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Quarterly report for the period  
1st July 2015 – 30st September 2015

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14<sup>th</sup> November 2015

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## General information about the Company

### Company details:

Company Name:	Cereal Planet PLC
Address:	Boumpoulinas, 11, 3rd Floor, 1060 Nicosia, Cyprus
Registration number:	HE 304677
Telephone:	+38 (057) 775 81 33, +38 (057) 775 81 34
Mail:	office@cereal.com.ua
www:	www.cereal.com.ua

## 1.1 COMPANY PROFILE

The core activity of the Cereal Planet Group, an Ukraine based Group of Companies, is the production of cereals (buckwheat, pea, wheat, barley, maize, and millet) with the Group's own equipment. The cereals are packed in the consumer packages under the official trade marks (namely «OLIMP», «Gostovskaya», «Kashka Vkusniashka», «Vershina Yakosti») which is used for own products and other goods. The principal activity of the Cereal Planet PLC is the holding of investments.

Group of Companies first ventured into grits industry in 1998 and achieved nowadays around 10% of Ukrainian market.

The Group of companies has a trade chain in Kharkov and in the region, key clients-distributors in large regional and district cities of Ukraine, the sales channels of which are used for sales of Group owned and other trademarks.

The Group's technological equipment enables grain to be used in baking, confectionary, and medical fields (flax, rape, coriander, sunflower), and to be used in the preparation of fodder for various animals based on millet, rape and oats.

The Group has been exporting cereals to more than 25 countries including CIS countries, Europe and Asia for over 15 years. The prevalent export items are cereals and grain manufactured by the Group, as well as grain purchased from agricultural companies in bulk, which are exported using the railway and sea transport. The experience and long-term presence in this market made it possible to create and permanently expand the circle of partners in various countries of the world, the number of which nowadays exceeds 50 companies.

The Group consists of five companies:

Cereal Planet PLC – Cyprus based holding Company

Cereal Ukraine LLC – Ukrainian based holding Company

Selkhozskrom LLC – Ukrainian based factory of cereal processing

ACP Ranok – Ukrainian based trading company

Olimp LLC – Ukrainian based trading and distribution company



## 1.2 BOARD OF DIRECTORS

Anatoli Vlasenko - Chairman of the Board of Directors

Ask Investment Limited – Member of the Board of Directors (nominee)

Ask Management Limited – Member of the Board of Directors (nominee)

Cereal Planet PLC does not have Supervisory Board.



## 2 CONDENSED STANDALONE FINANCIAL STATEMENT FOR THE 3 Q 2015

Tables below provide condensed interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for a 3 Q 2015 (period ended 30 September 2015). All data are presented in thousand EUR.

### 2.1 CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Statement of comprehensive income for the period from 01.07.2015 to 30.09.2015

	01/01/2015 - 30/09/2015	01/01/2014 - 30/09/2014	01/07/2015 - 30/09/2015	01/07/2014 - 30/09/2014
Income statement	€000	€000	€000	€000
<b>Continuing operations</b>				
Sales revenue	29	8	-	-
Cost of sales	-	-	-	-
Profit from investment activities	-	-	-	-
Income from change in fair value of agricultural products	0	0	0	0
<b>Gross profit</b>	<b>29</b>	<b>8</b>	<b>-</b>	<b>-</b>
Selling and distribution costs	-	-	-	-
Administrative expenses	(52)	(7)	-	-
Income from government grants	-	-	-	-
Other operating income/(expenses), net	-	-	-	-
<b>Operating profit</b>	<b>(24)</b>	<b>1</b>	<b>-</b>	<b>-</b>
Non-operational income/(expenses), net	-	-	-	-
Financial income/(expenses), net	-	-	-	-
Exchange rate differences, net	-	-	-	-
<b>Profit before tax from continuing operations</b>	<b>(24)</b>	<b>1</b>	<b>-</b>	<b>-</b>
Income tax expense	-	-	-	-
<b>Profit for the year from continuing operations</b>	<b>-24</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Profit for the year attributable to</b>				
Equity holders of the parent	-24	1	-	-
Non-controlling interest	-	-	-	-





## Statement of comprehensive financial position for the period 30.09.2015 and 30.09.2014

Statement of financial position	30 September 2015	30 September 2014
	€000	€000
Goodwill	0	0
Investments in subsidiaries	2 112	2 112
<b>Total non-current assets</b>	<b>2 112</b>	<b>2 112</b>
<b>Current assets</b>		
Current biological assets		
Inventories		
Trade and other receivables		
Prepayments and other current assets, net		
Deposit		
Cash and cash equivalent	4	1
<b>Total current assets</b>	<b>4</b>	<b>1</b>
<b>Total assets</b>	<b>2 116</b>	<b>2 113</b>
<b>Equity and liabilities</b>		
Share capital	53	53
Other reserves	112	112
Retained earnings (accumulated losses)	1 917	1 938
Exchange rate effect		
Equity attributable to equity holders of the parent	2 082	2 103
Non-controlling interests	0	0
<b>Total equity</b>	<b>2 082</b>	<b>2 104</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	0	0
Deferred tax liability	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>		
Trade and other payables	34	8
Interest-bearing loans and borrowings		
Provisions		
<b>Total current liabilities</b>	<b>34</b>	<b>8</b>
<b>Total liabilities</b>	<b>34</b>	<b>8</b>
<b>Total equity and liabilities</b>	<b>2 116</b>	<b>2 113</b>



## 2.2 CONDENSED STANDALONE STATEMENT OF CASHFLOW

Statement of cash flows for the period from 30.09.2015 to 30.09.2015

Statement of cash flows	01.07.2015 -	01.07.2014 -	01.01.2015 -	01.01.2014 -
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Operating activities	€000	€000	€000	€000
Profit before tax from continuing operations	0	0	0	1
Profit before tax	0	0	0	1
Non-cash adjustment to reconcile profit before tax to net cash flows				
Working capital adjustments:				
Interest received				
Income tax paid				
Net cash flows from operating activities	0	0	0	1
Net cash flows used in investing activities				
Financing activities				
Proceeds from borrowings				
Repayment of borrowings				
Proceeds from issue of share capital				
Net cash flows from/(used in) financing activities				
Net increase in cash and cash equivalents				
Net foreign exchange difference				
Cash and cash equivalents at 1 January	0	0	0	1
Cash and cash equivalents at 1 September	0	0	0	1





## 2.3 CONDENSED STANDALONE STATEMENT FOR CHANGES IN EQUITY

Statement of changes in equity for the period from 30.09.2015 ended 30.09. 2015

Statement for changes in equity	Share capital	Share premium	Retained earnings	Exchange rate effect	Additional paid-in capital	Total
	€000	€000	€000	€000	€000	€000
<b>Balance at 31 December 2012/1 January 2013</b>	<b>53</b>		<b>2 275</b>	<b>-</b>	<b>112</b>	<b>2 441</b>
Net profit for the period	-	-	1	-	-	1
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Increase of share capital	-	-	-	-	-	-
<b>Balance at 30 September 2014</b>	<b>53</b>		<b>2 276</b>	<b>-</b>	<b>112</b>	<b>2 442</b>
Net profit for the period	-	-	-24	-	-	-24
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Increase of share capital	-	-	-	-	-	-
<b>Balance at 30 September 2015</b>	<b>53</b>		<b>1 917</b>	<b>-</b>	<b>112</b>	<b>2 080</b>

## 3 CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE 3 Q 2015

Tables below provide condensed consolidated interim financial statements of Cereal Planet PLC, in accordance with International Financial Reporting Standards for the 3 Q 2015 (period ended 30.09. 2015). The condensed consolidated interim financial statements and comprehensive income position as well as consolidated statement for the changes in the equity present comparative data for 30.09.2014. All data are presented in thousand EUR.

### 3.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Condensed statement of profit or loss and other comprehensive income for the period from 30.09.2015 to 30.09.2015 year (with comparative data).



Condensed statement of profit or loss and other comprehensive income				
for the period from 30/06 to 30/09 of 2015 year (with comparative data)				
	01/01/2015 - 30/09/2015	01/01/2014 - 30/09/2014	01/07/2015 - 30/09/2015	01/07/2014 - 30/09/2014
	€000	€000	€000	€000
<b>Continuing operations</b>				
Sales revenue	14 925	16 717	4 474	7 173
Cost of sales	(11 020)	(13 203)	(4 032)	(5 752)
<b>Gross profit</b>	<b>3 905</b>	<b>3 514</b>	<b>443</b>	<b>1 421</b>
Administrative expenses	(286)	(638)	(98)	(229)
Selling expenses	(1 480)	(1 192)	(583)	(510)
Other expenses	(2 558)	(1 395)	(839)	(402)
Other income	3 527	376	1 284	106
Financial expenses	(333)	(387)	(103)	(135)
<b>Profit before tax</b>	<b>2 775</b>	<b>278</b>	<b>103</b>	<b>251</b>
Income tax expense	(19)	(1)	-	(1)
<b>Net profit for the period</b>	<b>2 756</b>	<b>277</b>	<b>103</b>	<b>250</b>
<b>Other comprehensive expense for the year</b>				
Currency translation difference	(1 179)	(910)	(140)	(71)
<b>Profit for the year attributable to</b>				
<b>Total comprehensive income for the year</b>	<b>1 577</b>	<b>(633)</b>	<b>(37)</b>	<b>179</b>

### 3.2 CONDENSED STATEMENT OF FINANCIAL POSITION



Condensed statement of financial position		
as at 30 September 2015 (with comparative data)		
	30 September, 2015	30 September, 2014
<b>Assets</b>	€000	€000
<b>Non-current assets</b>		
Property, plant and equipment	1 313	1 869
<b>Total non-current assets</b>	<b>1 313</b>	<b>1 869</b>
<b>Current assets</b>		
Inventories	3 216	1 885
Trade and other receivables	4 437	3 986
Cash and cash equivalent	24	17
<b>Total current assets</b>	<b>7 677</b>	<b>5 888</b>
<b>Total assets</b>	<b>8 991</b>	<b>7 757</b>
<b>Equity and liabilities</b>		
Share capital	53	53
Additional paid-in capital	112	111
Exchange differences	-3 880	-951
Retained earnings	8 611	3 076
<b>Equity attributable to equity holders c</b>	<b>4 895</b>	<b>2 290</b>
<b>Non-current liabilities</b>		
Deferred tax liability	7	32
Loans and borrowings non-current	0	0
<b>Total non-current liabilities</b>	<b>7</b>	<b>32</b>
<b>Current liabilities</b>		
Loans and borrowings current	1 610	2 483
Trade an other payables	2 479	2 953
<b>Total current liabilities</b>	<b>4 089</b>	<b>5 436</b>
<b>Total liabilities</b>	<b>4 096</b>	<b>5 468</b>
<b>Total equity and liabilities</b>	<b>8 991</b>	<b>7 757</b>

### 3.3 CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW



Condensed statement of cash flows for the period ended 30.09.2015 with comparative data for 30.09.2014

Condensed statement of cash flows  
for the period from 01/01 to 30/09 of 2015 year

€ '000	01/01/2015 - 30/09/2015	01/01/2014 - 30/09/2014	01/07/2015 - 30/09/2015	01/07/2014 - 30/09/2014
<b>Cash flows from operating activities</b>				
Profit before tax	2 775	278	103	251
Adjustments for:				
Depreciation of property, plant and equipment	35	132	0	0
Exchange difference arising on the translation of assets on foreign currencies	-247	-880	-857	0
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	0	0	0	0
Impairment charge of property, plant and equipment	0	0	0	0
Interest income	0	0	0	0
Interest expense	-333	387	-103	135
Cash flows from operations before working capital changes	2 231	-83	-858	386
Increase in inventories and work in progress	-522	1 268	-734	492
Increase in trade and other receivables	225	-552	29	-1 588
(Decrease)/increase in trade and other payables	-1 011	-571	-110	862
Cash flows from operations	922	62	-1 673	152
Tax refunded/income tax paid	-19	0	0	0
<b>Net cash flows from operating activities</b>	<b>903</b>	<b>62</b>	<b>-1 673</b>	<b>152</b>
<b>Cash flows from investing activities</b>				
Payment for purchase of property, plant and equipment	-243	0	0	0
Acquisition of subsidiaries, net cash outflow on acquisition	0	0	0	0
Loans granted	0	2 483	0	1 735
Interest received	0	0	0	0
<b>Net cash flows used in investing activities</b>	<b>-243</b>	<b>2 483</b>	<b>0</b>	<b>1 735</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital	0	0	0	0
Obtaining loans and borrowings	227	-2 134	227	-1 754
Repayments of borrowings	-886	-387	0	-135
Suspense account (pending correction of Depreciation, Minority interest and share capital)	0	0	0	0
<b>Net cash flows (used in)/from financing activities</b>	<b>-659</b>	<b>-2 521</b>	<b>227</b>	<b>-1 889</b>
Net decrease in cash and cash equivalents	1	24	-1 446	-2
Cash and cash equivalents:				
At beginning of the year/period	23	40	613	14
At end of the year/period	24	17	24	17

### 3.4 CONDENSED CONSOLIDATED STATEMENT FOR CHANGES IN EQUITY

Condensed statement for changes in equity for the period ended 30.09.2015 year.





	Attributable to equity holders of the Company					
	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interests	Total
	€000	€000	€000	€000	€000	€000
<b>Balance at 31 December 2013/1 January 2014</b>	<b>53</b>	<b>111</b>	<b>- 41</b>	<b>2 801</b>	<b>-</b>	<b>2 924</b>
Net profit the period	-	-	-	3 051	-	3 051
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 2 659	-	-	- 2 659
<b>Balance at 31 December 2014/1 January 2015</b>	<b>53</b>	<b>111</b>	<b>- 2 700</b>	<b>5 852</b>	<b>-</b>	<b>3 316</b>
Net profit the period	-	-	-	2 756	-	2 756
Issue of share capital	-	-	-	-	-	-
Exchange difference on the translation and consolidation of foreign companies' financial statements	-	-	- 1 179	3	-	- 1 176
<b>Balance at 30 September 2015</b>	<b>53</b>	<b>111</b>	<b>- 3 879</b>	<b>8 611</b>	<b>-</b>	<b>4 896</b>

#### 4 APPLIED ACCOUNTANCY PRINCIPLES

These interim financial statements have been prepared based on IAS 34 Interim Financial Reporting. These interim financial statements include substantial information required for a complete set of IFRS financial statements. The Board of Director's commentary included, explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

There were no changes in accounting policy of the Group during period 30.09.2015-30.09.2015.

##### Judgments and estimates

In preparing these interim financial statements, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

##### Significant accounting policies

Except as described herewith, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

##### Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of



the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared by the consolidation of the historical financial statements of each of the Group's companies, on the basis of the accounting records of these companies.

Subsidiaries are all Group's entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

### Summary of significant accounting policies

The main principles of accounting policy, which have been adopted in the preparation of this audit consolidated financial information, are described below.

### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### *Rendering of services*

Revenues from services are recognized when such services are rendered and revenue can be reliably measured

### Taxes

#### *Current income tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

#### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.





Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized in other comprehensive income is recognized in other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Value added tax*

Revenues, expenses and assets are recognized net of the amount of value-added tax ("VAT") except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is disclosed on the face of the consolidated statement of financial position.

#### **Property, plant and equipment**

Items of property, plant and equipment are stated at cost, less accumulated depreciation and/or accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalized directly attributable borrowing costs in accordance with early adopted International Financial Reporting Standard IAS 23 Borrowing Costs (Revised), any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.



Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Group of fixed assets	years
Buildings	50
Plant and equipment	20
Motor vehicles	10
Other	10

#### *Group as a lessor*

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

#### **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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Finance costs**

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### **Financial instruments:**

##### **Financial assets**

##### *Initial recognition*

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include cash and cash equivalents as well as loan, trade and other receivables.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.



For the purpose of the combined statement cash flows, cash and cash equivalents consist of cash as defined above.

Loans, trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. Gains and losses are recognized as income or expenses when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *(4) Impairment*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Financial assets carried at amortized cost*

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no



objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is directly reduced for credit losses and the amount of the loss is recognized as other operating expenses in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting profit and loss. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

## Financial liabilities

### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

#### Trade and other payables

After initial recognition, trade and other payables with fixed maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

#### Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process. *Derecognition* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or





modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### Issued capital

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve. Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

#### 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 amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Inventories

Originally inventories are stated at the lower of cost and net realizable value after making an allowance for any obsolete or slow-moving items. The cost of inventories includes the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. At disposal cost of raw materials, spare parts and goods is determined based on the FIFO method, whereas cost of finished goods is determined based on the weighted average cost method.

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



### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit and loss in those expense categories consistent with the function of the impaired asset, except for property, plant and equipment previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group does not have the assets, for which annual impairment testing is required.

### Foreign currency transactions and translation to presentation currency

#### (1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### (2) Translation to presentation currency

At each reporting date, the assets and liabilities of each company are translated into the Group's presentation currency at the rate of exchange prevailing at the reporting date. The revenues and expenses for the year or, if shorter, the period of combined of subsidiary in the Group are translated at the exchange rate prevailing at the date of transaction or average exchange rate for the period if it approximates the rate as of the date of transaction. The exchange differences arising on the translation are recognized in other comprehensive income.





### Contingent assets and liabilities

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

### Subsequent events

Events, which took place after the reporting date and prior to the date of approval of financial reports to be issued which provide additional information regarding the financial statements of the Group, are reflected in financial statements.



## 5 THE BOARD OF DIRECTORS' COMMENT ON THE FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS.

### 5.1 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

The Group Cereal Planet increased effectiveness and profitability of production and sales. In 3 Q 2015 there were no extraordinary evidences interrupting regular activity. All production sites are in a places safe from the conflict territory. All products are regularly shipped to the customers except separatist controlled Donieck and Lugans regions. Cereal Planet products are FMCG and meet basic demand of the customers.

In the 3 Q 2015 hryvnia continued stabilization and did not have negative impact on Cereal Planet revenues and reporting. In EUR , 3 Q 2015 toward 2 Q 2015 hryvna lost 2%, same for USD/UAH , but in comparison to 30.09.2014 hryvna lost 47%. FX factor does play substantial role in reporting and revenues of the Company. Revenues in UAH in 3 Q 2015 in comparison to 3 Q 2014 have to increase roughly by 47% in order to show the same results in EUR. Detailed data are presented in the below table. Substantial part of the Company revenues come from local sales same with the cost, so exchange rate has substantial influence for EUR terms .

Seles revenue for 3 Q 2015 reached the amount of EUR 4 474 thousand and represent 38% decrease in sales in comparison to 3 Q 2014 (EUR 7 173 thousand). Profit before tax in 3 Q 2015, was 103 thousand - 59% less than in 3 Q 2014 ( 179 thousand). However for 1-3 Q 2015 the Company reached 1 577 thousand net profit in comparison to loss EUR 633 thousand in 1-3 Q 2014. Net profit was due to increase of productivity as well as stabilization of hryvna.

In the condensed statement of financial position for 3 Q 2015 there was decline in non-current assets by 29% to EUR 1 313 thousand (3Q.2015). Total assets increased by 16% to 8 991 thousand from EUR 7 757 thousand.

### 5.2 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Net cash flow from operating activities was increased and reached EUR 903 thousand in 1-3 Q 2015 in comparison to EUR 62 thousand in 1-3 Q 2014.

### 5.3 COMMENTS TO THE CONDENSED CONSOLIDATED STATEMENT FOR CHANGE IN EQUITY

Equity balance for the 3 Q 2015 constitutes EUR 4 896 thousand and increased due to the retained profit .

## 6 REPORT ON THE COMPANY'S ACTIVITIES IN 3 Q 2015

### 6.1 COMPANY'S ACTIVITY

Cereal Planet has already adapted to the current situation in Ukraine. Portion of export helps to have part of revenues inflow in foreign exchange. Despite the continuity of the unfavorable political situation Cereal Planet efficiently delivered products to the clients in 3 Q 2015. The results of the 3 Q



2015 confirm that Cereal Planet is a profitable company, capable to increase productivity. Profit increased substantially in comparison to the previous period. This year is expected the record profit year. Related stability of foreign exchange helps to run the sales.

This marketing year Ukrainian grain production and export was record and reached 34,3 million tons in comparison to 32 million tons in 2013/2014 marketing year. Wheat is the leading grain item to export. This year peas was exported more than consumed locally, 190 thousand ton export vs 180 thousand ton local consumption). Cereal Planet uses opportunity to increase export to existing and new clients. Major clients are located in Asia and Africa.

It has to be noted that next year harvest may be less due to the drought in the summer.

The Parliament confirmed no changes to the VAT special regime for the farmers. The special VAT regime for the farmers enabling them to use VAT proceeds for the reinvesting is not changed.

In the 1 Q 2015 Cereal Planet has not introduced any new product.

## 6.2 EXCHANGE RATES

UAH exchange rates remain very volatile however recently it stabilized at the level of EUR/UAH 23 – 24. Possible loan reduction, negotiated with the Ukrainian government this year may help the currency to stabilize. October elections does change the political scene in Ukraine . Implementation of reforms is not quick as expected by the population. More protest arise due to electricity and gas price increase.

Table 1: Central Bank exchange rates

DATE	30.09.2015	30.06.2015	Δ % 30.09.2015/30.06.2015	30.09.2014	Δ % 30.09.2015/30.09.2014
EUR/UAH	24,12	23,54	2%	16,44	47%
USD/UAH	21,53	21,01	2%	12,94	66%

Source: the Issuer

## 6.3 PRODUCTION ACTIVITY

Production in 3 Q 2015 and 3 Q 2014 and the breakdown is presented below.

Production, tonnes	2015 3 Q	2014 3Q	Δ 1Q15/1Q14	2015 1Q-3Q	2014 1Q-3Q	Δ 1Q15/1Q14
Peas	8 298	2 801	296,00%	11 266	4 158	270,94%
Buckwheat	1 420	2 393	59,00%	6 336	6 072	104,35%
Corn grits	0	238	0,00%	1 083	1 688	64,15%
Pearl barley	95	772	12,00%	1 534	1 627	94,25%
Wheat cereal	75	555	14,00%	685	1 256	54,57%
Barley grits	65	382	17,00%	991	1 069	92,69%
Flakes	200	344	58,00%	651	664	98,04%
Hulled millet	445	1 511	29,00%	1 253	3 822	32,79%
Millet	401	47	862,00%	1 858	47	3988,32%
Pasta	252	272	93,00%	1 117	1 032	108,28%

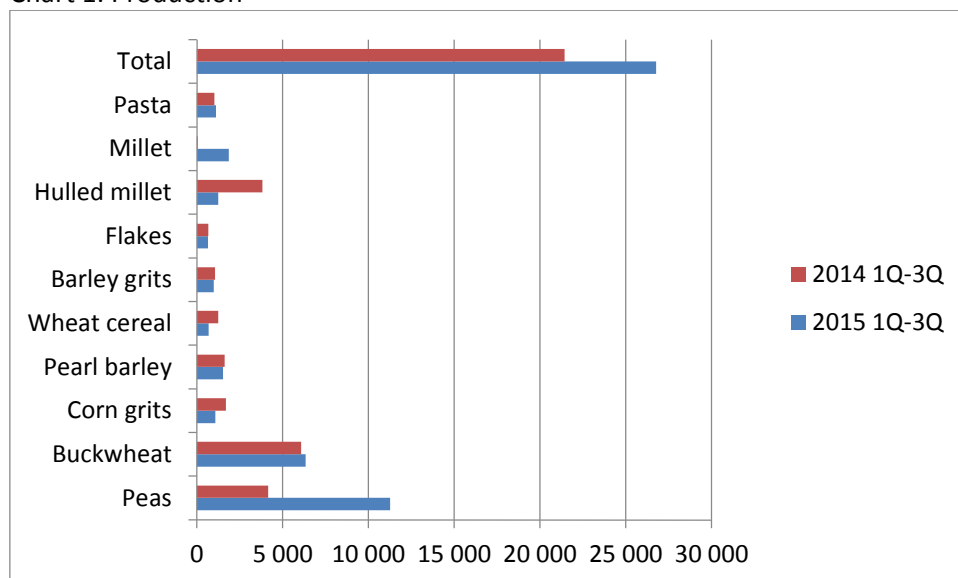


Total	11 251	9 316	121,00%	26 775	21 434	124,92%
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Table 2: Total production

Source: the Issuer

Chart 1: Production



Source: the Issuer

Production in the 3 Q 2015 in comparison to the 3 Q 2014 increased by 21%. Increase of volume was due to the trade of bulk peas, and millet. The biggest item were peas, which reached record harvest and export in Ukraine. In principal 3 Q 2015 increase is second in turn.

#### 6.4 SUPPLY OF RAW MATERIAL, DISTRIBUTION AND TRADE ACTIVITY

Supply of grain and processing into cereal is held in Kharkov region and is executed without interruption. Supply of raw material for further processing in 3 Q 2015 was executed mainly from Ukraine, except exotic products like rice. In 2015 harvest in Ukraine is expected to be at high level.

#### 6.5 EXPORT AND IMPORT

Cereal Plane substantially increased export in 3 Q 2015 in comparison to 3 Q 2014, by 89%. It improves profitability of the company. In aggregate export for 1-3 Q 2015 increased on the yty basis by 19%.

items	3 Q 2015		3 Q 2014		2015 1Q-3Q		2014 1Q-3Q	
	UAH	EUR	UAH	EUR	UAH	EUR	UAH	EUR
Cereal import	4 006 850	160 056	2 840 998	174 132	4 006 850	160 056	2 840 998	1 524 471
Cereal export	95 311 614	3 807 287	32 777 296	2 009 004	95 311 614	3 807 287	32 777 296	3 197 523

Source: the Issuer

## 7 THE MANAGEMENT BOARD'S STANDPOINT AS TO THE FORECASTS





The Board of Directors did not announce any projections.

## 8 EXECUTION OF THE INVESTMENT PIPELINE

In the 3 Q 2015 the Company focused on the increase of productivity of the existing lines. Company put efforts to adapt to the current difficult situation in Ukraine. Under the present circumstances investment are executed very cautiously. The Company implements production line of bulgur.

## 9 INITIATIVES TO DEVELOP ITS ACTIVITIES AIMED TO IMPLEMENT INNOVATIVE SOLUTIONS AT THE ENTERPRISE DURING THE PERIOD OF THE REPORT –INFORMATION ON SUCH ACTIVITIES

Cereal Planet Group has not undertaken any initiatives related to the innovation solutions in the period covered by this Report.

## 10 COMPANY STRUCTURE, SUBJECT TO CONSOLIDATION

Table 3: CEREAL PLANET GROUP CONSISTS OF 5 COMPANIES

Name	Address	Profile	Shareholders
Cereal Planet PLC	Boumpoulinas, 11 3rd Floor, 1060 NICOSIA, CYPRUS	Holding company In Cyprus	Holding company, 5 persons being majority shareholders
Cereal Ukraine LLC	61124 Kharkov, Kashtanowa 10 str	Holding company In Ukraine	100% belongs to Cereal Planet PLC
SielhozkormLLC	62543, Kharkov region Jurchenkowe	Food processing factory	100% belongs to Cereal Planet LLC
ACPRanok	Kharkov Mechanizatorow 2 str	Trading company	100% belongs to Cereal Planet LLC
Olimp LLC	61124 Kharkov, Kashtanowa 10 str	Trading and distribution company	100% belongs to Cereal Planet LLC

Source: the Issuer

## 11 SHAREHOLDERS STRUCTURE

The Shareholding structure of the Company, indicating shareholders at the date of report as of 30.09.2015.

Table 4: SHAREHOLDERS STRUCTURE

Shareholder	Number of shares	Number of votes at the general meeting	Percentage in share capital	Percentage in the total number of votes at the general meeting
Vlasenko Anatoli	347 999	347 999	19.55%	19.55%
Dubruskin Igor	348 000	348 000	19.55%	19.55%
Steshenko Walentyna	348 000	348 000	19.55%	19.55%



Vlasenko Oleksander	347 999	347 999	19.55%	19.55%
Slavgorodskyi Oleksander	348 000	348 000	19.55%	19.55%
Other shareholders	40 002	40 002	2.25%	2.25%
Total	1 780 000	1 780 000	100%	100%

Source: the Issuer

## 12 NUMBER OF EMPLOYEES AT THE END OF 3 Q 2015

Cereal Planet PLC itself does not employ personnel. Employees are located in the companies of CEREAL PLANET GROUP.

Table 5: NUMBER OF EMPLOYEES

<b>Number of employees</b>	<b>3 Q 2015</b>
<b>Production</b>	163
<b>Non production employees</b>	118
<b>Total</b>	281

Source: the Issuer

Antolii Vlasenko,

Chairman of the Board of Directors

