

**AVANGARDCO INVESTMENTS PUBLIC
LIMITED**

**Condensed consolidated interim financial statements
(Unaudited)**

For the 9 months ended 30 September 2016

AVANGARDCO INVESTMENTS PUBLIC LIMITED

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AVANGARDCO INVESTMENTS PUBLIC LIMITED

Condensed consolidated statement of financial position

AS AT 30 SEPTEMBER 2016

(in USD thousand, unless otherwise stated)

	Note	30 September 2016	31 December 2015
ASSETS			
Property, plant and equipment		378 042	404 930
Non-current biological assets	4	3 014	13 403
Deferred tax assets		5 437	2 761
Held to maturity investments		5 812	9 257
Other non-current assets		5	6
Non-current assets		392 310	430 357
Inventories	5	60 866	58 149
Current biological assets	4	12 415	13 736
Trade accounts receivable, net		33 734	56 665
Prepaid income tax		31	72
Prepayments and other current assets, net		15 959	21 027
Taxes recoverable and prepaid		18 762	12 858
Cash and cash equivalents	6	14 306	31 307
Current assets		156 073	193 814
TOTAL ASSETS		548 383	624 171
EQUITY			
Share capital		836	836
Share premium		201 164	201 164
Reserve capital		115 858	115 858
Retained earnings		882 854	921 435
Effect of translation into presentation currency		(1 053 710)	(1 018 085)
Equity attributable to owners of the Company		147 002	221 208
Non-controlling interests		11 302	13 847
Total equity		158 304	235 055
LIABILITIES			
Long-term bond liabilities	8	212 168	202 871
Long-term loans	7	52 164	64 423
Deferred tax liabilities		368	410
Deferred income		1 204	1 384
Dividends payable		29 542	29 542
Long-term finance lease		-	28
Non-current liabilities		295 446	298 658
Current portion of non-current liabilities		31 516	19 125
Short-term loans		49 499	50 000
Trade payables		3 177	3 375
Other accounts payable	9	10 441	17 958
Current liabilities		94 633	90 458
TOTAL LIABILITIES		390 079	389 116
TOTAL EQUITY AND LIABILITIES		548 383	624 171

Nataliya Vasylyuk
Director, CEO

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Condensed consolidated statement of profit and loss and other comprehensive income

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

(in USD thousand, unless otherwise stated)

	Note	9 months ended	
		30 September 2016	30 September 2015
Revenue	10	111 105	176 477
(Loss)/profit from revaluation of biological assets at fair value		(3 948)	2 590
Cost of sales	11	(103 984)	(166 147)
GROSS PROFIT		3 173	12 920
General administrative expenses		(5 995)	(5 453)
Distribution expenses		(4 738)	(8 893)
Income from government grants and incentives		74	85
Income from special VAT treatment		4 977	12 735
Other operating expenses		(20 078)	(113 463)
LOSS FROM OPERATING ACTIVITIES		(22 587)	(102 069)
Finance income		2 197	3 097
Finance costs	13	(19 189)	(20 520)
Losses on exchange		(2 030)	(33 496)
NET FINANCE COSTS		(19 022)	(50 919)
LOSS BEFORE TAX		(41 609)	(152 988)
Income tax credit		2 840	2 502
LOSS FOR THE PERIOD		(38 769)	(150 486)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect from translation into presentation currency		(37 982)	(205 285)
TOTAL COMPREHENSIVE INCOME		(76 751)	(355 771)
LOSS ATTRIBUTABLE TO			
Owners of the Company		(38 581)	(146 125)
Non-controlling interests		(188)	(4 361)
		(38 769)	(150 486)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		(74 206)	(317 627)
Non-controlling interests		(2 545)	(38 144)
		(76 751)	(355 771)
Loss per share, USD (basic and diluted)		(6)	(23)

The notes on pages 6 to 19 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 2016

(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			
Balance at 1 January 2015	836	115 858	201 164	1 077 158	(776 404)	618 612	27 276	645 888
Comprehensive income								
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)
Total comprehensive income	-	-	-	(146 125)	(171 502)	(317 627)	(38 144)	(355 771)
Transactions with owners								
Effect from changes in ownership	-	-	-	-	-	-	3 868	3 868
Total transactions with owners	-	-	-	-	-	-	3 868	3 868
Balance at 30 September 2015	836	115 858	201 164	931 033	(947 906)	300 985	(7 000)	293 985
Balance at 1 January 2016	836	115 858	201 164	921 435	(1 018 085)	221 208	13 847	235 055
Comprehensive income								
Loss for the period	-	-	-	(38 581)	-	(38 581)	(188)	(38 769)
Effect from translation into presentation currency	-	-	-	-	(35 625)	(35 625)	(2 357)	(37 982)
Total comprehensive income	-	-	-	(38 581)	(35 625)	(74 206)	(2 545)	(76 751)
Balance at 30 September 2016	836	115 858	201 164	882 854	(1 053 710)	147 002	11 302	158 304

The notes on pages 6 to 19 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 2016
(in USD thousand, unless otherwise stated)

	Note	9 months ended	
		30 September 2016	30 September 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(41 609)	(152 988)
Adjustments for:			
Depreciation of property, plant and equipment		11 782	17 766
Change in allowance for irrecoverable amounts		20 540	40 699
Loss on disposal of current assets		10	130
(Profit)/loss on disposal of property, plant and equipment		(167)	66
Impairment of current assets		787	37 560
Effect of fair value adjustments on biological assets		3 948	(2 590)
Gains realised from accounts payable written-off		(53)	(91)
Amortization of deferred income on government grants		(74)	(85)
Discount bonds amortization		1 002	1 229
Impairment of funds		-	28 863
Discount on VAT government bonds amortization		(1 116)	(1 528)
Interest income		(1 081)	(1 569)
Interest payable on loans and bonds		18 009	19 269
Losses on exchange		2 030	41 636
Operating profit before working capital changes		14 008	28 367
Increase in trade receivables		(812)	(26 421)
Decrease in prepayments and other current assets		586	2 558
(Increase)/decrease in taxes recoverable and prepaid		(3 024)	27 766
Increase in inventories		(7 523)	(18 933)
Decrease in deferred income		(6)	-
Increase/(decrease) in trade payables		104	(1 115)
Decrease in biological assets		5 935	316
Decrease in finance leases		(37)	(9)
Decrease in other accounts payable		(11 230)	(2 223)
Cash generated from operations		(1 999)	10 306
Interest paid		(2 542)	(3 439)
Income tax paid		(28)	(54)
Net cash (used in)/generated from operating activities		(4 569)	6 813
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments and receipts - property, plant and equipment		(11 419)	(32 542)
Proceeds from sale of non-current assets		505	-
Interest received		2 485	2 134
Net cash used in investing activities		(8 429)	(30 408)

The notes on pages 6 to 19 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 2016

(in USD thousand, unless otherwise stated)

	Note	9 months ended	
		30 September 2016	30 September 2015
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans received		50 436	12 452
Repayment of loans		(51 932)	(9 382)
Interest paid for bonds issued		(2 575)	(10 000)
Net cash used in financing activities		(4 071)	(6 930)
Net decrease in cash and cash equivalents		(17 069)	(30 526)
Cash and cash equivalents at 1 January		31 307	117 856
Impairment of funds		-	(28 701)
Effect from translation into presentation currency		68	(16 314)
Cash and cash equivalents at 30 September	6	14 306	42 315

The notes on pages 6 to 19 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 2016**

(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 Anexartiasias & Kyriakou Matsi, 3040 Limassol, Cyprus.

These condensed consolidated interim financial statements of the Company as at and for the 9 months ended 30 September 2016 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 June 2016 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 78% of its own fodder. The Group's activities cover almost all the territory of Ukraine. Due to the operating environment in Ukraine, the companies of the Group which have been affected and are not operational are described in note 29 to the condensed consolidated interim financial statements.

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 2016**

(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 2016	Ownership interest (%) 31 December 2015
PJSC Agroholding Avangard (PJSC Ptakohospodarstvo Chervonyi Prapor)	Keeping of technical laying hen, production and selling of eggs	Ukraine	98,00%	98,00%
LLC Yuzhnaya - Holding		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 Agroholding Avangard	Incubation (production and sale of day-old chick), farming of young poultry for sale	Ukraine	98,00%	98,00%
SC Ptakohospodarstvo Donetske of PSPC Interbusiness		Ukraine	100,00%	100,00%
LLC Slovyany		Ukraine	90,00%	90,00%
SC Ptakohospodarstvo Lozuvatske of Avangardco Investments Public Limited		Ukraine	100,00%	100,00%
SC Zorya of PJSC Agroholding Avangard		Ukraine	98,00%	98,00%
SC Ptakhofabryka Chervonyi Prapor Poultry, of PJSC Ptakohospodarstvo ChervonyiPrapor		Ukraine	98,00%	98,00%
SC Ptakohospodarstvo Yuzhnaya Holding of LLC Yuzhnaya Holding		Ukraine	100,00%	100,00%
SC Ptakhogopodarstvo Volnovaske of PSPC Interbusiness		Ukraine	100,00%	100,00%
SC Ptakohospodarstvo Chornobaivske of PJSC Agroholding Avangard		Ukraine	98,00%	98,00%
LLC Rohatyn-Korm		Production and selling of animal feed	Ukraine	100,00%
PJSC Vuhlehirskiy Eksperementalnyy Kombikormoviy Zavod	Ukraine		100,00%	100,00%
PJSC Volnovaskiy Kombinat Khliboproduktiv	Ukraine		99,00%	99,00%
LLC Kamyanets-Podilsky Kombikormoviy Zavod	Ukraine		98,00%	98,00%
LLC Pershe Travnnya Kombikormoviy Zavod	Ukraine		98,00%	98,00%
LLC Imperovo Foods	Processing of eggs and selling of egg products	Ukraine	96,00%	96,00%
LLC Agrarniy Holding Avangard	Rendering services under guarantee agreements	Ukraine	100,00%	100,00%
LLC Torgivenlniy Dim Avangard (LLC Imperovo LTD)	Rental services	Ukraine	99,00%	99,00%
LLC "GENERAL KONSTRAKSHYN"	Assets holding companies	Ukraine	98,00%	98,00%
LLC "LOHISTYK AGROTRADE"		Ukraine	100,00%	100,00%
LLC "REMTREYDSTANDART"		Ukraine	98,00%	98,00%
LLC "COMPANY NEW REGION"		Ukraine	98,00%	98,00%
LLS "PRIME LEADER"		Ukraine	98,00%	98,00%
LLC "CITY REGION"		Ukraine	98,00%	98,00%
LLC "FORWARDTRANS"		Ukraine	98,00%	98,00%
LLC "UNITED LOHISTYK"		Ukraine	98,00%	98,00%
LLC "AGROTRADE BUSINESS"		Ukraine	98,00%	98,00%
LLC "KOMERTSBUDPLAST"		Ukraine	98,00%	98,00%
LLC "AGROMASH-ZAHID"		Ukraine	98,00%	98,00%
LLC "STC-INVESTMENTS"		Ukraine	98,00%	98,00%
LLC "TRANSMAGISTRAL"		Ukraine	93,00%	92,00%

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the condensed consolidated interim financial statements
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016**

(in USD thousand, unless otherwise stated)

1. General information (cont.)

Company name	Principal Activity	Country of registration	Ownership interest (%) 30 June 2016	Ownership interest (%) 31 December 2015
PJSC Avangard*	Dormant	Ukraine	0,00%	99,00%
PJSC Chornobaivske*		Ukraine	0,00%	97,00%
PJSC Agrofirma Avis*		Ukraine	0,00%	100,00%
PJSC Kirovskiy*		Ukraine	0,00%	100,00%
SC Ptakhofabryka Lozuvatska of Avangardco Investments Public Limited*		Ukraine	0,00%	100,00%
LLC Makarivska Ptakhofabryka*		Ukraine	0,00%	100,00%
LLC PF Volnovaska*		Ukraine	0,00%	100,00%
PJSC Cross-PF Zorya*		Ukraine	0,00%	89,00%
PJSC Ptakhofabryka Pershe Travnya*		Ukraine	0,00%	93,00%
PJSC Chernivetska Ptakhofabryka*		Ukraine	0,00%	98,00%
ALLC Donetska Ptakhofabryka*		Ukraine	0,00%	100,00%
LLC Torgivenlniy Budynok Bohodukhivska Ptakhofabryka*		Ukraine	100,00%	100,00%

*As at 31 December 2015 the Group completed the process of restructuring through transfer of assets and liabilities. The following companies' assets and liabilities were transferred to PJSC Agroholding Avangard (PJSC Ptakhohospodarstvo Chervonyi Prapor): PJSC Avangard, PJSC Chornobaivske, PJSC Agrofirma Avis, PJSC Kirovskiy, PJSC Cross-PF Zorya, PJSC Ptakhofabryka Pershe Travnya, PJSC Chernivetska Ptakhofabryka. Additionally, the assets and liabilities of: SC Ptakhofabryka Lozuvatska of Avangardco Investments Public Limited, LLC Makarivska Ptakhofabryka, LLC PF Volnovaska, ALLC Donetska Ptakhofabryka, LLC Areal-Snigurivka, LLC Torgivenlniy Budynok Bohodukhivska Ptakhofabryka, SC Rogatynska Ptakhofabryka of PJSC Avangard, SC Gorodenkivska Ptakhofabryka of PJSC Avangard were transferred to PSPC Interbusiness. Currently the company LLC Torgivenlniy Budynok Bohodukhivska is in the process of liquidation as legal entity. Companies: PJSC Avangard, PJSC Chornobaivske, PJSC Agrofirma Avis, PJSC Kirovskiy, PJSC Cross-PF Zorya, PJSC Ptakhofabryka Pershe Travnya, PJSC Chernivetska Ptakhofabryka, SC Ptakhofabryka Lozuvatska of Avangardco Investments Public Limited, LLC Makarivska Ptakhofabryka, LLC PF Volnovaska, ALLC Donetska Ptakhofabryka are liquidated as legal entities.

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 2016 with nominal value of € 0,10 per share.

The shares were distributed as follows:

Owner	30 September 2016		31 December 2015	
	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%

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the condensed consolidated interim financial statements
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016**

(in USD thousand, unless otherwise stated)

1. General information (cont.)

As at 30 September 2016 and 31 December 2015 the interests in Omtron Limited and Tanchem Limited beneficially owned by UkrLandFarming Plc were as follows:

	Ownership interest (%) as at 30 September 2016	Ownership interest (%) as at 31 December 2015
Omtron Limited	100%	100%
Tanchem Limited	100%	100%

As at 30 September 2016 and 31 December 2015 the direct interests in Mobco Limited and UkrLandFarming Plc beneficially owned by Oleg Bakhmatyuk ("the beneficial owner" hereinafter) were as follows:

	Ownership interest (%) as at 30 September 2016	Ownership interest (%) as at 31 December 2015
Mobco Limited	100%	100%
UkrLandFarming Plc	95%	95%

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements as at and for the 9 months ended 30 September 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2015 ("last annual financial statements"). 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 financial statements.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the 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.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the condensed consolidated interim financial statements
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016**

(in USD thousand, unless otherwise stated)

2. Basis of preparation (cont.)

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. The Board of Directors and Management are closely monitoring the events in the current operating environment of the Group and consider that the Group is able to continue its operations as a going concern.

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 2015.

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:

Currency	30 September	Weighted average for the 9 months ended	31 December	Weighted average for the 9 months ended	30 September
	2016	30 September 2016	2015	30 September 2015	2015
US dollar to Ukrainian Hryvnia	25,9119	25,4303	24,0007	21,4852	21,5275
Euro	0,8912	0,8957	0,9152	0,8978	0,8925

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.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the condensed consolidated interim financial statements
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016**

(in USD thousand, unless otherwise stated)

4. Biological assets

	30 September 2016	31 December 2015
Non-current biological assets		
Replacement poultry	3 014	13 403
	3 014	13 403
Current biological assets		
Commercial poultry	12 415	13 736
	12 415	13 736
Total	15 429	27 139

5. Inventories

Inventories as at 30 September 2016 and 31 December 2015 were as follows:

	30 September 2016	31 December 2015
Raw and basic materials	28 568	38 733
Work-in-progress	310	51
Agricultural produce	1 451	356
Finished goods	22 532	8 357
Package and packing materials	5 793	7 904
Goods for resale	148	1 562
Other inventories	2 064	1 186
	60 866	58 149

6. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2016 and 31 December 2015 were as follows:

	30 September 2016	31 December 2015
Cash in banks	14 305	31 301
Cash in hand	1	6
Cash and cash equivalents represented in condensed consolidated statement of cash flows	14 306	31 307

7. Long-term loans

Long-term loans as at 30 September 2016 and 31 December 2015 were as follows:

	30 September 2016	31 December 2015
Long-term bank loans in national currency	845	913
Long-term bank loans in foreign currency	82 395	82 156
Total loans	83 240	83 069
Commodity credit	342	369
	83 582	83 438
Current portion of non-current liabilities for bank loans in national currency	(845)	(456)
Current portion of non-current liabilities for bank loans in foreign currency	(30 573)	(18 559)
	52 164	64 423

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the condensed consolidated interim financial statements
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016**

(in USD thousand, unless otherwise stated)

8. Bond liabilities

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.

Considering different options regarding the maturity of the bonds, the Company has successfully completed a restructuring of its USD 200m 10% Notes due in 29 October 2015 via a Scheme of Arrangement (the "Scheme"). 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 22 October 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:* The 5% coupon will be payable on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon), with 2% to be paid in cash as a regular coupon payment and 3% to be paid as payment in kind ("PIK"). The 10% coupon will be payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016, but subject to the following PIK and cash payment provisions:

Interest payment date	PIK Interest %	Cash Interest %
29.04.16	75	25
29.10.16	75	25
29.04.17	50	50
29.10.17	50	50
29.04.18	25	75
29.10.18	0	100

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. Surety providers of the bonds following the Scheme were as follows: (1) LLC Torgivelniiy Budynok Bohodukhivska Ptahofabryka, (2) PJSC Agrohholding Avangard (PJSC Ptakhohospodarstvo Chervonyi Prapor), (3) LLC Imperovo Foods, (4) PSPC Interbusiness, (5) LLC Slovyany.

9. Other accounts payable

Other accounts payable as at 30 September 2016 and 31 December 2015 were as follows:

	30 September 2016	31 December 2015
Accrued expenses for future employee benefits	389	408
Other accrued expenses	218	217
Wages and salaries and related taxes liabilities	503	209
Other taxes and compulsory payments liabilities	35	11 006
Accounts payable for property, plant and equipment	67	160
Advances received from customers	38	528
Interest payable on loans	5 481	2 677
Accrued coupon on bonds	1 329	896
Other payables	2 381	1 857
	10 441	17 958

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10. Revenue

Sales revenue for the 9 months ended 30 September 2016 and 30 September 2015 was as follows:

	9 months ended	
	30 September 2016	30 September 2015
Revenue from finished goods	95 328	176 209
Revenue from goods sold and services rendered	15 777	268
	111 105	176 477

11. Cost of sales

Cost of sales for the 9 months ended 30 September 2016 and 30 September 2015 was as follows:

	Note	9 months ended	
		30 September 2016	30 September 2015
Cost of finished goods sold	12	(88 497)	(165 780)
Cost of goods sold and services rendered		(15 487)	(367)
		(103 984)	(166 147)

12. Cost of sales by elements

The cost of finished goods sold for the 9 months ended 30 September 2016 and 30 September 2015 was as follows:

	Note	9 months ended	
		30 September 2016	30 September 2015
Raw materials		(68 711)	(122 731)
Payroll of production personnel and related taxes		(2 655)	(3 988)
Depreciation		(11 582)	(17 545)
Services provided by third parties		(5 477)	(21 406)
Other expenses		(72)	(110)
	11	(88 497)	(165 780)

13. Finance costs

Finance costs for the 9 months ended 30 September 2016 and 30 September 2015 was as follows:

	9 months ended	
	30 September 2016	30 September 2015
Interest payable on loans	(6 033)	(4 269)
Total finance expenses on loans	(6 033)	(4 269)
Finance expenses on finance lease	(7)	(15)
Finance expenses on bonds	(11 976)	(15 000)
Other finance expenses	(1 173)	(1 236)
	(19 189)	(20 520)

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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.

Outstanding amounts of the Group for transactions with related parties as at 30 September 2016 and 31 December 2015 were as follows:

	Outstanding balances with related parties as at	
	30 September 2016	31 December 2015
Prepayments and other current assets, net		
C. Companies in which the Group's owners have an equity interest;	-	1
D. Companies in which activities are significantly influenced by the Group's owners	4 609	11 136
	4 609	11 137
Trade accounts receivable		
D. Companies in which activities are significantly influenced by the Group's owners	761	2 151
	761	2 151
Long-term finance lease		
D. Companies in which activities are significantly influenced by the Group's owners	-	28
	-	28
Current portion of non-current liabilities		
D. Companies in which activities are significantly influenced by the Group's owners	-	16
	-	16
Trade accounts payable		
D. Companies in which activities are significantly influenced by the Group's owners	-	2
	-	2
Other current liabilities		
C. Companies in which the Group's owners have an equity interest;	-	48
D. Companies in which activities are significantly influenced by the Group's owners	85	5
	85	53

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14. Related party balances and transactions (cont.)

The Group's transactions with related parties for the 9 months ended 30 September 2016 and 30 September 2015 were as follows:

	Transactions with related parties for the 6 months ended	
	30 September 2016	30 September 2015
Sales revenue		
D. Companies in which activities are significantly influenced by the Group's owners	16 066	750
	16 066	750
General administrative expenses		
D. Companies in which activities are significantly influenced by the Group's owners	(16)	(46)
	(16)	(46)
Distribution expenses		
D. Companies in which activities are significantly influenced by the Group's owners	(1 795)	(3 896)
	(1 795)	(3 896)
Other operating income/(expenses), net		
D. Companies in which activities are significantly influenced by the Group's owners	517	(28 546)
	517	(28 546)
Finance income		
D. Companies in which activities are significantly influenced by the Group's owners	-	30
	-	30
Finance costs		
D. Companies in which activities are significantly influenced by the Group's owners	-	(23)
	-	(23)

AVANGARDCO INVESTMENTS PUBLIC LIMITED

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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 consolidated financial statements.

Reportable segment information for the 9 months ended 30 September 2016 was as follows:

	Shell eggs	Poultry	Animal feed	Egg products	Other activities	Adjustments and elimination	Total
Sales revenue	141 771	7 862	53 489	34 931	16 612	-	254 665
Intra-group elimination	(87 396)	(2 105)	(53 398)	-	(661)	-	(143 560)
Revenue from external buyers	54 375	5 757	91	34 931	15 951	-	111 105
Income from revaluation of biological assets at fair value	(5 254)	1 306	-	-	-	-	(3 948)
Other operating expenses	(14 855)	(352)	366	(5 077)	(160)	-	(20 078)
Income from government grants and incentives	72	2	-	-	-	-	74
OPERATING (LOSS)/PROFIT	(18 823)	702	(413)	(1 235)	(2 818)	-	(22 587)
Finance income	194	-	-	1 967	36	-	2 197
Finance costs,	(84)	-	-	(4 571)	(14 534)	-	(19 189)
<i>including:</i>							
Interest payable on loans	(84)	-	-	(4 570)	(1 379)	-	(6 033)
Income tax (expense)/credit	-	-	(58)	2 583	315	-	2 840
NET (LOSS)/PROFIT FOR THE PERIOD	(18 713)	628	(471)	(3 826)	(16 387)	-	(38 769)
TOTAL ASSETS	2 222 201	73 699	291 106	779 160	895 750	(3 713 533)	548 383
TOTAL LIABILITIES	1 667 973	8 610	323 982	591 644	349 586	(2 551 716)	390 078

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15. Operating segments (cont.)

Reportable segment information for the year 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	121 365	6 011	363	48 440	298	-	176 477
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
OPERATING LOSS	(25 771)	306	(46 282)	(26 392)	(3 931)	-	(102 069)
Finance income	281	6	1	2 809	-	-	3 097
Finance costs, <i>including:</i>	(130)	-	-	(2 816)	(17 574)	-	(20 520)
Interest payable on loans	(119)	-	-	(2 815)	(1 334)	-	(4 269)
Income tax (expense)/credit	-	-	(209)	2 705	6	-	2 502
NET LOSS FOR THE PERIOD	(25 548)	152	(46 489)	(29 421)	(49 181)	-	(150 486)
TOTAL ASSETS	2 395 573	68 801	257 871	398 482	(307 501)	(2 128 249)	684 977
TOTAL LIABILITIES	1 682 769	8 319	294 454	182 048	341 960	(2 118 559)	390 992

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 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 2016 and 31 December 2015 the Group's financial leverage coefficient was 67,6% and 56,5% respectively.

	Carrying value	
	30 September 2016	31 December 2015
Short-term loans	49 499	50 000
Long-term loans	52 164	64 423
Current portion of long-term loans	31 418	19 015
Long-term finance lease (including VAT)	4	45
Bond liabilities	212 168	202 871
Total borrowings	345 253	336 354
Cash and cash equivalents	(14 306)	(31 307)
Net debt	330 947	305 047
Share capital	836	836
Share premium	201 164	201 164
Capital contribution reserve	115 858	115 858
Retained earnings	882 854	921 435
Foreign currency translation reserve	(1 053 710)	(1 018 085)
Non-controlling interests	11 302	13 847
Total equity	158 304	235 055
Total amount of equity and net debt	489 251	540 102
Financial leverage coefficient	67,6%	56,5%

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16. Financial risk management (cont.)

Capital management (cont.)

Financial leverage ratio calculation (cont.)

For the 9 months ended 30 September 2016 and 30 September 2015 ratio of net debt to EBITDA amounted to:

	9 months ended	
	30 September 2016	30 September 2015
LOSS FOR THE PERIOD	(38 769)	(150 486)
Income tax credit	(2 840)	(2 502)
Finance income	(2 197)	(3 097)
Finance expenses	19 189	20 520
Impairment of current assets	787	-
Losses on exchange	2 030	33 496
EBIT (earnings before interest and income tax)	(21 800)	(102 069)
Depreciation	11 782	17 766
EBITDA (earnings before interest, income tax, depreciation and amortisation)	(10 018)	(84 303)
Net debt at the period end	330 947	297 608
Net debt at the period end / EBITDA	-33,04	-3,53

17. Events after the reporting period

There were no further material events after the reporting period except the fact that while Management believes it is taking all necessary measures to maintain the sustainability of the business in the current circumstances, a further deteriorate of economic and political conditions in Ukraine could adversely affect the Group's results and financial position so that it is currently impossible to predict.