

**AVANGARDCO INVESTMENTS PUBLIC  
LIMITED**

**Condensed consolidated interim financial statements  
(Unaudited)  
For the 9 months ended 30 September 2015**

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## Condensed consolidated statement of financial position

AS AT 30 SEPTEMBER 2015

(in USD thousand, unless otherwise stated)

|   | Note | 30 September 2015 | 31 December 2014 |
|---|------|-------------------|------------------|
| <b>ASSETS</b>                                       |      |                   |                  |
| Property, plant and equipment                       |      | 439 091           | 579 922          |
| Non-current biological assets                       | 4    | 23 771            | 21 637           |
| Deferred tax assets                                 |      | 4 334             | 2 489            |
| Held to maturity investments                        |      | 10 036            | 17 959           |
| Other non-current assets                            |      | 20                | 28               |
| <b>Total non-current assets</b>                     |      | <b>477 252</b>    | <b>622 035</b>   |
| Inventories   | 5    | 66 248            | 115 896          |
| Current biological assets                           | 4    | 14 948            | 28 228           |
| Trade accounts receivable, net                      |      | 61 054            | 79 221           |
| Prepaid income tax                                  |      | 71                | 48               |
| Prepayments and other current assets, net           |      | 12 500            | 29 094           |
| Taxes recoverable and prepaid                       |      | 10 589            | 45 949           |
| Cash and cash equivalents                           | 6    | 42 315            | 117 856          |
| <b>Total current assets</b>                         |      | <b>207 725</b>    | <b>416 292</b>   |
| <b>TOTAL ASSETS</b>                                 |      | <b>684 977</b>    | <b>1 038 327</b> |
| <b>EQUITY</b>                                       |      |                   |                  |
| Share capital                                       |      | 836               | 836              |
| Share premium                                       |      | 201 164           | 201 164          |
| Reserve capital                                     |      | 115 858           | 115 858          |
| Retained earnings                                   |      | 931 033           | 1 077 158        |
| Effect of translation into presentation currency    |      | (947 906)         | (776 404)        |
| <b>Equity attributable to owners of the Company</b> |      | <b>300 985</b>    | <b>618 612</b>   |
| <b>Non-controlling interests</b>                    |      | <b>(7 000)</b>    | <b>27 276</b>    |
| <b>Total equity</b>                                 |      | <b>293 985</b>    | <b>645 888</b>   |
| <b>LIABILITIES</b>                                  |      |                   |                  |
| Long-term loans                                     | 7    | 70 529            | 79 844           |
| Deferred tax liabilities                            |      | 14                | 26               |
| Deferred income                                     |      | 1 567             | 2 245            |
| Long-term finance lease                             |      | 38                | 63               |
| <b>Total non-current liabilities</b>                |      | <b>72 148</b>     | <b>82 178</b>    |
| Short-term bond liabilities                         | 8    | 199 864           | 198 635          |
| Current portion of non-current liabilities          |      | 19 597            | 15 368           |
| Short-term loans                                    |      | 50 000            | 50 000           |
| Trade payables                                      |      | 3 855             | 6 907            |
| Other accounts payable                              | 9    | 45 528            | 39 351           |
| <b>Total current liabilities</b>                    |      | <b>318 844</b>    | <b>310 261</b>   |
| <b>TOTAL LIABILITIES</b>                            |      | <b>390 992</b>    | <b>392 439</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <b>684 977</b>    | <b>1 038 327</b> |

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**Nataliya Vasylyuk**  
Chairwoman

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**Iryna Marchenko**  
Director, CEO

The notes on pages 8 to 21 form an integral part of these condensed consolidated interim financial statements.

**Condensed consolidated statement of profit and loss and other comprehensive income**  
**FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**  
*(in USD thousand, unless otherwise stated)*

|   | Note | 9 months ended    |                   |
|---|------|-------------------|-------------------|
|   |      | 30 September 2015 | 30 September 2014 |
| Revenue   | 10   | 176 477           | 354 693           |
| Profit from revaluation of biological assets at fair value                  |      | 2 590             | 8 534             |
| Cost of sales   | 11   | (166 147)         | (261 142)         |
| <b>GROSS PROFIT</b>   |      | <b>12 920</b>     | <b>102 085</b>    |
| General administrative expenses   |      | (5 453)           | (9 160)           |
| Distribution expenses   |      | (8 893)           | (15 018)          |
| Income from government grants and incentives                                |      | 85                | 110               |
| Impairment of non current assets  |      | -                 | (25 751)          |
| Income from special VAT treatment   |      | 12 735            | 33 153            |
| Other operating expenses  |      | (113 463)         | (17 781)          |
| <b>(LOSS)/PROFIT FROM OPERATING ACTIVITIES</b>                              |      | <b>(102 069)</b>  | <b>67 638</b>     |
| Finance income  |      | 3 097             | 143               |
| Finance costs   | 13   | (20 520)          | (23 778)          |
| Losses on exchange  |      | (33 496)          | (49 461)          |
| <b>LOSS BEFORE TAX</b>  |      | <b>(152 988)</b>  | <b>(5 458)</b>    |
| Income tax credit/(expence)   |      | 2 502             | (289)             |
| <b>LOSS FOR THE PERIOD</b>  |      | <b>(150 486)</b>  | <b>(5 747)</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>   |      |                   |                   |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> |      |                   |                   |
| Effect from translation into presentation currency                          |      | (205 285)         | (550 712)         |
| Effect from changes in ownership  |      | -                 | 1 714             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                            |      | <b>(355 771)</b>  | <b>(554 745)</b>  |
| <b>LOSS ATTRIBUTABLE TO</b>   |      |                   |                   |
| Owners of the Company   |      | (146 125)         | (5 412)           |
| Non-controlling interests   |      | (4 361)           | (335)             |
|   |      | <b>(150 486)</b>  | <b>(5 747)</b>    |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>                           |      |                   |                   |
| Owners of the Company   |      | (317 627)         | (540 442)         |
| Non-controlling interests   |      | (38 144)          | (40 920)          |
|   |      | <b>(355 771)</b>  | <b>(581 362)</b>  |
| <b>Loss per share, USD (basic and diluted)</b>                              |      | <b>(23)</b>       | <b>(1)</b>        |

The notes on pages 8 to 21 form an integral part of these condensed consolidated interim financial statements.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Condensed consolidated statement of changes in equity**

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015

(in USD thousand, unless otherwise stated)

|  | Attributable to owners of the Company |                              |                |                   |                                      | Total            | Non-controlling interests | Total equity     |
|--|---------------------------------------|------------------------------|----------------|-------------------|--------------------------------------|------------------|---------------------------|------------------|
|  | Share capital                         | Capital contribution reserve | Share premium  | Retained earnings | Foreign currency translation reserve |                  |                           |                  |
| <b>Balance at 1 January 2014</b>                   | <b>836</b>                            | <b>115 858</b>               | <b>201 164</b> | <b>1 132 803</b>  | <b>(68 194)</b>                      | <b>1 382 467</b> | <b>64 631</b>             | <b>1 447 098</b> |
| <b>Comprehensive income</b>                        |                                       |                              |                |                   |                                      |                  |                           |                  |
| Loss for the period                                | -                                     | -                            | -              | (5 412)           | -                                    | (5 412)          | (335)                     | (5 747)          |
| Effect from translation into presentation currency | -                                     | -                            | -              | -                 | (535 030)                            | (535 030)        | (42 299)                  | (577 329)        |
| <b>Total comprehensive income</b>                  | <b>-</b>                              | <b>-</b>                     | <b>-</b>       | <b>(5 412)</b>    | <b>(535 030)</b>                     | <b>442</b>       | <b>(42 634)</b>           | <b>(583 076)</b> |
| <b>Transactions with owners</b>                    |                                       |                              |                |                   |                                      |                  |                           |                  |
| Effect from changes in ownership                   | -                                     | -                            | -              | -                 | -                                    | -                | 1 714                     | 1 714            |
| <b>Total transactions with owners</b>              | <b>-</b>                              | <b>-</b>                     | <b>-</b>       | <b>-</b>          | <b>-</b>                             | <b>-</b>         | <b>1 714</b>              | <b>1 714</b>     |
| <b>Balance at 30 September 2014</b>                | <b>836</b>                            | <b>115 858</b>               | <b>201 164</b> | <b>1 127 391</b>  | <b>(603 224)</b>                     | <b>842 025</b>   | <b>23 711</b>             | <b>865 736</b>   |
| <b>Balance at 1 January 2015</b>                   | <b>836</b>                            | <b>115 858</b>               | <b>201 164</b> | <b>1 077 158</b>  | <b>(776 404)</b>                     | <b>618 612</b>   | <b>27 276</b>             | <b>645 888</b>   |
| <b>Comprehensive income</b>                        |                                       |                              |                |                   |                                      |                  |                           |                  |
| Loss for the period                                | -                                     | -                            | -              | (146 125)         | -                                    | (146 125)        | (4 361)                   | (150 486)        |
| Effect from translation into presentation currency | -                                     | -                            | -              | -                 | (171 502)                            | (171 502)        | (33 783)                  | (205 285)        |
| <b>Total comprehensive income</b>                  | <b>-</b>                              | <b>-</b>                     | <b>-</b>       | <b>(146 125)</b>  | <b>(171 502)</b>                     | <b>627</b>       | <b>(38 144)</b>           | <b>(355 771)</b> |
| <b>Transactions with owners</b>                    |                                       |                              |                |                   |                                      |                  |                           |                  |
| Effect from changes in ownership                   | -                                     | -                            | -              | -                 | -                                    | -                | 3 868                     | 3 868            |
| <b>Total transactions with owners</b>              | <b>-</b>                              | <b>-</b>                     | <b>-</b>       | <b>-</b>          | <b>-</b>                             | <b>-</b>         | <b>3 868</b>              | <b>3 868</b>     |
| <b>Balance at 30 September 2015</b>                | <b>836</b>                            | <b>115 858</b>               | <b>201 164</b> | <b>931 033</b>    | <b>(947 906)</b>                     | <b>300 985</b>   | <b>(7 000)</b>            | <b>293 985</b>   |

The notes on pages 8 to 21 form an integral part of these condensed consolidated interim financial statements.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Condensed consolidated statement of cash flows**  
**FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**  
*(in USD thousand, unless otherwise stated)*

|  | Note | 9 months ended    |                   |
|--|------|-------------------|-------------------|
|  |      | 30 September 2015 | 30 September 2014 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |      |                   |                   |
| Loss before income tax                                 |      | (152 988)         | (5 458)           |
| Adjustments for:                                       |      |                   |                   |
| Depreciation of property, plant and equipment          |      | 17 766            | 15 239            |
| Change in allowance for irrecoverable amounts          |      | 40 699            | 10 224            |
| Other provisions                                       |      | -                 | (608)             |
| Loss/(profit) on disposal of current assets            |      | 130               | (50)              |
| Loss on disposal of property, plant and equipment      |      | 66                | 2 235             |
| Impairment of current assets                           |      | 37 560            | 10 159            |
| Effect of fair value adjustments on biological assets  |      | (2 590)           | (8 534)           |
| Gains realised from accounts payable written-off       |      | (91)              | (4 088)           |
| Amortization of deferred income on government grants   |      | (85)              | (110)             |
| Discount bonds amortization                            |      | 1 229             | 1 106             |
| Impairment of non current assets                       |      | -                 | 25 751            |
| Impairment of funds                                    |      | 28 863            | -                 |
| Discount on VAT government bonds amortization          |      | (1 528)           | -                 |
| Interest income  |      | (1 569)           | (143)             |
| Interest payable on loans                              |      | 19 269            | 21 856            |
| Losses on exchange                                     |      | 41 636            | 41 252            |
| <b>Operating profit before working capital changes</b> |      | <b>28 367</b>     | <b>108 831</b>    |
| Increase in trade receivables                          |      | (26 421)          | (53 260)          |
| Decrease in prepayments and other current assets       |      | 2 558             | 49                |
| Decrease/(increase) in taxes recoverable and prepaid   |      | 27 766            | (23 870)          |
| Increase in inventories                                |      | (18 933)          | (10 304)          |
| Decrease in deferred income                            |      | -                 | (155)             |
| Decrease in other non-current assets                   |      | -                 | 343               |
| Decrease in trade payables                             |      | (1 115)           | (955)             |
| Decrease in biological assets                          |      | 316               | 28 080            |
| Decrease in finance leases                             |      | (9)               | (1 145)           |
| (Decrease)/increase in other accounts payable          |      | (2 223)           | 538               |
| <b>Cash generated from operations</b>                  |      | <b>10 306</b>     | <b>48 151</b>     |
| Interest paid  |      | (3 439)           | (6 941)           |
| Income tax paid  |      | (54)              | (41)              |
| <b>Net cash generated from operating activities</b>    |      | <b>6 813</b>      | <b>41 169</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |      |                   |                   |
| Payments and receipts - property, plant and equipment  |      | (32 542)          | (55 011)          |
| Interest received                                      |      | 2 134             | 143               |
| <b>Net cash used in investing activities</b>           |      | <b>(30 408)</b>   | <b>(54 868)</b>   |

The notes on pages 8 to 21 form an integral part of these condensed consolidated interim financial statements.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Condensed consolidated statement of cash flows (cont.)**

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015

*(in USD thousand, unless otherwise stated)*

|   | Note | 9 months ended    |                   |
|---|------|-------------------|-------------------|
|   |      | 30 September 2015 | 30 September 2014 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                   |                   |
| New loans received  |      | 12 452            | 90 630            |
| Repayment of loans  |      | (9 382)           | (59 361)          |
| Interest paid for bonds issued                                |      | (10 000)          | (10 000)          |
| <b>Net cash (used in)/generated from financing activities</b> |      | <b>(6 930)</b>    | <b>21 269</b>     |
| <b>Net (decrease)/increase in cash</b>                        |      | <b>(30 526)</b>   | <b>7 571</b>      |
| <b>Cash and cash equivalents at 1 January</b>                 |      | <b>117 856</b>    | <b>156 804</b>    |
| Impairment of funds   |      | (28 701)          | -                 |
| Effect from translation into presentation currency            |      | (16 314)          | (6 770)           |
| <b>Cash and cash equivalents at 30 September</b>              | 6    | <b>42 315</b>     | <b>157 605</b>    |

The notes on pages 8 to 21 form an integral part of these condensed consolidated interim financial statements.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED****Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**

*(in USD thousand, unless otherwise stated)*

**1. General information**

AvangardCo Investments Public Limited (the "Company") was incorporated as a limited liability company on 23 October 2007 in accordance with the provisions of the Cyprus Companies Law, Cap. 113, under the name of Ultrainvest Limited. On 8 July 2009, the Registrar of Companies in Cyprus issued a certificate to the effect that the Company was re-registered as a public limited company and changed its name to AvangardCo Investments Public Limited. The Company was listed at London Stock Exchange Main Market on 6 May 2010.

The Company's registered office is at 3 Anexartisias & Kyriakou Matsi, 3040 Limassol, Cyprus.

The condensed consolidated interim financial statements of the Company as at and for the 9 months ended 30 September 2015 comprise the Company and its subsidiaries (together with the Company referred to as the "Group").

In 2009 the principal owner of AvangardCo Investments Public Limited reorganised the Group, as a result of which AvangardCo Investments Public Limited became the holding company of an agricultural group of agricultural enterprises, which in the past were under the common ownership and control of this owner. The restructuring was carried out by the transfer of direct interest in the Group's companies. The restructuring was undertaken to achieve legal consolidation of control over agricultural companies of the Group. The reorganisation did not affect the principal activities of the Group.

The history of "Avangard" began with the acquisition by the principal owner of the first poultry farm "Avangard" located in the Ivano-Frankivsk region of Ukraine. Subsequently, to supply the poultry farm with growing birds, the subsidiary "Avangard-Agro" was established. In 2004 a concept of development of this business line was designed, as a result of which in 2005-2009 other major enterprises of agrarian industry in Ukraine joined the Group.

The Group's activities cover all the links of the value chain: from production of combined feed, maintenance and breeding of chickens to production and sale of eggs and egg products. As at 30 September 2015 the production facilities of the Group include 32 poultry facilities (consisting of 19 egg laying farms, 10 farms for growing young laying hens and 3 breeder farms), 6 fodder mills, 3 long-term egg storage facilities and 1 plant for manufacture of egg products. This vertically-integrated structure of the Group allows processing of approximately 63% of its own fodder. The Group's activities cover almost all the territory of Ukraine.

In order to build a vertically-integrated group, reduce business risk and gain additional profit due to synergies, the Group acquired a hen breeding concern. This ensures breeding of the required number of high quality daily chickens and their timely delivery to factories.

The construction of new full cycle egg production facilities, fully automated, in compliance with European standards of quality is an integral part of the Group's growth strategy.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**

*(in USD thousand, unless otherwise stated)*

**1. General information (cont.)**

The Group's subsidiaries all of which are incorporated in Ukraine, their principal activities and the effective ownership interests are as follows:

| Company name  | Principal Activity  | Country of registration   | Ownership interest (%) 30 September 2015 | Ownership interest (%) 31 December 2014 |         |
|---|---|---|--|---|---------|
| PJSC Avangard   | Keeping of technical laying hen, production and selling of eggs | Ukraine   | 99,00%                                   | 99,00%                                  |         |
| PJSC Chornobaivske  |   | Ukraine   | 97,00%                                   | 97,00%                                  |         |
| PJSC Agrofirma Avis   |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| PJSC Kirovskiy  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| PJSC Ptakhohospodarstvo Chervonyi Prapor  |   | Ukraine   | 98,00%                                   | 98,00%                                  |         |
| SC Ptakhofabryka Lozuvatska of Avangardco Investments Public Limited                  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Yuzhnaya - Holding  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Makarivska Ptakhofabryka  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC PF Volnovaska   |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| PJSC Cross-PF Zorya   |   | Ukraine   | 89,00%                                   | 89,00%                                  |         |
| PJSC Ptakhofabryka Pershe Travnya   |   | Ukraine   | 93,00%                                   | 93,00%                                  |         |
| PJSC Chernivetska Ptakhofabryka   |   | Ukraine   | 98,00%                                   | 98,00%                                  |         |
| ALLC Donetska Ptakhofabryka   |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Areal-Snigurivka  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Torgivenlniy Budynok Bohodukhivska Ptakhofabryka                                  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| PPB LLC Pitysecompleks  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| PSPC Interbusiness  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| SC Avangard-Agro of PJSC Avangard   |   | Incubation (production and sale of day-old chick), farming of young poultry for sale, and poultry | Ukraine                                  | 99,00%                                  | 99,00%  |
| SC Gorodenkivska Ptakhofabryka of PJSC Avangard                                       |   |   | Ukraine                                  | 99,00%                                  | 99,00%  |
| SC Rogatynska Ptakhofabryka of PJSC Avangard  |   |   | Ukraine                                  | 99,00%                                  | 99,00%  |
| SC Ptakhohospodarstvo Donetske of ALLC Donetska Ptakhofabryka                         | Ukraine   |   | 100,00%                                  | 100,00%                                 |         |
| LLC Slovyany  | Ukraine   |   | 90,00%                                   | 90,00%                                  |         |
| SC Ptakhohospodarstvo Lozuvatske of Avangardco Investments Public Limited             | Ukraine   |   | 100,00%                                  | 100,00%                                 |         |
| SC Zorya of PJSC Cross-PF Zoraya  | Ukraine   |   | 89,00%                                   | 89,00%                                  |         |
| SC Ptakhofabryka Chervonyi Prapor Poultry, of PJSC Ptakhohospodarstvo ChervonyiPrapor | Ukraine   |   | 98,00%                                   | 98,00%                                  |         |
| SC Ptakhohospodarstvo Yuzhnaya Holding of LLC Yuzhnaya Holding                        | Ukraine   |   | 100,00%                                  | 100,00%                                 |         |
| SC Ptakhogopodarstvo Volnovaske of LLC PF Volnovaska                                  | Ukraine   |   | 100,00%                                  | 100,00%                                 |         |
| SC Ptakhohospodarstvo Chornobaivske of PJSC Chornobaivske                             | Ukraine   |   | 97,00%                                   | 97,00%                                  |         |
| LLC Rohatyn-Korm  | Production and selling of animal feed                           |   | Ukraine                                  | 99,00%                                  | 99,00%  |
| PJSC Vuhlehirskiy Eksperementalnyi Kombikormoviy Zavod                                |   |   | Ukraine                                  | 100,00%                                 | 100,00% |
| PJSC Volnovaskiy Kombinat Khliboproduktiv   |   | Ukraine   | 99,00%                                   | 99,00%                                  |         |
| LLC Kamyanets-Podilsky Kombikormoviy Zavod  |   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Pershe Travnya Kombikormoviy Zavod  |   | Ukraine   | 93,00%                                   | 93,00%                                  |         |
| LLC Imperovo Foods  | Processing of eggs and selling of egg products                  | Ukraine   | 95,11%                                   | 96,00%                                  |         |
| LLC Agrarniy Holding Avangard   | Rendering services under guarantee agreements                   | Ukraine   | 100,00%                                  | 100,00%                                 |         |
| LLC Imperovo LTD  | Rental services   | Ukraine   | 95,11%                                   | 96,00%                                  |         |

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**

*(in USD thousand, unless otherwise stated)*

**1. General information (cont.)**

The parent company of the Group is AvangardCo Investments Public Limited, registered in Cyprus, with an issued share capital of 6 387 185 ordinary shares as at 30 September 2015 with nominal value of € 0,10 per share.

The shares were distributed as follows:

| Owner                  | 30 September 2015 |                        | 31 December 2014 |                        |
|------------------------|-------------------|------------------------|------------------|------------------------|
|                        | Number of shares  | Ownership interest (%) | Number of shares | Ownership interest (%) |
| Omtron Limited         | 1 848 575         | 28,9%                  | 1 848 575        | 28,9%                  |
| Tanchem Limited        | 926 280           | 14,5%                  | 926 280          | 14,5%                  |
| Mobco Limited          | 1                 | -                      | 1                | -                      |
| BNY (Nominees) Limited | 1 437 500         | 22,5%                  | 1 437 500        | 22,5%                  |
| UkrLandFarming Plc     | 2 174 825         | 34,1%                  | 2 174 825        | 34,1%                  |
| Other                  | 4                 | -                      | 4                | -                      |
|                        | 6 387 185         | 100,0%                 | 6 387 185        | 100,0%                 |

As at 30 September 2015 and 31 December 2014 the interests in Omtron Limited and Tanchem Limited beneficially owned by UkrLandFarming Plc were as follows:

|                 | Ownership interest (%)<br>as at 30 September 2015 | Ownership interest (%)<br>as at 31 December 2014 |
|-----------------|---|--|
| Omtron Limited  | 100%  | 100%   |
| Tanchem Limited | 100%  | 100%   |

As at 30 September 2015 and 31 December 2014 the direct interests in Quickcom Limited, Mobco Limited, UkrLandFarming Plc beneficially owned by Oleg Bakhmatyuk ("the beneficial owner" hereinafter) were as follows:

|                    | Ownership interest (%)<br>as at 30 September 2015 | Ownership interest (%)<br>as at 31 December 2014 |
|--------------------|---|--|
| Quickcom Limited   | -   | 100%   |
| Mobco Limited      | 100%  | 100%   |
| UkrLandFarming Plc | 95%   | 95%  |

**2. Basis of preparation**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements for the the 9 months ended 30 September 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and were not audited by the external independent auditors' of the Group. These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to 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 as at and for the year ended 31 December 2014.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

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**2. Basis of preparation (cont.)**

**2.2 Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except in the case of biological assets which are measured at fair value and bonds, loans and investments held to maturity which are measured at amortised cost.

**2.3 Functional and presentation currency**

The functional currency of all companies of the Group is the Ukrainian Hryvnia ("UAH") except in the case of the Cyprus parent company, AvangardCo Investments Public Limited, whose functional currency changed from UAH to Euro ("EUR") as from 1 January 2014. Transactions in currencies other than the functional currency of the Group's companies are treated as transactions in foreign currencies. The Group's management decided to use US dollar ("USD") as the presentation currency for financial and management reporting purposes. Exchange differences arising are classified as equity and transferred to the translation reserve.

**2.4 Going concern basis**

These condensed consolidated interim financial statements have been prepared under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. Renewals of the Group's assets, and the future activities of the Group, are significantly influenced by the current and future economic environment in Ukraine.

**3. Significant accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2014.

**3.1 Foreign currency translation**

*(a) Transactions and balances*

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

Monetary assets and liabilities are translated into the functional currency of each company included into the Group, at the rates ruling at the reporting period. Foreign exchange gains and losses, arising from transactions in foreign currency, and also from translation of monetary assets and liabilities into the functional currency of each company included into the Group at the rate ruling at the end of the year, are recognised to profit or loss.

The exchange rates used for the preparation of these condensed consolidated interim financial statements, are presented as follows:

| <b>Currency</b>   | <b>30 September<br/>2015</b> | <b>Weighted<br/>average for the 9<br/>months ended 30<br/>September 2015</b> | <b>31 December<br/>2014</b> | <b>Weighted average<br/>for the 9 months<br/>ended 30<br/>September 2014</b> | <b>30 September<br/>2014</b> |
|-------------------|------------------------------|--|-----------------------------|--|------------------------------|
| US dollar to      |                              |  |                             |  |                              |
| Ukrainian Hryvnia | 21,5275                      | 21,4852  | 15,7686                     | 11, 0589   | 12,9492                      |
| Euro              | 0,8925                       | 0,8978   | 0,8199                      | 0,7387   | 0,7873                       |

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**3. Significant accounting policies (cont.)**

**3.1 Foreign currency translation (cont.)**

The empowerment of the USD against UAH has resulted in the reduction of various values disclosed in the statements of profit or loss and of financial position. This reduction is applicable only in case of translation into presentation currency.

The foreign currencies may be freely convertible to the territory of Ukraine at the exchange rate which is close to the exchange rate established by the National Bank of Ukraine. At the moment, the Ukrainian Hryvnia is not a freely convertible currency outside of Ukraine.

**4. Biological assets**

|                                      | <b>30 September 2015</b> | <b>31 December 2014</b> |
|--------------------------------------|--------------------------|-------------------------|
| <b>Non-current biological assets</b> |                          |                         |
| Replacement poultry                  | 23 771                   | 21 637                  |
|                                      | <b>23 771</b>            | <b>21 637</b>           |
| <b>Current biological assets</b>     |                          |                         |
| Commercial poultry                   | 14 948                   | 28 228                  |
|                                      | <b>14 948</b>            | <b>28 228</b>           |
| <b>Total</b>                         | <b>38 719</b>            | <b>49 865</b>           |

**5. Inventories**

Inventories as at 30 September 2015 and 31 December 2014 were as follows:

|                               | <b>30 September 2015</b> | <b>31 December 2014</b> |
|-------------------------------|--------------------------|-------------------------|
| Raw and basic materials       | 37 018                   | 87 116                  |
| Work-in-progress              | 183                      | 276                     |
| Agricultural produce          | 3 838                    | 1 382                   |
| Finished goods                | 14 429                   | 16 771                  |
| Package and packing materials | 9 231                    | 8 313                   |
| Goods for resale              | 254                      | 290                     |
| Other inventories             | 1 295                    | 1 748                   |
|                               | <b>66 248</b>            | <b>115 896</b>          |

**6. Cash and cash equivalents**

Cash and cash equivalents as at 30 September 2015 and 31 December 2014 were as follows:

|  | <b>30 September 2015</b> | <b>31 December 2014</b> |
|--|--------------------------|-------------------------|
| Cash in banks  | 42 308                   | 117 812                 |
| Cash in hand   | 7                        | 44                      |
| Other bank accounts in foreign currency  | -                        | -                       |
| <b>Cash and cash equivalents represented in condensed consolidated statement of cash flows</b> | <b>42 315</b>            | <b>117 856</b>          |

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**7. Long-term loans**

Long-term loans as at 30 September 2015 and 31 December 2014 were as follows:

|  | <b>30 September 2015</b> | <b>31 December 2014</b> |
|--|--------------------------|-------------------------|
| Long-term bank loans in national currency                                      | 1 018                    | 1 389                   |
| Long-term bank loans in foreign currency                                       | 88 574                   | 93 084                  |
| <b>Total loans</b>   | <b>89 592</b>            | <b>94 473</b>           |
| Commodity credit   | 412                      | 561                     |
|  | <b>90 004</b>            | <b>95 034</b>           |
| Current portion of non-current liabilities for bank loans in national currency | (466)                    | (231)                   |
| Current portion of non-current liabilities for bank loans in foreign currency  | (19 009)                 | (14 959)                |
|  | <b>70 529</b>            | <b>79 844</b>           |

**8. Bond liabilities**

Bond liabilities as at 30 September 2015 and 31 December 2014 were as follows:

|                          | <b>30 September 2015</b> | <b>31 December 2014</b> |
|--------------------------|--------------------------|-------------------------|
| Par value                | 200 000                  | 200 000                 |
| Discount on issued bonds | (136)                    | (1 365)                 |
|                          | <b>199 864</b>           | <b>198 635</b>          |

On 29 October 2010, the Company issued 2 000 five year non-convertible bonds with par value equal to USD 100 000 each. The Notes have been admitted to the official list of the UK listing Authority and to trading on London Stock Exchange plc's regulated market with effect from 1 November 2010. The USD 200 000 000 10% Notes, bear interest from 29 October 2010 at a rate of 10% per annum payable semi annually in arrears on 29 April and 29 October in each year, commencing on 29 April 2011. The maturity date is 29 October 2015 and the placement price was 98,093% of the principal amount of the Notes. Currently, the Company is exploring different options for the upcoming maturity of the bonds.

Surety providers of the bonds were as follows: (1) LLC Areal Snigurivka, (2) CJSC Agrofirma Avis, (3) LLC Torgivelnij Budynok Bohodukhivska Ptahofabryka, (4) CJSC Chernivetska Ptakhofabryka, (5) PJSC Ptakhohospodarstvo Chervonyi Prapor, (6) APP CJSC Chornobaivske, (7) CJSC Avangard, (8) ALLC Donetska Ptakhofabryka, (9) SC Gorodenkivska Ptakhofabryka, (10) LLC Imperovo Foods, (11) PSPC Interbusiness, (12) SC Rohatynska Ptahofabryka, (13) SC Ptakhofabryka Lozuvatska, (14) LLC PF Volnovaska, (15) PJSC Cross P/F Zorya.

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**9. Other accounts payable**

Other accounts payable as at 30 September 2015 and 31 December 2014 were as follows:

|  | <b>30 September 2015</b> | <b>31 December 2014</b> |
|--|--------------------------|-------------------------|
| Accrued expenses for future employee benefits      | 362                      | 515                     |
| Other accrued expenses                             | 129                      | 211                     |
| Wages and salaries and related taxes liabilities   | 172                      | 1 415                   |
| Other taxes and compulsory payments liabilities    | 3 431                    | 1 133                   |
| Accounts payable for property, plant and equipment | 28                       | 709                     |
| Advances received from customers                   | 381                      | 394                     |
| Interest payable on loans                          | 832                      | 5                       |
| Accrued coupon on bonds                            | 8 461                    | 3 462                   |
| Dividends payable                                  | 29 600                   | 29 542                  |
| Other payables                                     | 2 132                    | 1 965                   |
|  | <b>45 528</b>            | <b>39 351</b>           |

**10. Revenue**

Sales revenue for the 9 months ended 30 September 2015 and 30 September 2014 was as follows:

|   | <b>9 months ended</b>    |                          |
|---|--------------------------|--------------------------|
|   | <b>30 September 2015</b> | <b>30 September 2014</b> |
| Revenue from finished goods                   | 176 209                  | 353 625                  |
| Revenue from goods sold and services rendered | 268                      | 1 068                    |
|   | <b>176 477</b>           | <b>354 693</b>           |

**11. Cost of sales**

Cost of sales for the 9 months ended 30 September 2015 and 30 September 2014 was as follows:

|  |             | <b>9 months ended</b>    |                          |
|--|-------------|--------------------------|--------------------------|
|  | <b>Note</b> | <b>30 September 2015</b> | <b>30 September 2014</b> |
| Cost of finished goods sold              | 12          | (165 780)                | (259 585)                |
| Cost of goods sold and services rendered |             | (367)                    | (1 557)                  |
|  |             | <b>(166 147)</b>         | <b>(261 142)</b>         |

**12. Cost of sales by elements**

The cost of finished goods sold (Note 11) for the 9 months ended 30 September 2015 and 30 September 2014 was as follows:

|   |             | <b>9 months ended</b>    |                          |
|---|-------------|--------------------------|--------------------------|
|   | <b>Note</b> | <b>30 September 2015</b> | <b>30 September 2014</b> |
| Raw materials                                     |             | (122 731)                | (210 658)                |
| Payroll of production personnel and related taxes |             | (3 988)                  | (12 258)                 |
| Depreciation                                      |             | (17 545)                 | (14 765)                 |
| Services provided by third parties                |             | (21 406)                 | (21 789)                 |
| Other expenses                                    |             | (110)                    | (115)                    |
|   | 11          | <b>(165 780)</b>         | <b>(259 585)</b>         |

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**13. Finance costs**

Finance costs for the 9 months ended 30 September 2015 and 30 September 2014 was as follows:

|  | <b>9 months ended</b>    |                          |
|--|--------------------------|--------------------------|
|  | <b>30 September 2015</b> | <b>30 September 2014</b> |
| Interest payable on loans              | (4 269)                  | (5 948)                  |
| <b>Total finance expenses on loans</b> | <b>(4 269)</b>           | <b>(5 948)</b>           |
| Finance expenses on finance lease      | (15)                     | (101)                    |
| Finance expenses on bonds              | (15 000)                 | (15 908)                 |
| Other finance expenses                 | (1 236)                  | (1 821)                  |
|  | <b>(20 520)</b>          | <b>(23 778)</b>          |

**14. Related party balances and transactions**

The Company is controlled by Oleg Bakhmatyuk, who directly or indirectly owns 77.5% of the Company's share capital. The remaining 22.5% of the shares are widely owned.

For the purposes of these condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

According to these criteria the related parties of the Group are divided into the following categories:

- A. Key management personnel;
- B. Companies having the same top management;
- C. Companies in which the Group's owners have an equity interest;
- D. Companies in which activities are significantly influenced by the Group's owners.

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**24. Related party balances and transactions (cont.)**

Outstanding amounts of the Group for transactions with related parties as at 30 September 2015 and 31 December 2014 were as follows:

|   | <b>Outstanding balances with related parties as at</b> |                         |
|---|--|-------------------------|
|   | <b>30 September 2015</b>                               | <b>31 December 2014</b> |
| <b>Prepayments and other current assets, net</b>                                    |  |                         |
| C. Companies in which the Group's owners have an equity interest;                   | -  | 2                       |
| D. Companies in which activities are significantly influenced by the Group's owners | 7 262  | 5 516                   |
|   | <b>7 262</b>   | <b>5 518</b>            |
| <b>Trade accounts receivable</b>  |  |                         |
| C. Companies in which the Group's owners have an equity interest;                   | -  | 4                       |
| D. Companies in which activities are significantly influenced by the Group's owners | 333  | 156                     |
|   | <b>333</b>   | <b>160</b>              |
| <b>Cash and cash equivalents</b>  |  |                         |
| D. Companies in which activities are significantly influenced by the Group's owners | 13 688   | 14 550                  |
|   | <b>13 688</b>  | <b>14 550</b>           |
| <b>Long-term finance lease</b>  |  |                         |
| D. Companies in which activities are significantly influenced by the Group's owners | 38   | 53                      |
|   | <b>38</b>  | <b>53</b>               |
| <b>Current portion of non-current liabilities</b>                                   |  |                         |
| D. Companies in which activities are significantly influenced by the Group's owners | 17   | 23                      |
|   | <b>17</b>  | <b>23</b>               |
| <b>Trade accounts payable</b>   |  |                         |
| D. Companies in which activities are significantly influenced by the Group's owners | -  | 33                      |
|   | <b>-</b>   | <b>33</b>               |
| <b>Other current liabilities</b>  |  |                         |
| C. Companies in which the Group's owners have an equity interest;                   | -  | 8 719                   |
| D. Companies in which activities are significantly influenced by the Group's owners | 10   | 14 424                  |
|   | <b>10</b>  | <b>23 143</b>           |

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**24. Related party balances and transactions (cont.)**

The Group's transactions with related parties for the 9 months ended 30 September 2015 and 30 September 2014 were as follows:

|   | <b>Transactions with related parties for the 9<br/>months ended</b> |                          |
|---|---|--------------------------|
|   | <b>30 September 2015</b>  | <b>30 September 2014</b> |
| <b>Sales revenue</b>  |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | 750   | 1 302                    |
|   | <b>750</b>  | <b>1 302</b>             |
| <b>General administrative expenses</b>  |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | (46)  | (66)                     |
|   | <b>(46)</b>   | <b>(66)</b>              |
| <b>Distribution expenses</b>  |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | (3 896)   | (4 182)                  |
|   | <b>(3 896)</b>  | <b>(4 182)</b>           |
| <b>Other operating income/(expenses), net</b>                                       |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | (28 546)  | 289                      |
|   | <b>(28 546)</b>   | <b>289</b>               |
| <b>Finance income</b>   |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | 30  | 34                       |
|   | <b>30</b>   | <b>34</b>                |
| <b>Finance costs</b>  |   |                          |
| D. Companies in which activities are significantly influenced by the Group's owners | (23)  | (35)                     |
|   | <b>(23)</b>   | <b>(35)</b>              |

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**15. Operating segments**

A reportable segment is a separable component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other than risks and income of those components that are peculiar to other reportable segments.

For the purpose of management the Group is divided into the following reportable segments on the basis of produced goods and rendered services, and consists of the following 5 reportable segments:

- shell eggs - breeding of industrial laying hens, production and sale of shell eggs;
- poultry - incubation (production and sale of baby chicks), breeding of young birds for sale, as well as sale of birds for slaughter;
- animal feed - production and sale of feeds;
- egg products - processing and sale of egg products;
- other activities - including sale of goods and services, sale of poultry meat and by-products, sale of plant production, sale of poultry manure etc.

Management monitors the operating results of each of the units separately for the purposes of making decisions about resources allocation and evaluation of operating results. The results of segments' activities are measured on the basis of operating profit or loss, its measurement is carried out accordingly to measurement of operating profit or loss in the condensed consolidated interim financial statements.

Reportable segment information for the 9 months ended 30 September 2015 was as follows:

|  | Shell eggs       | Poultry       | Animal feed     | Egg products    | Other activities | Adjustments and elimination | Total            |
|--|------------------|---------------|-----------------|-----------------|------------------|-----------------------------|------------------|
| Sales revenue  | 210 014          | 21 817        | 120 957         | 48 440          | 746              | -                           | 401 974          |
| Intra-group elimination                                    | (88 649)         | (15 806)      | (120 595)       | -               | (448)            | -                           | (225 498)        |
| Revenue from external buyers                               | <b>121 365</b>   | <b>6 011</b>  | <b>363</b>      | <b>48 440</b>   | <b>298</b>       | -                           | <b>176 477</b>   |
| Income from revaluation of biological assets at fair value | (3 104)          | 5 695         | -               | -               | -                | -                           | 2 590            |
| Other operating expenses                                   | (31 720)         | (735)         | (45 039)        | (35 232)        | (738)            | -                           | (113 463)        |
| Income from government grants and incentives               | 83               | 1             | -               | -               | -                | -                           | 85               |
| <b>OPERATING LOSS</b>                                      | <b>(25 771)</b>  | <b>306</b>    | <b>(46 282)</b> | <b>(26 392)</b> | <b>(3 931)</b>   | -                           | <b>(102 069)</b> |
| Finance income   | 281              | 6             | 1               | 2 809           | -                | -                           | 3 097            |
| Finance costs,   | (130)            | -             | -               | (2 816)         | (17 574)         | -                           | (20 520)         |
| <i>including:</i>  |                  |               |                 |                 |                  |                             |                  |
| Interest payable on loans                                  | (119)            | -             | -               | (2 815)         | (1 334)          | -                           | (4 269)          |
| Income tax (expense)/credit                                | -                | -             | (209)           | 2 705           | 6                | -                           | 2 502            |
| <b>NET LOSS FOR THE PERIOD</b>                             | <b>(25 548)</b>  | <b>152</b>    | <b>(46 489)</b> | <b>(29 421)</b> | <b>(49 181)</b>  | -                           | <b>(150 486)</b> |
| <b>TOTAL ASSETS</b>  | <b>2 395 573</b> | <b>68 801</b> | <b>257 871</b>  | <b>398 482</b>  | <b>(307 501)</b> | <b>(2 128 249)</b>          | <b>684 977</b>   |
| <b>TOTAL LIABILITIES</b>                                   | <b>1 682 769</b> | <b>8 319</b>  | <b>294 454</b>  | <b>182 048</b>  | <b>341 960</b>   | <b>(2 118 559)</b>          | <b>390 992</b>   |

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**15. Operating segments (cont.)**

Reportable segment information for the 9 months ended 30 September 2014 was as follows:

|  | Shell eggs       | Poultry       | Animal<br>feed | Egg<br>products | Other<br>activities | Adjustments<br>and<br>elimination | Total            |
|--|------------------|---------------|----------------|-----------------|---------------------|-----------------------------------|------------------|
| Sales revenue  | 389 660          | 109<br>672    | 147 685        | 103 312         | 7 640               | -                                 | 757 970          |
| Intra-group elimination                                    | (163 651)        | (85<br>437)   | (147<br>673)   | -               | (6 517)             | -                                 | (403 277)        |
| Revenue from external buyers                               | <b>226 009</b>   | <b>24 236</b> | <b>12</b>      | <b>103 312</b>  | <b>1 123</b>        | -                                 | <b>354 693</b>   |
| Income from revaluation of biological assets at fair value | (3 852)          | 12 387        | -              | -               | -                   | -                                 | 8 534            |
| Other operating income/(expenses)                          | (16 480)         | (1 039)       | (545)          | 422             | (141)               | -                                 | (17 781)         |
| Income from government grants and incentives               | 108              | 2             | -              | -               | -                   | -                                 | 110              |
| <b>OPERATING PROFIT/(LOSS)</b>                             | <b>41 442</b>    | <b>(591)</b>  | <b>(6 716)</b> | <b>38 314</b>   | <b>(4 810)</b>      | -                                 | <b>67 638</b>    |
| Finance income   | 68               | 10            | 28             | 36              | 2                   | -                                 | 143              |
| Finance costs,<br><i>including:</i>                        | (797)            | -             | -              | (4 266)         | (18 714)            | -                                 | (23 778)         |
| Interest payable on loans                                  | (268)            | -             | -              | (4 266)         | (1 414)             | -                                 | (5 948)          |
| Income tax (expense)/credit                                | -                | -             | (970)          | 672             | 8                   | -                                 | (289)            |
| <b>NET PROFIT/(LOSS) FOR THE PERIOD</b>                    | <b>40 666</b>    | <b>(821)</b>  | <b>(7 659)</b> | <b>30 459</b>   | <b>(68 393)</b>     | -                                 | <b>(5 747)</b>   |
| <b>TOTAL ASSETS</b>  | <b>2 026 713</b> | <b>65 566</b> | <b>323 248</b> | <b>386 064</b>  | <b>495 982</b>      | <b>(2 057 554)</b>                | <b>1 240 019</b> |
| <b>TOTAL LIABILITIES</b>                                   | <b>640 448</b>   | <b>12 943</b> | <b>279 730</b> | <b>251 936</b>  | <b>324 721</b>      | <b>(1 135 497)</b>                | <b>374 283</b>   |

**16. Financial risk management**

*Capital management*

The Group's management follows the policy of providing the firm capital base which allows supporting the trust of investors, creditors and market and ensuring future business development.

In relation to capital management the Group's objectives are as follows: maintaining the Group's ability to adhere to the going concern principle in order to provide income for owners and benefits to other interested parties, and also maintaining the optimal capital structure with the purpose of its cost reduction.

To manage capital, the Group's management, above all, uses the calculations of the financial leverage coefficient (ratio of leverage ratio) and the ratio between net debt and EBITDA.

Financial leverage is calculated as a ratio between net debt and total amount of capital. Net debt is calculated as cumulative borrowings net of cash and cash equivalents. Total amount of capital is calculated as own capital reflected in the condensed consolidated statement of financial position plus the amount of net debt.

This ratio measures net debt as a proportion of the capital of the Group, i.e. it correlates the debt with total equity and shows whether the Group is able to pay the amount of outstanding debts. An increase in this coefficient indicates an increase in borrowings relative to the total amount of the Group's capital. Monitoring this indicator is necessary to keep the optimal correlation between own funds and borrowings of the Group in order to avoid problems from over leverage.

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**16. Financial risk management (cont.)**

*Capital management (cont.)*

Financial leverage ratio calculation

For the ratio of net debt to EBITDA, the calculation of net debt is as above. EBITDA is an indicator of income before taxes, interest depreciation and amortisation. It is useful for the Group's financial analysis, since the Group's activity is connected with long-term investments in property, plant and equipment. EBITDA does not include depreciation, so that in the Group's opinion, it reflects the approximate cash flows deriving from the Group's income in a more reliable way.

The ratio of net debt to EBITDA gives an indication of whether income obtained from operating activities is sufficient to meet the Group's liabilities.

As at 30 September 2015 and 31 December 2014 the Group's financial leverage coefficient was 50,3% and 25,9% respectively.

|  | Carrying value    |                  |
|--|-------------------|------------------|
|  | 30 September 2015 | 31 December 2014 |
| Short-term loans                           | 50 000            | 50 000           |
| Long-term loans                            | 70 529            | 79 844           |
| Current portion of long-term loans         | 19 474            | 15 190           |
| Long-term finance lease (including VAT)    | 56                | 88               |
| Short-term bond liabilities                | 199 864           | 198 635          |
| <b>Total borrowings</b>                    | <b>339 923</b>    | <b>343 757</b>   |
| Cash and cash equivalents                  | (42 315)          | (117 856)        |
| <b>Net debt</b>                            | <b>297 608</b>    | <b>225 901</b>   |
| Share capital                              | 836               | 836              |
| Share premium                              | 201 164           | 201 164          |
| Capital contribution reserve               | 115 858           | 115 858          |
| Retained earnings                          | 931 033           | 1 077 158        |
| Foreign currency translation reserve       | (947 906)         | (776 404)        |
| Non-controlling interests                  | (7 000)           | 27 276           |
| <b>Total equity</b>                        | <b>293 985</b>    | <b>645 888</b>   |
| <b>Total amount of equity and net debt</b> | <b>591 593</b>    | <b>871 789</b>   |
| <b>Financial leverage coefficient</b>      | <b>50,3%</b>      | <b>25,9%</b>     |

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015**

*(in USD thousand, unless otherwise stated)*

**16. Financial risk management (cont.)**

*Capital management (cont.)*

Financial leverage ratio calculation (cont.)

For the 9 months ended 30 September 2015 and 30 September 2014 ratio of net debt to EBITDA amounted to:

|   | <b>9 months ended</b>    |                          |
|---|--------------------------|--------------------------|
|   | <b>30 September 2015</b> | <b>30 September 2014</b> |
| <b>(LOSS)/PROFIT FOR THE PERIOD</b>   | (150 486)                | (5 747)                  |
| Income tax credit   | (2 502)                  | 289                      |
| Finance income  | (3 097)                  | (143)                    |
| Finance expenses  | 20 520                   | 23 778                   |
| Impairment of non current assets  | -                        | 25 751                   |
| Losses on exchange  | 33 496                   | 49 461                   |
| <b>EBIT (earnings before interest and income tax)</b>                               | <b>(102 069)</b>         | <b>93 389</b>            |
| Depreciation  | 17 766                   | 15 239                   |
| <b>EBITDA (earnings before interest, income tax, depreciation and amortisation)</b> | <b>(84 303)</b>          | <b>108 628</b>           |
| Net debt at the period end  | 297 608                  | 187 331                  |
| <b>Net debt at the period end / EBITDA</b>  | <b>-3,53</b>             | <b>1,72</b>              |

**17. Events after the reporting period**

The Company has successfully completed a restructuring of its \$200m 10% Notes due in October 29, 2015 via a Scheme of Arrangement. The Scheme was approved by a majority in number representing more than 75% in value of creditors present and voting either in person or by proxy at the Scheme Meeting held on October 22, 2015. Following this, by an order dated 26 October 2015, the High Court of Justice of England and Wales sanctioned the Scheme.

As a result of the Scheme the following key amendments were made to the terms and conditions of the Notes:

- Maturity. Amended to 29 October 2018, 100% of principal to be redeemed at this date.
- Coupon. 10% payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016

The Company appointed UBS Limited as sole solicitation agent, Latham & Watkins as legal counsel, and DFKing as information and tabulation agent amongst other consultants to assist it in the implementation of the Scheme.