it relates to items recognized directly in equity. In this case the deferred tax is also recognized in equity.

In 2014, Ukrainian corporate income tax was levied at a rate of 18% (2013: 19%)

Fixed agricultural tax: The majority of the Group companies that are involved in agricultural production (poultry farms and other entities engaged in agricultural production) benefit substantially from the status of an agricultural producer. These companies are exempt from income taxes and pay the Fixed Agricultural Tax instead (Note 16).

5.23. Value Added Tax

For the year ended 31 December 2014 and 2013, VAT was levied at two rates: 20% on Ukrainian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Ukraine. In 2014 VAT rate remains at the same level.

VAT output equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to the customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in the reporting period. According to Ukrainian legislation, rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received.

5.24. Government grants

Government grants are stated at fair value when there is reasonable assurance that the grant will be received.

Ukrainian legislation provides a variety of tax benefits and subsidies for agricultural companies. Such benefits and subsidies are approved by the Supreme Council of Ukraine, the Ministry of Agrarian Policy, Ministry of Finance, local authorities. Under the applicable legislation, agricultural producers are entitled to use VAT benefit regarding agricultural transactions.

VAT refunds and other government grants

The Group's companies are subject to special tax treatment for VAT (Note 12). The Group's enterprises, which qualify as agricultural producers, are entitled to retain the net VAT payable. VAT amounts payable are not transferred to the State, but credited to the entity's separate special account to support the agriculture activities of the Group. Net result on VAT operations, calculated as excess of VAT liability over VAT credit is charged to profit or loss. VAT receivable exceeding VAT liability is used as a reduction in tax liabilities of the next period.

Government grants are recognised as income over the periods necessary to match them with the related costs, or as an offset against finance costs when received as compensation for the finance costs for agricultural producers. To the extent the conditions attached to the grants are not met at the reporting date, the received funds are recorded in the Group's consolidated financial statements as deferred income.

Other government grants are recognised at the moment when the decision to disburse the amounts to the Group is made.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

5.25. Partial compensation of interest rates on loans raised by the agricultural companies from financial institutions

The Group companies are entitled to compensation from the government of a share of interest expenses incurred on loans which were received for agricultural purposes. The amount of interest compensation depends on the term and purpose of the loan. Due to the fact that the payment of interest compensations depends on the capabilities of the country's budget, they are recognized on a cash basis as other operating income in the period of receipt.

5.26. Related party transactions

For the purposes of these consolidated financial statements, the parties are considered to be related if one of the parties has a possibility to control or considerably influence the operational and financial decisions of the other company. While considering any relation which can be defined as related party transactions it is necessary to take into consideration the substance of the transaction not only their legal form.

5.27. Reclassification

Certain comparative information presented in the consolidated financial statements for the year ended 31 December 2013 has been revised in order to achieve comparability with the presentation used in the consolidated financial statements for the year ended 31 December 2014. Such reclassifications and revisions were not significant to the Group financial statements.

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6. New and amended standards

6.1. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

At the date of approval of these consolidated financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective:

	Effective for annual accounting period beginning on or after
Standards:	
IFRS 9 "Financial Instruments (2014)"*	1 January 2018
IFRS 14 "Regulatory Deferral Accounts"*	1 January 2016
IFRS 15 "Revenue from Contracts with Customers"*	1 January 2017
Amendments:	
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)*	1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)*	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*	1 January 2016
Annual Improvements 2012-2014 Cycle*	1 July 2016
Disclosure Initiative (Amendments to IAS 1)*	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*	1 January 2016
New and revised Interpretations:	
IFRIC 21 Levies	17 June 2014**
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 February 2015**
Annual Improvements 2010-2012 Cycle	1 February 2015**
Annual Improvements 2011-2013 Cycle	1 January 2015**

** Not yet adopted in the European Union.*
*** Effective date in European Union.*

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Group.

6.2. Adoption of new and revised standards and interpretations

The following new standards and amendments to the standards which are relevant to these Group's consolidated financial statements and have been adopted by European Union for the first time for financial year beginning on or after 1 January 2014, but not have a material impact on these consolidated financial statements:

- IFRS 10 "Consolidated financial statements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014).
- IFRS 11 "Joint arrangements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interest in Other Entities" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 27 "Consolidated and separate financial statements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014).
- Amendment to IAS 32 "Financial instruments, Presentation" (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (issued on 21 November 2013).
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance".

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7. Subsidiaries and Non-controlling interests

As at 31 December 2014 and 2013 the Group included the following subsidiaries:

Name of the company	Business activities	Ownership As at 31 December 2014	Ownership As at 31 December 2013
Limited Liability Company "Ovostar Union"	Strategic management of subsidiary companies in Ukraine	100%	100%
Limited Liability Company "Yasensvit"	Breeder farms, production of hatching eggs, farms for growing young laying flock and for laying flock, production and distribution of shell eggs, poultry feed production	98%	98%
Limited Liability Company "Ovostar"	Egg-products production and distribution	100%	100%
Public Joint Stock Company "Poultry Farm Ukraine"	Production of shell eggs, assets holding	92%	92%
Public Joint Stock Company "Malynove"	Production of shell eggs, assets holding	94%	94%
Public Joint Stock Company "Krushynskyy Poultry Complex"	Trading company, egg trading – non operational activity	76%	76%
Limited Liability Company "Skybynskyy Fodder Plant"	In the process of liquidation	99%	99%

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group elimination:

As at 31 December 2014	LLC "Yasensvit"	PJSC "Poultry Farm Ukraine"	PJSC "Malynove"	PJSC "Krushynsky Poultry Complex"	Intra-group eliminations	Total
NCI percentage	**2.0%**	**8.0%**	**6.0%**	**24.0%**		
Non-current assets	35 637	2 728	3 669	2		
Current assets	39 981	2 572	1 848	1 004		
Non-current liabilities	-	29	(7)	(0)		
Current liabilities	(6 259)	(414)	(262)	(12)		
Net assets	**69 359**	**4 916**	**5 248**	**994**		
Carrying amount of NCI	1 387	393	315	239	-	2 334
Revenue	68 027	554	55	20		
Profit (loss)	26 483	(327)	(333)	12		
OCI	(54 670)	(4 981)	(5 428)	(965)		
Total comprehensive income	**(28 187)**	**(5 308)**	**(5 761)**	**(953)**		
Profit allocated to NCI	530	(26)	(20)	3		486
OCI allocated to NCI	(1 093)	(398)	(326)	(232)		(2 049)
Cash flows from operating activities	7 821	102	2 114	1		
Cash flows from investment activities	(8 348)	(46)	(2 113)	-		
Cash flows from financing activities (dividend to NCI: nil)	(8)	(31)	(1)	-		
Net (decrease)/ increase in cash and cash equivalents	(535)	25	-	1		

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8. Segment information

All of the Group's operations are located within Ukraine.

Segment information is analyzed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are therefore as follows:

Egg operations segment	• sales of egg • sales of chicken meat
Egg products operations segment	• sales of egg processing products
Sunflower products operations segment	• sales of sunflower oil and related products

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 5. Sales between segments are mainly carried out at market prices. Operating profit before tax represents segment result. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments.
- All liabilities are allocated to reportable segments.

The following table presents revenue, results of operations and certain assets and liabilities information regarding segments for the year ended 31 December 2014 and 2013:

For the year ended 31 December 2014	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Revenue*	75 172	24 341	5 102	**104 615**
Inter-segment revenue	(23 807)	(4 315)	(1 713)	**(29 835)**
Revenue from external buyers	**51 365**	**20 026**	**3 389**	**74 780**
Profit before tax	**19 829**	**6 175**	**-**	**26 004**

For the year ended 31 December 2013	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Revenue*	73 598*	23 237	5 743	**102 578***
Inter-segment revenue	(20 909)*	(632)	(695)	**(22 236)***
Revenue from external buyers	**52 689***	**22 605**	**5 048**	**80 342***
Profit before tax	**23 712***	**7 279**	**215**	**31 206***

** In 2014 and 2013, the Group reclassified marketing expenses (loyalty programs) from "Selling and distribution costs" to "Revenue" in the amount of USD 1 319 thousand and USD 917 thousand, respectively.*

In 2014 and 2013 no sales were settled by barter transactions.

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Segment assets, liabilities and other information regarding segments as at 31 December 2014 and 2013 were presented as follows:

As at 31 December 2014	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Total segment assets	**90 741**	**9 654**	**1 225**	**101 620**
Total segment liabilities	**14 414**	**2 138**	**3**	**16 555**
Addition to property, plant and equipment and intangible assets	8 496	1 978	4	**10 478**
Net change in fair value of biological assets and agricultural produce	2 023	790	-	**2 813**
Depreciation and amortization	(3 371)	(326)	(26)	**(3 723)**
Interest income	84	21	-	**105**
Interest on debts and borrowings	(592)	(49)	-	**(641)**
Income tax expense	(1)	(178)	-	**(179)**

As at 31 December 2013	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Total segment assets	**145 744**	**13 424**	**346**	**159 514**
Total segment liabilities	**17 518**	**2 670**	**-**	**20 188**
Addition to property, plant and equipment and intangible assets	17 123	146	-	**17 269**
Net change in fair value of biological assets and agricultural produce	6 147	2 447	-	**8 594**
Depreciation and amortization	(3 504)	(301)	(41)	**(3 846)**
Interest income	60	12	-	**72**
Interest on debts and borrowings	(472)	(68)	-	**(540)**
Income tax expense	48	(27)	-	**21**

The following table presents information about revenue from external buyers divided by geographic location for the year ended 31 December 2014 and 2013:

Revenue from external buyers	For the year ended 31 December 2014	For the year ended 31 December 2013
Ukraine	**63 134**	**74 909**
Middle East	**8 661**	**2 969**
Africa	**1 816**	**1 517**
CIS	**827**	**947**
Other	**342**	**-**
Total	**74 780**	**80 342***

** In 2014 and 2013, the Group reclassified marketing expenses (loyalty programs) from "Selling and distribution costs" to "Revenue" in the amount of USD 1 319 thousand and USD 917 thousand, respectively.*

The revenue information above is based on the locations of the customers.

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9. Cost of sales

	For the year ended 31 December 2014	For the year ended 31 December 2013
Costs of inventories recognised as an expense	(35 707)	(37 586)
Wages, salaries and social security costs	(5 109)	(6 732)
Packaging costs	(4 633)	(4 956)
Amortisation, depreciation and impairment	(3 585)	(3 646)
Other expenses	(1 744)	(1 553)
Total cost of sales	**(50 778)**	**(54 473)**

10. Selling and distribution costs

	For the year ended 31 December 2014	For the year ended 31 December 2013
Transportation expenses	(1 175)	(1 625)
Marketing and advertising expenses*	(144)	(180)*
Cost of materials	(312)	(533)
Wages, salaries and social security costs	(169)	(414)
Amortisation, depreciation and impairment	(17)	(20)
Other expenses	(438)	(781)
Total selling and distribution costs	**(2 255)**	**(3 553)**

** In 2014 and 2013, the Group reclassified marketing expenses (loyalty programs) from "Selling and distribution costs" to "Revenue" in the amount of USD 1 319 thousand and USD 917 thousand, respectively.*

11. Administrative expenses

	For the year ended 31 December 2014	For the year ended 31 December 2013
Wages, salaries and social security costs	(592)	(671)
Legal, audit and other professional fees	(270)	(328)
Service charge expenses	(284)	(294)
Cost of materials	(139)	(186)
Amortisation, depreciation and impairment	(121)	(180)
Other expenses	(74)	(114)
Total administrative expenses	**(1 480)**	**(1 773)**

12. Other operating income

	Note	For the year ended 31 December 2014	For the year ended 31 December 2013
Income from refund under the special legislation:			
Income from special VAT treatment	a)	2 539	3 614
Total income from refund under the special legislation		**2 539**	**3 614**
Gain on recovery of assets previously written off		122	-
Gain on disposal of property plant and equipment		-	64
Other income		42	282
Total other operating income		**2 703**	**3 960**

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Recovery of assets previously written-off mainly represents amounts of inventory surplus identified in the reporting period during the stock-taking and recovery of amounts previously recognized as doubtful.

a) Income from special VAT treatment

According to the Tax Code of Ukraine ("Tax Code"), companies that generated not less than 75% of gross revenues for the previous tax year from sales of own agricultural products are entitled to retain VAT on sales of agricultural products, net of VAT paid on purchases, for use in agricultural production. In accordance with the Tax Code, the VAT rate is currently effective at 20%.

The special VAT regime for the agricultural industry will be effective until 1 January 2018.

Included in VAT refunds for the years ended 31 December 2014, 2013 were specific VAT subsidies for the production and sale of eggs and egg products for further processing.

All members of the Group qualify for the use of VAT benefits except for Limited Liability Company "Ovostar", Open Joint Stock Company "Krushynskyy Poultry Complex", Limited Liability Company "Skybynskyy Fodder Plant", Limited Liability Company "Ovostar Union", Public Joint Stock Company "Malynove".

Reconciliation of VAT refunds for the year ended 31 December 2014 and 2013 was presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
As at 1 January	**3**	**42**
Received during the year	2 538	3 575
Released to the statement of comprehensive income	(2 539)	(3 614)
Exchange differences	(1)	-
As at 31 December	**1**	**3**
Current	1	3
Non-current	-	-

13. Other operating expenses

	For the year ended 31 December 2014	For the year ended 31 December 2013
Impairment of doubtful accounts receivable and prepayments to suppliers	(243)	(101)
VAT written-off	(84)	(601)
Fines and penalties	(47)	(9)
Loss on disposal of inventories	(4)	-
Other expenses	(23)	(40)
Total other operating expenses	**(401)**	**(751)**

14. Finance costs

	For the year ended 31 December 2014	For the year ended 31 December 2013
Interest on debts and borrowings	(611)	(484)
Loss from the sale of VAT bonds	(72)	-
Interest on financial lease	(30)	(56)
Foreign currency exchange loss	-	(707)
Other financial expenses	(284)	(98)
Total finance costs	**(997)**	**(1 345)**

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15. Finance income

	For the year ended 31 December 2014	For the year ended 31 December 2013
Foreign currency exchange gain	1 514	-
Interest income	105	72
Interest income on loan issued to Beneficial Owner presented in present value	-	133
Total finance income	**1 619**	**205**

16. Income tax

Companies of the Group that are involved in agricultural production pay the Fixed Agricultural Tax (the "FAT") in accordance with the applicable laws. The FAT is paid in lieu of corporate income tax, land tax, duties for geological survey works and duties for trade patents.

The FAT is calculated by local authorities and depends on the area and valuation of land occupied. This tax regime is valid indefinitely. FAT does not constitute an income tax, and as such, is recognized in the statement of comprehensive income in administrative expenses.

During the year ended 31 December 2014, the Group companies which have the status of the Corporate Income Tax (the "CIT") payers in Ukraine were subject to income tax at a 18% rate (31 December 2013: at a 19% rate). The deferred income tax assets and liabilities as of 31 December 2014 were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

The major components of income tax expense for year ended 31 December 2014 and 2013 were:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Current income tax	(71)	(81)
Deferred tax	(108)	102
Income tax (expense)/benefit reported in the income statement	**(179)**	**21**

A reconciliation between tax expense and the product of accounting profit multiplied by Ukraine's domestic tax rate for the years ended 31 December 2014 and 2013 was as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Accounting profit before income tax	**26 004**	**31 206**
At Ukraine's statutory income tax rate of 18% (2013: 19%)	4 681	5 929
Tax effect of:		
Income generated by FAT payers (exempt from income tax)	(4 690)	(6 126)
Current year losses for which no deferred tax asset was recognised at a rate of 25.0% (1)	95	(17)
Effect of expenses that are not deductible in determining taxable profit	55	193
Effect of translation to presentation currency	38	-
Income tax expense/(benefit)	**179**	**(21)**

(1) Current year losses for which no deferred tax asset was recognized relate to Ovostar Union N.V., the Dutch company. The income tax rate in the Netherlands is 25.0%.

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(in USD thousand, unless otherwise stated)

Deferred tax

As at 31 December 2014 and 2013, deferred tax assets and liabilities comprised the following:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Advances received and other payables	1	13
Prepayments to suppliers	21	31
Trade and other receivables	35	46
Inventories	22	90
Property, plant and equipment and intangible assets	-	19
Tax losses	391	685
Unrecognized deferred tax assets	(156)	(16)
Netted off against deferred tax assets	**314**	**868**
Property, plant and equipment and intangible assets	(395)	(853)
Prepayments to suppliers	-	(7)
Advances received and other payables	(15)	(34)
Netted off against deferred tax liabilities	**(410)**	**(894)**
Net deferred tax asset/(liability)	**(96)**	**(26)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are presented in the consolidated balance sheet as at 31 December 2014 and 2013:

	As at 31 December 2014	As at 31 December 2013
Non-current assets	314	770
Long term liabilities	(410)	(796)
Net deferred tax asset/(liability)	**(96)**	**(26)**

17. Biological assets

As at 31 December 2014 and 2013 commercial and replacement poultry were presented as follows:

	As at 31 December 2014		As at 31 December 2013	
	Number, thousand heads	Carrying value	Number, thousand heads	Carrying value
Non-current biological assets				
<u>*Replacement poultry*</u>				
Hy-line	3 262	27 356	2 981	43 500
Total non-current biological assets	**3 262**	**27 356**	**2 981**	**43 500**
Current biological assets				
<u>*Commercial poultry*</u>				
Hy-line	2 250	9 745	1 894	13 244
Hy-sex	95	77	121	1 428
Total current biological assets	**2 345**	**9 822**	**2 015**	**14 672**
Total biological assets	**5 607**	**37 178**	**4 996**	**58 172**

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Classification of biological assets into non-current and current component is based on the life cycle of a biological asset. Biological assets that will generate cash flow more than one year are classified as non-current biological assets, biological assets that will generate cash flow less than one year are classified as current biological assets.

Reconciliation of commercial and replacement poultry carrying values for the year ended 31 December 2014 and 2013 was presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
As at 01 January	**58 172**	**41 085**
Increase in value as a result of assets acquisition	513	452
Increase in value as a result of capitalization of cost	8 639	9 883
Income/(Losses) from presentation of biological assets at fair value	2 813	8 594
Decrease in value as a result of assets disposal	(1 379)	(1 842)
Exchange differences	(31 580)	-
As at 31 December	**37 178**	**58 172**

For the year ended 31 December 2014 the Group produced shell eggs in the quantity of 1 038 355 thousand items (31 December 2013: 892 899 thousand).

Fair value of biological assets was estimated by the Group's specialists which have experience in valuation of such assets. Fair value was calculated by discounting of expected net cash flow (in nominal measuring) at the moment of eggs produced, using corresponding discount rate which is equal to 27.58% (31 December 2013: 25.84%). Management supposes that sale price and production and distribution costs fluctuations will comply with forecasted index of consumer price in Ukraine. The major assumptions were performed on the basis of internal and external information and it reflected Management's assessment of the future agricultural prospect.

Biological assets of the Group are measured at fair value within Level 3 of the fair value hierarchy.

Value measurement is a maximum value exposed to the following assumptions which were used in fair value calculations:

	Assumptions which were used for the fair value calculations of biological assets:	
	For the year ended 31 December 2014	For the year ended 31 December 2013
Eggs sale price, USD per item (UAH per item)	0.074 (0.876)	0.100 (0.799)
Discount rate, %	27.58%	25.84%
Long-term inflation rate of Ukrainian hrivnya, %	115.00%	106.00%

Based on the current situation in Ukraine that provides a high degree of uncertainty in relation to many of the assumptions in the biological assets revaluation model, and guided by the prudence concept, the Group used conservative approach for calculation of fair value of biological assets as at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Changes in key assumptions that were used in fair value estimation of biological assets had the following influence on the value of biological assets as at 31 December 2014 and 2013:

	For the year ended 31 December 2014	For the year ended 31 December 2013
1% decrease in egg sale price	(799)	(1 097)
1% increase in discount rate	(544)	(784)
1% increase in long-term inflation rate of Ukrainian hrivnya	434	692

18. Property, plant and equipment and intangible assets

	Buildings	Plant and equip-ment	Vehi-cles	Furniture and fittings	Construc-tion-in-progress and unin-stalled equipment	Intangi-ble as-sets	Total
Cost or valuation							
As at 31 December 2012	**28 711**	**31 239**	**1 158**	**544**	**6 749**	**94**	**68 495**
Additions	4 543	7 506	97	89	4 975	59	17 269
Transfer	3 155	294	-	14	(3 463)	-	-
Disposals	(15)	(274)	(61)	(12)	-	(79)	(441)
Currency translation difference	-	-	-	-	-	-	-
As at 31 December 2013	**36 394**	**38 765**	**1 194**	**635**	**8 261**	**74**	**85 323**
Additions	2 430	3 413	164	64	4 402	5	10 478
Transfer	2 315	4 079	-	6	(6 400)	-	-
Disposals	-	(373)	-	(2)	-	(8)	(383)
Currency translation difference	(19 220)	(20 862)	(614)	(328)	(1 871)	(35)	(42 930)
As at 31 December 2014	**21 919**	**25 022**	**744**	**375**	**4 392**	**36**	**52 488**
Depreciation and amortization							
As at 31 December 2012	**(4 741)**	**(9 354)**	**(719)**	**(322)**	**-**	**(94)**	**(15 230)**
Depreciation and amortization charge	(1 271)	(2 381)	(110)	(83)	-	(1)	(3 846)
Disposals	14	272	56	10	-	79	431
Currency translation difference	-	-	-	-	-	-	-
As at 31 December 2013	**(5 998)**	**(11 463)**	**(773)**	**(395)**	**-**	**(16)**	**(18 645)**
Depreciation and amortization charge	(1 258)	(2 315)	(69)	(81)	-	-	(3 723)
Disposals	-	311	-	1	-	-	312
Currency translation difference	3 287	6 166	399	215	-	8	10 075
As at 31 December 2014	**(3 969)**	**(7 301)**	**(443)**	**(260)**	**-**	**(8)**	**(11 981)**
Net book value							
As at 31 December 2014	**17 950**	**17 721**	**301**	**115**	**4 392**	**28**	**40 507**
As at 31 December 2013	**30 396**	**27 302**	**421**	**240**	**8 261**	**58**	**66 678**
As at 31 December 2012	**23 970**	**21 885**	**439**	**222**	**6 749**	**-**	**53 265**

As at 31 December 2014 net book value of property plant and equipment which was used as collateral for bank loans amounted to USD 1 518 thousand and property, plant and equipment via finance lease amounted USD 321 thousand (2013: USD 4 000 thousand and plant and equipment via finance lease USD 740 thousand).

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As at 31 December 2014 construction-in-progress and uninstalled equipment also included prepayments for the property, plant and equipment which amounted to USD 229 thousand (2013: USD 1 483 thousand).

As at 31 December 2014, included within property, plant and equipment were fully depreciated assets with the original cost of USD 2 769 thousand (2013: USD 4 127 thousand, 2012: USD 2 765 thousand).

Impairment assessment

The Group reviews its property, plant and equipment each period to determine if any indication of impairment exists. Based on these reviews, there were no indicators of impairment as of 31 December 2014, 2013 and 2012.

19. Interest-bearing loans and other financial liabilities

	Currency	Effective interest rate, %	Maturity	As at 31 December 2014	As at 31 December 2013
Current interest-bearing loans and other financial liabilities					
Landesbank Berlin AG loan	EUR	1.65%+ EURIBOR (6m)	30.12.2020	1 752	1 985
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	05.07.2015	119	365
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	08.08.2015	160	180
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	03.10.2015	123	143
Other current loans	UAH	-	-	44	82
Short-term financial lease liabilities (a)	UAH	7.0%	28.09.2017	110	165
Total current interest-bearing loans and other financial liabilities				**2 308**	**2 920**
Non-current interest-bearing loans and other financial liabilities					
Landesbank Berlin AG loan	EUR	1.65%+ EURIBOR (6m)	30.12.2020	7 066	9 617
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	05.07.2015	-	274
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	08.08.2015	-	135
Credit Agricole loan	EUR	5.92% + EURIBOR (6m)	03.10.2015	-	140
Long-term financial lease liabilities (a)	UAH	7.0%	28.09.2017	137	452
Total non-current interest-bearing loans and other financial liabilities				**7 203**	**10 618**
Total interest-bearing loans and other financial liabilities				**9 511**	**13 538**

Covenants

The Group's loan agreements contain a number of covenants and restrictions, which include, but are not limited to, financial ratios and other legal matters. Covenant breaches generally permit lenders to demand accelerated repayment of principal and interest.

As at 31 December 2014 and 2013 the Group was not in breach of any financial covenants which allow lenders to demand immediate repayment of loans.

Under normal conditions, the loans of Credit Agricole have an interest rate of up to 5.92% + EURIBOR. In the case in violation of the terms of repayment of Credit Agricole loans, the interest rate increases to 10%.

As at 31 December 2014 net book value of property plant and equipment which was used as collateral for bank loans amounted to USD 1 518 thousand and property, plant and equipment via finance lease amounted USD 321 thousand (2013: USD 4 000 thousand and plant and equipment via finance lease USD 740 thousand).

(in USD thousand, unless otherwise stated)

(a) Finance lease liabilities

	As at 31 December 2014		As at 31 December 2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Amounts payable under finance lease:				
Within a year	124	110	203	165
From one to five years	147	137	500	452
Above 5 years	-	-	-	-
	271	247	703	617
Less: financial expenses of future periods	(24)	-	(86)	-
Present value of lease liabilities	247	247	617	617
Less: amount to be paid within a year		(110)		(165)
Amount to be paid after one year		137		452

Finance lease obligations represent amounts due under agreements for lease of poultry cage equipment with Ukrainian companies. Net carrying value of property, plant and equipment acquired via finance lease as at 31 December 2014 and 2013 was as follows:

	As at 31 December 2014	As at 31 December 2013
Plant and equipment	321	740
Total	**321**	**740**

As at 31 December 2014 and 2013 there were no restrictions imposed by lease arrangements, in particular those concerning dividends, additional debt or further leasing.

20. Inventories

	As at 31 December 2014	As at 31 December 2013
Agricultural produce and finished goods	2 783	6 281
Raw materials	4 190	4 312
Package and packing materials	791	1 121
Work in progress	86	111
Other inventories	684	582
(Less: impairment of agricultural produce and finished goods)	(125)	(311)
Total inventories at the lower of cost and net realisable value	**8 409**	**12 096**

For the year ended 31 December 2014 the Group recognized impairment losses of agricultural produce and finished goods due to illiquidity of finished goods in the amount of USD 83 thousand (in 2013: USD 134 thousand).

In 2014 the Group recognized decrease in net realizable value in amount of USD 214 thousand (in 2013: 154).

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21. Trade and other receivables

	As at 31 December 2014	As at 31 December 2013
Trade receivables	7 646	8 748
VAT for reimbursement	4 441	4 138
Receivables for securities sold but not yet settled	107	210
VAT for reimbursement under special legislation	1	3
Other accounts receivable	45	65
Provision for doubtful accounts receivable	(348)	(462)
Total trade and other receivables	**11 892**	**12 702**

As at 31 December 2014 trade and other receivables of USD 1 276 thousand net of impairment loss provisions were denominated in currency other than UAH (functional currency of cash generated entities), mainly in USD (2013: USD 221 thousand, denominated mainly in USD).

Trade receivables from third parties are non-interest bearing and are generally on 30-90 days credit terms. For larger customers the Group grants credit for up to 45-180 days.

22. Cash and cash equivalents

	As at 31 December 2014	As at 31 December 2013
Cash in banks	2 462	8 594
Cash on hand	9	14
Total cash at banks and on hand	**2 471**	**8 608**

23. Equity

Issued capital and capital distribution

For the year ended 31 December 2014 there were no changes in issued capital.

As referred to in Note 1, the Company was incorporated on 22 March 2011.

The Company's authorized share capital amounts to EUR 225 000 and consists of 22 500 000 ordinary shares with a nominal value off EUR 0.01 each. As at 31 December 2011, 6 000 000 ordinary shares were issued and fully paid. In June 2011 the shares of the Company were listed on the Warsaw Stock Exchange.

At 31 December 2014 and 2013 the shareholder interest above 5% in the Company share capital was as follows:

	As at 31 December 2014	As at 31 December 2013
Prime One Capital Ltd.	71.24%	71.24%
Generali Otwarty Fundusz Emerytalny	9.94%	9.94%
AMPLICO OFE	5.80%	5.80%
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	5.02%	5.02%

(in USD thousand, unless otherwise stated)

Foreign currency translation reserve

According to section 373, Book 2 of the Dutch Civil Code, the Company's share capital has been converted at the exchange rate prevailing at the reporting date. The EUR 60 000 (equivalent to 6 000 000 shares) has been converted into USD 72 936 (31 December 2013: USD 82 596). The result arising from exchange rate differences has been recorded in the "Foreign currency translation reserve".

The foreign currency translation reserve is used also to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share premium

As has been mentioned previously, in June 2011 the Group's shares have been placed on WSE. As a result of the transaction, USD 33 048 thousand was raised while the IPO costs amounted to USD 2 115 thousand. In these financial statements funds raised as a result of IPO are reflected in share premium as at 31 December 2011. For the years ended 31 December 2014 and 2013, there were no movements in share premium.

Dividends payable of the Company

During the year ended 31 December 2014 and 2013, no dividends have been declared and paid.

24. Trade and other payables

	As at 31 December 2014	As at 31 December 2013
Trade payables	5 643	4 057
Employee benefit liability	243	421
Taxes payable	149	249
Liability for unused vacation	229	375
VAT liabilities	4	4
Income tax payables	2	5
Other payables	86	681
Total trade and other payables	**6 356**	**5 792**

As at 31 December 2014 trade and other payables of USD 4 005 thousand were denominated in currency other than UAH (functional currency of cash generating entities), mainly in EUR (2013: USD 729 thousand, denominated mainly in EUR). As at 31 December 2014 trade payables also include payables to supplier for property, plant and equipment in the amount of USD 2 054 thousand (in 2013: USD 43 thousand).

25. Related party disclosures

For the purposes of these consolidated financial statements, the parties are considered to be related, if one of the parties has the ability to exercise control over the other party or influence significantly the other party in making financial and operating decisions. Considering the transactions with each possible related party, particular attention is paid to the essence of relationships, not merely their legal form.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Related parties may enter into transactions, which may not always be available to unrelated parties, and they may be subject to such conditions and such amounts that are impossible in transactions with unrelated parties.

According to the criteria mentioned above, related parties of the Group are divided into the following categories:

(A). Key management personnel;

(B). Companies which activities are significantly influenced by the key management personnel;

(C). Other related parties.

The following companies and individuals are considered to be the Group's related parties as at 31 December 2014, and 2013:

(A). Key management personnel:	**Position:**
Borys Bielikov	Executive director
Vitalii Veresenko	Non-executive director
Marc van Campen	Non-executive director
Sergey Sovgira	Executive director
Tatiana Komarova	Chief Financial Officer
Natalia Malyovana	Commercial director
Natalia Vlasniuk	Marketing director
Vitalii Voron	Production director
Yuriy Gusar	Director (PJSC “Poultry Farm Ukraine”)
Valentina Pavlenko	Logistics director

(B). Companies which activities are significantly influenced by the key management personnel:

Agrofirma Boryspilsky Hutir LLC
Aleksa LTD LLC

As at 31 December 2014, and 2013 trade accounts receivable from related parties and advances issued to related parties was presented as follows:

	As at 31 December 2014	As at 31 December 2013
Prepayments to related parties		
(B). Companies which activities are significantly influenced by the key management personnel:		
Aleksa LTD LLC	84	165
	84	**165**

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(in USD thousand, unless otherwise stated)

Compensation of key management personnel of the Group

The amount of remuneration of key management personnel of the Group for the year ended 31 December 2014 and 2013 were presented as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Salaries and contribution to social security fund (short-term employee benefits):		
Borys Bielikov	19	23
Vitalii Veresenko	10	17
Marc van Campen	20	20
Other key management personnel	81	98
	130	**158**

No other compensation or benefits to key management personnel for the year ended 31 December 2014 and 2013 were paid, except for the short-term benefits, in the form of salaries and contribution to social security fund, disclosed above.

(C). Other related parties

For the year ended 31 December 2014 and 2013 the Group had no other related parties.

26. Commitments and contingencies

Contingent liabilities

Operating environment. In 2014, Ukraine faced political and economic turmoil. Crimea, an autonomous republic of Ukraine, was annexed by the Russian Federation. Ukraine also suffered from separatist movements and the collapse of law enforcement in Luhansk and Donetsk regions.

The Ukrainian hryvnya devalued against major foreign currencies. The National Bank of Ukraine introduced a range of measures aimed at limiting the outflow of customer deposits from the banking system, improving the liquidity of banks, and supporting the exchange rate of the Ukrainian hryvnya.

Significant external financing is required to support economic stabilization and the political situation depends, to a large extent, upon success of the Ukrainian government's efforts; yet further economic and political developments are currently difficult to predict and an adverse effect on the Ukrainian economy may continue. The Group does not have any assets in Crimea, Donetsk or Luhansk regions.

Taxation. Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. In respect of this, the local and national tax environment in Ukraine is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and interest. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and interest, and these amounts could be material. While the Group believes it has complied with local tax legislation, there have been many new tax and foreign currency laws and related regulations introduced in recent years which are not always clearly written.

Given its current economic and political issues, the Government is considering implementing certain reforms in the tax system of Ukraine. Currently, it is not clear what specific measures will be undertaken within these reforms, nor what overall impact they will have on the tax environment in general and on the tax standing of the Group in particular. Management believes that the Group has been in compliance with all of the requirements of the effective tax legislation.

(in USD thousand, unless otherwise stated)

Starting from 1 September 2013, Ukrainian legislation implemented new transfer pricing rules. These rules introduce additional reporting and documentation requirements to transactions with related parties. In accordance with the new rules, the tax authorities obtain additional tools with the help of which they may claim that prices or profitability in transactions with related parties differ from arm's length transactions. The management assesses controllable operations in accordance with legislation and prepares required documentation on transfer pricing.

As of the date these financial statements were authorized for issue, additional clarifications and guidance on application of the new tax rules were not published and certain revisions were proposed for consideration of the Ukrainian Parliament.

While the Group's management believes the enactment of the Tax Code of Ukraine will not have a significant negative impact on the Group's financial results in the foreseeable future, as of the date these financial statements were authorized for issue management was in the process of assessing of effects of its adoption on the operations of the Group.

Legal issues. The Group is involved in litigations and other claims that are in the ordinary course of its business activities. As at 31 December 2014, Group is involved in litigations in the amount of USD 150 thousand, the outcome of which cannot be determined. Management believes that the resolution of such matters will not have a material impact on its financial position or operating results.

Capital commitments. As at 31 December 2014 the Group had no contract liabilities for acquisition of property, plant and equipment (2013: USD 3 857 thousand).

27. Financial risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through a combination of debt and equity capital. The management of the Group reviews the capital structure on a regular basis. Based on the results of this review, the Group takes steps to balance its overall capital structure through the issue of new debt or the redemption of existing debt.

The capital structure of the Group consists of debt, which includes the borrowings and cash and cash equivalents disclosed in Notes 19 and 22 respectively, and equity attributable to the equity holders of the parent, comprising issued capital, share premium, reserves and retained earnings.

Gearing ratio

The Group's management reviews quarterly the capital structure of the Group. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

	As at 31 December 2014	As at 31 December 2013
Debt liabilities*	9 511	13 538
Cash and cash equivalents and deposits	(2 471)	(8 608)
Net debt	**7 040**	**4 930**
Equity**	85 065	139 326
Gearing ratio	**8%**	**4%**

* Debt includes short-term and long-term borrowings.

** Equity includes the share capital, share premium, retained earnings and foreign currency translation reserve.

(in USD thousand, unless otherwise stated)

Financial risk management

The main risks inherent to the Group’s operations are those related to credit risk exposures, liquidity risk, market movements in currency rates and interest rates and potential negative impact of livestock diseases.

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's exposure to credit risk regarding trade accounts receivable is primarily dependent on specific characteristics of each client. The Group's policy for credit risk management provides systematic work with debtors, which includes: analysis of solvency, determination of maximum amount of risk related to one customer or a group of customers and control over timeliness of debt repayment. The majority of Group's clients are longstanding clients, there were no significant losses during 2014 and 2013 resulting from non-fulfillment of obligations by clients. Concentration of credit risk on trade accounts receivable is characterized by the following indicators:

- For the year ended 31 December 2014, USD 29 599 thousand or 40% of Group's sales revenue is related to sales transactions, realized with 5 major customers of the Group. As at 31 December 2014 USD 3 584 thousand or 46% of trade accounts receivable relates to 5 major debtors.
- For the year ended 31 December 2013 USD 29 230 thousand or 36% of Group's sales revenue is related to sales transactions, realized with 5 major customers of the Group. As at 31 December 2013 USD 3 894 thousand or 45% of trade accounts receivable relates to 5 major debtors.

The credit quality of the gross trade receivables from related and third parties was as follows:

	As at 31 December 2014	As at 31 December 2013
Fully performing	7 069	7 853
Past due but not impaired	335	433
Impaired	242	462
Total trade receivables - gross	**7 646**	**8 748**

As at 31 December 2014 and 2013 the aging of trade account receivables that were not impaired was as follows:

	As at 31 December 2014	As at 31 December 2013
0-30 days	5 277	6 272
31-90 days	1 944	1 712
91-180 days	183	87
181-360 days	-	215
more than 360 days	-	-
Total	**7 404**	**8 286**

(in USD thousand, unless otherwise stated)

Liquidity risk

Liquidity risk is the risk of the Group's failure to fulfill its financial obligations at the date of maturity. The Group's approach to liquidity management is to ensure, to the extent possible, permanent availability of sufficient liquidity for the Group to fulfill its financial obligations in due time (both in normal conditions and in non-standard situations), by avoiding unacceptable losses or the risk of damage to the reputation of the Group.

In accordance with plans of the Group, its working capital needs are satisfied by cash flows from operating activities, as well as by use of loans if cash flows from operating activities are insufficient for liabilities to be settled.

The table below represents the expected maturity of components of working capital:

31 December 2014	Carrying value	Contractual cash flows	Less than 3 months	3-6 months	6-12 months	Over 1 year
Non-derivative financial liabilities:						
Trade and other payables	6 356	6 356	6 356	-	-	-
Current interest-bearing loans and other financial liabilities	2 308	2 308	197	1 073	1 039	-
Non-current interest-bearing loans and other financial liabilities	7 203	7 203	-	-	-	7 203
Total	**15 867**	**15 867**	**6 553**	**1 073**	**1 039**	**7 203**

31 December 2013	Carrying value	Contractual cash flows	Less than 3 months	3-6 months	6-12 months	Over 1 year
Non-derivative financial liabilities:						
Trade and other payables	5 792	5 792	5 001	264	527	-
Current interest-bearing loans and other financial liabilities	2 920	2 920	224	1 216	1 480	-
Non-current interest-bearing loans and other financial liabilities	10 618	10 618	-	-	-	10 618
Total	**19 330**	**19 330**	**5 225**	**1 480**	**2 007**	**10 618**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Group sets limits on the level of exposure by currencies.

Exposure to foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 31 December 2014 and 2013 were as follows:

31 December 2014	PLN	RUB	USD	EUR	UAH	Total
(in conversion to USD thousand)						
Assets						
Cash and cash equivalents	4	-	1 467	52	948	**2 471**
Trade receivables	-	-	1 242	34	6 022	**7 298**
Liabilities						
Current interest-bearing loans and other financial liabilities	-	-	-	(2 154)	(154)	**(2 308)**
Non-current interest-bearing loans and other financial liabilities	-	-	-	(7 066)	(137)	**(7 203)**
Trade accounts payable	(1)	(1)	(5)	(1 856)	(3 780)	**(5 643)**
Account payables for property, plant and equipment	-		-	(2 054)	2 054	**-**
Other payables	-	-	(36)	(28)	(22)	**(86)**
Net exposure to foreign currency risk	**3**	**(1)**	**2 668**	**(13 072)**	**4 932**	**(5 470)**

31 December 2013	PLN	RUB	USD	EUR	UAH	Total
(in conversion to USD thousand)						
Assets						
Cash and cash equivalents	6	-	6 030	29	2 543	**8 608**
Trade receivables	-	-	221	-	8 065	**8 286**
Liabilities						
Current interest-bearing loans and other financial liabilities	-	-	-	(2 673)	(247)	**(2 920)**
Non-current interest-bearing loans and other financial liabilities	-	-	-	(10 166)	(452)	**(10 618)**
Trade accounts payable	-	-	-	(730)	(4 743)	**(5 473)**
Other payables	-	-	(76)	(551)	(1 351)	**(1 978)**
Net exposure to foreign currency risk	**6**	**-**	**6 175**	**(14 091)**	**3 815**	**(4 095)**

This sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for expected change in foreign currency rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

Effect in USD thousand:

	Increase in currency rate against UAH	Effect on profit before tax
31 December 2014		
USD	35%	934
EUR	35%	(4 575)
PLN	35%	1
31 December 2013		
USD	25%	1 544
EUR	25%	(3 523)
PLN	25%	2

The effect of foreign currency sensitivity on shareholders' equity is equal to that on profit or loss.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The major part of the Group's borrowings bear variable interest rates which are linked to EURIBOR. Other borrowings are presented at fixed interest rates.

The below details the Group's sensitivity to increase or decrease of floating rate by 1%. The analysis was applied to interest bearing liabilities (bank borrowings under facility agreements) based on the assumption that the amount of liability outstanding as of the balance sheet date was outstanding for the whole year.

	As at 31 December 2014	As at 31 December 2013
	EURIBOR	*EURIBOR*
Profit/(loss)	92/(92)	128/(128)

The effect of interest rate sensitivity on shareholders' equity is equal to that on profit or loss.

Livestock diseases risk

The Group's agro-industrial business is subject to risks of outbreaks of various diseases. The Group faces the risk of outbreaks of diseases, which are highly contagious and destructive to susceptible livestock, such as avian influenza or bird flu for its poultry operations. The diseases could result in mortality losses. Disease control measures were adopted by the Group to minimize and manage this risk. The Group's management is satisfied with its current existing risk management system and believes that quality control processes are effective and sufficient to prevent any outbreak of livestock diseases and related losses.

(in USD thousand, unless otherwise stated)

28. Financial instruments

Estimated fair value disclosure of financial instruments is made in accordance with the requirements of International Financial Reporting Standard 7 "Financial Instruments: Disclosure". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The Group uses the following hierarchy for determining the fair value of financial instruments:

- Level 1 ("L1") - quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 ("L2") - other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3 ("L3") - techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group does not acquire, hold or issue derivative financial instruments for trading purposes.
The following table presents the classification, subsequent measurement, carrying values and fair values of the Group's financial assets and liabilities:

		As at 31 December 2014		As at 31 December 2013	
	Subsequent measurement	Carrying value	Fair value	Carrying value	Fair value
Financial assets:					
Trade and other receivables (a)	Amortized cost	11 892	11 892	12 702	12 702
Cash and cash equivalents		2 471	2 471	8 608	8 608
		14 363	**14 363**	**21 310**	**21 310**
Financial liabilities:					
Current interest-bearing loans and borrowings (a)	Amortized cost	2 308	2 308	2 920	2 920
Non-current interest-bearing loans and borrowings (b)	Amortized cost	7 203	7 203	10 618	10 618
Trade and other payables (current) (a)	Amortized cost	6 356	6 356	5 792	5 792
		15 867	**15 867**	**19 330**	**19 330**

The following methods and assumptions were used to estimate the fair values:

a) The Group's short-term financial instruments, comprising trade and other receivables, current interest-bearing loans and borrowings, trade and other payables are carried at amortized cost which, due to their short term nature, approximates their fair value. In the table above, the "Trade and other receivables" is presented excluding to the "Loan issued to the Beneficial Owner of the Group".
b) The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

c) Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.
d) Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

29. Subsequent events

Operating environment. The Government has implemented certain reforms in the tax system of Ukraine with the adoption of the Law 'On Amending the Tax Code of Ukraine and Certain Laws of Ukraine', which has been effective from 1 January 2015 except for certain provisions that will take effect at a later date.

According to the law, the minimal tax base for value added tax (VAT) input on goods and services purchased was introduced and special VAT accounts for every taxpayer were opened at the State Treasury of Ukraine for VAT purposes. The purpose of these special VAT accounts is to guarantee fulfillment of VAT liabilities by the taxpayers. Taxable income will be calculated solely based on accounting data by adjusting profit (loss) before tax by the amount of respective differences resulting from different treatment according to UAS and the Tax Code of Ukraine. Management believes that the Group has been in compliance with all of the requirements of effective tax legislation.

Rate of the Ukrainian hryvnya. In particular, the National Bank of Ukraine has established the official rate of the Ukrainian hryvnya at around mid-twenties as of the date of this report's publication compared to UAH 15.77 per 1 USD as at 31 December 2014.

Loans and other financial liabilities. As of the date of publication of this report, we have acquired an export credit facility from AKA Ausfuhrkredit-GmbH and Landesbank Berlin AG. The total amount of financing is EUR 14.5 million with a 7-year maturity. The facility has been provided with the export credit cover of Euler Hermes AG and is used for purchase of poultry equipment.

Changes in ownership interest. As the result of the transaction settled on 03 February 2015, MetLife PTE S.A. holds 4.77% (286 080 shares) share in capital and votes of the General Meeting of Ovostar Union N.V. (previously: 5.80%).

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BALANCE SHEET
As at 31 December 2014
(in USD thousand, unless otherwise stated)

	Note	As at 31 December 2014	As at 31 December 2013
Assets			
Non-current assets			
Financial fixed assets	2	92 129	140 729
Property, plant and equipment	3	-	905
Total non-current assets		**92 129**	**141 634**
Current assets			
Cash and cash equivalents	5	1 521	6 051
Other accounts receivable	4	20	-
Total current assets		**1 521**	**6 051**
Total assets		**93 670**	**147 685**
Equity and liabilities			
Equity			
Issued capital		73	83
Foreign currency translation reserve		(78 057)	(30)
Legal reserve subsidiary		92 091	-
Share premium reserve		30 933	30 933
Retained earnings		12 353	73 855
Profit for the year		25 339	30 589
Equity attributable to owners of the parent		**82 732**	**135 430**
Non-current liabilities			
Non-current loans and borrowings	7	7 066	9 617
Total non-current liabilities		**7 066**	**9 617**
Current liabilities			
Trade and other payables	8	2 120	653
Current loans and borrowings	7	1 752	1 985
Total current liabilities		**3 872**	**2 638**
Total liabilities		**10 938**	**12 255**
Total equity and liabilities		**93 670**	**147 685**

PROFIT & LOSS ACCOUNT

For the year ended 31 December 2014

(in USD thousand, unless otherwise stated)

	For the year ended 31 December 2014	For the year ended 31 December 2013
Profit of participation interests after taxation	24 967	31 646
Other income and expenses after taxation	372	(1 057)
Profit for the period, net of tax	**25 339**	**30 589**

Notes on pages 86– 89 form an integral part of these company financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

1. General

The Company financial statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code. The Company uses the option provided in section 2:362 (8) of the Netherlands Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as "principles for recognition and measurement") as applied in the Consolidated financial statements are also applied in the Company financial statements. Reference is made to the notes to the Consolidated financial statements for a description of the principles for recognition and measurement. Investments in Group companies are carried at equity value, calculated according to the Group accounting policies.

The Company's parent-only income statement has been prepared in accordance with section 2:402 of the Dutch Civil Code.

For information on group companies of Ovostar Union N.V. please refer to Note 7 of the Consolidated financial statements.

Going concern

As at 31 December 2014 current liabilities of the Company exceeded its current assets. At the end of reporting period and till the date of these financial statements were issued, dividends distribution was restricted by the Ukrainian government. Management of Ovostar Union N.V. expects that this restriction will be temporary and that dividends will be available for distribution by its subsidiary starting July 2015. In addition, loan repayment on the level of Ovostar Union N.V. will be secured by its subsidiary either in the form of dividends to the parent company or through a repayment by subsidiary acting as the guarantor under the terms of the export financing contracts. As a consequence management of Ovostar Union N.V. considers that the Company will be able to continue its activities as a going concern and will be able to repay its liabilities due to third party creditors. Therefore Company's financial statements have been prepared under the going concern assumption.

2. Financial fixed assets

The financial fixed assets consist solely of participating interests in Group companies as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Group companies as at 01 January	**140 729**	**103 979**
Further investments in a group company	4 501	5 104
Result	24 967	31 646
FX rate difference	(78 068)	-
Group companies as at 31 December	**92 129**	**140 729**

Further investments in a group company amounting to USD 4 501 thousand consists of property, plant and equipment transferred to the subsidiary (USD 9 011 thousand) and investment repayment from Ovostar Union LLC (USD 4 510 thousand).

After the balance sheet date, Ovostar Union N.V. received USD 1 861 thousand as a partial payback of the funds that have been previously invested in LLC Ovostar Union.

The degree of control exercised by Ovostar Union N.V. over significant subsidiary is as follows:

	Country of incorporation	% share as at 31 December 2014	% share as at 31 December 2013
LLC Ovostar Union	**Ukraine**	**100**	**100**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

3. Property, Plant and Equipment

Movement in Property Plant and Equipment was as follows:

	PPE in progress	
	For the year ended 31 December 2014	For the year ended 31 December 2013
Net book amount	**905**	**1 103**
Additions	8 106	11 839
Transfer	(9 011)	(12 037)
Closing net book amount as of 31 December	**-**	**905**
Depreciation	**-**	**-**
Cost	-	-
Closing net book amount as of 31 December	**-**	**905**

4. Other accounts receivable

	As at 31 December 2014	As at 31 December 2013
Ovostar LLC loan	10	-
Ovostar Union LLC loan	10	-
Total	**20**	**-**

5. Cash and cash equivalents

The Company's cash balances are available upon demand.

6. Issued capital

The authorized share capital amounts to EUR 225,000 divided into 22 500 000 ordinary shares of EUR 0.01 nominal value each. During 2011, 6 000 000 shares have been issued. The issued shares are converted into USD according to art 373 par 5 of the Dutch civil code using an exchange rate of 1 EUR = 1.216 USD.

For the movement schedule of issued capital, share premium, foreign currency translation reserve and profit for the year please refer to the specification of the Consolidated statement of changes in equity included in the Consolidated financial statements. Legal reserve subsidiary was created during 2014 in the amount of USD 92 091 thousand (in 2013: nil). The legal reserve for investments in subsidiaries (Section 2:389(6) of the Netherlands Civil Code) is formed for the share in the positive results of the entities concerned and in fair value gains recognised directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses recognised directly in equity and any distributions which Group would be able to effect without restriction.

7. Loans and borrowings

As at 31 December 2014 and 2013 loan and borrowings comprised loans received from Landesbank Berlin AG. Landesbank Berlin AG loan are guaranteed by subsidiaries. For detail information about loans and borrowings refer to Note 19 in the Consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

8. Trade and other payables

Trade and other payables included payables from third parties and payables to supplier for property, plant and equipment in the amount of USD 2 054 thousand (in 2013: nil).

9. Employees

The Company has no employees other than directors.

10. Directors

The Company is managed by the Board of Directors which consists of three members: one Executive Director and two Non-Executive directors.

The Board of Directors as at 31 December 2014 comprised:

Name	Position
V. Veresenko	Chairman of the Board, Non-Executive Director (non-independent)
B. Belikov	Chief Executive Officer
M. van Campen	Non-Executive Director

Changes in the Board of Directors of Ovostar Union N.V.

In November 2014 the Board of Directors of Ovostar Union N.V. accepted the resignation of Oleksandr Bakumenko, the non-executive Board member, who has been elected as the Ukrainian parliament member to the VIII convocation of Verkhovna Rada and hence became restricted to be employed elsewhere under the law of Ukraine. Mr. Bakumenko will be officially dismissed from his position upon a decision of the Annual General Meeting of Shareholders to be held in June 2015. During this meeting, a new non-executive Board member will be officially appointed.

11. Audit fee

Fees paid to the Group's auditor for 2014 and 2013 can be broken down into the following:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Baker Tilly Ukraine:		
Audit and review of financial statements	35	42
Baker Tilly Berk N.V.		
Audit fees	28	57
Total	**63**	**99**

Audit fees of financial statements include the fees for professional services rendered by Baker Tilly Berk N.V. and Baker Tilly Ukraine and relate to the audit and review of the Company's Consolidated and Company financial statements and its subsidiary.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(in USD thousand, unless otherwise stated)

12. Subsequent events

Loans and other financial liabilities. As of the date of publication of this report, we have acquired an export credit facility from AKA Ausfuhrkredit-GmbH and Landesbank Berlin AG. The total amount of financing is EUR 14.5 million with a 7-year maturity. The facility has been provided with the export credit cover of Euler Hermes AG and is used for purchase of poultry equipment.

Changes in ownership interest. As the result of the transaction settled on February 3, 2015, MetLife PTE S.A. holds 4.77% (286 080 shares) share in capital of Ovostar Union N.V. and votes of the General Meeting of the Company (previously: 5.80%).

Amsterdam, 10 April 2015

[signed]
Borys Bielikov
Chief Executive Officer

[signed]
Vitalii Veresenko
Non-executive director

[signed]
Marc van Campen
Non-executive director

Contact information and list of addresses

Ovostar Union Group

Correspondence address:

34 Petropavlovskaya str., 04086, Kiev, Ukraine

Legal address:

Ovostar Union N.V.

Jan van Goyenkade 8, 1075 HP Amsterdam, the Netherlands

Number in Trade Register: 52331008

www.ovostar.ua

For investor relations inquiries please contact:

Kateryna Pavlovska

Investor Relations Department
e.pavlovskaya@ovostar.ua
Cell: + 38 050 411 3337
Direct: + 38 044 354 2960