

**AVANGARDCO INVESTMENTS PUBLIC  
LIMITED**

**Condensed consolidated interim financial statements  
(Unaudited)  
For the 9 months ended 30 September 2014**

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

**Condensed consolidated statement of financial position**  
**AS AT 30 SEPTEMBER 2014**  
*(in USD thousand, unless otherwise stated)*

	Note	30 September 2014	31 December 2013
<b>ASSETS</b>			
Property, plant and equipment		688 590	1 103 630
Non-current biological assets	4	31 892	76 678
Deferred tax assets		1 690	3 059
VAT government bonds		36 961	-
Other non-current assets		30	373
<b>Total non-current assets</b>		<b>759 163</b>	<b>1 183 740</b>
Inventories	5	122 165	193 382
Current biological assets	4	33 255	60 648
Trade accounts receivable, net		97 263	88 972
Prepaid income tax		45	85
Prepayments and other current assets, net		17 237	30 845
Taxes recoverable and prepaid		53 286	104 439
Cash and cash equivalents	6	157 605	156 804
<b>Total current assets</b>		<b>480 856</b>	<b>635 175</b>
<b>TOTAL ASSETS</b>		<b>1 240 019</b>	<b>1 818 915</b>
<b>EQUITY</b>			
Share capital		836	836
Share premium		201 164	201 164
Reserve capital		115 858	115 858
Retained earnings		1 127 391	1 132 803
Effect of translation into presentation currency		(603 224)	(68 194)
<b>Equity attributable to owners of the Company</b>		<b>842 025</b>	<b>1 382 467</b>
<b>Non-controlling interest</b>		<b>23 711</b>	<b>64 631</b>
<b>Total equity</b>		<b>865 736</b>	<b>1 447 098</b>
<b>LIABILITIES</b>			
Long-term loans	7	82 784	61 495
Long-term bond liabilities	8	198 237	197 131
Deferred tax liabilities		25	44
Deferred income		2 795	4 743
Long-term finance lease		110	1
<b>Total non-current liabilities</b>		<b>283 951</b>	<b>263 414</b>
Current portion of non-current liabilities		13 992	14 504
Short-term loans		50 000	50 000
Trade payables		8 496	15 084
Other accounts payable	9	17 844	28 815
<b>Total current liabilities</b>		<b>90 332</b>	<b>108 403</b>
<b>TOTAL LIABILITIES</b>		<b>374 283</b>	<b>371 817</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 240 019</b>	<b>1 818 915</b>

**Nataliya Vasylyuk**  
**Chairwoman**

**Iryna Marchenko**  
**Director, CEO**

**Condensed consolidated statement of profit or loss and other comprehensive income  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014**

(in USD thousand, unless otherwise stated)

	Note	9 months ended	
		30 September 2014	30 September 2013
Revenue	10	354 693	466 542
Profit from revaluation of biological assets at fair value		8 534	29 423
Cost of sales	11	(261 142)	(309 368)
<b>GROSS PROFIT</b>		<b>102 085</b>	<b>186 597</b>
General administrative expenses		(9 160)	(12 417)
Distribution expenses		(15 018)	(18 525)
Income from government grants and incentives		110	214
Impairment of non current assets		(25 751)	(15)
Income from special VAT treatment		33 153	32 632
Other operating (expenses)/income, net		(17 781)	(1 513)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>67 638</b>	<b>186 973</b>
Finance income		143	90
Finance costs	13	(23 778)	(24 896)
Gains/(losses) on exchange		(49 461)	(698)
<b>PROFIT BEFORE TAX</b>		<b>(5 458)</b>	<b>161 469</b>
Income tax credit/(expense)		(289)	499
<b>PROFIT FOR THE PERIOD</b>		<b>(5 747)</b>	<b>161 968</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		(550 712)	(11 882)
Effect from changes in ownership		1 714	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(554 745)</b>	<b>150 086</b>
<b>PROFIT FOR THE PERIOD</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		(5 412)	158 783
Non-controlling interests		(335)	3 186
		<b>(5 747)</b>	<b>161 969</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		(540 442)	146 903
Non-controlling interests		(40 920)	3 184
		<b>(581 362)</b>	<b>150 087</b>
<b>Earnings per share, USD (basic and diluted)</b>		<b>(1)</b>	<b>25</b>

The notes on pages 8 to 21 are 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 2014**

*(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 2013</b>	<b>836</b>	<b>115 858</b>	<b>201 164</b>	<b>899 357</b>	<b>(68 135)</b>	<b>1 149 080</b>	<b>18 115</b>	<b>1 167 195</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	158 783	-	158 783	3 186	<b>161 969</b>
Effect from translation into presentation currency	-	-	-	-	(11 880)	(11 880)	(2)	<b>(11 882)</b>
Effect from changes in ownership	-	-	-	-	-	-	32 105	<b>32 105</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158 783</b>	<b>(11 880)</b>	<b>146 903</b>	<b>35 289</b>	<b>182 192</b>
<b>Balance at 30 September 2013</b>	<b>836</b>	<b>115 858</b>	<b>201 164</b>	<b>1 058 140</b>	<b>(80 015)</b>	<b>1 295 983</b>	<b>53 404</b>	<b>1 349 387</b>
<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>								
Profit for the period	-	-	-	(5 412)	-	(5 412)	(335)	<b>(5 747)</b>
Effect from translation into presentation currency	-	-	-	-	(535 030)	(535 030)	(42 299)	<b>(577 329)</b>
Effect from changes in ownership	-	-	-	-	-	-	1 714	<b>1 714</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 412)</b>	<b>(535 030)</b>	<b>(540 442)</b>	<b>(40 920)</b>	<b>(581 362)</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>

The notes on pages 8 to 21 are 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 2014**
*(in USD thousand, unless otherwise stated)*

	Note	9 months ended	
		30 September 2014	30 September 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		(5 458)	161 470
Adjustments for:			
Depreciation of property, plant and equipment		15 239	18 749
Change in allowance for irrecoverable amounts		10 224	362
Other provisions		(608)	(284)
(Profit)/Loss on disposal of current assets		(50)	178
Loss on disposal of property, plant and equipment		2 235	406
Impairment of current assets		10 159	790
Effect of fair value adjustments on biological assets		(8 534)	(29 423)
Gains realised from accounts payable written-off		(4 088)	(212)
Amortization of deferred income on government grants		(110)	(214)
Discount on long-term bonds amortization		1 106	995
Impairment of non current assets		25 751	-
Interest income		(143)	(90)
Interest payable on loans		21 856	22 400
Losses on exchange		41 252	-
<b>Operating profit before working capital changes</b>		<b>108 831</b>	<b>175 127</b>
Increase in trade receivables		(53 260)	(4 969)
Decrease/(increase) in prepayments and other current assets		49	(59 864)
Increase in taxes recoverable and prepaid		(23 870)	(3 421)
(Increase)/decrease in inventories		(10 304)	30 743
(Decrease)/increase in deferred income		(155)	5
Decrease in other non-current assets		343	22
Decrease in trade payables		(955)	(7 707)
Decrease in biological assets		28 080	10 157
Decrease in finance leases		(1 145)	(1 279)
Decrease in other accounts payable		538	10 414
<b>Cash generated from operations</b>		<b>48 151</b>	<b>149 228</b>
Interest paid		(6 941)	(6 407)
Income tax paid		(41)	(65)
<b>Net cash generated from operating activities</b>		<b>41 169</b>	<b>142 756</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments and receipts - property, plant and equipment		(55 011)	(181 279)
Interest received		143	90
<b>Net cash used in investing activities</b>		<b>(54 868)</b>	<b>(181 189)</b>

The notes on pages 8 to 21 are 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 2014**  
*(in USD thousand, unless otherwise stated)*

	Note	9 months ended	
		30 September 2014	30 September 2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans received		90 630	78 958
Repayment of loans		(59 361)	(85 769)
Interest paid for bonds issued		(10 000)	(13 038)
Repayment of short-term bonds		-	(25 023)
Blocked deposit		-	794
<b>Net cash generated from/(used in) financing activities</b>		<b>21 269</b>	<b>(44 078)</b>
<b>Net increase/(decrease) in cash</b>		<b>7 571</b>	<b>(82 511)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>156 804</b>	<b>203 504</b>
Effect from translation into presentation currency		(6 770)	(12)
<b>Cash and cash equivalents at 30 September</b>	6	<b>157 605</b>	<b>120 981</b>

The notes on pages 8 to 21 are 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 2014**

*(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 30 September 2014 and for the 9 months ended 30 September 2014 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 2014 the production facilities of the Group include 32 poultry facilities (consisting of 19 farms for laying hens, 10 farms for rearing young laying hens and 3 breeder farms), 6 feed 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 69% 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 2014**

*(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 2014	Ownership interest (%) 31 December 2013
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%
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	Production and selling of animal feed	Ukraine	97,00%	97,00%
LLC Rohatyn-Korm		Ukraine	99,00%	99,00%
PJSC Vuhlehirskiy Eksperementalniyi Kombikormoviy Zavod		Ukraine	100,00%	100,00%
PJSC Volnovaskiy Kombinat Khiboproductiv		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	95,00%	94,00%
LLC Agrarniy Holding Avangard	Rendering services under guarantee agreements	Ukraine	100,00%	100,00%
LLC Imperovo LTD	Rental services	Ukraine	95,00%	94,00%

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014**

*(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 2014 with nominal value of € 0,10 per share.

The shares were distributed as follows:

Owner	30 September 2014		31 December 2013	
	Number of shares	Ownership interest (%)	Number of shares	Ownership interest (%)
Quickcom Limited	1	-	1	-
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	3	-	3	-
	<b>6 387 185</b>	<b>100.0%</b>	<b>6 387 185</b>	<b>100.0%</b>

As at 30 September 2014 and 31 December 2013 the interests in Omtron Limited and Tanchem Limited beneficially owned by UkrLandFarming Plc were as follows:

	Ownership interest (%) as at 30 September 2014	Ownership interest (%) as at 31 December 2013
Omtron Limited	100%	-
Tanchem Limited	100%	-

As at 30 September 2014 and 31 December 2013 the interests in Quickcom Limited, Omtron Limited, Tanchem Limited, Mobco Limited, UkrLandFarming Plc beneficially owned by Oleg Bakhmatyuk ("the beneficial owner" hereinafter) were as follows:

	Ownership interest (%) as at 30 September 2014	Ownership interest (%) as at 31 December 2013
Quickcom Limited	100%	100%
Omtron Limited	-	100%
Tanchem Limited	-	100%
Mobco Limited	100%	100%
UkrLandFarming Plc	95%	100%

**AVANGARDCO INVESTMENTS PUBLIC LIMITED****Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014**

*(in USD thousand, unless otherwise stated)*

**2. Basis of preparation****2.1 Statement of compliance**

These condensed consolidated interim financial statements for the 9 months ended 30 September 2014 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. The 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 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 2013.

**2.2 Basis of measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the biological assets which are measured at fair value less costs to sell and bonds and loans which are measured at amortised cost.

**2. Basis of preparation (cont.)****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. The condensed consolidated interim financial statements do not comprise any adjustments in case of the Group’s inability to continue as a going concern.

**3. 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 2013.

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014**

*(in USD thousand, unless otherwise stated)*

**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 2014	Weighted average for the 9 months ended 30 September 2014	31 December 2013	Weighted average for the 9 months ended 30 September 2013	30 September 2013
US dollar to					
Ukrainian Hryvnia	12,9492	11,0589	7,9930	7,9930	7,9930
Euro	0,7873	0,7387	0,7239	-	-

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.

**4. Biological assets**

	30 September 2014	31 December 2013
<b>Non-current biological assets</b>		
Replacement poultry	31 892	76 678
	<b>31 892</b>	<b>76 678</b>
<b>Current biological assets</b>		
Commercial poultry	33 255	60 646
Other biological assets	-	2
	<b>33 255</b>	<b>60 648</b>
<b>Total</b>	<b>65 147</b>	<b>137 326</b>

**5. Inventories**

Inventories as at 30 September 2014 and 31 December 2013 were as follows:

	30 September 2014	31 December 2013
Raw and basic materials	73 417	132 264
Work-in-progress	307	606
Agricultural produce	3 890	2 150
Finished goods	28 816	33 939
Package and packing materials	10 070	13 997
Goods for resale	3 435	6 350
Other inventories	2 230	4 076
	<b>122 165</b>	<b>193 382</b>

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**Notes to the condensed consolidated interim financial statements  
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014**

*(in USD thousand, unless otherwise stated)*

**6. Cash and cash equivalents**

Cash and cash equivalents as at 30 September 2014 and 31 December 2013 were as follows:

	<b>30 September 2014</b>	<b>31 December 2013</b>
Cash in banks	157 549	154 771
Cash in hand	56	33
Other bank accounts in foreign currency	-	2 000
<b>Cash and cash equivalents represented in consolidated statement of cash flows</b>	<b>157 605</b>	<b>156 804</b>

**7. Long-term loans**

Long-term loans as at 30 September 2014 and 31 December 2013 were as follows:

	<b>30 September 2014</b>	<b>31 December 2013</b>
Long-term bank loans in national currency	1 692	2 860
Long-term bank loans in foreign currency	94 188	70 448
<b>Total loans</b>	<b>95 880</b>	<b>73 308</b>
Commodity credit	685	1 109
	<b>96 565</b>	<b>74 417</b>
Current portion of non-current liabilities for bank loans in national currency	(883)	(1 430)
Current portion of non-current liabilities for bank loans in foreign currency	(12 898)	(11 492)
	<b>82 784</b>	<b>61 495</b>

**8. Long-term bond liabilities**

Long-term bond liabilities as at 30 September 2014 and 31 December 2013 were as follows:

	<b>30 September 2014</b>	<b>31 December 2013</b>
Par value	200 000	200 000
Discount on issued bonds	(1 763)	(2 869)
	<b>198 237</b>	<b>197 131</b>
	<b>30 September 2014</b>	<b>31 December 2013</b>
Coupon payable	8 441	3 462

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.

Surety providers of the bonds were as follows: (1) LLC Areal Snigurivka, (2) CJSC Agrofirma Avis, (3) LLC Torgivelnii Budynok Bohodukhivska Ptahofabryka, (4) CJSC Chernivetska Ptakhofabryka, (5) OJSC Ptakhohospodarstvo Chervonyi Prapor, (6) APP CJSC Chornobaivske, (7) CJSC Avangard, (8) ALLC Donetsk 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 2014 and 31 December 2013 were as follows:

	<b>30 September 2014</b>	<b>31 December 2013</b>
Accrued expenses for future employee benefits	1 087	1 575
Other accrued expenses	171	291
Wages and salaries and related taxes liabilities	2 005	2 569
Other taxes and compulsory payments liabilities	977	2 034
Accounts payable for property, plant and equipment	252	5 721
Advances received from customers	953	4 779
Interest payable	505	1 397
Accrued coupon on bonds	8 441	3 462
Other payables	3 453	6 987
	<b>17 844</b>	<b>28 815</b>

**10. Revenue**

Sales revenue for the 9 months ended 30 September 2014 and 30 September 2013 were as follows:

	<b>30 September 2014</b>	<b>30 September 2013</b>
Revenue from finished goods	353 625	465 108
Revenue from goods sold and services rendered	1 068	1 434
	<b>354 693</b>	<b>466 542</b>

**11. Cost of sales**

Cost of sales for the 9 months ended 30 September 2014 and 30 September 2013 was as follows:

	<b>Note</b>	<b>30 September 2014</b>	<b>30 September 2013</b>
Cost of finished goods sold	12	(259 585)	(307 945)
Cost of goods sold and services rendered		(1 557)	(1 423)
		<b>(261 142)</b>	<b>(309 368)</b>

**12. Cost of sales by elements**

The cost of finished goods sold (Note 11) for the 9 months ended 30 September 2014 and 30 September 2013 was as follows:

	<b>Note</b>	<b>30 September 2014</b>	<b>30 September 2013</b>
Raw materials		(210 658)	(250 299)
Payroll of production personnel and related taxes		(12 258)	(15 790)
Depreciation		(14 765)	(18 039)
Services provided by third parties		(21 789)	(23 687)
Other expenses		(115)	(130)
	11	<b>(259 585)</b>	<b>(307 945)</b>

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**13. Finance cost**

Finance cost for the 9 months ended 30 September 2014 and 30 September 2013 was as follows:

	<b>30 September 2014</b>	<b>30 September 2013</b>
Interest payable on loans	(5 948)	(5 908)
Capitalised interest	-	533
<b>Total finance expenses on loans</b>	<b>(5 948)</b>	<b>(5 375)</b>
Finance expenses on finance lease	(101)	(260)
Finance expenses on bonds	(15 908)	(17 487)
Other finance expenses	(1 821)	(1 774)
	<b>(23 778)</b>	<b>(24 896)</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. The Group enters into transactions with both related and unrelated parties.

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

Outstanding amounts of the Group for transactions with related parties as at 30 September 2014 and 31 December 2013 were as follows:

	<b>Outstanding balances with related parties as at</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
<b>Prepayments and other current assets, net</b>		
C. Companies in which the Group's owners have an equity interest;	3	59
D. Companies in which activities are significantly influenced by the Group's owners	6 144	10 386
	<b>6 147</b>	<b>10 445</b>
<b>Trade accounts receivable</b>		
C. Companies in which the Group's owners have an equity interest;	4	76
D. Companies in which activities are significantly influenced by the Group's owners	114	184
	<b>119</b>	<b>260</b>
<b>Cash and cash equivalents</b>		
D. Companies in which activities are significantly influenced by the Group's owners	3 818	9 913
	<b>3 818</b>	<b>9 913</b>
<b>Long-term finance lease</b>		
D. Companies in which activities are significantly influenced by the Group's owners	67	-
	<b>67</b>	<b>-</b>
<b>Current portion of non-current liabilities</b>		
D. Companies in which activities are significantly influenced by the Group's owners	20	-
	<b>20</b>	<b>-</b>
<b>Trade accounts payable</b>		
C. Companies in which the Group's owners have an equity interest;	-	12
D. Companies in which activities are significantly influenced by the Group's owners	-	198
	<b>-</b>	<b>210</b>
<b>Other current liabilities</b>		
C. Companies in which the Group's owners have an equity interest;	-	45
D. Companies in which activities are significantly influenced by the Group's owners	473	717
	<b>473</b>	<b>762</b>

On 2<sup>nd</sup> July 2013 UkrLandFarming Plc acquired a direct shareholding percentage of 7.11% in the share capital of LLC Imperovo Limited partially through contribution of technological equipment for elevators. From 2<sup>nd</sup> July 2013 and thereafter, the share capital of LLC Imperovo Limited was increased through contributions from other Group companies, therefore the direct shareholding percentage of UkrLandFarming Plc was decreased to 3.52% at 30 September 2014. As at 30 September 2014 and 31 December 2013 Prepayments and other current assets, net include unpaid contribution to the share capital of LLC Imperovo Foods in the amount of USD 5 955 thousand and USD 9 926 thousand respectively.



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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 2014 and 30 September 2013 were as follows:

	<b>Transactions with related parties for the 6 months ended</b>	
	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>Sales revenue</b>		
C. Companies in which the Group's owners have an equity interest;	-	6
D. Companies in which activities are significantly influenced by the Group's owners	1 302	332
	<b>1 302</b>	<b>338</b>
<b>General administrative expenses</b>		
C. Companies in which the Group's owners have an equity interest;	-	(493)
D. Companies in which activities are significantly influenced by the Group's owners	(66)	(67)
	<b>(66)</b>	<b>(560)</b>
<b>Distribution expenses</b>		
C. Companies in which the Group's owners have an equity interest;	-	(40)
D. Companies in which activities are significantly influenced by the Group's owners	(4 182)	(494)
	<b>(4 182)</b>	<b>(534)</b>
<b>Other operating income/(expenses), net</b>		
C. Companies in which the Group's owners have an equity interest;	0	80
D. Companies in which activities are significantly influenced by the Group's owners	289	1
	<b>289</b>	<b>81</b>
<b>Finance income</b>		
D. Companies in which activities are significantly influenced by the Group's owners	34	86
	<b>34</b>	<b>86</b>
<b>Finance costs</b>		
D. Companies in which activities are significantly influenced by the Group's owners	(35)	-
	<b>(35)</b>	<b>-</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 feed;
- 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 2014 was as follows:

	Shell eggs	Poultry	Animal feed	Egg products	Other activities	Adjustments and elimination	Total
Sales revenue	389 660	109 672	147 685	103 312	7 640	-	757 970
Intra-group elimination	(163 651)	(85 437)	(147 673)	-	(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,	(797)	-	-	(4 266)	(18 714)	-	(23 778)
<i>including:</i>							-
Interest payable on loans	(268)	-	-	(4 266)	(1 414)	-	(5 948)
Losses on exchange	(45)	(239)	-	(4 298)	(44 879)	-	-
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>

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

Reportable segment information for the 9 months ended 30 September 2013 was as follows:

	Shell eggs	Poultry	Animal feed	Egg products	Other activities	Adjustments and elimination	Total
Sales revenue	452 848	77 852	216 867	103 942	6 002	-	857 510
Intra-group elimination	(146 726)	(43 940)	(195 754)	-	(4 550)	-	(390 969)
Revenue from external buyers	<b>306 123</b>	<b>33 912</b>	<b>21 113</b>	<b>103 942</b>	<b>1 452</b>	-	<b>466 542</b>
Income from revaluation of biological assets at fair value	20 994	8 429	-	-	-	-	29 423
Other operating income/(expenses)	(2 683)	(276)	(150)	2 135	(1 250)	-	(2 225)
Income from government grants and incentives	210	4	-	-	-	-	214
<b>OPERATING PROFIT/(LOSS)</b>	<b>143 552</b>	<b>11 771</b>	<b>(3 852)</b>	<b>41 640</b>	<b>(6 837)</b>	-	<b>186 276</b>
Finance income	60	5	6	12	7	-	90
Finance costs,	(3 572)	-	-	(3 886)	(17 437)	-	(24 896)
<i>including:</i>							-
Interest payable on loans	(502)	-	-	(3 886)	(986)	-	(5 375)
Income tax expense	-	-	(243)	746	(4)	-	499
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>140 041</b>	<b>11 776</b>	<b>(4 089)</b>	<b>38 519</b>	<b>(24 278)</b>	-	<b>161 969</b>
<b>TOTAL ASSETS</b>	<b>2 386 685</b>	<b>93 326</b>	<b>575 727</b>	<b>630 542</b>	<b>530 947</b>	<b>(2 483 358)</b>	<b>1 733 868</b>
<b>TOTAL LIABILITIES</b>	<b>928 977</b>	<b>13 431</b>	<b>524 482</b>	<b>236 207</b>	<b>299 510</b>	<b>(1 618 127)</b>	<b>384 481</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 balance sheet 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, 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 2014 and 31 December 2013 the Group's financial leverage coefficient was 17.8% and 10.3% respectively.

	Carrying value	
	30 September 2014	31 December 2013
Short-term loans	50 000	50 000
Long-term loans	82 784	61 495
Current portion of long-term loans	13 781	12 922
Long-term finance lease (including VAT)	134	1 280
Long-term bond liabilities	198 237	197 131
<b>Total borrowings</b>	<b>344 936</b>	<b>322 828</b>
Cash and cash equivalents	(157 605)	(156 804)
<b>Net debt</b>	<b>187 331</b>	<b>166 024</b>
Share capital	836	836
Share premium	201 164	201 164
Capital contribution reserve	115 858	115 858
Retained earnings	1 127 391	1 132 803
Foreign currency translation reserve	(603 224)	(68 194)
Non-controlling interests	23 711	64 631
<b>Total equity</b>	<b>865 736</b>	<b>1 447 098</b>
<b>Total amount of equity and net debt</b>	<b>1 053 067</b>	<b>1 613 122</b>
<b>Financial leverage coefficient</b>	<b>17,8%</b>	<b>10,3%</b>

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

*Capital management (cont.)*

Financial leverage ratio calculation (cont.)

For the 9 months ended 30 September 2014 and 30 September 2013 the ratio of net debt to EBITDA amounted to:

	<b>9 months ended</b>	
	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>PROFIT FOR THE PERIOD</b>	(5 747)	161 969
Income tax credit	289	(499)
Finance income	(143)	(90)
Finance expenses	23 778	24 896
Impairment of non current assets	25 751	15
Losses on exchange	49 461	698
<b>EBIT (earnings before interest and income tax)</b>	<b>93 389</b>	<b>186 989</b>
Depreciation	15 239	18 749
<b>EBITDA (earnings before interest, income tax, depreciation and amortisation)</b>	<b>108 628</b>	<b>205 738</b>
Net debt at the period end	187 331	199 139
<b>Net debt at the period end / EBITDA</b>	<b>1,72</b>	<b>0,97</b>

**17. Events after the reporting period**

There were no material events after the reporting period which affect the condensed consolidated interim financial statements as at 30 September 2014.