

OVOSTAR UNION



**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED
30 JUNE 2021**

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STATEMENT OF THE BOARD OF DIRECTORS

Members of the Board of Directors of Ovostar Union Public Company Limited in accordance with Subsection (3c) and (7) of the Section (10) of the Law providing for transparency requirements in relation to information about issuers whose shares are admitted to trading on a regulated market (L.190(I)/2007 - “Transparency Law”) herewith confirms that to the best of their knowledge:

(a) the present unaudited consolidated condensed interim financial statements

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in compliance with the requirements set forth in Subsection (4) of the Section (9) of the Transparency Law, and

(ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidated accounts taken as a whole.

(b) the interim management report includes a fair review of the information required by subsection (6) of section (10) of the Transparency Law.

.....
Borys Bielikov
Chief Executive Officer,
Executive Director

.....
Vitalii Veresenko
Chairman of the Board,
Non-executive Director

.....
Karen Arshakyan
Head of Audit Committee,
Non-executive Director

.....
Sergii Karpenko
Non-executive Director

.....
Vitalii Sapozhnik
Chief Financial Officer

INTERIM MANAGEMENT REPORT

In accordance with the Law providing for transparency requirements in relation to information about issuers whose shares are admitted to trading on a regulated market (L.190 (I)/2007 - “Transparency Law”) the present Interim Management Report includes the following:

- a detailed and extended economic analysis of the results that enables assessment and evaluation of the course of the results during the period;
 - a declaration of any income from non recurring or extraordinary activities of the Group;
 - comparative economic analysis of the figures showing for the period in relation to the previous corresponding period, which has to be sufficient and extensive in order to identify the changes and the differences between the results of the two periods;
 - an indication of important events that have occurred during the first six months of the financial year, and their impact on the interim financial statements;
 - a description of the principal risks and uncertainties for the remaining six months of the financial year;
- (f) any other substantial information, which affects or could affect the assessment or evaluation by the readers of the report, regarding profits and losses for the relevant period or any future periods, the prospects and trends of the operations and the gain or loss of important contracts or co operations;
- a description of the related parties’ transactions during the first six months of the financial year, in accordance with the International Financial Reporting Standard applicable to the related parties transactions.

MARKET OVERVIEW

LAYING HENS FLOCK

Starting from the third quarter of 2020 Ukrainian egg industry has been shrinking in terms of the total laying hens' flock and production volumes. Poor harvest in the previous year boosted the prices for main feed-mix components, which subsequently increased cost of production. This, alongside quite unfavorable dynamics of the selling prices of eggs, caused huge losses for many egg producers and made some of them cut their flocks.

As of 30 June 2021 the total flock (including all kinds of birds of all breeds) was 239.2 mln birds, including 114.4 mln of industrial flock. (2020: 248.8 mln and 121.4 mln respectively). Total laying hens' flock fell by 14% Y-o-Y to 29.2 mln hens (2020: 33.9 mln).

Ovostar Union estimated share in the total laying hens' flock rose from 23% to 27% which is the largest share among the industrial egg producers in Ukraine.

SHELL EGGS

Total volume of eggs output by the industrial producers in the first half of 2021 fell by 24% in comparison to 6M 2020 and reached 3.5 bln eggs (2020: 4.6 bln eggs).

Ovostar Union estimated average share in industrial shell eggs production in the reporting period was 24% (2020: 17%). However, by the results of the June 2021 the Group produced 26% of the total industrial volume, which makes Ovostar Union #1 egg producer in Ukraine.

EGG PRODUCTS

In the 6 months of 2021 estimated production volume of dry egg products in Ukraine was 3.4 thous. tons, output of liquid egg products - 6.9 thous. tons.

Ovostar Union estimated share in total volume of dry egg products output in the reporting period equals 48%; share in total liquid egg products produced - 83% .

**Source: State Statistics Service of Ukraine*

KEY SEGMENTS ACTIVITIES

EGG SEGMENT

PRODUCTION

As of 30 June 2021 the Company's total flock equaled 8.01 mln hens, including 6.63 laying hens (30 June 2020: 8.24 and 6.91 mln hens respectively).

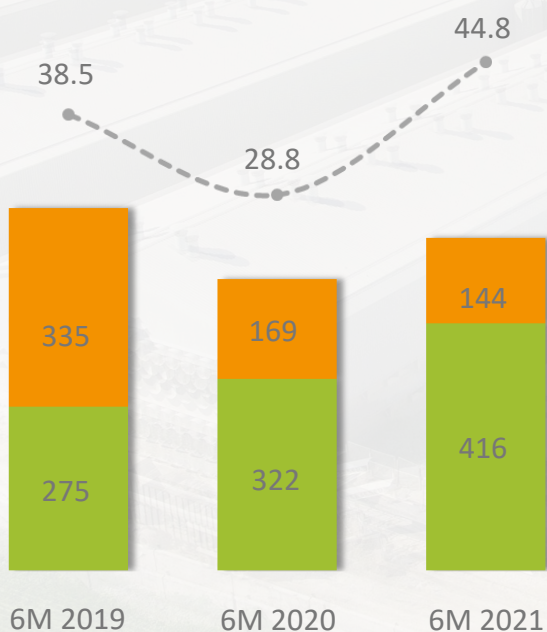
The volume of eggs produced in H1 2021 was 831 mln demonstrating 5% increase YoY (H1 2020: 793 mln).

SALES

In the reporting period the sales volume in the egg segment totaled 560 mln (H1 2020: 490 mln)

Export sales of shell eggs totaled 144 mln (H1 2020: 169 mln), which represents 26% of total number of eggs sold in H1 2021 (H1 2020: 34%).

SHELL EGGS SALES



SHELL EGGS PRICE DYNAMICS



- Local Sales, mln eggs
- Export Sales, mln eggs
- Segment Revenue, mln USD

- Average selling price, USD/egg, net of VAT

Average price of eggs in H1 2021 increased by 34% YoY in USD terms to 0.079 USD/egg (H1 2020: 0.059 USD/egg).

KEY SEGMENTS ACTIVITIES

EGG PRODUCTS SEGMENT

PRODUCTION

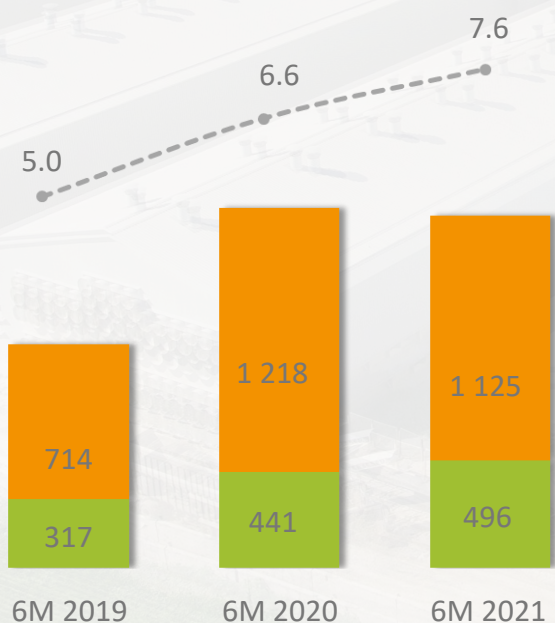
The volume of eggs processed in H1 2021 fell by 16% YoY and totaled 244 mln (H1 2020: 290 mln).

The Company produced 1 619 tons of dry egg products and 5 691 tons of liquid egg products (H1 2020: 1 782 tons and 6 598 tons respectively).

SALES

The volume of dry egg products sold amounted to 1 622 tons (H1 2020: 1 658 tons), out of which 1 125 tons, or 69%, were exported (H1 2020: 1 218 tons, 73%). The volume of liquid egg products sold was 5 726 tons (H1 2020: 6 401 tons), out of which export sales equaled 1 743 tons or 30% (H1 2020: 2 467 tons, 39%).

LIQUID EGG PRODUCTS SALES



■ Local Sales, tons
■ Export Sales, tons
—●— Segment Revenue, mln USD

DRY EGG PRODUCTS SALES



■ Local Sales, tons
■ Export Sales, tons
—●— Segment Revenue, mln USD

Average price of dry egg products increased by 18% YoY to 4.69 USD/kg (H1 2020: 3.96 USD/kg); average price of liquid egg products grew by 24% YoY to 1.56 USD/kg (H1 2020: 1.26 USD/kg).

FINANCIAL RESULT

REVENUE

Total revenue for the six months of 2021 amounted to USD 61.4 mln, which is by USD 16.8 mln, or by 38%, exceeds the level of the first half of 2020 (6M 2020: USD 44.6 mln). The increase is accounted for by a) larger sales volume of shell eggs as compared to the previous year (+14% Y-o-Y); b) increase of prices of shell eggs (+34% Y-o-Y) and eggs products (+18% Y-o-Y for dry eggs products, +24% Y-o-Y for liquid egg products).

During the 6 months 2021 shell eggs segment contributed USD 44.8 mln, or 73%, to the total revenue. The contribution of egg products segment made up USD 16.7 mln, or 27%. The share of revenues from export sales in 6M 2021 was 31% (6M 2020: 43%).

COST OF SALES AND GROSS PROFIT

Cost of sales in the reporting period was USD 53.1 mln vs. USD 37.2 mln in 2020. The increase is explained by the substantial rise in prices of main feed components, i.e.

corn and wheat, +57% and +47 Y-o-Y in USD terms respectively. Gross profit for the 6M 2021 equaled USD 6.6 mln (6M 2020: USD 7.7 mln).

OPERATING PROFIT AND EBITDA

Operating profit in the 6M 2021 was by 8% lower than in the first half of 2020 and totaled to USD 1.4 mln (6M 2020: USD 2.7 mln). EBITDA fell by 28% Y-o-Y to USD 3.5 mln (6M 2020: USD 4.8 mln).

NET PROFIT

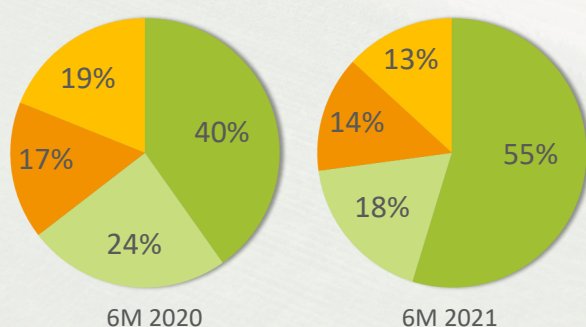
Net profit for the reporting period equaled USD 1.6 mln demonstrating 34% decrease as compared to the 6M 2020 (USD 2.4 mln).

MARGINALITY

For the 6M 2021 the margins were as follows:

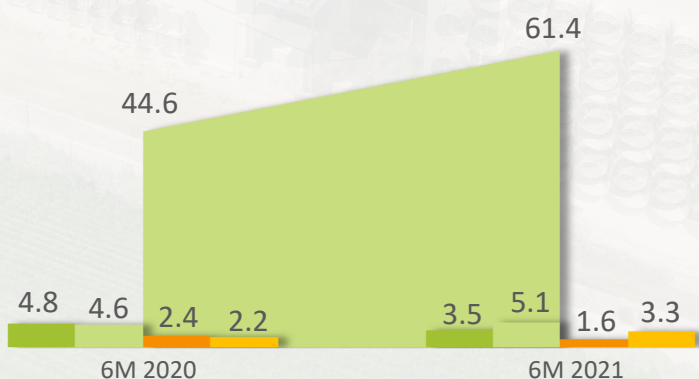
EBITDA Margin	6%	(2020: 11%);
Gross Profit Margin	11%	(2020: 17%);
Net Profit Margin	3%	(2020: 5%).

SALES STRUCTURE BY REVENUE



- Shell eggs, local
- Shell eggs, export
- Egg Products, local
- Egg Products, export

PROFITABILITY DYNAMICS



- *EBITDA, mUSD
- *Adjusted EBITDA, mUSD
- Net Profit, mUSD
- *Adjusted Net Profit, mUSD
- Revenue, mUSD

*please see p.11 – APM (3),(8) and (9)

FINANCIAL POSITION

ASSETS, LIABILITIES AND EQUITY

As of 30 June 2021 total assets amounted to USD 141.2 (2020: USD 130.7 mln). The 8% increase is mainly accounted for by the changes in fair value of biological assets (+USD 8.9 mln Y-o-Y).

Total equity as of 30 June 2021 amounted to USD 110.2 million against USD 109.5 as of 30 June 2020.

LOANS AND BORROWINGS

Total interest-bearing liabilities as of 30 June 2021 equaled USD 11.0 mln (30 June 2020: USD 9.0 mln). Alongside further partial repayment of the export loans in the reporting period (~USD 2.0 mln), the amount of new or refinanced loans was nearly USD 4.0 mln.

Net debt as of 30 June 2021 totaled to USD 8.9 mln (30 June 2020: USD 7.4 mln).

Cash and cash equivalents as of the reporting date totaled to USD 2.1 mln (30 June 2020: USD 1.7 mln).

CASH FLOW

Operating cash flow for the 6M 2021 was USD 9.6 mln (6M 2020: USD 7.8 mln).

Net cash flow used in investment activities reached USD 9.6 mln (6M 2020: USD 8.6 mln).

Net cash flow used in financing activities amounted to USD 0.4 mln (6M 2020: USD 1.6 mln).

INVESTMENT PROGRAM

On the background of COVID-19 pandemic and overall unfavorable situation in the national economy the management made the decision to focus on the operational efficiency and put the investment program on hold until further notice.

Thus, only minor investments in the production facilities and infrastructure were made in the reporting period.

ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures, “APMs”, which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The following APM’s are used in the present report:

APM	DEFINITION AND CALCULATION
Gross Profit (1)	Total revenues less total cost of the goods sold less changes in fair value of biological assets
Operating Profit (2)	Total revenues less total cost of the goods sold, less changes in fair value of biological assets, less operating expenses and less depreciation & amortization
EBITDA (3)	Profit from operating activities adding back amortization and depreciation
EBITDA margin (4)	EBITDA divided by revenue during the reporting period
Gross profit margin (5)	Gross profit as presented in the financial statements divided by revenue during the reporting period
Net profit margin (6)	Net profit as presented in the financial statements divided by revenue during the reporting period
Net debt (7)	Debt Liabilities less cash and cash equivalents
Adjusted EBITDA (8)	EBITDA adding back changes in fair value of biological assets
Adjusted Net Profit (9)	Net Profit adding back changes in fair value of biological assets

Reconciliation of APM to the items presented in the financial statements (in USD mln):

(1) Gross Profit	6M 2021	6M 2020
Revenue	61.4	44.6
Cost of sales	(53.1)	(37.2)
Changes in fair value of biological assets	(1.7)	0.2
Gross profit	6.6	7.7

ALTERNATIVE PERFORMANCE MEASURES

Reconciliation of APM to the items presented in the financial statements (in USD mln):
(continued)

(2) Operating Profit	6M 2021	6M 2020
Revenue	61.4	44.6
Cost of sales	(53.1)	(37.2)
Changes in fair value of biological assets	(1.7)	0.2
Other operating income	0.2	0.4
Selling and distribution costs	(3.6)	(3.4)
General and administrative expenses	(1.8)	(1.8)
Other operating expenses	(0.1)	(0.3)
Operating profit	1.4	2.7
(3) EBITDA and (4) EBITDA margin	6M 2021	6M 2020
Operating profit	1.4	2.7
Depreciation and amortization	2.1	2.1
EBITDA	3.5	4.8
Revenue	61.4	44.6
EBITDA margin	6%	11%
(5) Gross Profit margin	6M 2021	6M 2020
Gross profit	6.6	7.7
Revenue	61.4	44.6
Gross profit margin	11%	17%
(6) Net Profit margin	6M 2021	6M 2020
Net profit (Profit for the period)	1.6	2.4
Revenue	61.4	44.6
Net profit margin	3%	5%
(7) Net Debt	30 JUNE 2021	30 JUNE 2020
Interest-bearing loans and other financial liabilities	11.0	9.1
Cash and cash equivalents	2.1	1.7
Net Debt	8.9	7.3
(8) Adjusted EBITDA and (9) Adjusted Net Profit	30 JUNE 2021	30 JUNE 2020
Changes in fair value of biological assets	1.7	0.2
EBITDA	3.5	4.8
Net Profit	1.6	2.4
Adjusted EBITDA	5.1	4.6
Adjusted Net Profit	3.3	2.2

OTHER SUBSTANTIAL INFORMATION

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Group on a regular basis take all steps to monitor, identify and mitigate risks that may have adverse effect on the operations and believe that the main risks and uncertainties indicated in the Group's annual report 2020 (p.20-24) will remain relevant for the remaining six months of the financial year.

Special attention has been given to the COVID-19 related risks. In particular, in June 2021 a workplace vaccination program was launched to protect the company's employees.

DECLARATION OF INCOME FROM NON-RECURRING OR EXTRAORDINARY ACTIVITIES

In the first half of 2021 the Company did not receive any income from non-recurring or extraordinary activities.

INDICATION OF IMPORTANT EVENTS THAT HAVE OCCURRED IN THE REPORTING PERIOD

During the six months ended 30 June 2020 there were no events of material significance for the Company's operations.

RELATED PARTIES' TRANSACTIONS

In the reporting period no related parties' transactions occurred. Respective disclosure can be found in Note 22 to the consolidated condensed interim financial statements.

.....
Borys Bielikov
Chief Executive Officer,
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Non-executive Director

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Sergii Karpenko
Non-executive Director

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Vitalii Sapozhnik
Chief Financial Officer

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021
(IN USD THOUSAND, UNLESS OTHERWISE STATED)**

	Note	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Revenue from contracts with customers	8	61 416	44 632
Changes in fair value of biological assets	14	(1 665)	227
Cost of sales		(53 127)	(37 172)
Gross profit		6 624	7 687
Other operating income	9	220	440
Selling and distribution costs		(3 639)	(3 358)
Administrative expenses		(1 779)	(1 762)
Other operating expenses	10	(58)	(284)
Operating profit		1 368	2 723
Finance costs		(189)	(281)
Finance income		451	21
Profit before tax		1 630	2 463
Income tax expense	13	(10)	(24)
Profit for the period		1 620	2 439
Other comprehensive income			
Exchange differences on translation to presentation currency		4 139	(14 081)
Other comprehensive income for the period, net of tax		4 139	(14 081)
Total comprehensive income for the period, net of tax		5 759	(11 642)
Profit for the period attributable to:			
Equity holders of the parent company		1 844	2 571
Non-controlling interests		(224)	(132)
Total profit for the period		1 620	2 439
Other comprehensive income attributable to:			
Equity holders of the parent company		4 134	(13 877)
Non-controlling interests		5	(204)
Total other comprehensive income		4 139	(14 081)
Other comprehensive income attributable to:			
Equity holders of the parent company		5 978	(11 306)
Non-controlling interests		(219)	(336)
Total comprehensive income		5 759	(11 642)
Earnings per share:			
Equity holders of the parent company		6 000 000	6 000 000
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (USD per share)		0.31	0.43

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**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 30 JUNE 2021
(IN USD THOUSAND, UNLESS OTHERWISE STATED)**

	Note	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Assets				
Non-current assets				
Biological assets	14	43 697	40 234	38 278
Property, plant and equipment and intangible assets	15	47 950	47 943	51 411
Deferred tax assets		1	11	42
Other non-current assets		11	20	33
Total non-current assets		91 659	88 208	89 764
Current assets				
Inventories	16	15 217	13 216	11 658
Biological assets	14	16 208	11 138	12 700
Trade and other receivables	17	14 419	15 866	12 912
Prepayments to suppliers		1 514	1 233	1 905
Prepayments for income tax		28	27	28
Cash and cash equivalents	18	2 125	1 626	1 708
Total current assets		49 511	43 106	40 911
Total assets		141 170	131 314	130 675
Equity and liabilities				
Equity				
Issued capital	19	71	74	93
Share premium		30 933	30 933	30 933
Foreign currency translation reserve		(125 817)	(129 954)	(124 838)
Retained earnings		202 633	199 931	199 931
Result for the period		1 844	2 702	2 571
Equity attributable to equity holders of the parent		109 664	103 686	108 690
Non-controlling interests	7	499	718	783
Total equity		110 163	104 404	109 473
Non-current liabilities				
Interest-bearing loans and other financial liabilities	20	6 825	5 172	4 751
Deferred tax liability		324	312	239
Total non-current liabilities		7 149	5 484	4 990
Current liabilities				
Trade and other payables	21	15 608	12 378	9 112
Deferred income		3 134	3 149	2 382
Advances received		928	306	414
Interest-bearing loans and other financial liabilities	20	4 188	5 593	4 304
Total current liabilities		23 858	21 426	16 212
Total liabilities		31 007	26 910	21 202
Total equity and liabilities		141 170	131 314	130 675

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**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021
(IN USD THOUSAND, UNLESS OTHERWISE STATED)**

	Issued capital	Share premium	For- eign cur- rency transla- tion re- serve	Retained earnings	Result for the period	Total	Noncon- trolling Interests	Total equity
As at 31 December 2019 (audited)	78	30 933	(111 110)	219 945	(20 014)	119 832	1 119	120 951
Profit for the period	-	-	-	-	2 571	2 571	(132)	2 439
Other comprehensive income	-	-	(13 877)	-	-	(13 877)	(204)	(14 081)
Total comprehensive income	-	-	(13 877)	-	2 571	(11 306)	(336)	(11 642)
Allocation of prior period result	-	-	-	(20 014)	20 014	-	-	-
Dividends	-	-	-	-	-	-	-	-
Exchange differences	15	-	149	-	-	164	-	164
As at 30 June 2020 (unaudited)	93	30 933	(124 838)	199 931	2 571	108 690	783	109 473
As at 31 December 2020 (audited)	74	30 933	(129 954)	199 931	2 702	103 686	718	104 404
Profit for the period	-	-	-	-	1 844	1 844	(224)	1 620
Other comprehensive income	-	-	4 134	-	-	4 134	5	4 139
Total comprehensive income	-	-	4 134	-	1 844	5 978	(219)	5 759
Allocation of prior period result	-	-	-	2 702	(2 702)	-	-	-
Dividends	-	-	-	-	-	-	-	-
Exchange differences	(3)	-	3	-	-	-	-	-
As at 30 June 2021 (unaudited)	71	30 933	(125 817)	202 633	1 844	109 664	499	110 163

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**CONSOLIDATED
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FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021
(IN USD THOUSAND, UNLESS OTHERWISE STATED)**

	Note	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Operating activities			
Profit before tax		1 630	2 463
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment and amortisation of intangible assets	11	2 097	2 100
Net change in fair value of biological assets	14	1 665	(227)
Disposal of property, plant and equipment		2	-
Disposal of biological assets		1 219	1 115
Finance income		(451)	(21)
Finance costs		189	281
Recovery of assets previously written-off	9	-	(2)
Government subsidies		(139)	(339)
Impairment of doubtful accounts receivable and prepayments to suppliers	10	36	-
Working capital adjustments:			
Decrease in trade and other receivables		1 754	2 237
Decrease/(Increase) in prepayments to suppliers		(226)	(64)
Decrease in other non-current assets		9	63
Decrease/(Increase) in inventories		(1 512)	686
(Increase) in trade and other payables and advances received		3 372	(469)
Net cash flows from operating activities		9 645	7 823
Investing activities			
Purchase of property, plant and equipment		(211)	(1 666)
Increase in biological assets	14	(9 342)	(6 972)
Net cash flows used in investing activities		(9 553)	(8 638)
Financing activities			
Proceeds from borrowings		1 790	2 244
Repayment of borrowings		(1 274)	(3 630)
Interest received		9	37
Interest paid		(79)	(282)
Payment of dividends		-	-
Net cash flows used in financing activities		446	(1 631)
Net (decrease)/increase in cash and cash equivalents		538	(2 446)
Effect from translation into presentation currency		(39)	(324)
Cash and cash equivalents at 01 January		1 626	4 478
Cash and cash equivalents at 30 June		2 125	1 708

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Vitalii Sapozhnik
Chief Financial Officer

1. Corporate information

Ovostar Union Public Company Limited (referred to herein as the “Company”) is a limited liability company incorporated on 22 March 2011 in Amsterdam under the laws of the Netherlands. Following resolution of the Extraordinary Meeting of Shareholders held in Amsterdam on 30 August 2018 the Company was redomiciled to Cyprus and on 29 November 2018 was registered with the Register of Companies of the Republic of Cyprus as a company continuing in the Republic of Cyprus. As of 31 March 2021 the Company’s registered address is 22 Ierotheou Street, Strovolos, Nicosia 2028,

Cyprus.

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

The Group operates through a number of subsidiaries in Ukraine, Latvia, United Arab Emirates and British Virgin Islands (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. Subsidiary companies are registered under the laws of Ukraine, British Virgin Islands, Latvia and United Arab Emirates. The registered address 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.

The consolidated condensed interim financial statements for the six months ended 30 June 2021 were authorized by The Board of Directors on 26 August 2021.

2. Basis of preparation

2.1. Statement of compliance and basis of measurement

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

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

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

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

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

2.2. Going concern basis

The consolidated financial statements are prepared on a going concern basis, under which assets are sold and liabilities are repaid in the ordinary course of business.

Assessing the ability of the companies of the Group to continue as a going concern the management have focused on the following key factors that are crucial for maintaining liquidity – 1) the Group’s potential to generate positive cash-flow and 2) availability of external financing.

The management have elaborated comprehensive operational and financial forecasts for the 12 months period after the reporting date. The estimated net cash-flow is expected to be sufficient for the Group to continue as a going concern.

As of 30 June 2021 the companies of the Group had unutilized credit facilities in total amount of EUR 8 100 thousand available on demand.

The credit facility provided by OTP bank (Ukraine) has the total limit of EUR 6 300 thousand, the unused portion is EUR 4 100 thousand, that is fully collateralized. The date of repayment is October 2024, the interest rate is fixed at the level of 3% p.a. + EURIBOR. Apart from that, companies of the Group can make draw-downs from the overdraft facility provided by the bank in the maximum amount of UAH 20 000 thousand.

The revolving credit facility provided by Prime One Capital Ltd (Cyprus) in total amount of EUR 6 000 thousand, the unused portion is EUR 4 000 thousand, provides for the repayment date July 2022 and fixed interest rate 3% p.a.

Taking into account the above, the management have grounds to believe that in the reasonably foreseeable future the Group will have sufficient resources to cover its operational needs and fulfill its contractual obligations, thus a going concern basis is applicable to the present financial statements.

The accompanying consolidated financial statements do not include adjustments that would need to be made in case if the Group was unable to continue as a going concern.

2.3. Functional and presentation currency

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

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

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

- assets and liabilities, as well as the issued capital, for each statement of financial position presented (i.e. 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 (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences shall be recognized in other comprehensive income.

During six months ended 30 June 2021 and 2020, the exchange rate had significant fluctuations. Consistent with IAS 21, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate. Considering significant depreciation of Ukrainian currency against major foreign currencies and seasonality of sales, Management of the Group decided to translate income and expense items at average quarterly rates. 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 quarterly rates, 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 June 2021 (unaudited)	31 December 2020 (unaudited)	30 June 2020 (unaudited)
USD/UAH	27.1763	28.2746	26.6922
EUR/UAH	32.3018	34.7396	29.9500
USD/PLN	3.8035	3.7230	3.9667
USD/EUR	0.8418	0.8153	0.8906

	Average rate			
	1-st quarter 2021 (unaudited)	2-st quarter 2021 (unaudited)	1-st quarter 2020 (unaudited)	2-st quarter 2020 (unaudited)
	USD/UAH	27.9694	27.5910	25.0525
EUR/UAH	33.7569	33.2332	27.6154	29.6028
USD/PLN	3.7675	3.7582	3.9226	4.1000
USD/EUR	0.8296	0.8301	0.9069	0.9087

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling

interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

4. Use of estimates and assumptions

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

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

4.1. Impairment of property, plant and equipment

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

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

Expected future cash flows reflect long-term production plans formed on the basis of past experience and market expectations. The plans take into account all relevant characteristics of poultry farming, including 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) 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 product, price of poultry fodder and production data. Management believes that any reasonably possible change in key assumptions on which the recoverable amount of the Group is based will not cause the excess of carrying amount of the Group over its recoverable amount.

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

4.2. Fair value of biological assets

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

Among such factors are:

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

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

- cost planning at each stage of poultry farming will remain constant in future periods;
- egg production volume will not be significantly changed;
- egg sale price in future periods;
- long-term inflation rate of Ukrainian UAH in future periods;
- discount rate for determining the present value of future cash flows expected from the biological assets (Note 17).

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 product 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 consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in Notes 17, 32.

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. Expected credit losses

Financial assets of the Group that are subject to IFRS 9's expected credit loss model are represented by trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

4.4. Useful lives of property, plant and equipment

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

4.5. Deferred tax assets

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

5. Summary of significant accounting policies

5.1. Recognition and measurement of financial instruments

Financial instruments: key measurement terms

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 best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the

position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: Measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: Valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- Level 3: Valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments: initial recognition

Financial instruments at fair value through profit or loss are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the

contractual provisions of the instrument.

The Group uses discounted cash flow valuation techniques to determine the fair value of loans to related parties that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs. If any differences remain after calibration of model inputs, such differences are amortized on a straight-line basis over the term of the currency swaps, loans to related parties. The differences are immediately recognized in profit or loss if the valuation uses only level 1 or level 2 inputs.

5.2. Recognition and measurement of financial instruments

Financial assets: Classification and subsequent measurement: measurement categories

The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on:

- 1) The Group's business model for managing the related assets portfolio and
- 2) the cash flow characteristics of the asset.

As at 30 June 2021 and 30 June 2020 the Group did not hold financial assets at FVOCI.

Financial assets: Classification and subsequent measurement: business model

The business model reflects how the Group manages the assets in order to generate cash flows - whether the Group's objective is:

- 1) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or
- 2) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets: Classification and subsequent measurement: cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The Group holds the trade receivables with the objective to collect contractual cash flows and therefore

measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the expected credit loss measurement are provided in Note 31.

Financial assets: Reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets: Credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognizes Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial assets of the Group that are subject to IFRS 9's new expected credit loss model are represented by trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial assets: Write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include:

- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets: Derecognition

The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying passthrough arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets: Modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognizes the original financial asset and recognizes a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognized and fair value of the new substantially modified asset is recognized in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognizes a modification gain or loss in profit or loss.

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.

5.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank accounts and deposits with an original maturity date of six months or less and are stated at fair value.

5.5. Cash deposits

Cash deposits in the statement of financial position are held for the investment activities. For the purpose of the consolidated statement of cash flows, short-term deposits are included in the investing activities.

5.6. Impairment of financial assets

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

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

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

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

5.7. Writing-off of financial assets

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

5.8. Financial liabilities and equity instruments issued by the Group

5.8.1. Accounting as liabilities or equity

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

5.8.2. Equity instruments

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

5.8.3. Liabilities under financial guarantee contracts

Liabilities under financial guarantee contracts are initially measured at fair value and subsequently

recorded at the higher of:

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

5.8.4. Financial liabilities

Financial liabilities - measurement categories

Financial liabilities are classified as subsequently measured at amortized cost, except for (i) financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. As of 30 June 2021 and 30 June 2020 the Group did not have financial guarantee contracts and loan commitments or financial liabilities at fair value through profit or loss.

Financial liabilities - derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

5.8.5. Trade and other accounts payable

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

5.8.6. Loans and borrowings

Loans and borrowings are initially recognized at fair value less costs incurred in the transaction. Subsequently, loans and borrowings are stated at amortized cost; any difference between proceeds (net of transaction costs) and the amount of repayment is reflected in the income statement over the period for which loans and borrowings are issued using the effective interest rate method. Loans and borrowings are classified as

current liabilities, unless the Group has an unconditional right to defer settlement of the obligation to at least one year after the date of balance sheet preparation.

5.8.7. Writing-off of financial liabilities

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

5.9. Foreign currency transactions

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

5.10. Biological assets

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

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

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

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

5.11. Inventories

Inventories consist mainly of raw materials, package and packing materials, agricultural produce and finished goods.

Inventories are valued at the lower of cost and net realisable value.

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

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

5.12. Property, plant and equipment

Property, plant and equipment are recorded at historical cost or deemed cost, equal to fair value at the

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

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

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

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

Depreciation is provided to write-off the depreciable amount over the useful life of an asset and is calculated using the straightline 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.

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 amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortization is calculated on a straight line basis over the useful life of an asset, which is 10 years.

5.15. Borrowing costs

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

5.16. Leases

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with IAS 7.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes noncancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The initial lease asset equals the lease liability in most cases.

The lease asset is the right to use the underlying asset and is presented in the statement of financial position either as part of property, plant and equipment or as its own line item.

5.17. Contingent assets and liabilities

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

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

5.18. Provisions

Provisions are recognized 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 re-im-bursed by a third party, the receivables are recognized as an asset if there is actual assurance that such reimbursement will be received and the amount of receivables can be measured reliably.

5.19. Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognized in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognized net of discounts, returns and value added taxes, export duties, other similar mandatory Group's contracts with customers are fixed-price contracts and generally include both advance payment and deferred payment for the same contracts. Generally, the sales are made with a credit term of 30-

60 days, which is consistent with the market practice and consequently trade receivables are classified as current assets.

A receivable is recognized when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due (Note 21). Contract assets are immaterial and therefore not presented separately in the consolidated financial statements.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

The five-step model framework

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

Step 1: Identify the contract with the customer

A contract with a customer exists when:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

If a contract with a customer does not yet meet all of the above criteria, the Group continues as to re-assess the contract going forward to determine whether it subsequently meets the above criteria.

Step 2: Identify the performance obligations in the contract

At the inception of the contract, the Group assesses the goods or services that have been promised to the customer, and identifies a performance obligation:

- a good or service (or bundle of goods or services) that is distinct;
- or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
-

Step 3: Determine the transaction price

The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services. When making this determination, the Group considers past customary business practices.

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, the Group will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the Group will need to estimate it using an adjusted market assessment

approach or the expected cost plus a margin approach.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized as control is passed, either over time or at a point in time.

Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. These include:

- using the asset to produce goods or provide services;
- using the asset to enhance the value of other assets;
- using the asset to settle liabilities or to reduce expenses;
- selling or exchanging the asset;
- pledging the asset to secure a loan; and
- holding the asset.

The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly.

5.20. 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 2021, Ukrainian corporate income tax was levied at a rate of 18% (2020: 18%).

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

5.21. Value Added Tax

For the six months ended 30 June 2021 and 2020, 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 2021 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.

5.22. 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.

Government grants related to VAT

Upon introduction of a new agricultural support system in early 2017, Ukraine canceled specific VAT subsidies. Early in 2016, under this program, the Group's companies are subject to special tax treatment for VAT (Note 12.b). The Group's enterprises, which qualify as agricultural producers, are entitled to retain the net VAT payable. VAT amounts payable are not transferred to the State, but credited to the entity's separate special account to support the agriculture activities of the Group. Net result on VAT operations, calculated as excess of VAT liability over VAT credit is charged to profit or loss. VAT receivable exceeding VAT liability is used as a reduction in tax liabilities of the next period.

In 2017, the State Budget for agricultural support envisages that support automatically distributed among agricultural producers proportionally based on sales of agricultural products by those producers on a monthly basis. The budget subsidy for a sector is calculated on a monthly basis and is proportional to overall VAT paid. According to the Law of Ukraine On Agricultural Support, all agricultural producers that apply for the subsidy must be included in the State Registry of Budget Subsidy Recipients. An agricultural producer is defined as a farm or a company that derived 75% of its sales over the last 12 reporting periods (months) from sales of agricultural products. From 2017 onwards, budget subsidies will be provided until 1 January 2022. The agricultural producers will be engaged in the production of farm animals, as well as fruit and vegetable farmers. For each agricultural producer, the amount of the subsidy is not to exceed the amount of VAT tax paid by the producers, and will be distributed on a monthly basis (Note 12.a).

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

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

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

5.23. 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.

5.24. Related party transactions

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

5.25. Reclassification

Certain comparative information presented in the consolidated financial statements for the six months ended 30 June 2021 has been revised in order to achieve comparability with the presentation used in the consolidated financial statements for the six months ended 30 June 2021. Such reclassifications and revisions were not significant to the Group's consolidated financial statements.

6. New and amended standards

Pronouncement

Effective date

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	1 January 2018
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

a) New and amended standards and interpretations adopted

The Group has not adopted the following new standards and amendments to standards, including any consequential amendments to other standards:

IFRS	Issue date	Effective date:
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	18 May 2017	Applicable to annual reporting periods beginning on or after 1 January 2023. Not yet endorsed for use in the EU.
Definition of Material (Amendments to IAS 1 and IAS 8) The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	31 October 2018	Annual reporting periods beginning on or after 1 January 2020

<p>Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amend-ments to IFRS 4)</p> <p>Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:</p> <ul style="list-style-type: none"> • an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; • an optional temporary exemption from applying IFRS 9 for entities whose pre-dominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. <p>The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.</p>	<p>12 September 2016</p>	<p>Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for five years after that date.</p>
<p>Amendments to References to the Conceptual Framework in IFRS Standards</p> <p>Together with the revised <i>Conceptual Framework</i> published in March 2018, the IASB also issued <i>Amendments to References to the Conceptual Framework in IFRS Standards</i>. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised <i>Conceptual Framework</i>. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised <i>Conceptual Framework</i>.</p>	<p>29 March 2018</p>	<p>Annual periods beginning on or after 1 January 2020</p>
<p>Reference to the Conceptual Framework (Amend-ments to IFRS 3)</p> <p>The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.</p>	<p>14 May 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2022 Not yet endorsed for use in the EU</p>
<p>Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)</p> <p>The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.</p>	<p>15 July 2020</p>	<p>Immediately available. Not yet endorsed for use in the EU.</p>

<p>Definition of a Business (Amend-ments to IFRS 3) The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:</p> <ul style="list-style-type: none"> • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 	<p>22 October 2018</p>	<p>Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020</p>
<p>Interest Rate Benchmark Reform (Amend-ments to IFRS 9, IAS 39 and IFRS 7) The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest</p>	<p>26 September 2019</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2023. Not yet endorsed for use in the EU.</p>
<p>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p>	<p>23 January 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2023 Not yet endorsed for use in the EU.</p>
<p>Property, Plant and Equipment — Proceeds before Intended Use (Amend- ments to IAS 16) The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p>	<p>14 May 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2022 Not yet endorsed for use in the EU.</p>
<p>Covid-19-Related Rent Concessions (Amendment to IFRS 16) The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.</p>	<p>28 May 2020</p>	<p>Annual reporting periods beginning on or after 1 June 2020</p>

<p><i>Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)</i></p> <p>The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	<p>14 May 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2022 Not yet endorsed for use in the EU.</p>
<p><i>Annual Improvements to IFRS Standards 2018–2020</i></p> <p>Makes amend-ments to the following standards:</p> <p>IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.</p> <p>IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.</p> <p>IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.</p> <p>IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.</p>	<p>14 May 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2022 Not yet endorsed for use in the EU.</p>
<p><i>Interest Rate Benchmark Reform — Phase 2 (Amend-ments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i></p> <p>The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.</p>	<p>27 August 2020</p>	<p>Annual reporting periods beginning on or after 1 January 2021</p>

<p>Extension of the Temporary Exemption from Applying IFRS 9 (Amend-ments to IFRS 4)</p> <p>The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.</p>	25 June 2020	Immediately available
<p>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</p> <p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.</p>	12 February 2021	Annual reporting periods beginning on or after 1 January 2023 Not yet endorsed for use in the EU.
<p>Definition of Accounting Estimates (Amend-ments to IAS 8)</p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p>	12 February 2021	Annual reporting periods beginning on or after 1 January 2023 Not yet endorsed for use in the EU.

The management expects that the above standards, when effective, will not have a material effect on the consolidated financial statements of the Group in future periods.

7. Subsidiaries and Non-controlling interests

As at 30 June 2021 and 2020 the Group included the following subsidiaries:

Name of the company	Business activities	30 June 2021	31 December 2020	30 June 2020
Limited Liability Company "Ovostar Union"	Strategic management of subsidiary companies in Ukraine	100.0%	100.0%	100.0%
Limited Liability Company "Ovostar"	Egg-products production and distribution (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 (Ukraine)	100.0%	100.0%	100.0%
Public Joint Stock Company "Poultry Farm Ukraine"	Production of shell eggs, assets holding (Ukraine)	92.0%	92.0%	92.0%
Public Joint Stock Company "Malynove"	Production of shell eggs, assets holding (Ukraine)	94.0%	94.0%	94.0%
Public Joint Stock Company "Krushynskyy Poultry Complex"	Trading company, egg trading – non operational activity (Ukraine)	76.0%	76.0%	76.0%
Limited Liability Company "Skybyskyy Fodder Plant"	In the process of liquidation (Ukraine)	98.6%	98.6%	98.6%
SIA "Ovostar Europe"	Trade company (Latvia)	89.0%	89.0%	89.0%
SIA "Gallusman"	Production of shell eggs (Latvia)	89.0%	89.0%	89.0%
SIA "EPEX"	Egg-products production (Latvia)	89.0%	89.0%	89.0%
International Food Trade	Trade company (British Virgin Islands)	100.0%	100.0%	100.0%
OAE Food Trade FZE	Trade company (United Arab Emirates)	100.0%	100.0%	100.0%
Limited Liability Company "BV TRADING"	Non-operational activity (Ukraine)	0.0%	0.0%	100.0%
*REMEDIIUM FOODS B.V.	Egg processing, distribution of egg	50.0%	50.0%	0.0%

The following tables summarize the information relating to each of the Group's subsidiaries that has material NCI, before any intragroup elimination:

30 June 2021 (unaudited)	PJSC "Poultry Farm Ukraine"	PJSC "Malynove"	PJSC "Krushynsky Poultry Complex"	"SIA" Ovostar Europe"	SIA "Gallus man"	SIA "EPEX"	Intra- group elimina- -tions	Total
<u>NCI percentage</u>	8.0%	6.0%	24.0%	11.0%	11.0%	11.0%		
Non-current assets	520	15 368	-	8	358	58		
Current assets	4 587	11 227	558	5 093	103	206		
Non-current liabilities	-	-	-	-	-	-		
Current liabilities	(1 988)	(24 426)	(11)	(5 626)	(61)	(248)		
<u>Net assets</u>	<u>3 119</u>	<u>2 169</u>	<u>547</u>	<u>(525)</u>	<u>400</u>	<u>16</u>		
Carrying amount of NCI	250	130	131	(58)	44	2		499
Revenue	1 221	6 371	-	14 066	1	240		
Profit (loss)	(573)	(3 046)	(1)	12	3	25		
OCI	86	(120)	21	18	(14)	-		
<u>Total comprehensive income</u>	<u>(487)</u>	<u>(3 166)</u>	<u>20</u>	<u>30</u>	<u>(11)</u>	<u>25</u>		
Profit allocated to NCI	(46)	(182)	-	1	-	3		(224)
OCI allocated to NCI	7	(8)	5	2	(1)	-		5
Cash flows from operating activities	1	-	-	(166)	(30)	-		
Cash flows from investment activities	-	-	-	(2)	-	-		
Effect from translation into presenta-tion currency	-	-	-	(9)	(1)	-		
Net (decrease)/ increase in cash and cash equivalents	2	-	-	(177)	(31)	-		

30 June 2021 (unaudited)	PJSC "Poultry Farm Ukraine"	PJSC "Malynove "	PJSC "Krushynsk y Poultry Complex"	"SIA" Ovostar Europe "	SIA "Gallusman "	SIA "EPEX "	Intra- group elimina- -tions	Total
NCI percentage	8,0%	6,0%	24,0%	11,0%	11,0%	11,0%		
Non-current assets	1 413	18 896	-	6	333	57		
Current assets	2 667	7 620	572	4 874	108	101		
Non-current liabilities	-	-	(3)	-	-	-		
Current liabilities	(515)	(22 044)	6	(4 777)	(63)	(159)		
Net assets	3 565	4 472	575	103	378	(1)		
Carrying amount of NCI	285	268	138	11	42	-		744
Revenue	1 116	4 539	13 335	2	47	038		
Profit (loss)	(258)	(3 064)	(1)	668	(6)	(3)		
OCI	(1 575)	(1 067)	(267)	62	390	-		
Total comprehensive income	(1 833)	(4 131)	(268)	730	384	(3)		
Profit allocated to NCI	(21)	(184)	-	74	(1)	-		(132)
OCI allocated to NCI	(126)	(64)	(64)	7	43	-		(204)
Cash flows from operating activities	25	66	180	(32)	(15)	-		
Cash flows from investment activities	(25)	(65)	-	-	-	-		
Effect from translation into presenta-tion currency	-	-	-	(7)	-	-		
Net (decrease)/ increase in cash and cash equivalents	-	1	180	(39)	(15)	-		

8. Segment information

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

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

Egg operations segment	sales of egg sales of chicken meat
Egg products operations segment	sales of egg processing products
Oilseed operations segment	sales of sunflower oil, rapeseed 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 six months 30 June 2021 and 2020 the Group included the following subsidiaries:

6 months ended 30 June 2021 (unaudited)	Operations segment		Total
	Egg	Egg products	
Revenue from contracts with customers	78 490	23 638	102 128
Inter-segment revenue	(33 737)	(6 975)	(40 712)
Revenue from external buyers	44 753	16 663	61 416
Profit before tax	1 776	(146)	1 630

6 months ended 30 June 2020 (unaudited)	Operations segment		Total
	Egg	Egg products	
Revenue from contracts with customers	55 751	23 700	79 451
Inter-segment revenue	(26 938)	(7 881)	(34 819)
Revenue from external buyers	28 813	15 819	44 632
Profit before tax	1 129	1 334	2 463

For the six months 30 June 2021 and 2020 no sales were settled by barter transactions.

Segment assets, liabilities and other information regarding segments as at 30 June 2021 and 2020 were presented as follows:

30 June 2021 (unaudited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	123 686	17 484	141 170
Total segment liabilities	30 343	664	31 007
Addition to property, plant and equipment and intangible assets	174	37	211
Net change in fair value of biological assets and agricultural produce	(1 665)	-	(1 665)
Depreciation and amortization	(1 890)	(207)	(2 097)
Interest income	6	3	9
Interest on debts and borrowings	(189)	-	(189)
Income tax expense	(10)	-	(10)

31 December 2020 (audited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	113 728	17 586	131 314
Total segment liabilities	26 418	492	26 910

30 June 2020 (unaudited)	Operations segment		Total
	Egg	Egg products	
Total segment assets	115 498	15 177	130 675
Total segment liabilities	20 135	1 067	21 202
Addition to property, plant and equipment and intangible assets	1 032	634	1 666
Net change in fair value of biological assets and agricultural produce	146	81	227
Depreciation and amortization	(1 862)	(238)	(2 100)
Interest income	37	-	37
Interest on debts and borrowings	(282)	-	(282)
Income tax expense	-	(24)	(24)

The Group presented disaggregated revenue based on the type of goods or services provided to customers and the geographical region of goods and services. Entities will need to make this determination based on entity-specific and/or industry-specific factors that would be most meaningful to their business.

The Group presented a reconciliation of the disaggregated revenue with the revenue information disclosed for each reportable segment.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

6 months ended 30 June 2021 (unaudited)	Operations segment		Total
	Egg	Egg products	
Type of goods or service			
Goods	44 712	16 637	61 349
Services	41	26	67
Total revenue from contracts with customers	44 753	16 663	61 416
Geographical markets			
Ukraine	33 610	8 559	42 169
Export market	11 143	8 104	19 247
Total revenue from contracts with customers	44 753	16 663	61 416

6 months ended 30 June 2020 (unaudited)	Operations segment		Total
	Egg	Egg products	
Type of goods or service			
Goods	28 667	15 818	44 485
Services	146	1	147
Total revenue from contracts with customers	28 813	15 819	44 632
Geographical markets			
Ukraine	17 933	7 380	25 313
Export market	10 880	8 439	19 319
Total revenue from contracts with customers	28 813	15 819	44 632

9. Other operating income

	Note	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Income from refund under the special legislation:			
Government subsidies	a)	139	339
Total income from refund under the special legislation		139	339
Gain on recovery of assets previously written off		41	2
Insurance compensation		12	
Gain on disposal of property plant and equipment		-	
Other income		28	99
Total		220	440

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

a) Government subsidies

On 7 February 2018, the Cabinet of Ministers of Ukraine approved the procedure to obtain livestock sector state support. During the year ended 31 December 2020, the Group received government grants in accordance to the compensation program for construction and reconstruction of livestock farms in an amount of USD 826 thousand (2019: USD 2 952 thousand. Government grants are presented in the statement of the financial position as deferred income, which is recognised in profit or loss on a systematic basis over the useful life of the related assets.

The unamortized portion of the government subsidies as of 30 June 2021 is USD 3 134 thousand (30 June 2020: USD 2 382 thousand).

10. Other operating expenses

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Writing off fixed assets	-	(11)
Impairment of doubtful accounts receivable and prepayments to suppliers	(36)	-
Impairment of goodwill	-	-
Write-off of Accounts Receivable	-	-
Loss on disposal of property plant and equipment	(2)	-
Fines and penalties	(14)	(6)
Other expenses	(6)	(267)
Total	(58)	(284)

11. Amortisation and depreciation expenses

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Depreciation and amortisation:		
Cost of sales	(1 928)	(1 920)
Selling and distribution costs	(39)	(46)
Administrative expenses	(130)	(134)
Total	(2 097)	(2 100)

12. Employee benefits expense

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Wages, salaries and social security:		
Costs of production personnel	(3 746)	(3 887)
Costs of distribution personnel	(561)	(439)
Costs of administrative personnel	(713)	(775)
Total	(5 020)	(5 101)

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 six months ended 30 June 2021, 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 June 2020: at a 18% rate). The deferred income tax assets and liabilities as of 30 June 2021 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 six months ended 30 June 2021 and 2020 were:

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
Current income tax	-	-
Deferred tax	(10)	(24)
Total	(10)	(24)

14. Biological Assets

	30 June 2021 (unaudited)		31 December 2020 (audited)		30 June 2020 (unaudited)	
	Number, thousand heads	Carrying value	Number, thousand heads	Carrying value	Number, thousand heads	Carrying value
Non-current biological assets						
<i>Replacement poultry</i> - Hy-line	4 347	43 697	4 381	40 234	3 890	38 278
Total non-current biological assets	4 347	43 697	4 381	40 234	3 890	38 278
Current biological assets						
<i>Commercial poultry</i> - Hy-line	3 658	16 208	3 612	11 138	4 346	12 700
Total current biological assets	3 658	16 208	3 612	11 138	4 346	12 700
Total biological assets	8 005	59 905	7 993	51 372	8 236	50 978

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 six months ended 30 June 2021 and 2020 was presented as follows:

	2021 (unaudited)	2020 (unaudited)
As at 01 January (audited)	51 372	50 759
Increase in value as a result of assets acquisition	211	196
Increase in value as a result of capitalization of cost	9 131	6 776
Income/(Losses) from presentation of biological assets at fair value	(1 665)	227
Decrease in value as a result of assets disposal	(1 219)	(1 115)
Exchange differences	2 075	(5 865)
As at 30 June (unaudited)	59 905	50 978

For the six months ended 30 June 2021 the Group produced shell eggs in the quantity of 830 533 thousand items (30 June 2020: 792 723 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 16% (30 June 2020: 16.00%). Management supposes that sale price and production and distribution costs fluctuations will comply with forecasted index of consumer price in Ukraine. The major assumptions were performed on the basis of internal and external information and it reflected Management's assessment of the future agricultural prospect.

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

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

	Assumption as at 30 June 2021 (unaudited)	Assumption as at 30 June 2020 (unaudited)
Eggs sale price, USD per item (UAH per item)	0.078 (2.12)	0.068(1.771)
Discount rate, %	16.00%	16.00%
Long-term inflation rate of Ukrainian hryvnya, %	1.05	1.07
Maximum poultry life time, days	770	770

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 June 2021

Changes in key assumptions that were used in fair value estimation of biological assets had the following influence on the value of biological assets:

	6 months ended 30 June 2021 (unaudited)	6 months ended 30 June 2020 (unaudited)
1% decrease in egg sale price	(1 321)	(1 019)
1% increase in discount rate	(772)	(12)
1% increase in long-term inflation rate of Ukrainian hryvnya	34	685

15. Property, plant and equipment and intangible assets

During the six months ended 30 June 2021, the Group's additions to property, plant and equipment amounted to USD 234 thousand (30 June 2020: USD 1115 thousand). In particular, the Group acquired equipment for poultry houses in the amount equal to USD 158 thousand (30 June 2020: USD 461 thousand) and capital expenditures in amount of USD 76 thousand (30 June 2020: 555 thousand) were incurred in connection with the reconstruction and improvement of the existing facilities and reconstruction of poultry buildings.

For the six months ended 30 June 2021 and 2020 respectively the Group has put into operation fixed assets of book value equal to USD 171 thousand and USD 612 thousand respectively.

As at 30 June 2021 construction-in-progress and uninstalled equipment also included prepayments for the property, plant and equipment which amounted to USD 495 thousand (2020: USD 550 thousand).

As at 30 June 2021, included within property, plant and equipment were fully depreciated assets with the

original cost of USD 3 939 thousand (2020: USD 3 012 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 June 2021 and 30 June 2020.

16. Inventories

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Raw materials	5 911	5 430	3 054
Agricultural produce and finished goods	4 677	3 945	5 209
Package and packing materials	2 202	1 682	1 570
Work in progress	1 115	821	668
Other inventories	1 332	1 357	1 267
(Less: impairment of agricultural produce and finished goods)	(20)	(19)	(110)
Total	15 217	13 216	11 658

17. Trade and other receivables

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade receivables	10 512	12 995	8 172
VAT for reimbursement	3 568	2 689	4 084
Other accounts receivable	519	443	863
Provision for doubtful accounts receivable	(180)	(261)	(207)
Total	14 419	15 866	12 912

18. Cash and cash equivalents

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Cash in banks	2 111	1 619	1 688
Cash on hand	14	7	20
Total	2 125	1 626	1 708

a) Cash in banks by country of bank location denominated in the following currencies:

	Currency	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Ukraine	UAH	442	522	259
Ukraine	USD	740	119	286
Ukraine	EUR	535	379	116
Total in Ukraine		1 717	1 020	661
Cyprus	EUR	5	-	-
Total in Cyprus		5	-	-
Latvia	USD	68	51	1
Latvia	EUR	137	385	214
Total in Latvia		205	436	215
United Kingdom	USD	17	18	542
United Kingdom	EUR	3	-	45
United Kingdom	PLN	-	-	1
Total in United Kingdom		20	18	588
United Arab Emirates	AED	48	47	92
United Arab Emirates	USD	116	72	130
United Arab Emirates	EUR	-	26	2
Total in United Arab Emirates		164	145	224
Total cash in banks		2 111	1 619	1 688

19. Equity

Issued capital and capital distribution

For the six months ended 30 June 2021 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.

As at 30 June 2021, 2020 and 31 December 2020 the shareholder interest above 5% in the Share capital of Company was as follows:

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Prime One Capital Ltd	67.93%	67.93%	67.93%
Generali Otwarty Fundusz Emerytalny	10.93%	10.93%	10.93%
FAIRFAX FINANCIAL Holdings Limited	10.39%	5.35%	5.35%
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	5.02%	5.02%	5.02%

Foreign currency translation reserve

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) as of 30 June 2021, has been converted into USD 71 267 (30 June 2020: USD 93 378). The result arising from exchange rate differences has been recorded in the "Foreign currency translation reserve".

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

Share premium

As has been mentioned previously, in June 2011 the Group's shares have been placed on WSE. As a result of the transaction, USD 33 048 thousand was raised while the IPO costs amounted to USD 2 115 thousand. In these financial statements funds raised as a result of IPO are reflected in share premium as at 31 December 2011. For the year ended 30 June 2021 and 2020, there were no movements in share premium.

20. Interest-bearing loans and other financial liabilities

	Currency	Effective interest rate, %	Maturity	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Current interest-bearing loans and other financial liabilities						
Landesbank Berlin AG/AKA Ausfuhrkredit-Gesellschaft mbH	EUR	2.25%+ (3m) EURIBOR	30.12.2021	1 249	2 556	1 534
UkrSibbank	EUR	2.95%	20.09.2021	2 914	3 013	2 745
Other current loans	UAH			25	24	25
Total current interest-bearing loans and other financial liabilities				4 188	5 593	4 304
Non-current interest-bearing loans and other financial liabilities						
Landesbank Berlin AG/AKA Ausfuhrkredit-Gesellschaft mbH	EUR	2.25%+ (3m) EURIBOR	30.12.2021	-	-	1 945
OTP Bank	EUR	3.00%	02.10.2024	4 398	2 703	2 244
Prime One Capital Limited	EUR	3.00%	10.07.2022	2 427	2 469	562
Total non-current interest-bearing loans and other financial liabilities				6 825	5 172	4 751
Total interest-bearing loans and other financial liabilities				11 013	10 765	9 055

The Interest-bearing loans from Landesbank Berlin AG and AKA Ausfuhrkredit-Gesellschaft mbH has been covered of Euler Hermes AG.

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 June 2021 and 2020 the Group was not in breach of any financial covenants which allow lenders to demand immediate repayment of loans.

Reconciliation of liabilities arising from financing activities. The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	31 December 2020 (audited)	Financing cash flow payment	Financing cash flow received	Increase (as a result of accruals and other)	Exchange differences	30 June 2021 (unaudited)
Interest-bearing loans	10 777	(1 274)	1 790	-	(340)	10 953
Interest expenses	(40)	(79)	-	189	(35)	35
Other borrowings	28	-	-	-	(3)	25
Total	10 765	(1 353)	1 790	189	(378)	11 013

	31 December 2019 (audited)	Financing cash flow payment	Financing cash flow received	Increase (as a result of accruals and other)	Exchange differences	30 June 2020 (unaudited)
Interest-bearing loans	10 586	(3 630)	2 244	-	(43)	9 157
Interest expenses	(224)	-	-	97	-	(127)
Other borrowings	28	-	-	-	(3)	25
Total	10 390	(3 630)	2 244	97	(46)	9 055

21. Trade and other payables

	30 June 2021 (unaudited)	31 December 2020 (audited)	30 June 2020 (unaudited)
Trade payables	13 563	10 561	7 077
Employee benefit liability	566	540	532
Liability for unused vacation	829	797	675
Taxes payable	241	234	262
VAT liabilities	145	139	112
Income tax payables	22	21	-
Other payables	242	86	454
Total	15 608	12 378	9 112

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 Beneficial Owners;
- (C). Other related parties.

The following companies and individuals are considered to be the Group's related parties as at 30 June 2021 and 2020:

(A). Key management personnel

Key management personnel 2021:

Borys Bielikov	Position: Executive Director / CEO
Vitalii Veresenko	Non-executive director
Sergii Karpenko	Non-executive director
Vitalii Sapozhnik	Chief Financial Officer
Arnis Veinbergs	Deputy CEO in charge of Production activity
Karen Arshakyan	Non-executive director
Yuliya Flyorova	Production director

Key management personnel 2020:

Borys Bielikov	Position: Executive Director / CEO
Vitalii Veresenko	Non-executive director
Sergii Karpenko	Non-executive director
Vitalii Sapozhnik	Chief Financial Officer
Arnis Veinbergs	Deputy CEO in charge of Production activity
Karen Arshakyan	Non-executive director
Yuliya Flyorova	Production director

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

Aleksa LTD LLC 2021/2020

As at 30 June 2021 and 2020 trade accounts receivable from related parties and advances issued to related parties were presented as follows:

	30 June 2021	31 December 2020	30 June 2020
	(unaudited)	(audited)	(unaudited)

Prepayments to related parties

(B). Companies which activities are significantly influenced by the Beneficial Owners:

Aleksa LTD LLC	54	43	50
Total	54	43	50

(C). Other related parties:

For the six months ended 30 June 2021, 2020 the Group has no other related parties.

23. Commitments and contingencies

Operating environment

All production facilities of the Company are located in Ukraine and its operations are highly dependent on the developments in this jurisdiction.

After years of political and economic tension, the Ukrainian economy had started to stabilise, but the outbreak of COVID-19 reversed this trend. According to the IMF, GDP growth fell to an estimated -7.2% in 2020 (from 3.2% in 2019), and is expected to pick up to 3% in 2021 and 3.2% in 2022, subject to the post-pandemic global economic recovery. Activity should be supported by a revival of external and domestic demand, as well as fiscal and monetary stimulus.

Until February 2020, the Ukrainian economy was still in a robust macroeconomic state thanks to the successful implementation of a reform program, with declining public debt, falling inflation and positive growth forecasts, but the outbreak of the pandemic and the government reshuffle darkened the outlook. Declining nominal GDP and Covid-19-related fiscal stimulus widened the fiscal deficit, reaching -4.5% GDP in 2020 (from -1.8% in 2019) and projected to amount - 3.8% GDP in 2021 and -3% GDP in 2022 (IMF).

Public debt increased significantly, from 50.1% GDP in 2019 to 65.7% GDP in 2020, and is expected to stay high in 2021 (64.3% GDP) and 2022 (61.8% GDP) (IMF). During the first nine months of 2020, the hryvnya lost -16% vs. the USD (Euler Hermes), but inflation declined to 3.2% in 2020 (from 7.9% in 2019) due to the easing of energy and food prices. Inflation is expected to increase again to 6% in 2021 and 5.7% in 2022 (IMF).

In June 2020, the IMF approved a USD 5 billion support package to help Ukraine to cope with COVID -19 pandemic challenges. Policies under the new arrangement focus on four priorities: mitigating the economic impact of the crisis; ensuring continued central bank independence and a flexible exchange rate; safeguarding financial stability while recovering the costs from bank resolutions; and moving forward with key governance and anti-corruption measures to preserve and deepen recent gains (IMF). The 2021 budget priorities include healthcare, purchase of vaccines from COVID-19, increasing the minimum wage, salaries and pensions, education and agriculture.

Ukraine's unemployment rate was falling until 2019, but due to the negative economic impact of the COVID-19 pandemic, it is estimated to have increased to 11% in 2020 and is forecast to stay high in 2021 (9.6%) and 2022 (9%) (IMF). The informal sector in Ukraine is estimated to account for a third of the country's GDP, and GDP per capita (at purchasing power parity) is only 20% of the EU average.

The agricultural sector plays a major role in Ukrainian economy. In 2019, it contributed to 9% of the GDP and employed 14% of the working population in 2020 (World Bank). The main crops are cereals, sugar, meat and milk. Ukraine is the world's fifth largest exporter of grain. The European Union has reduced its customs duties on the agricultural areas of Ukraine, which could be a boon for this sector.

Due to the COVID-19 pandemic, Ukrainian economic sectors have been hit hard in 2020, and a slow recovery is expected in 2021, subject to global post-pandemic recovery. Agriculture is expected to be among the least affected by quarantine restrictions, while service, trade and transport have been the most affected. Approximately 700,000 small businesses in the service sector have closed.

The present Financial Statements are made up with due regard for both actual and assumed implications

of the above developments and the effects thereof on the Company's financial standing and performance in the reporting period.

Taxation

Ukraine has a corporate income tax system, under which taxable profit of companies (i.e. financial profit adjusted by tax differences) is subject to 18% tax rate.

Transfer pricing rules apply to transactions with related non-residents and "low-tax" non-residents (i.e. non-residents, taxed domestically at a significantly lower corporate income tax rate than the Ukrainian tax rate of 18%), subject to a company's minimum income threshold of UAH 150 million and transactions volume threshold with each individual non-resident of UAH 10 million.

Domestic supply of goods and services, as well as the import of goods and certain services, are subject to value-added tax at the standard rate of 20%. Reduced tax rate of 0% applies to the export of goods from Ukraine.

Payment of passive income (i.e. interest, royalties, dividends etc.) to non-residents of Ukraine is subject to withholding tax at a standard 15% rate unless double tax treaties or the Tax Code of Ukraine provide another tax rate.

Agrarian producers of raw materials are allowed to apply a simplified tax system, given that at least 75% of their income is attributable to sales of agricultural raw materials produced by such company. Under the simplified tax system, companies are subject to a fixed tax, which depends on the type, location and monetary value of farmland used by such companies.

By the end of 2019, MLI Convention (BEPS Action plan step 15) entered into force in Ukraine, which allows Ukraine to amend its double tax treaties with other countries, which have also ratified MLI Convention. Ukraine has already amended a part of its double tax treaties and may amend more treaties in the future.

Recently, the new anti-BEPS Law entered into force, which significantly changed the Ukrainian Tax Code, introducing a significant portion of BEPS Action plan steps (3, 4, 6, 7, 8, 13 and 14) to the local tax legislation.

In 2020 the Law on the market of agricultural land has been adopted. The Law introduced changes to the Land Code of Ukraine aimed at the abolishment of the moratorium for sale of land. However, the Law will enter into force on 1 July 2021 and provides a set of restrictions related to the maximum land size, which can be sold to an individual buyer, restrictions to sell land in certain areas and to certain types of buyers. Also, regardless of the expected abolishment of moratorium, sale of land is subject to provisions and/or restrictions of the Land Code of Ukraine, as well as other branch laws in certain cases.

The management believe that the Group has been in compliance with all requirements of effective tax legislation and assume that the introduced amendments will not have immediate effect on the Group's operations.

The present Financial Statements are made up with due regard for both actual and assumed implications of the above developments and the effects thereof on the Company's financial standing and performance in the reporting period.

24. Subsequent events

There were no significant events after the balance sheet date.