

**AVANGARDCO INVESTMENTS PUBLIC
LIMITED**

Interim Consolidated Financial Statements

For the 3 months ended 31 March 2015

CONTENTS**Page**

Interim consolidated statement of financial position	1
Interim consolidated statement of profit or loss and other comprehensive income	2
Interim consolidated statement of changes in equity	3
Interim consolidated statement of cash flows	4-5
Notes to the interim consolidated financial statements	6 -22

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Interim consolidated statement of financial position

AS AT 31 MARCH 2015

(in USD thousand, unless otherwise stated)

	Note	31 March 2015	31 December 2014
ASSETS			
Property, plant and equipment		394 370	579 922
Non-current biological assets	4	11 112	21 637
Deferred tax assets		1 675	2 489
Held to maturity investments	5	10 527	17 959
Other non-current assets		19	28
Total non-current assets		417 703	622 035
Inventories	7	77 799	115 896
Current biological assets	4	26 860	28 228
Trade accounts receivable, net	8	84 337	79 221
Prepaid income tax		47	48
Prepayments and other current assets, net	9	16 734	29 094
Taxes recoverable and prepaid	6	22 630	45 949
Cash and cash equivalents	10	89 890	117 856
Total current assets		318 297	416 292
TOTAL ASSETS		736 000	1 038 327
EQUITY			
Share capital		836	836
Share premium		201 164	201 164
Reserve capital		115 858	115 858
Retained earnings		1 025 445	1 077 158
Effect of translation into presentation currency		(1 009 099)	(776 404)
Equity attributable to owners of the Company		334 204	618 612
Non-controlling interest		12 675	27 276
Total equity		346 879	645 888
LIABILITIES			
Long-term loans	11	73 828	79 844
Deferred tax liabilities		17	26
Deferred income		1 385	2 245
Long-term finance lease		50	63
Total non-current liabilities		75 280	82 178
Short-term bond liabilities	12	199 034	198 635
Current portion of non-current liabilities	14	16 471	15 368
Short-term loans	13	50 000	50 000
Trade payables	15	3 497	6 907
Other accounts payable	16	44 839	39 351
Total current liabilities		313 841	310 261
TOTAL LIABILITIES		389 121	392 439
TOTAL EQUITY AND LIABILITIES		736 000	1 038 327

Nataliya Vasylyuk
Chairwoman

Iryna Marchenko
Director, CEO

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Interim consolidated statement of profit and loss and other comprehensive income

FOR THE 3 MONTHS ENDED 31 MARCH 2015

(in USD thousand, unless otherwise stated)

	Note	3 months ended	
		31 March 2015	31 March 2014
Revenue	17	72 426	152 199
Profit from revaluation of biological assets at fair value		6 387	9 275
Cost of sales	18	(64 203)	(101 729)
GROSS PROFIT		14 610	59 745
General administrative expenses	20	(1 554)	(5 456)
Distribution expenses	21	(3 586)	(5 660)
Income from government grants and incentives		24	68
Impairment of non current assets		-	-
Income from special VAT treatment		4 535	5 680
Other operating expenses	22	(13 869)	343
PROFIT FROM OPERATING ACTIVITIES		160	54 720
Finance income	24	1 119	39
Finance costs	23	(7 574)	(7 663)
Losses on exchange		(45 867)	(223)
(LOSS)/PROFIT BEFORE TAX		(52 162)	46 873
Income tax credit		(17)	(74)
(LOSS)/PROFIT FOR THE PERIOD		(52 179)	46 799
OTHER COMPREHENSIVE INCOME:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effect from translation into presentation currency		(246 829)	(436 600)
TOTAL COMPREHENSIVE INCOME		(299 008)	(389 801)
(LOSS)/PROFIT FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		(51 713)	46 157
Non-controlling interests		(466)	642
		(52 179)	46 799
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the Company		(284 406)	(371 785)
Non-controlling interests		(14 602)	(18 016)
		(299 008)	(389 801)
(Loss)/earnings per share, USD (basic and diluted)		(8)	7

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Interim consolidated statement of changes in equity

FOR THE 3 MONTHS ENDED 31 MARCH 2015

(in USD thousand, unless otherwise stated)

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Capital contribution reserve	Share premium	Retained earnings	Foreign currency translation reserve			
Balance at 1 January 2014	836	115 858	201 164	1 132 803	(68 194)	1 382 467	64 631	1 447 098
Comprehensive income								
Profit for the period	-	-	-	46 157	-	46 157	642	46 799
Effect from translation into presentation currency	-	-	-	-	(417 942)	(417 942)	(18 658)	(436 600)
Total comprehensive income	-	-	-	46 157	(417 942)	(371 785)	(18 016)	(389 801)
Balance at 31 March 2014	836	115 858	201 164	1 178 960	(486 136)	1 010 682	46 615	1 057 297
Balance at 1 January 2015	836	115 858	201 164	1 077 158	(776 404)	618 612	27 276	645 888
Comprehensive income								
Profit for the period	-	-	-	(51 713)	-	(51 713)	(466)	(52 179)
Effect from translation into presentation currency	-	-	-	-	(232 695)	(232 695)	(14 135)	(246 830)
Total comprehensive income	-	-	-	(51 713)	(232 695)	(284 408)	(14 602)	(299 009)
Balance at 31 March 2015	836	115 858	201 164	1 025 445	(1 009 099)	334 204	12 675	346 879

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Interim consolidated statement of cash flows
FOR THE 3 MONTHS ENDED 31 MARCH 2015
(in USD thousand, unless otherwise stated)

	Note	3 months ended	
		31 March 2015	31 March 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before income tax		(52 162)	46 873
Adjustments for:			
Depreciation of property, plant and equipment		6 197	6 443
Change in allowance for irrecoverable amounts		6 945	5
Other provisions		-	(675)
(Profit)/loss on disposal of current assets		9	21
Loss on disposal of property, plant and equipment		(1)	6
Impairment of current assets		7 704	324
Effect of fair value adjustments on biological assets		(6 387)	(9 275)
Gains realised from accounts payable written-off		(1)	(11)
Amortization of deferred income on government grants		(24)	(68)
Discount bonds amortization		399	359
Discount on VAT government bonds on initial recognition		-	-
Discount on VAT government bonds amortization		(542)	-
Impairment of non current assets		-	-
Interest income		(1 119)	(39)
Interest payable on loans		7 170	6 795
Losses on exchange		38 490	-
Operating profit before working capital changes		6 678	50 758
(Increase)/decrease in trade receivables		(27 993)	15 936
Decrease in prepayments and other current assets		2 590	8 423
Decrease/(increase) in taxes recoverable and prepaid		9 190	(5 836)
Increase in inventories		(7 534)	(19 609)
Decrease in deferred income		(115)	(1 277)
Decrease in other non-current assets		-	100
Decrease in trade payables		(1 275)	(5 239)
Decrease in biological assets		1 464	3 584
Increase/(decrease) in finance leases		4	(699)
Increase/(decrease) in other accounts payable		14 173	(5 023)
Cash generated from operations		(2 818)	41 118
Interest paid		(505)	(1 681)
Income tax paid		(33)	(28)
Net cash generated from operating activities		(3 356)	39 409
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments and receipts - property, plant and equipment		(11 227)	(28 689)
Interest received		1 076	39
Repayment of VAT government bonds		2 267	-
Net cash used in investing activities		(7 884)	(28 650)

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

Interim consolidated statement of cash flows (cont.)

FOR THE 3 MONTHS ENDED 31 MARCH 2015

(in USD thousand, unless otherwise stated)

	Note	3 months ended	
		31 March 2015	31 March 2014
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans received		8 592	17 590
Repayment of loans		(2 334)	(2 948)
Net cash generated from/(used in) financing activities		6 258	14 642
Net decrease in cash		(4 982)	25 400
Cash and cash equivalents at 1 January		117 856	156 804
Effect from translation into presentation currency		(22 984)	(3 732)
Cash and cash equivalents at 31 March	10	89 890	178 472

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

AVANGARDCO INVESTMENTS PUBLIC LIMITED**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

1. General information

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

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

The interim consolidated financial statements of the Company as at and for the 3 months ended 31 March 2015 comprise the Company and its subsidiaries (together with the Company referred to as the "Group").

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

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

The Group's activities cover all the links of the value chain: from production of combined feed, maintenance and breeding of chickens to production and sale of eggs and egg products. As at 31 December 2014 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.

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 interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

1. General information (cont.)

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

Company name	Principal Activity	Country of registration	Ownership interest (%) 31 March 2015	Ownership interest (%) 31 December 2014
PJSC Avangard	Keeping of technical laying hen, production and selling of eggs	Ukraine	99,00%	99,00%
PJSC Chornobaivske		Ukraine	97,00%	97,00%
PJSC Agrofirma Avis		Ukraine	100,00%	100,00%
PJSC Kirovskiy		Ukraine	100,00%	100,00%
PJSC Ptakhohospodarstvo Chervonyi Prapor		Ukraine	98,00%	98,00%
SC Ptakhofabryka Lozuvatska of Avangardco Investments Public Limited		Ukraine	100,00%	100,00%
LLC Yuzhnaya - Holding		Ukraine	100,00%	100,00%
LLC Makarivska Ptakhofabryka		Ukraine	100,00%	100,00%
LLC PF Volnovaska		Ukraine	100,00%	100,00%
PJSC Cross-PF Zorya		Ukraine	89,00%	89,00%
PJSC Ptakhofabryka Pershe Travnya		Ukraine	93,00%	93,00%
PJSC Chernivetska Ptakhofabryka		Ukraine	98,00%	98,00%
ALLC Donetska Ptakhofabryka		Ukraine	100,00%	100,00%
LLC Areal-Snigurivka		Ukraine	100,00%	100,00%
LLC Torgivenlniy Budynok Bohodukhivska Ptakhofabryka		Ukraine	100,00%	100,00%
PPB LLC Ptysecompleks		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	Ukraine		97,00%	97,00%
LLC Rohatyn-Korm	Production and selling of animal feed		Ukraine	99,00%
PJSC Vuhlehirskiy Eksperimentalnyi Kombikormoviy Zavod		Ukraine	100,00%	100,00%
PJSC Volnovaskiy Kombinat Khliboproduktiv		Ukraine	99,00%	99,00%
LLC Kamyanets-Podilsky Kombikormoviy Zavod		Ukraine	100,00%	100,00%
LLC Pershe Travnya Kombikormoviy Zavod		Ukraine	93,00%	93,00%
LLC Imperovo Foods	Processing of eggs and selling of egg products	Ukraine	96,00%	96,00%
LLC Agrarniy Holding Avangard	Rendering services under guarantee agreements	Ukraine	100,00%	100,00%
LLC Imperovo LTD	Rental services	Ukraine	96,00%	96,00%

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

1. General information (cont.)

The parent company of the Group is AvangardCo Investments Public Limited, registered in Cyprus, with an issued share capital of 6 387 185 ordinary shares as at 31 March 2015 with nominal value of € 0,10 per share.

The shares were distributed as follows:

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

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

	Ownership interest (%) as at 31 March 2015	Ownership interest (%) as at 31 December 2014
Omtron Limited	100%	100%
Tanchem Limited	100%	100%

As at 31 March 2015 and 31 December 2014 the direct 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 31 March 2015	Ownership interest (%) as at 31 December 2014
Quickcom Limited	100%	100%
Omtron Limited	-	-
Tanchem Limited	-	-
Mobco Limited	100%	100%
UkrLandFarming Plc	95%	95%

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

2. Basis of preparation

2.1 Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

2.2 Basis of measurement

These interim consolidated 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 Going concern basis

These interim consolidated 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. The interim consolidated financial statements do not comprise any adjustments in case of the Group's inability to continue as a going concern.

3. Significant accounting policies

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 interim consolidated financial statements, are presented as follows:

Currency	31 March 2015	Weighted average for the for the 3 months 2015	31 December 2014	Weighted average for the 3 months 2014
US dollar to				
Ukrainian Hryvnia	23,4426	21,1157	15,7686	8, 8627
Euro	0,9211	0,8876	0,8199	-

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 interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

4. Biological assets

	31 March 2015	31 December 2014
Non-current biological assets		
Replacement poultry	11 112	21 637
	11 112	21 637
Current biological assets		
Commercial poultry	26 860	28 228
Other biological assets	-	-
	26 860	28 228
Total	37 972	49 865

5. Held to maturity investments

Held to maturity investments as at 31 March 2015 and 31 December 2014 were as follows:

	31 March 2015	31 December 2014
VAT government bonds	15 739	26 433
Discount VAT government bonds	(5 212)	(8 474)
	10 527	17 959

During the year the Group's management decided to voluntarily obtain VAT government bonds as a settlement of VAT refundable. These bonds bear a semi-annual interest of 9,5% and mature in 2019.

6. Taxes recoverable and prepaid

Taxes recoverable and prepaid as at 31 March 2015 and 31 December 2014 were as follows:

	Note	31 March 2015	31 December 2014
VAT settlements	a)	22 586	45 891
Other taxes prepaid		44	58
		22 630	45 949

a) VAT settlements related to VAT recoverable arising from operating activities and capital expenditure, is subject to:

- cash refund through release of budgetary funds by the Government;
- settlement of future tax liabilities of the entity under this tax within non-agricultural transactions.

The VAT settlements are receivable within one year based on the prior years' pattern, history of cash refunds and expectations that funds will be realised within twelve months from the reporting period.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

7. Inventories

Inventories as at 31 March 2015 and 31 December 2014 were as follows:

	31 March 2015	31 December 2014
Raw and basic materials	67 355	87 116
Work-in-progress	353	276
Agricultural produce	1 230	1 382
Finished goods	2 110	16 771
Package and packing materials	5 443	8 313
Goods for resale	173	290
Other inventories	1 135	1 748
	77 799	115 896

8. Trade accounts receivable, net

Trade accounts receivable as at 31 March 2015 and 31 December 2014 were as follows:

	31 March 2015	31 December 2014
Trade receivables-gross	96 005	87 695
Provision for doubtful debts	(11 668)	(8 474)
	84 337	79 221

9. Prepayments and other current assets, net

Prepayments and other current assets as at 31 March 2015 and 31 December 2014 were as follows:

	31 March 2015	31 December 2014
Prepayments	8 251	16 250
Provision for doubtful debts	(1 301)	(1 522)
Other non-trade accounts receivable	5 339	7 758
Current portion of VAT bonds	4 445	6 608
	16 734	29 094

10. Cash and cash equivalents

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

	31 March 2015	31 December 2014
Cash in banks	89 121	117 812
Cash in hand	19	44
Other bank accounts in foreign currency	750	-
Cash and cash equivalents represented in consolidated statement of cash flows	89 890	117 856

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

11. Long-term loans

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

	31 March 2015	31 December 2014
Long-term bank loans in national currency	934	1 389
Long-term bank loans in foreign currency	88 879	93 084
Total loans	89 813	94 473
Commodity credit	378	561
	90 191	95 034
Current portion of non-current liabilities for bank loans in national currency	(272)	(231)
Current portion of non-current liabilities for bank loans in foreign currency	(16 091)	(14 959)
	73 828	79 844

12. Bond liabilities

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

	31 March 2015	31 December 2014
Par value	200 000	200 000
Discount on issued bonds	(966)	(1 365)
	199 034	198 635

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) PJSC Ptakhohospodarstvo Chervonyi Prapor, (6) APP CJSC Chornobaivske, (7) CJSC Avangard, (8) ALLC Donetska Ptakhofabryka, (9) SC Gorodenkivska Ptakhofabryka, (10) LLC Imperovo Foods, (11) PSPC Interbusiness, (12) SC Rohatynska Ptahofabryka, (13) SC Ptakhofabryka Lozuvatska, (14) LLC PF Volnovaska, (15) PJSC Cross P/F Zorya.

13. Short-term loans

Short-term loans as at 31 March 2015 and 31 December 2014 were as follows:

	31 March 2015	31 December 2014
Short-term bank loans in foreign currency	50 000	50 000
	50 000	50 000

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

14. Current portion of non-current financial liabilities

The current portion of non-current financial liabilities as at 31 March 2015 and 31 December 2014 was as follows:

	31 March 2015	31 December 2014
<i>Trade and other payables</i>		
Deferred income (current portion)	97	154
<i>Financial liabilities</i>		
Current portion of finance lease liabilities	9	20
VAT included in current portion of finance lease liabilities	2	4
Current portion of non-current liabilities for bank loans in foreign currency	16 091	14 959
Current portion of non-current liabilities for bank loans in national currency	272	231
	16 471	15 368

15. Trade payables

Trade payables as at 31 March 2015 and 31 December 2014 were as follows:

	Note	31 March 2015	31 December 2014
Trade payables		3 272	6 385
Short-term notes issued	a)	225	522
		3 497	6 907

a) As at 31 March 2015 and 31 December 2014 the short-term notes issued were represented by promissory, non interest-bearing, notes.

16. Other accounts payable

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

	Note	31 March 2015	31 December 2014
Accrued expenses for future employee benefits		347	515
Other accrued expenses		142	211
Wages and salaries and related taxes liabilities		978	1 415
Other taxes and compulsory payments liabilities	a)	1 315	1 133
Accounts payable for property, plant and equipment		263	709
Advances received from customers	b)	260	394
Interest payable		1 503	5
Accrued coupon on bonds		8 461	3 462
Dividends payable		29 552	29 542
Other payables	c)	2 018	1 965
		44 839	39 351

- a) Other taxes and compulsory payments liabilities mainly comprises of liabilities for VAT and community charges.
- b) Advances received from customers consist of prepayments for the sale of agriculture products and finished goods from buyers.
- c) Other payables consist of payables for electricity, gas, water, security services, lease and other.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

17. Revenue

Sales revenue for the 3 months ended 31 March 2015 and 31 March 2014 were as follows:

	31 March 2015	31 March 2014
Revenue from finished goods	72 387	152 152
Revenue from goods sold and services rendered	39	47
	72 426	152 199

18. Cost of sales

Cost of sales for the 3 months ended 31 March 2015 and 31 December 2013 was as follows:

	Note	31 March 2015	31 March 2014
Cost of finished goods sold	19	(64 102)	(101 520)
Cost of goods sold and services rendered		(101)	(209)
		(64 203)	(101 729)

19. Cost of sales by elements

The cost of finished goods sold (Note 18) for the 3 months ended 31 March 2015 and 31 March 2014 as follows:

	31 March 2015	31 March 2014
Raw materials	(51 779)	(82 734)
Payroll of production personnel and related taxes	(1 674)	(4 901)
Depreciation	(6 112)	(6 209)
Services provided by third parties	(4 524)	(7 633)
Other expenses	(13)	(43)
	(64 102)	(101 520)

Services provided by third parties consists of expenses for electricity, storage services, gas, water, current repairs of production premises, sanitary cleaning services, veterinary services and other.

20. General administrative expenses

General administrative expenses for the 3 months ended 31 March 2015 and 31 March 2014 were as follows:

	31 March 2015	31 March 2014
Salaries and wages of administrative personnel	(709)	(1 922)
Services provided by third parties	(676)	(3 171)
Depreciation	(13)	(36)
Repairs and maintenance costs	(10)	(26)
Tax expenses, except for income tax	(54)	(98)
Material usage	(50)	(121)
Other expenses	(42)	(82)
	(1 554)	(5 456)

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

21. Distribution expenses

Distribution expenses for the 3 months ended 31 March 2015 and 31 March 2014 were as follows:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Salaries and wages of distribution personnel	(144)	(328)
Transport expenses	(1 501)	(3 538)
Depreciation	(73)	(203)
Services provided by third parties	(1 851)	(1 520)
Packing materials	(1)	(6)
Repairs and maintenance costs	(4)	(13)
Other expenses	(12)	(52)
	<u>(3 586)</u>	<u>(5 660)</u>

22. Other operating expenses

Other operating expenses for the 3 months ended 31 March 2015 and 31 March 2014 were as follows:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Loss on disposal of current assets	(9)	(21)
Loss on disposal of non current assets	1	(6)
Impairment of current assets	(7 704)	(324)
Gain realised from writing-off of accounts payable	1	11
Foreign currency sale income	184	813
Provision for doubtful debts and amounts written off	(6 945)	(5)
Fines, penalties recognized	(53)	(150)
Other income	656	25
	<u>(13 869)</u>	<u>343</u>

23. Finance costs

Finance costs for the 3 months ended 31 March 2015 and 31 March 2014 was as follows:

	<u>31 March 2015</u>	<u>31 March 2014</u>
Interest payable on loans	(2 170)	(1 795)
Capitalised interest	-	-
Total finance expenses on loans	<u>(2 170)</u>	<u>(1 795)</u>
Finance expenses on finance lease	(4)	(52)
Finance expenses on bonds	(5 000)	(5 000)
Other finance expenses	(400)	(816)
	<u>(7 574)</u>	<u>(7 663)</u>

24. Finance income

Finance income for the 3 months ended 31 March 2015 and 31 March 2014 includes the interest income from VAT government bonds and placement of deposits, amounted to USD 1 119 thousand and USD 39 thousand respectively.

AVANGARDCO INVESTMENTS PUBLIC LIMITED**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

25. 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 interim consolidated 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. It is generally not possible to objectively determine whether any transaction with a related party would have been entered into if the parties had not been related, or whether such transactions would have been effected on the same terms, conditions and amounts if the parties had not been related.

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.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

25. Related party balances and transactions (cont.)

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

	Outstanding balances with related parties as at	
	31 March 2015	31 December 2014
Prepayments and other current assets, net		
C. Companies in which the Group's owners have an equity interest;	1	2
D. Companies in which activities are significantly influenced by the Group's owners	3 091	5 516
	3 092	5 518
Trade accounts receivable		
C. Companies in which the Group's owners have an equity interest;	2	4
D. Companies in which activities are significantly influenced by the Group's owners	26	156
	28	160
Cash and cash equivalents		
D. Companies in which activities are significantly influenced by the Group's owners	29 313	14 550
	29 313	14 550
Long-term finance lease		
D. Companies in which activities are significantly influenced by the Group's owners	50	53
	50	53
Current portion of non-current liabilities		
D. Companies in which activities are significantly influenced by the Group's owners	10	23
	10	23
Trade accounts payable		
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	1	33
	1	33
Other current liabilities		
C. Companies in which the Group's owners have an equity interest;	-	8 719
D. Companies in which activities are significantly influenced by the Group's owners	10	14 424
	10	23 143

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

25. Related party balances and transactions (cont.)

The Group's transactions with related parties for the 3 months ended 31 March 2015 and 31 March 2014 were as follows:

	Transactions with related parties for the year ended	
	31 March 2015	31 March 2014
Sales revenue		
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	82	127
	82	127
General administrative expenses		
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	(15)	(53)
	(15)	(53)
Distribution expenses		
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	(1 547)	(228)
	(1 547)	(228)
Other operating income/(expenses), net		
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	66	93
	66	93
Finance income		
D. Companies in which activities are significantly influenced by the Group's owners	-	37
	-	37
Finance costs		
D. Companies in which activities are significantly influenced by the Group's owners	(4)	(11)
	(4)	(11)

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

26. 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 3 months ended 31 March 2015 was as follows:

	Shell eggs	Poultry	Animal feed	Egg products	Other activities	Adjustments and elimination	Total
Sales revenue	75 806	13 105	41 393	16 926	190	-	147 420
Intra-group elimination	(21 921)	(11 556)	(41 378)	-	(140)	-	(74 994)
Revenue from external buyers	53 885	1 550	15	16 926	50	-	72 427
Income from revaluation of biological assets at fair value	6 745	(358)	-	-	-	-	6 387
Other operating income/(expenses)	(3 894)	(12)	(241)	(9 878)	155	-	(13 869)
Income from government grants and incentives	24	1	-	-	-	-	24
OPERATING PROFIT/(LOSS)	8 466	(1 526)	(921)	(5 055)	(805)	-	160
Finance income	103	4	1	1 010	0	-	1 119
Finance costs, including:	(46)	-	-	(1 867)	(5 661)	-	(7 574)
Interest payable on loans	(46)	-	-	(1 867)	(259)	-	(2 170)
Income tax (expense)/credit	-	-	(16)	-	(1)	-	(17)
NET PROFIT/(LOSS) FOR THE PERIOD	8 567	(1 785)	(937)	(15 201)	(42 824)	-	(52 179)
TOTAL ASSETS	891 711	61 331	185 524	299 198	552 914	(1 254 676)	736 000
TOTAL LIABILITIES	369 501	6 629	168 444	92 001	339 157	(586 613)	389 120

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

26. Operating segments (cont.)

Reportable segment information for the 3 months ended 31 March 2014 was as follows:

	Shell eggs	Poultry	Animal feed	Egg products	Other activities	Adjustments and elimination	Total
Sales revenue	173 418	38 795	56 869	51 326	6 101	-	326 510
Intra-group elimination	(77 818)	(33 594)	(56 857)	-	(6 042)	-	(174 310)
Revenue from external buyers	95 601	5 202	13	51 326	58	-	152 199
Income from revaluation of biological assets at fair value	10 701	(1 428)	-	-	-	-	9 275
Other operating income/(expenses)	(379)	(87)	(28)	2 722	(2 109)	-	120
Income from government grants and incentives	68	-	-	-	-	-	68
OPERATING PROFIT/(LOSS)	35 373	5 863	(1 774)	19 057	(4 021)	-	54 497
Finance income	23	2	6	7	(1)	-	39
Finance costs,	(528)	-	-	(1 393)	(5 743)	-	(7 663)
<i>including:</i>							
Interest payable on loans	(31)	-	-	(1 393)	(372)	-	(1 795)
Income tax expense	-	-	(55)	(17)	(1)	-	(74)
NET PROFIT/(LOSS) FOR THE PERIOD	34 867	5 865	(1 823)	17 654	(9 766)	-	46 799
TOTAL ASSETS	2 102 292	72 551	383 944	458 114	543 040	(2 128 110)	1 431 831
TOTAL LIABILITIES	637 720	10 312	334 684	307 281	320 506	(1 235 969)	374 534

27. 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.

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

27. 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 31 March 2015 and 31 December 2014 the Group's financial leverage coefficient was 41,8% and 25,9% respectively.

	Carrying value	
	31 March 2015	31 December 2014
Short-term loans	50 000	50 000
Long-term loans	73 828	79 844
Current portion of long-term loans	16 363	15 190
Long-term finance lease (including VAT)	61	88
Short-term bond liabilities	199 034	198 635
Total borrowings	339 286	343 757
Cash and cash equivalents	(89 890)	(117 856)
Net debt	249 396	225 901
Share capital	836	836
Share premium	201 164	201 164
Capital contribution reserve	115 858	115 858
Retained earnings	1 025 445	1 077 158
Foreign currency translation reserve	(1 009 099)	(776 404)
Non-controlling interests	12 675	27 276
Total equity	346 879	645 888
Total amount of equity and net debt	596 275	871 789
Financial leverage coefficient	41,8%	25,9%

AVANGARDCO INVESTMENTS PUBLIC LIMITED

**Notes to the interim consolidated financial statements
FOR THE 3 MONTHS ENDED 31 MARCH 2015**

(in USD thousand, unless otherwise stated)

27. Financial risk management (cont.)

Capital management (cont.)

Financial leverage ratio calculation (cont.)

For the 3 months ended 31 March 2015 and 31 March 2014 ratio of net debt to EBITDA amounted to:

	3 months ended	
	31 March 2015	31 March 2014
(LOSS)/PROFIT FOR THE PERIOD	(52 179)	46 799
Income tax credit	17	74
Finance income	(1 119)	(39)
Finance expenses	7 574	7 663
Impairment of non current assets	-	-
Losses on exchange	45 867	223
EBIT (earnings before interest and income tax)	160	54 720
Depreciation	6 197	6 443
EBITDA (earnings before interest, income tax, depreciation and amortisation)	6 357	61 163
Net debt at the year end	249 396	157 381
Net debt at the period end / EBITDA	39,23	2,57

28. Events after the reporting period

There were no material events after the reporting period which affect the interim consolidated financial statements as at 31 March 2015.