

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2015

CONTENTS

Segment results	3
Financial position and performance	4
Representation	5
Consolidated condensed interim statement of comprehensive income	6
Consolidated condensed interim statement of financial position	7
Consolidated condensed interim statement of changes in equity	8
Consolidated condensed interim statement of cash flows	9
Notes to the consolidated condensed interim financial statements	10

SEGMENT RESULTS

Egg segment

As at 30 September 2015 the total flock of Ovostar Union N.V. (WSE: OVO) (hereinafter the “Group”) increased by 15% y-o-y to 6.1 million hens. The laying hens flock increased by 12% y-o-y to 4.9 million hens.

Over the 9 month of 2015, egg production increased by 20% y-o-y to 888 million eggs. Shell eggs sales volume reached 656 million eggs, a 33% y-o-y growth. With this, over the reporting period the volume of eggs exported increased 2.3 times y-o-y, from 74 to 172 million eggs, representing a 26% share of export in total volume of shell eggs sold. Average egg selling price during the first three quarters of 2015 increased by 65% to reach 1.25 UAH/egg, up from 0.76 UAH/egg the previous year. In total, the egg segment contributed USD 39 629 thousand to the total revenue and USD 19 178 thousand to profit before tax.

Egg products segment

During the nine months of 2015, the volume of eggs processed increased by 8% y-o-y to 250 million units. As the Group continues to develop its export markets, the sales volume of dry egg products increased by 14% y-o-y to 1 355 tons (the share of dry egg products exported out of total sales volume amounted to 51%), while the volume of liquid egg products sold declined by 5% y-o-y to 4 280 tons. The average selling price of dry egg products increased 1.8 times y-o-y to 103.20 UAH/kg; the average selling price of liquid egg products increased by 49% y-o-y to 25.18 UAH/kg. In total, the egg products segment contributed USD 11 933 thousand to the total revenue and USD 3 290 thousand to profit before tax.

Oilseed processing segment

As the spot market prices on sunflower meal have remained within the acceptable range during the last quarter, the management decided to decrease the volume of sunflower seeds processed. Therefore, the segment revenue was 61% lower y-o-y amounting to USD 1 215 thousand.

FINANCIAL POSITION AND PERFORMANCE

Revenue

Over the reporting period the Group maintained the total revenue in presentation currency comparable to 9M 2014 despite a rather complicated economic situation in Ukraine. In 9M 2015 total revenue of the Group increased by 1% to USD 52 777 thousand mainly due to growth in volumes produced, steady recovery of UAH prices on the local market, and increasing share of export sales.

The Group's revenue structure

Segments	9M 2015		9M 2014	
	Revenue, '000 USD	% in the Group's Revenue	Revenue, '000 USD	% in the Group's Revenue
Egg segment	39 629	75%	36 052	69%
Egg products segment	11 933	23%	13 253	25%
Oilseed processing segment	1 215	2%	3 080	6%
Total	52 777	100%	52 384	100%

Cost of sales and gross profit

In 9M 2015 cost of sales decreased by 8% to USD 32 599 thousand due to lower prices on feed components. Gross profit over the reporting period amounted to USD 22 054 thousand representing 42% gross margin (9M 2014: USD 19 538 thousand and 37% respectively).

Operating profit and EBITDA

During 9M 2015 operating profit increased by 25% to USD 22 639 thousand, while EBITDA reached USD 24 271 thousand representing a 15% growth. The EBITDA margin amounted to 46% (9M 2014: 40%).

Profit before tax and net profit

In 9M 2015 both profit before tax and net profit increased by 19% to USD 22 468 thousand and USD 22 326 thousand respectively. Net profit margin reached 42% over the reporting period (9M 2014: 36%).

Cash flows

Over the nine months of 2015 operating cash flows of the Group increased to USD 15 595 thousand (9M 2014: USD 13 009 thousand). Following the Group's organic growth strategy, the volume of cash flows used in investing activities amounted to USD 8 618 thousand (9M 2014: USD 14 586 thousand). Due to amount reimbursed as a part of export financing agreement cash inflows from financing activities amounted to USD 228 thousand (9M 2014: Cash outflows used in financing activities of USD 2 155 thousand).

REPRESENTATION

of the Board of Directors of Ovostar Union N.V. on compliance of the Consolidated Condensed Interim Financial Statements (Unaudited)

The Board of Directors of Ovostar Union N.V. hereby represent that to the best of their knowledge the consolidated condensed interim financial statements (unaudited) of Ovostar Union N.V. and subsidiaries for the nine months ended 30 September 2015 and the comparable information are prepared in accordance with the applicable accounting standards and that they give a true, fair and clear view of the assets, financial standing and financial results of Ovostar Union N.V., and that the consolidated condensed interim financial statements for the nine months ended 30 September 2015 give a true view of the developments, achievements and situation of the Company.

Board of Directors of Ovostar Union N.V.

Borys Bielikov _____[signed]

Vitalii Veresenko _____[signed]

Marc M.L.J. van Campen _____[signed]

Sergii Karpenko _____[signed]

11 November 2015

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2015

(in USD thousand, unless otherwise stated)

	Note	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Revenue	8	52 777	52 384
Changes in fair value of biological assets	14	1 876	2 764
Cost of sales		(32 599)	(35 610)
Gross profit		22 054	19 538
Other operating income	9	3 240	2 083
Selling and distribution costs		(1 313)	(1 875)
Administrative expenses		(962)	(1 207)
Other operating expenses	10	(380)	(390)
Operating profit		22 639	18 149
Finance costs		(835)	(375)
Finance income		664	1 100
Profit before tax		22 468	18 874
Income tax expense	13	(142)	(53)
Profit for the period		22 326	18 821
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		(28 108)	(48 083)
Other comprehensive income for the period, net of tax		(28 108)	(48 083)
Total comprehensive income for the period, net of tax		(5 782)	(29 262)
Profit for the period attributable to:			
Equity holders of the parent company		21 608	18 507
Non-controlling interests	7	718	314
Total profit for the period		22 326	18 821
Other comprehensive income attributable to:			
Equity holders of the parent company		(27 480)	(46 545)
Non-controlling interests	7	(628)	(1 538)
Total other comprehensive income		(28 108)	(48 083)
Total comprehensive income attributable to:			
Equity holders of the parent company		(5 872)	(28 038)
Non-controlling interests		90	(1 224)
Total comprehensive income		(5 782)	(29 262)
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)		3.60	3.08

Borys Bielikov
Chief Executive Officer

Vitalii Veresenko
Non-executive director

Marc van Campen
Non-executive director

Sergii Karpenko
Non-executive director

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

(in USD thousand, unless otherwise stated)

	Note	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Assets				
Non-current assets				
Biological assets	14	29 228	27 356	32 396
Property, plant and equipment and intangible assets	15	34 791	40 507	56 662
Deferred tax assets		90	314	450
Total non-current assets		64 109	68 177	89 508
Current assets				
Inventories	17	10 287	8 409	11 233
Biological assets	14	6 323	9 822	10 926
Trade and other receivables	18	10 154	11 892	11 323
Prepayments to suppliers		758	849	1 079
Prepayments for income tax		20	-	34
Cash and cash equivalents	19	9 425	2 471	4 015
Total current assets		36 967	33 443	38 610
Total assets		101 076	101 620	128 118
Equity and liabilities				
Equity				
Issued capital	20	67	73	76
Share premium		30 933	30 933	30 933
Foreign currency translation reserve		(105 531)	(78 057)	(46 568)
Retained earnings		129 783	104 444	104 444
Result for the period		21 608	25 339	18 507
Equity attributable to equity holders of the parent		76 860	82 732	107 392
Non-controlling interests	7	2 423	2 333	2 672
Total equity		79 283	85 065	110 064
Non-current liabilities				
Interest-bearing loans and other financial liabilities	16	13 267	7 203	8 434
Deferred tax liability		300	410	506
Total non-current liabilities		13 567	7 613	8 940
Current liabilities				
Trade and other payables	21	4 658	6 356	6 501
Advances received		180	278	79
Interest-bearing loans and other financial liabilities	16	3 388	2 308	2 534
Total current liabilities		8 226	8 942	9 114
Total liabilities		21 793	16 555	18 054
Total equity and liabilities		101 076	101 620	128 118

Borys Bielikov
Chief Executive Officer

Vitalii Veresenko
Non-executive director

Marc van Campen
Non-executive director

Sergii Karpenko
Non-executive director

Notes on pages 10 - 34 form an integral part of these consolidated condensed interim financial statements

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

(in USD thousand, unless otherwise stated)

	<i>Attributable to equity holders of the parent company</i>						Non-controlling interests	Total equity
	Issued capital	Share premium	Foreign currency translation reserve	Retained earnings	Result for the period	Total		
As at 31 December 2013 (audited)	83	30 933	(30)	73 855	30 589	135 430	3 896	139 326
Profit for the period	-	-	-	-	18 507	18 507	314	18 821
Other comprehensive income	-	-	(46 545)	-	-	(46 545)	(1 538)	(48 083)
Total comprehensive income	-	-	(46 545)	-	18 507	(28 038)	(1 224)	(29 262)
Allocation of prior year result	-	-	-	30 589	(30 589)	-	-	-
Exchange differences	(7)	-	7	-	-	-	-	-
As at 30 September 2014 (unaudited)	76	30 933	(46 568)	104 444	18 507	107 392	2 672	110 064
As at 31 December 2014 (audited)	73	30 933	(78 057)	104 444	25 339	82 732	2 333	85 065
Profit for the period	-	-	-	-	21 608	21 608	718	22 326
Other comprehensive income	-	-	(27 480)	-	-	(27 480)	(628)	(28 108)
Total comprehensive income	-	-	(27 480)	-	21 608	(5 872)	90	(5 782)
Allocation of prior year result	-	-	-	25 339	(25 339)	-	-	-
Exchange differences	(6)	-	6	-	-	-	-	-
As at 30 September 2015 (unaudited)	67	30 933	(105 531)	129 783	21 608	76 860	2 423	79 283

Borys Bielikov
Chief Executive Officer

Marc van Campen
Non-executive director

Vitalii Veresenko
Non-executive director

Sergii Karpenko
Non-executive director

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2015

(in USD thousand, unless otherwise stated)

	Note	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Operating activities			
Profit before tax		22 468	18 874
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property, plant and equipment and amortisation of intangible assets	11	1 632	2 935
Net change in fair value of biological assets	14	(1 876)	(2 764)
Disposal of property, plant and equipment		1	4
Finance income		(589)	(1 100)
Finance costs		835	375
Recovery of assets previously written-off	9	(44)	(145)
Impairment of doubtful accounts receivable and prepayments to suppliers	10	30	191
Liability for unused vacation		42	-
VAT written off	10	312	116
<i>Working capital adjustments:</i>			
Increase in trade and other receivables		(1 733)	(3 619)
Increase in prepayments to suppliers		(126)	(892)
Increase in inventories		(3 627)	(3 875)
(Decrease)/Increase in trade and other payables and advances received		(1 707)	2 947
		15 619	13 048
Income tax paid		(24)	(39)
Net cash flows from operating activities		15 595	13 009
Investing activities			
Proceeds from sale of property, plant and equipment		3	12
Purchase of property, plant and equipment		(2 331)	(8 663)
Increase in biological assets	14	(6 500)	(6 029)
Interest received		210	94
Net cash flows used in investing activities		(8 618)	(14 586)
Financing activities			
Proceeds from borrowings		2 505	-
Repayment of borrowings		(1 987)	(1 958)
Interest paid		(291)	(197)
Net cash flows from/(used in) financing activities		228	(2 155)
Net (decrease)/increase in cash and cash equivalents		7 205	(3 732)
Effect from translation into presentation currency		(251)	(861)
Cash and cash equivalents at 1 January		2 471	8 608
Cash and cash equivalents at 30 September		9 425	4 015

Borys Bielikov
Chief Executive Officer

Vitalii Veresenko
Non-executive director

Marc van Campen
Non-executive director

Sergii Karpenko
Non-executive director

Notes on pages 10 - 34 form an integral part of these consolidated condensed interim financial statements

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM 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 the Netherlands, 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, Ovostar Union N.V. and its subsidiaries are referred to as the “Ovostar Union Group” or the “Group”. The registered office and principal place of business of the Company 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 22.

Total number of employees of all companies of the Group constituted 1 327 employees as at 30 September 2015 and 1 314 employees as at 30 September 2014.

The Company is listed on the Warsaw Stock Exchange.

The consolidated condensed interim financial statements for the nine months ended 30 September 2015 were authorized by the Board of Directors on 11 November 2015.

2. Basis of preparation

2.1. Statement of compliance and basis of measurement

The consolidated condensed interim 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 condensed interim 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 condensed interim 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.

<u>Items</u>	<u>Measurement basis</u>
<i>Biological assets</i>	<i>Fair value less costs to sell</i>

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

2.2. Going concern basis

The consolidated condensed interim 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 condensed interim 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.

2.3. Functional and presentation currency

The functional currency of the Company is U.S. dollar (USD). The consolidated condensed interim 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 activity; and (c) the USD is the most convenient presentation currency for non-Ukrainian users of these IFRS consolidated condensed interim financial statements.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 the nine months ended 30 September 2015, the exchange rate had significant fluctuations. Consistent with IAS 21, if exchange rates fluctuate significantly, the use of the average rate for the 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 30 September 2015 (unaudited)	Average rate for nine months ended 30 September 2015 (unaudited)	Closing rate as at 31 December 2014 (audited)	Closing rate as at 30 September 2014 (unaudited)	Average rate for nine months ended 30 September 2014 (unaudited)
USD/UAH	21.5275	21.4852	15.7686	12.9492	11.0589
EUR/UAH	24.1195	23.9322	19.2329	16.4468	14.9711
PLN/USD	3.7819	3.7299	3.5407	3.2977	3.0846
EUR/USD	0.8916	0.8972	0.8227	0.7883	0.7378

3. Basis of consolidation

The consolidated condensed interim financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2015 and for the nine months then ended. 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 period are included in the consolidated condensed interim 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 Company 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.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 condensed interim 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 is 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 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, meat production volume, production of egg products) are based on internal forecasts of the Group's management from past experience;
- selling prices for eggs, egg products and poultry meat 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 eggs 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;

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

- 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 (Note 14).

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, eggs 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 Note 14.

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 condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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

Financial assets and financial liabilities are recorded in the Group's consolidated condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

- 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 condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 condensed interim 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 condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

do not meet the foregoing criteria for capitalisation are charged to the consolidated condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 2015, Ukrainian corporate income tax was levied at a rate of 18% (2014: 18%)

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 13).

5.23 Value Added Tax

For the nine months ended 30 September 2015, 2014, 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 2015 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 9). The Group's subsidiaries, 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 condensed interim 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 condensed interim 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.

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 condensed interim 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 condensed interim 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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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

	Effective for annual accounting period beginning on or after
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 the Group's these consolidated condensed interim 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 condensed interim 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".

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

7. Subsidiaries and Non-controlling interests

As at 30 September 2015, 2014 and 31 December 2014 the Group included the following subsidiaries:

Name of the company	Business activities	Ownership		
		As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Limited Liability Company "Ovostar Union"	Strategic management of subsidiary companies in Ukraine	100.0%	100.0%	100.0%
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	98.0%	98.0%	98.0%
Limited Liability Company "Ovostar"	Egg-products production and distribution	100.0%	100.0%	100.0%
Public Joint Stock Company "Poultry Farm Ukraine"	Production of shell eggs, assets holding	92.0%	92.0%	92.0%
Public Joint Stock Company "Malynove"	Production of shell eggs, assets holding	94.0%	94.0%	94.0%
Public Joint Stock Company "Krushynskyy Poultry Complex"	Trading company, egg trading – no operational activity	76.0%	76.0%	76.0%
Limited Liability Company "Skybynskyy Fodder Plant"	In the process of liquidation	98.6%	98.6%	98.6%

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 30 September 2015 (unaudited)	LLC "Yasensvit"	PJSC "Poultry Farm Ukraine"	PJSC "Malynove"	PJSC "Krushynskyy Poultry Complex"	Intra-group eliminations	Total
NCI percentage	2.0%	8.0%	6.0%	24.0%		
Non-current assets	30 762	6 349	5 390	2		
Current assets	42 457	2 020	1 913	744		
Non-current liabilities	-	-	(5)	-		
Current liabilities	(4 151)	(302)	(3 605)	(18)		
Net assets	69 068	8 067	3 693	728		
Carrying amount of NCI	1 381	645	222	175	-	2 423
Revenue	50 191	2 592	2 202	-		
Profit (loss)	18 293	4 530	(150)	(7)		
OCI	(18 583)	(1 348)	(1 405)	(266)		
Total comprehensive income	(290)	3 182	(1 555)	(273)		
Profit allocated to NCI	366	362	(9)	(2)		718
OCI allocated to NCI	(372)	(108)	(84)	(64)		(628)
Cash flows from operating activities	8 410	1 251	(1 148)	-		
Cash flows from investment activities	(4 782)	(1 188)	1 913	-		
Cash flows from financing activities (dividend to NCI: nil)	-	(73)	-	-		
Net (decrease)/ increase in cash and cash equivalents	3 628	(10)	765	-		

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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	<ul style="list-style-type: none"> sales of egg sales of chicken meat
Egg products operations segment	<ul style="list-style-type: none"> sales of egg processing products
Sunflower products operations segment	<ul style="list-style-type: none"> 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 nine months ended 30 September 2015 and 2014:

For the 9 months ended 30 September 2015 (unaudited)	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Revenue	65 326	15 658	2 464	83 448
Inter-segment revenue	(25 697)	(3 726)	(1 249)	(30 671)
Revenue from external buyers	39 629	11 933	1 215	52 777
Profit before tax	19 178	3 290	-	22 468

For the 9 months ended 30 September 2014 (unaudited)	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Revenue	53 895	16 160	4 348	74 403
Inter-segment revenue	(17 843)	(2 907)	(1 268)	(22 018)
Revenue from external buyers	36 052	13 253	3 080	52 384
Profit before tax	14 935	3 939	-	18 874

In 2015 and 2014 no sales were settled by barter transactions.

Segment assets, liabilities and other information regarding segments as at 30 September 2015, 2014 and 31 December 2014 were presented as follows:

As at 30 September 2015 (unaudited)	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Total segment assets	90 251	8 253	2 573	101 076
Total segment liabilities	20 424	1 369	-	21 793
Addition to property, plant and equipment and intangible assets	6 205	291	-	6 496
Net change in fair value of biological assets and agricultural produce	1 348	528	-	1 876
Depreciation and amortization	(1 506)	(122)	(4)	(1 632)
Interest income	207	6	-	213
Interest on debts and borrowings	(757)	(19)	-	(776)
Income tax expense	(50)	(92)	-	(142)

As at 31 December 2014 (audited)	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

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

As at 30 September 2014 (unaudited)	Egg operations segment	Egg products operations segment	Sunflower products operations segment	Consolidated
Total segment assets	113 043	13 090	1 985	128 118
Total segment liabilities	14 947	3 107	-	18 054
Addition to property, plant and equipment and intangible assets	9 741	86	4	9 831
Net change in fair value of biological assets and agricultural produce	1 896	868	-	2 764
Depreciation and amortization	(2 649)	(264)	(22)	(2 935)
Interest income	78	17	-	95
Interest on debts and borrowings	(340)	(35)	-	(375)
Income tax expense	(52)	(1)	-	(53)

The following table presents information about revenue from external buyers divided by geographic location for the nine months ended 30 September 2015 and 2014:

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Revenue from external buyers		
Ukraine	37 336	43 500
Middle East	14 124	6 899
EU	549	-
Africa	437	1 121
CIS	175	571
Other	156	293
Total	52 777	52 384

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

9. Other operating income

Note	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Income from refund under the special legislation:		
Income from special VAT treatment a)	3 124	1 849
Total income from refund under the special legislation	3 124	1 849
Gain on recovery of assets previously written off	44	145
Gain on disposal of property plant and equipment	5	8
Other income	67	81
Total other operating income	3 240	2 083

a) Income from special VAT treatment

According to the Tax Code of Ukraine, 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 nine months ended 30 September 2015, 2014 were specific VAT subsidies for the production and sale of eggs and egg products for further processing.

The following subsidiaries of the Group qualify for the use of VAT benefits: Limited Liability Company "Yasensvit", Public Joint Stock Company "Poultry Farm Ukraine".

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

10. Other operating expenses

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
VAT written-off	(312)	(116)
Impairment of doubtful accounts receivable and prepayments to suppliers	(30)	(191)
Fines and penalties	(23)	(47)
Loss on disposal of inventories	-	(3)
Other expenses	(15)	(33)
Total other operating expenses	(380)	(390)

11. Amortisation and depreciation expenses

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Depreciation and amortisation - Cost of sales	(1 500)	(2 527)
Depreciation and amortisation - Selling and distribution costs	(8)	(12)
Depreciation and amortisation - Administrative expenses	(124)	(396)
Total amortisation and depreciation expenses	(1 632)	(2 935)

12. Employee benefits expense

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Wages, salaries and social security costs of production personnel	(2 253)	(3 857)
Wages, salaries and social security costs of distribution personnel	(191)	(231)
Wages, salaries and social security costs of administrative personnel	(286)	(250)
Total employee benefits expense	(2 730)	(4 338)

13. 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 nine months ended 30 September 2015, 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 (30 September 2014: at a 18% rate). The deferred income tax assets and liabilities as of 30 September 2015 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 the nine months ended 30 September 2015 and 2014 were:

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
Current income tax	(2)	(2)
Deferred tax	(140)	(51)
Income tax (expense)/benefit reported in the income statement	(142)	(53)

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

14. Biological assets

As at 30 September 2015, 2014 and 31 December 2014 commercial and replacement poultry were presented as follows:

	As at 30 September 2015 (unaudited)		As at 31 December 2014 (audited)		As at 30 September 2014 (unaudited)	
	Number, thousand heads	Carrying value	Number, thousand heads	Carrying value	Number, thousand heads	Carrying value
Non-current biological assets						
<i><u>Replacement poultry</u></i>						
Hy-line	4 101	29 228	3 262	27 356	3 064	41 528
Total non-current biological assets	4 101	29 228	3 262	27 356	3 064	41 528
Current biological assets						
<i><u>Commercial poultry</u></i>						
Hy-line	1 767	6 323	2 250	9 745	2 137	1 693
Hy-sex	-	-	95	77	107	101
Total current biological assets	1 767	6 323	2 345	9 822	2 244	1 794
Total biological assets	5 868	35 551	5 607	37 178	5 308	43 322

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 nine months ended 30 September 2015 and 2014 was presented as follows:

	For the 9 months ended 30 September 2015 (unaudited)	For the 9 months ended 30 September 2014 (unaudited)
As at 01 January	37 178	58 172
Increase in value as a result of assets acquisition	1 068	358
Increase in value as a result of capitalization of cost	6 862	6 556
Income/(Losses) from presentation of biological assets at fair value	1 876	2 764
Decrease in value as a result of assets disposal	(1 430)	(885)
Exchange differences	(10 003)	(23 643)
As at 30 September	35 551	43 322

For the nine months ended 30 September 2015 the Group produced shell eggs in the quantity of 888 375 thousand items (30 September 2014: 740 224 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 29.57% (30 September 2014: 25.98%). 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.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 9 months ended	For the 9 months ended
	30 September 2015	30 September 2014
	(unaudited)	(unaudited)
Eggs sale price, USD per item (UAH per item)	0.063 (1.344)	0.088 (0.867)
Discount rate, %	29.57%	25.98%
Long-term inflation rate of Ukrainian hryvnya, %	120.00%	116.10%

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 30 September 2015.

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 30 September 2015 and 2014:

	For the 9 months ended	For the 9 months ended
	30 September 2015	30 September 2014
	(unaudited)	(unaudited)
1% decrease in egg sale price	(935)	(737)
1% increase in discount rate	(499)	(575)
1% increase in long-term inflation rate of Ukrainian hryvnya	351	542

15. Property, plant and equipment and intangible assets

During the nine months ended 30 September 2015, the Group's additions to property, plant and equipment amounted to USD 6 496 thousand (30 September 2014: USD 9 831 thousand). In particular the Group acquired equipment for poultry houses in the amount equal to USD 4 650 thousand (30 September 2014: USD 8 468 thousand) and capital expenditures in amount of USD 1 846 thousand (30 September 2014: 1 363 thousand) were incurred in connection with the reconstruction and improvement of the existing facilities and reconstruction of poultry buildings.

For the nine months ended 30 September 2015 and 2014 respectively the Group has put into operation fixed assets of book value equal to USD 2 619 thousand and USD 8 945 thousand respectively.

As at 30 September 2015 net book value of property plant and equipment which was used as collateral for bank loans amounted to USD 1 020 thousand and property, plant and equipment via finance lease amounted to USD 218 thousand (30 September 2014: USD 3 899 thousand and USD 621 thousand, respectively).

As at 30 September 2015 construction-in-progress and uninstalled equipment also included prepayments for the property, plant and equipment which amounted to USD 920 thousand (30 September 2014: USD 604 thousand).

As at 30 September 2015, included within property, plant and equipment were fully depreciated assets with the original cost of USD 1 903 thousand (30 September 2014: USD 3 244 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 30 September 2015, 2014 and 31 December 2014.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

16. Interest-bearing loans and other financial liabilities

		Effective		As at	As at	As at
	Currency	interest rate, %	Maturity	30 September	31 December	30 September
				2015	2014	2014
				(unaudited)	(audited)	(unaudited)
Current interest-bearing loans and other financial liabilities						
Landesbank Berlin AG / AKA						
Ausfuhrkredit-Gesellschaft		2.25%+				
mbH loan	EUR	EURIBOR (6m)	30.12.2021	1 653	-	-
		1.65%+				
Landesbank Berlin AG loan	EUR	EURIBOR (6m)	30.12.2020	1 617	1 752	1 829
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	05.07.2015	-	119	319
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	08.08.2015	-	160	101
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	03.10.2015	26	123	131
Other current loans	UAH	-	-	31	44	52
Short-term financial lease						
liabilities (a)	UAH	7.0%	28.09.2017	61	110	102
Total current interest-bearing loans and other financial liabilities				3 388	2 308	2 534
Non-current interest-bearing loans and other financial liabilities						
Landesbank Berlin AG / AKA						
Ausfuhrkredit-Gesellschaft		2.25%+				
mbH loan	EUR	EURIBOR (6m)	30.12.2021	7 271	-	-
		1.65%+				
Landesbank Berlin AG loan	EUR	EURIBOR (6m)	30.12.2020	5 935	7 066	8 114
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	05.07.2015	-	-	-
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	08.08.2015	-	-	-
		5.92% +				
Credit Agricole loan	EUR	EURIBOR (6m)	03.10.2015	-	-	110
Long-term financial lease						
liabilities (a)	UAH	7.0%	28.09.2017	61	137	210
Total non-current interest-bearing loans and other financial liabilities				13 267	7 203	8 434
Total interest-bearing loans and other financial liabilities				16 655	9 511	10 968

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 30 September 2015 and 2014 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 case of violation of repayment terms for the Credit Agricole loans, the interest rate increases to 10%.

As at 30 September 2015 net book value of property plant and equipment which was used as collateral for bank loans amounted to USD 1 020 thousand and property, plant and equipment via finance lease amounted USD 218 thousand (30 September 2014: USD 3 899 thousand and USD 621 thousand, respectively).

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

(a) Finance lease liabilities

	As at 30 September 2015 (unaudited)		As at 31 December 2014 (audited)		As at 30 September 2014 (unaudited)	
	Minimum lease payments	Present value of minimum lease payments	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	68	61	124	110	120	102
From one to five years	64	61	147	137	227	210
Above 5 years	-	-	-	-	-	-
	132	122	271	247	347	312
Less: financial expenses of future periods	(10)	-	(24)	-	(35)	-
Present value of lease liabilities	122	122	247	247	312	312
Less: amount to be paid within a year		(61)		(110)		(102)
Amount to be paid after one year		61		137		210

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 30 September 2015, 2014 and as at 31 December 2014 was as follows:

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Plant and equipment	218	321	621
Total	218	321	621

As at 30 September 2015 and 2014 there were no restrictions imposed by lease arrangements, in particular those concerning dividends, additional debt or further leasing.

17. Inventories

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Raw materials	6 802	4 190	3 851
Agricultural produce and finished goods	2 284	2 783	5 562
Package and packing materials	683	791	1 056
Work in progress	65	86	528
Other inventories	545	684	428
(Less: impairment of agricultural produce and finished goods)	(92)	(125)	(192)
Total inventories at the lower of cost and net realisable value	10 287	8 409	11 233

18. Trade and other receivables

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Trade receivables	7 008	7 646	6 333
VAT for reimbursement	3 273	4 441	5 120
Receivables for securities sold but not yet settled	78	107	130
VAT for reimbursement under special legislation	3	1	2
Other accounts receivable	61	45	27
Provision for doubtful accounts receivable	(269)	(348)	(289)
Total trade and other receivables	10 154	11 892	11 323

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

19. Cash and cash equivalents

	Note	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Cash in banks	a)	9 414	2 462	4 007
Cash on hand		11	9	8
Total cash in banks and on hand		9 425	2 471	4 015

a) Cash in banks by country of bank location:
(in conversion to USD thousand)

Country of bank location	Currency	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Ukraine	UAH	4 119	788	780
Ukraine	USD	1 378	148	103
Ukraine	EUR	3	4	-
Total in Ukraine		5 499	941	883
Poland	USD	2 980	1 465	3 041
Poland	EUR	5	43	68
Poland	PLN	2	4	4
Total in Poland		2 987	1 512	3 113
Netherlands	EUR	924	4	4
Total in Netherlands		924	4	4
Denmark	EUR	4	4	4
Denmark	USD	1	1	3
Total in Denmark		5	5	7
Total cash in banks		9 414	2 462	4 007

20. Equity

Issued capital and capital distribution

For the nine months ended 30 September 2015 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 30 September 2015, 2014 and 31 December 2014 the shareholder interest above 5% in the share capital of the Company was as follows:

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Prime One Capital Ltd.	71.24%	71.24%	71.24%
Generali Otworthy Fundusz Emerytalny	9.94%	9.94%	9.94%
FAIRFAX FINANCIAL Holdings Limited	5.35%	-	-
AVIVA Otworthy Fundusz Emerytalny Aviva BZ WBK	5.02%	5.02%	5.02%
AMPLICO OFE	-	5.80%	5.80%

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 67 302 (30 September 2014: USD 76 122). The result arising from exchange rate differences has been recorded in the "Foreign currency translation reserve".

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

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 the 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 nine months ended 30 September 2015 and 2014, there were no movements in share premium.

Dividends payable of the Company

During the nine months ended 30 September 2015 and 2014, no dividends have been declared and paid.

21. Trade and other payables

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Trade payables	3 943	5 643	5 627
Employee benefit liability	185	243	259
Taxes payable	115	149	147
Liability for unused vacation	188	229	232
VAT liabilities	140	4	167
Income tax payables	-	2	-
Other payables	87	86	69
Total trade and other payables	4 658	6 356	6 501

22. 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.

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 30 September 2015:

(A). Key management personnel:

	Position:
Borys Bielikov	Executive director/CEO
Vitalii Veresenko	Non-executive director
Marc van Campen	Non-executive director
Sergii Karpenko	Non-executive director
Tatiana Komarova	Chief Financial Officer
Natalia Malyovana	First Deputy CEO, Commercial Director
Vitalii Voron	Production director
Arnis Veinbergs	Deputy CEO in charge of Production activity

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

Agrofirma Boryspilsky Hutir LLC
Aleksa LTD LLC

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

As at 30 September 2015, 2014 and 31 December 2014 trade accounts receivable from related parties and advances issued to related parties were presented as follows:

	As at 30 September 2015 (unaudited)	As at 31 December 2014 (audited)	As at 30 September 2014 (unaudited)
Prepayments to related parties			
<i>(B). Companies which activities are significantly influenced by the Beneficial Owners:</i>			
Aleksa LTD LLC	75	84	103
	75	84	103

(C). Other related parties:

For the nine months ended 30 September 2015, and 2014 the Group had no other related parties.

23. Commitments and contingencies

Contingent liabilities

Operating environment. 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.

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. Management believes that the resolution of such matters will not have a material impact on its financial position or operating results.

OVOSTAR UNION N.V. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(in USD thousand, unless otherwise stated)

Capital commitments. As at 30 September 2015 the Group had no contract liabilities for acquisition of property, plant and equipment (30 September 2014: USD 1 168 thousand).

24. Subsequent events

There were no significant events that occurred after the balance sheet date.