



August 31, 2016

## **AVANGARDCO INVESTMENTS PUBLIC LIMITED**

### **FINANCIAL RESULTS FOR THE FIRST HALF OF 2016**

**Kyiv, Ukraine** – AVANGARDCO INVESTMENTS PUBLIC LIMITED (LSE: AVGR) (the “Company” or “AVANGARDCO IPL”), the largest producer of shell eggs and dry egg products in Ukraine and number one producer in Europe, today announces its financial results for the first six months ended 30 June 2016.

#### **H1 2016 Financial Highlights**

- Consolidated revenue amounted to US\$64.8 mln, a decrease of 47% YoY (H1 2015: US\$121.4 mln)
- Export sales revenue amounted to US\$31.7 mln, or 49% of the Company’s consolidated revenue (H1 2015: US\$44.2 mln or 36% of the Company’s consolidated revenue)
- Gross profit amounted to US\$2.7 mln, a decline of 64% YoY (H1 2015: US\$7.5 mln). Gross margin amounted to 4% (H1 2015: 6%)
- Negative EBITDA of US\$12.6 mln. (H1 2015: US\$98.2 mln)
- Net loss reduced to US\$32.6 mln (H1 2015: US\$152.4 mln)

#### **H1 2016 Operational Highlights**

- Production of shell eggs totalled 1,249 mln units, a decline of 34% YoY (H1 2015: 1,892 mln units)
- Sales of shell eggs amounted to 751 mln units, down by 56% YoY (H1 2015: 1,700 mln units)
- Export of shell eggs amounted to 130 mln units, a decline of 37% YoY (H1 2015: 207 mln units)
- The average sales price of shell eggs was UAH 1.34 per unit, excluding VAT, up by 24% YoY (H1 2015: UAH 1.08 per unit, excluding VAT)
- The production of dry egg products amounted to 5,406 tonnes, an increase of 52% YoY (H1 2015: 3,562 tonnes)
- Sales of dry egg products totalled 3,918 tonnes, down by 31% YoY (H1 2015: 5,691 tonnes)
- Exports of dry egg products amounted to 3,469 tonnes, a decline of 14% YoY (H1 2015: 4,049 tonnes)
- The average sales price of dry egg products was US\$5.65/kg, up by 5% YoY (H1 2015: US\$5.40/kg)
- As at 30 June 2016, the total poultry flock amounted to 13.7 mln hens, a decrease of 14% YoY (30 June 2015: 16.0 mln hens)
- As at 30 June 2016, the number of laying hens amounted to 10.8 mln hens, down by 11% YoY (30 June 2015: 12.1 mln hens)

#### **Nataliya Vasylyuk, Chief Executive Officer of AVANGARDCO IPL, commented:**

“AVANGARDCO’s financial and operating results reflect the difficult environment in which the Company continues to operate. The Company’s H1 2016 results were affected by the Q2 sales price of shell eggs which fell below the 2015 level amid rising production costs. The lower sales price was due to increased domestic competition triggered by reduced shell egg exports from Ukraine and weaker domestic demand.

We have made good progress in optimising the Company’s domestic and export sales structure. In the reporting period, we increased the share of export sales to 49% of the consolidated revenues, while we also significantly diversified our export destinations for shell eggs and egg products. Sales to the EU increased to 43% of export revenue, while the share of sales in the Middle East declined from 58% to 46% due to instability in the region.

We continue to streamline our domestic sales structure, selling almost half of our shell eggs to supermarket chains and reducing sales to the lower margin wholesale channel, as the average sales price to supermarkets is 10% - 20% higher compared to wholesale.

The ongoing challenging economic situation in Ukraine combined with the devaluation of the national currency and the reduction of tax incentives, continue to hinder the development of the Company, and there is still a difficult road to recovery. However, we continue to adjust our business processes in response to this so we are well placed to achieve revenue growth and profit once external conditions become more favourable.”

**Outlook:**

In light of the ongoing political and economic uncertainty in Ukraine and low demand for shell eggs in the domestic market, the Company provides a conservative forecast for H2 2016.

We expect a partial recovery in the demand and sales price for shell eggs in the second half of the year.

The Company continues to focus on ensuring the profitability and competitiveness of its business in the current challenging environment and the fulfillment of its financial obligations. In this regard, the strategy for H2 2016 includes:

- Keeping the number of laying hens at 11.0 mln, with flat production and sales of shell eggs in H2 to prevent a surplus in the domestic shell egg market and a lower sales price.
- Moderately growing sales of dry egg products together with their inventories formed in Q2 2016. The price of dry egg products is expected to be stable.
- Expanding the Company’s geographical outreach and export sales, by growing sales of shell eggs to Azerbaijan and egg products into the EU and the Far East. This will also help to reduce dependency on the volatile situation in the Middle East.
- Continuing to increase sales via all available distribution channels, focusing on higher margin supermarkets, and on additional export opportunities in existing and new markets.

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The management team will host an investor and analyst conference call at 14.00 pm (London), 16.00 pm (Kiev/Moscow) and 09.00 am (New York) on Wednesday, 31 August 2016, including a question and answer session.

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A live webcast of the presentation will be available at:

<https://webconnect.webex.com/webconnect/onstage/g.php?MTID=e7e243f1031adc25bd809e46cfdca6256>

Please register approximately 15 minutes prior to the start of the call.

Financial results for the first six months of 2016 ended 30 June 2016 are available on the Company’s website at:

<http://avangard.co.ua/eng/for-investors/financial-overview/financial-reports/interim-reports/>

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**Financial results overview**

|                      | Units     | Q2 2016* | Q2 2015* | Change | H1 2016 | H1 2015 | Change  |
|----------------------|-----------|----------|----------|--------|---------|---------|---------|
| Consolidated Revenue | US\$ '000 | 24,822   | 49,248   | (50%)  | 64,777  | 121,397 | (47%)   |
| Gross Profit/(Loss)  | US\$ '000 | (5,713)  | (6,847)  | -      | 2,676   | 7,512   | (64%)   |
| Gross Profit Margin  | %         | -        | -        | -      | 4%      | 6%      | (2p.p.) |

|                         |           |          |           |   |          |           |   |
|-------------------------|-----------|----------|-----------|---|----------|-----------|---|
| EBITDA                  | US\$ '000 | (22,556) | (103,280) | - | (12,608) | (98,191)  | - |
| EBITDA Margin           | %         | -        | -         | - | -        | -         | - |
| Operating Profit/(Loss) | US\$ '000 | (26,521) | (109,340) | - | (20,973) | (110,446) | - |
| Operating Margin        | %         | -        | -         | - | -        | -         | - |
| Net Profit/(Loss)       | US\$ '000 | (28,825) | (99,711)  | - | (32,607) | (152,432) | - |
| Net Profit Margin       | %         | -        | -         | - | -        | -         | - |

\*recalculated at the average UAH/USD exchange rate for the second quarter of 2015 and 2016

#### Q2 2016:

| Currency                       | 30 June 2016 | Weighted average for Q2 2016 | 30 June 2015 | Weighted average for Q2 2015 |
|--------------------------------|--------------|------------------------------|--------------|------------------------------|
| US dollar to Ukrainian Hryvnia | 24.854       | 25.262                       | 21.015       | 21.611                       |

In Q2 2016, the Company's consolidated revenue decreased by 50% YoY and amounted to US\$24.8 mln (Q2 2015: US\$49.2 mln), largely due to the decrease in sales of shell eggs by 56% YoY and the drop in the average sales price of shell eggs in the Ukrainian Hryvnia and US dollar by 8% YoY and 20% YoY respectively.

Gross loss amounted to US\$5.7 mln (Q2 2015: US\$6.8 mln) as a result of decreased revenue and an increase in the cost per unit of production (in Q2 2016 the average sales price of shell eggs in the domestic market was lower than the cost of sales).

In Q2 2016, the loss from operating activities amounted to US\$26.5 mln (Q2 2015: US\$109.3 mln) and resulted from the provisions for doubtful debts for accounts receivables.

The negative EBITDA amounted to US\$22.6 mln (Q2 2015: US\$103.3 mln).

In Q2 2016 the Company's net loss was US\$28.8 mln (Q2 2015: US\$99.7 mln).

#### H1 2016:

| Currency                       | 30 June 2016 | Weighted average for the 6 months ended 30 June 2016 | 30 June 2015 | Weighted average for the 6 months ended 30 June 2015 |
|--------------------------------|--------------|--|--------------|--|
| US dollar to Ukrainian Hryvnia | 24.854       | 25.458   | 21.015       | 21.365   |

In H1 2016, the Company's consolidated revenue decreased by 47% YoY, amounting to US\$64.8 mln (H1 2015: US\$121.4 mln). This was due to the devaluation of the Ukrainian Hryvnia against the US dollar and the decline in sales volumes of shell eggs and dry egg products by 56% YoY and 31% YoY, respectively. At the same time, the revenue was supported by the growth in the average sales price of shell eggs and egg products in US dollar terms by 4% YoY and 5% YoY respectively, as well as the increased share of exports to 49% of the consolidated revenue (H1 2015: 36%).

In H1 2016, the Company's export revenues decreased by 28% YoY to US\$31.7 mln (H1 2015: US\$44.2 mln) as a result of the decline in export sales of shell eggs and dry egg products by 37% YoY and 14% YoY respectively.

In H1 2016, the cost of sales fell by 49% YoY and amounted to US\$59.1 mln (H1 2015: US\$116.0 mln) due to lower sales volumes of shell eggs and egg products.

As a result of the decrease in the consolidated revenue and the increase in the cost of sales per unit, the Company's gross profit was down by 64% to US\$2.7 mln (H1 2015: US\$7.5 mln), with the gross profit margin at 4% (H1 2015: 6%).

In H1 2016, a loss from operating activities amounted to US\$21.0 mln (H1 2015: US\$110.4 mln), which was affected by provisions for doubtful debts of US\$21.2 mln in addition to the aforementioned reasons.

Negative EBITDA amounted to US\$12.6 mln (H1 2015: US\$98.2 mln).

In H1 2016, the Company's net loss reduced to US\$32.6 mln (H1 2015: US\$152.4 mln), primarily resulting from softer operational results in Q2 2016 due to lower sales volumes and unfavourable prices in the domestic market.

### Cash flow and debt structure:

As at 30 June 2016, net cash outflow from operating activities amounted to US\$0.8 mln (30 June 2015: cash inflow of US\$3.3 mln) due to the reduced operating profit from unfavourable pricing in the domestic market in Q2 2016 and the continued growth of cost per unit of output.

Net cash used in investing activities amounted to US\$9.2 mln for maintenance capex (30 June 2015: US\$14.9 mln).

Net cash used in financing activities was US\$4.5 mln (30 June 2015: US\$6.2 mln).

As at 30 June 2016, net cash outflow amounted to US\$14.5 mln (30 June 2015: US\$17.8 mln.). Cash and cash equivalents decreased to US\$17.2 mln (30 June 2015: US\$52.2 mln) due to cash outflow from operating, financing and investing activities.

As at 30 June 2016, the Company's total debt amounted to US\$343.4 mln (31 December 2015: US\$336.4 mln). Net debt amounted to US\$326.3 mln (31 December 2015: US\$305.0 mln).

The Company's Eurobond issue, which has a maturity date of 29 October 2018, amounted to 61% of the Company's total debt.

### Segment review

#### Shell Eggs Segment

|                     | Units       | As at 30.06.2016 | As at 30.06.2015 | Change |
|---------------------|-------------|------------------|------------------|--------|
| Total Poultry Flock | Heads (mln) | 13.7             | 16.0             | (14%)  |
| Laying Hens         | Heads (mln) | 10.8             | 12.1             | (11%)  |

As at 30 June 2016, the total poultry flock was down by 14% YoY to 13.7 mln heads (30 June 2015: 16.0 mln heads) and the number of laying hens decreased by 11% YoY to 10.8 mln heads (30 June 2015: 12.1 mln heads) due to a lower demand for shell eggs in Ukraine. Approximately 80% of laying hens are now located at the newly built and more efficient Avis and Chornobaivske poultry complexes.

|                     | Units           | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|---------------------|-----------------|---------|---------|--------|---------|---------|--------|
| Total Production    | Units (mln)     | 622     | 841     | (26%)  | 1,249   | 1,892   | (34%)  |
| Processing          | Units (mln)     | 325     | 205     | 59%    | 459     | 303     | 51%    |
| Sales               | Units (mln)     | 276     | 634     | (56%)  | 751     | 1,700   | (56%)  |
| Export              | Units (mln)     | 55      | 99      | (44%)  | 130     | 207     | (37%)  |
| Average Sales Price | UAH (excl. VAT) | 1.00    | 1.09    | (8%)   | 1.34    | 1.08    | 24%    |

The production volume of shell eggs decreased by 26% YoY to 622 mln units in Q2 2016 (Q2 2015: 841 mln units) and by 34% YoY to 1,249 mln units in H1 2016 (H1 2015: 1,892 mln units) due to the reduction in the number of laying hens.

In Q2 2016, sales of shell eggs decreased by 56% YoY to 276 mln units (Q2 2015: 634 mln units) and by 56% YoY to 751 mln units in H1 2016 (H1 2015: 1,700 mln units). This was a result of the reduction in exports with lower consumer demand in Ukraine, affected by usual seasonality alongside constrained household budgets.

In Q2 2016, the volume of shell eggs for processing increased by 59% YoY to 325 mln units (Q2 2015: 205 mln units) and in H1 2016 by 51% YoY to 459 mln units (H1 2015: 303 mln units). This was in response to the market situation and to avoid the accumulation of inventories and damage of shell eggs, as egg products have a longer shelf life than eggs.

In H1 2016, the Company sold shell eggs to supermarkets and to wholesale customers as well as for export. In line with its strategy, the share of sales through supermarkets has increased significantly reaching 54% of total sales (H1 2015: 39%), whilst the share of sales to the lower margin wholesale channel reduced to 29% (H1 2015: 49%).

The share of shell egg export sales rose to 17% (H1 2015: 12%) due to the diversification of its export destinations into Iraq, UAE, Moldova, Azerbaijan and Liberia. However, in Q2 2016, exports of shell eggs decreased by 44% YoY to 55 mln units (Q2 2015: 99 mln units) and by 37% YoY to 130 mln units in H1 2016 (H1 2015: 207 mln units). The main reason for this decline was the unstable situation in Iraq, one of the Company's key markets for shell egg exports.

In Q2 2016, the average sales price of shell eggs decreased by 8% YoY to 1.00 UAH per unit, excluding VAT (Q2 2015: 1.09 UAH per unit, excluding VAT) in addition to seasonality this was caused by lower domestic demand combined with oversupply of shell eggs in the domestic market due to the decline of exports from Ukraine. In H1 2016, the average sales price of shell eggs rose by 24% YoY to 1.34 UAH per unit, excluding VAT (H1 2015: 1.08 UAH per unit, excluding VAT) due to a higher Q1 2016 sales price and an increased proportion of sales to supermarkets and for export.

In H1 2016, the shell egg segment's revenue decreased by 54% YoY to US\$39.4 mln. (H1 2015: US\$85.7 mln) as a result of reduced sales. The segment's net loss amounted to US\$18.8 mln (H1 2015: US\$34.4 mln.) due to the reduced sales, higher costs and provisions for doubtful debts.

### **Dry Egg Products Segment**

|                             | Units   | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|-----------------------------|---------|---------|---------|--------|---------|---------|--------|
| Dry egg products production | Tonnes  | 3,832   | 2,412   | 59%    | 5,406   | 3,562   | 52%    |
| Sales volume                | Tonnes  | 2,280   | 2,440   | (7%)   | 3,918   | 5,691   | (31%)  |
| Export                      | Tonnes  | 2,082   | 1,928   | 8%     | 3,469   | 4,049   | (14%)  |
| Average Sales Price         | US\$/Kg | 5.64    | 5.67    | (1%)   | 5.65    | 5.40    | 5%     |

In Q2 2016, the volume of dry egg products increased by 59% YoY to 3,832 tonnes (Q2 2015: 2,412 tonnes) and in H1 2016 it rose by 52% YoY to 5,406 tonnes (H1 2015: 3,562 tonnes). The production of dry egg products was increased in response to unfavourable sales conditions for shell eggs in Ukraine to avoid the accumulation of inventories.

In Q2 2016, sales of dry egg products decreased by 7% YoY to 2,280 tonnes (Q2 2015: 2,440 tonnes). In H1 2016, sales of dry egg products decreased by 31% YoY to 3,918 tonnes (H1 2015: 5,691 tonnes including 2,129 tonnes of inventories) due to untypically high sales in H1 2015.

In Q2 2016, the export of dry egg products rose by 8% YoY to 2,082 tonnes (Q2 2015: 1,928 tonnes). In H1 2016, the export of dry egg products declined by 14% YoY to 3,469 tonnes (H1 2015: 4,049 tonnes) and amounted 89% of the total sales (H1 2015: 71% of the total sales). The decline in exports was mainly due to reduced sales to the Middle East resulting from the unstable situation in the region. In the reporting period, the Company expanded its

geographic sales outreach to 13 countries in the EU, Asia and the Far East, the Middle East and North Africa. The Company continues to increase its sales to the European market which in H1 2016 amounted to 67% of exports of dry egg products.

In Q2 2016, the average sales price of dry egg products decreased by 1% YoY US\$5.64/kg (Q2 2015: US\$5.67/kg). In H1 2016, the average sales price of dry egg products rose by 5% YoY to US\$5.65/kg (H1 2015: US\$5.40/kg) due to a different sales breakdown within product mix and geography, as well as an increased share of export sales.

In H1 2016, as a result of the decrease in sales, the dry egg product segment's revenues decreased by 28% YoY to US\$22.1 mln (H1 2015: US\$30.7 mln).

The segment's net loss amounted to US\$2.4 mln (H1 2015: US\$34.5 mln) and was affected by reduced sales alongside higher costs.

- Ends -

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**Information for editors**

AVANGARDCO IPL is one of the largest agro-industrial companies in Ukraine, specialising in the production of shell eggs and dry egg products. As at 30 June 2016, the Company holds a 31% share of the industrial shell egg market and a 84% share of the dry egg product market in Ukraine. The Company's laying hens flock is one of the largest globally.

AVANGARDCO IPL has a vertically integrated production cycle. The Company's facilities are located in 14 regions of Ukraine and the Autonomous Republic of Crimea. The Company has 19 laying farms, 3 hatcheries, 10 rearing farms, 6 feed mills, 3 long-term storage facilities and the Imperovo Foods egg processing plant, which is one of the most technologically-advanced facilities for processing eggs in Europe.

The Company exports its products to the Middle East, Africa, Asia, the CIS and EU.

The Company's shares, in the form of Global Depositary Receipts, have been trading on the London Stock Exchange since May 2010. The Eurobond issue for approximately US\$200 mln with a maturity on 29 October 2018 was included in the official list of the UK Listing Authority (UKLA) and admitted to trading on a regulated market of the London Stock Exchange on 1 November 2010.

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Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of AVANGARDCO IPL. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might", the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in the Company's geographical locations, rapid

Condensed consolidated statement of financial position  
AS AT 30 JUNE 2016  
(in USD thousand, unless otherwise stated)

|   | 30 June 2016   | 31 December 2015 |
|---|----------------|------------------|
| <b>ASSETS</b>                                       |                |                  |
| Property, plant and equipment                       | 397,105        | 404,930          |
| Non-current biological assets                       | 6,153          | 13,403           |
| Deferred tax assets                                 | 5,668          | 2,761            |
| Held to maturity investments                        | 7,619          | 9,257            |
| Other non-current assets                            | 6              | 6                |
| <b>Non-current assets</b>                           | <b>416,551</b> | <b>430,357</b>   |
| Inventories   | 65,141         | 58,149           |
| Current biological assets                           | 13,610         | 13,736           |
| Trade accounts receivable, net                      | 31,448         | 56,665           |
| Prepaid income tax                                  | 39             | 72               |
| Prepayments and other current assets, net           | 13,846         | 21,027           |
| Taxes recoverable and prepaid                       | 18,168         | 12,858           |
| Cash and cash equivalents                           | 17,178         | 31,307           |
| <b>Current assets</b>                               | <b>159,430</b> | <b>193,814</b>   |
| <b>TOTAL ASSETS</b>                                 | <b>575,981</b> | <b>624,171</b>   |
| <b>EQUITY</b>                                       |                |                  |
| Share capital                                       | 836            | 836              |
| Share premium                                       | 201,164        | 201,164          |
| Reserve capital                                     | 115,858        | 115,858          |
| Retained earnings                                   | 888,948        | 921,435          |
| Effect of translation into presentation currency    | (1,035,301)    | (1,018,085)      |
| <b>Equity attributable to owners of the Company</b> | <b>171,505</b> | <b>221,208</b>   |
| <b>Non-controlling interests</b>                    | <b>12,677</b>  | <b>13,847</b>    |
| <b>Total equity</b>                                 | <b>184,182</b> | <b>235,055</b>   |
| <b>LIABILITIES</b>                                  |                |                  |
| Long-term bond liabilities                          | 210,728        | 202,871          |
| Long-term loans                                     | 56,871         | 64,423           |
| Deferred tax liabilities                            | 384            | 410              |
| Deferred income                                     | 1,278          | 1,384            |
| Dividends payable                                   | 29,542         | 29,542           |
| Long-term finance lease                             | 21             | 28               |
| <b>Non-current liabilities</b>                      | <b>298,824</b> | <b>298,658</b>   |
| Current portion of non-current liabilities          | 25,912         | 19,125           |
| Short-term loans                                    | 50,000         | 50,000           |
| Trade payables                                      | 2,538          | 3,375            |
| Other accounts payable                              | 14,525         | 17,958           |
| <b>Current liabilities</b>                          | <b>92,975</b>  | <b>90,458</b>    |
| <b>TOTAL LIABILITIES</b>                            | <b>391,799</b> | <b>389,116</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b>575,981</b> | <b>624,171</b>   |

Condensed consolidated statement of profit and loss and other comprehensive income  
FOR 6 MONTHS ENDED 30 JUNE 2016  
(in USD thousand, unless otherwise stated)

|   | 6 months ended  |                  |
|---|-----------------|------------------|
|   | 30 June 2016    | 30 June 2015     |
| Revenue   | 64,777          | 121,397          |
| (Loss)/profit from revaluation of biological assets at fair value           | (3,023)         | 2,068            |
| Cost of sales   | (59,078)        | (115,953)        |
| <b>GROSS PROFIT</b>   | <b>2,676</b>    | <b>7,512</b>     |
| General administrative expenses   | (3,876)         | (3,188)          |
| Distribution expenses   | (2,974)         | (7,187)          |
| Income from government grants and incentives                                | 48              | 48               |
| Income from special VAT treatment   | 3,982           | 4,575            |
| Other operating expenses  | (20,829)        | (112,206)        |
| <b>LOSS FROM OPERATING ACTIVITIES</b>                                       | <b>(20,973)</b> | <b>(110,446)</b> |
| Finance income  | 1,512           | 2,121            |
| Finance costs   | (15,307)        | (14,908)         |
| Losses on exchange  | (708)           | (31,717)         |
| <b>NET FINANCE COSTS</b>  | <b>(14,503)</b> | <b>(44,504)</b>  |
| <b>LOSS BEFORE TAX</b>  | <b>(35,476)</b> | <b>(154,950)</b> |
| Income tax credit   | 2,869           | 2,518            |
| <b>LOSS FOR THE PERIOD</b>  | <b>(32,607)</b> | <b>(152,432)</b> |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                            |                 |                  |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> |                 |                  |
| Effect from translation into presentation currency                          | (18,266)        | (192,636)        |
| <b>TOTAL COMPREHENSIVE INCOME</b>   | <b>(50,873)</b> | <b>(345,068)</b> |
| <b>LOSS ATTRIBUTABLE TO</b>   |                 |                  |
| Owners of the Company   | (32,487)        | (148,055)        |
| Non-controlling interests   | (120)           | (4,377)          |
|   | <b>(32,607)</b> | <b>(152,432)</b> |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>                          |                 |                  |
| Owners of the Company   | (49,823)        | (329,802)        |
| Non-controlling interests   | (1,050)         | (15,266)         |
|   | <b>(50,873)</b> | <b>(345,068)</b> |
| <b>Loss per share, USD (basic and diluted)</b>                              | <b>(5)</b>      | <b>(23)</b>      |



Condensed consolidated statement of cash flows  
FOR 6 MONTHS ENDED 30 JUNE 2016  
(in USD thousand, unless otherwise stated)

|   | 6 months ended |                 |
|---|----------------|-----------------|
|   | 30 June 2016   | 30 June 2015    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                |                 |
| Loss before income tax  | (35,476)       | (154,950)       |
| Adjustments for:  |                |                 |
| Depreciation of property, plant and equipment                 | 7,738          | 12,255          |
| Change in allowance for irrecoverable amounts                 | 21,180         | 46,108          |
| Loss on disposal of current assets                            | 255            | 4               |
| (Profit)/loss on disposal of property, plant and equipment    | (169)          | 6               |
| Impairment of current assets                                  | 627            | 37,503          |
| Effect of fair value adjustments on biological assets         | 3,023          | (2,068)         |
| Gains realised from accounts payable written-off              | (32)           | (90)            |
| Amortization of deferred income on government grants          | (48)           | (48)            |
| Discount bonds amortization                                   | 1,002          | 808             |
| Impairment of funds   | -              | 28,863          |
| Discount on VAT government bonds amortization                 | (758)          | (1,034)         |
| Interest income   | (754)          | (1,087)         |
| Interest payable on loans and bonds                           | 14,295         | 14,081          |
| Losses on exchange  | 708            | 36,685          |
| <b>Operating profit before working capital changes</b>        | <b>11,591</b>  | <b>17,036</b>   |
| Decrease/(increase) in trade receivables                      | 2,312          | (24,452)        |
| Decrease in prepayments and other current assets              | 3,196          | 2,206           |
| (Increase)/decrease in taxes recoverable and prepaid          | (3,569)        | 18,672          |
| Increase in inventories                                       | (9,062)        | (14,892)        |
| Decrease in deferred income                                   | (9)            | -               |
| Decrease in trade payables                                    | (672)          | (484)           |
| Decrease in biological assets                                 | 3,260          | 5,986           |
| Decrease in finance leases                                    | -              | (1)             |
| (Decrease)/increase in other accounts payable                 | (5,239)        | 1,207           |
| <b>Cash generated from operations</b>                         | <b>1,808</b>   | <b>5,278</b>    |
| Interest paid   | (2,543)        | (1,884)         |
| Income tax paid   | (17)           | (45)            |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(752)</b>   | <b>3,349</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                |                 |
| Payments and receipts - property, plant and equipment         | (11,091)       | (16,092)        |
| Proceeds from sale of non-current assets                      | 343            | -               |
| Interest received   | 1,532          | 1,187           |
| <b>Net cash used in investing activities</b>                  | <b>(9,217)</b> | <b>(14,905)</b> |

**Condensed consolidated statement of cash flows (cont.)**  
**FOR 6 MONTHS ENDED 30 JUNE 2016**  
*(in USD thousand, unless otherwise stated)*

|  | <b>6 months ended</b> |                     |
|--|-----------------------|---------------------|
|  | <b>30 June 2016</b>   | <b>30 June 2015</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>        |                       |                     |
| New loans received                                 | -                     | 9,419               |
| Repayment of loans                                 | (1,968)               | (5,647)             |
| Interest paid for bonds issued                     | (2,575)               | (10,000)            |
| <b>Net cash used in financing activities</b>       | <b>(4,543)</b>        | <b>(6,228)</b>      |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(14,512)</b>       | <b>(17,784)</b>     |
| <b>Cash and cash equivalents at 1 January</b>      | <b>31,307</b>         | <b>117,856</b>      |
| Impairment of funds                                | -                     | (29,344)            |
| Effect from translation into presentation currency | 383                   | (18,553)            |
| <b>Cash and cash equivalents at 30 June</b>        | <b>17,178</b>         | <b>52,175</b>       |