



MANAGEMENT PRESENTATION

March, 2011



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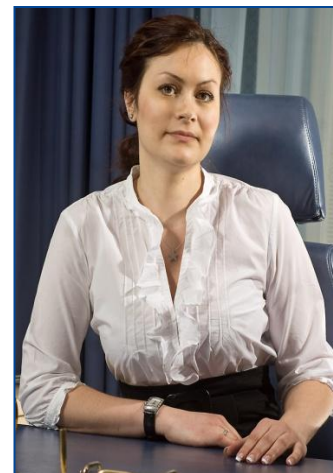
Avangard's Management Team



Nataliya Vasylyuk
Chief Executive Officer



Iryna Marchenko
Chief Financial Officer

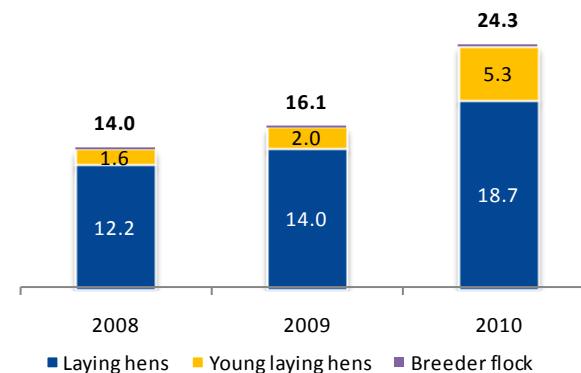


Oksana Prosolenko
Head of Business Development

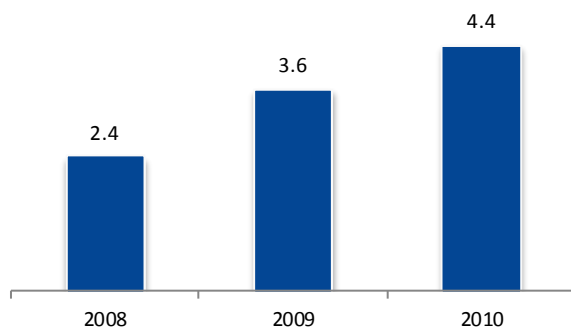
Avangard Overview

- **#1 egg and dry egg products producer and exporter in Ukraine in 2010**
 - ✓ Over 24 mln of poultry flock
 - ✓ 4.4 bln shell eggs and 10.2 ths tons of dry egg products produced in 2010
 - ✓ Leading market share in shell eggs and dry egg products sold domestically and exported
- **Vertically integrated business model of 19 poultry farms for laying hens, 3 breeder farms, 9 grow-out farms, 6 fodder mills, 3 storage facilities and an egg processing plant**
 - ✓ Modern integrated facilities, advanced technology and high bio-security standards
- **Strong operational and financial performance**
 - ✓ Consistent y-o-y increase in key operational and financial indicators

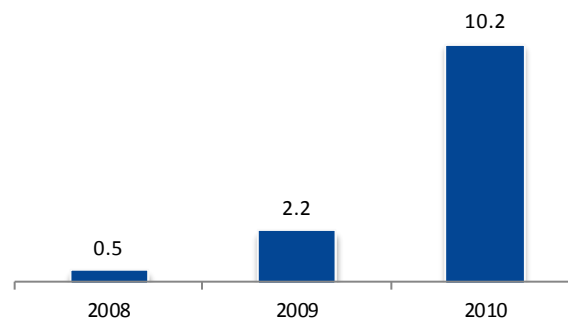
Total Flock, mln heads



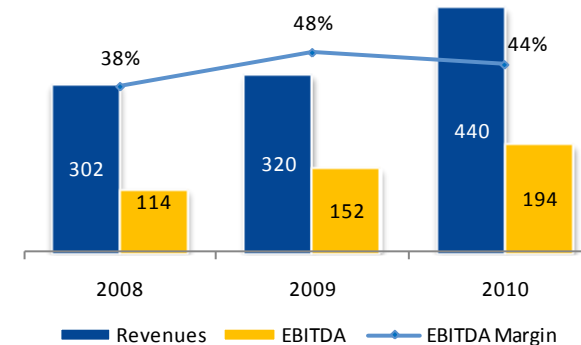
Production of Shell Eggs, bln pieces



Production of Dry Egg Products, ths tons



Key Financial Indicators, \$ mln



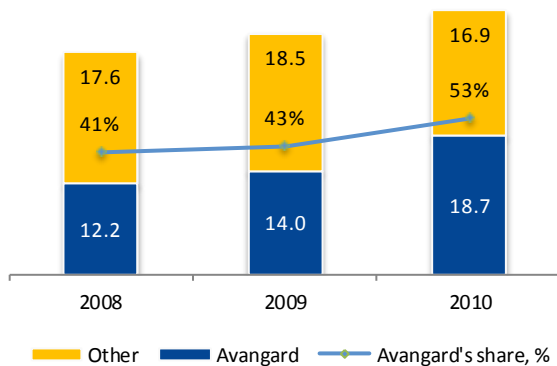
Avangard's Investment Highlights



1 Industry Leader

Industrial laying hens flock, mln heads

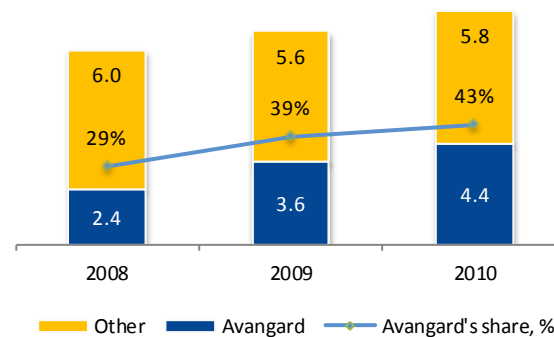
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Source: Avangard, Pro-Consulting

Industrial Production of Shell Eggs, bln pcs

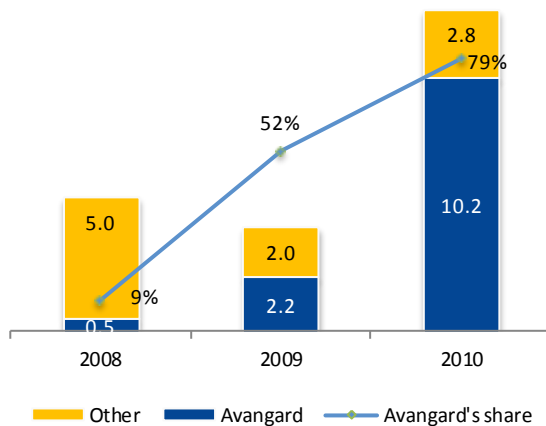
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Source: Avangard, Pro-Consulting

Industrial Production of Dry Egg Products, ths tons

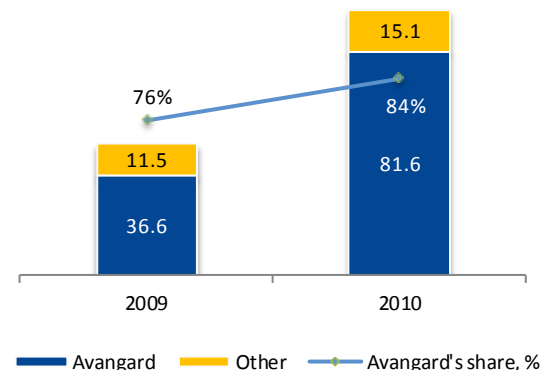
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Source: Avangard, Pro-Consulting

Export of Shell Eggs and Egg Products from Ukraine, \$ mln

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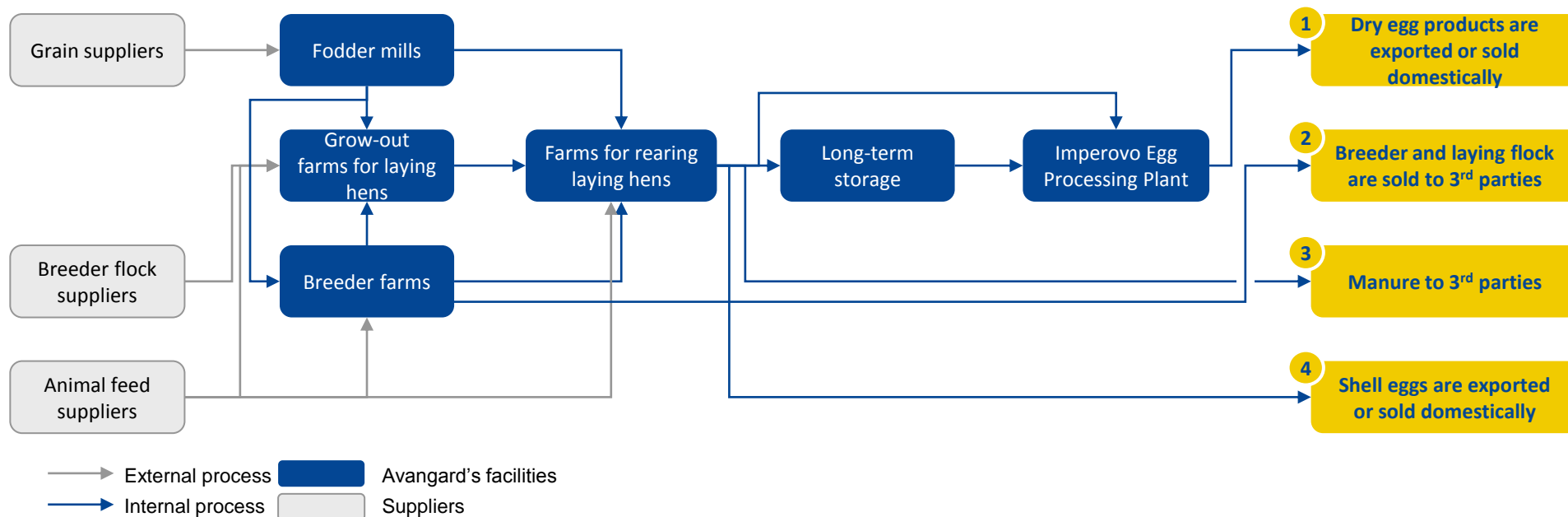


Source: Avangard, Pro-Consulting

Cost Efficient Integrated Business Model

- Participation in all stages of the value chain – from raw materials to final product
- Effective cost management
 - Lower transportation costs due to countrywide coverage and geographic proximity of units
- Unique competitive position
 - High entry barriers to potential competitors
- Effective supplier risk management
 - Availability of storage facilities that allow for mitigation of grain price fluctuation
- Enhanced quality control at each stage of production
- High bio-security standards and quality control of inputs

Overview of Operations



2 Projects Increasing Efficiency: Implementation on Schedule

Status of New Facilities' Construction

Complex Breakdown by Zones	Avis	Chornobaivske
Grow-out farms for laying hens	completed	completed
Farms for rearing laying hens	80%	64%
Egg storage	25%	14%
Fodder mills	5%	0%
Slaughter facility, biogas unit*	0%	0%

* To date, the company is considering several technologies for disposal of manure, namely hydrolysis technology (fermentation), incineration or pyrolysis

Breakdown of Capital Expenditures

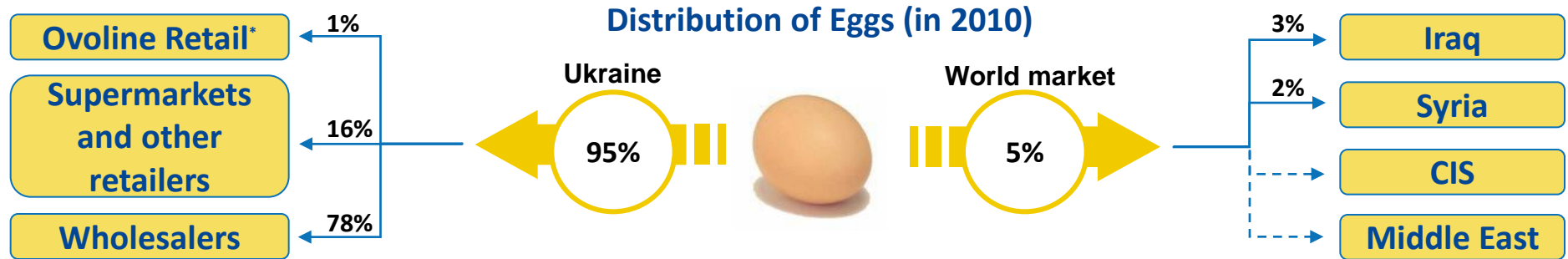
	in \$'000		Total
	2010	2011E	
CONSTRUCTION OF FACILITIES FOR LAYING HENS	64,150	2,370	66,520
CONSTRUCTION OF STORAGE FACILITIES	2,174	12,733	14,907
CONSTRUCTION OF FODDER MILLS	1,306	45,564	46,870
CONSTRUCTION OF SLAUGHTERING SECTIONS	0	19,796	19,796
CONSTRUCTION OF BIOGAS FACILITIES	0	74,607	74,607
TOTAL CAPEX	67,630	155,070	222,700

Location of the Poultry Farms Under Construction



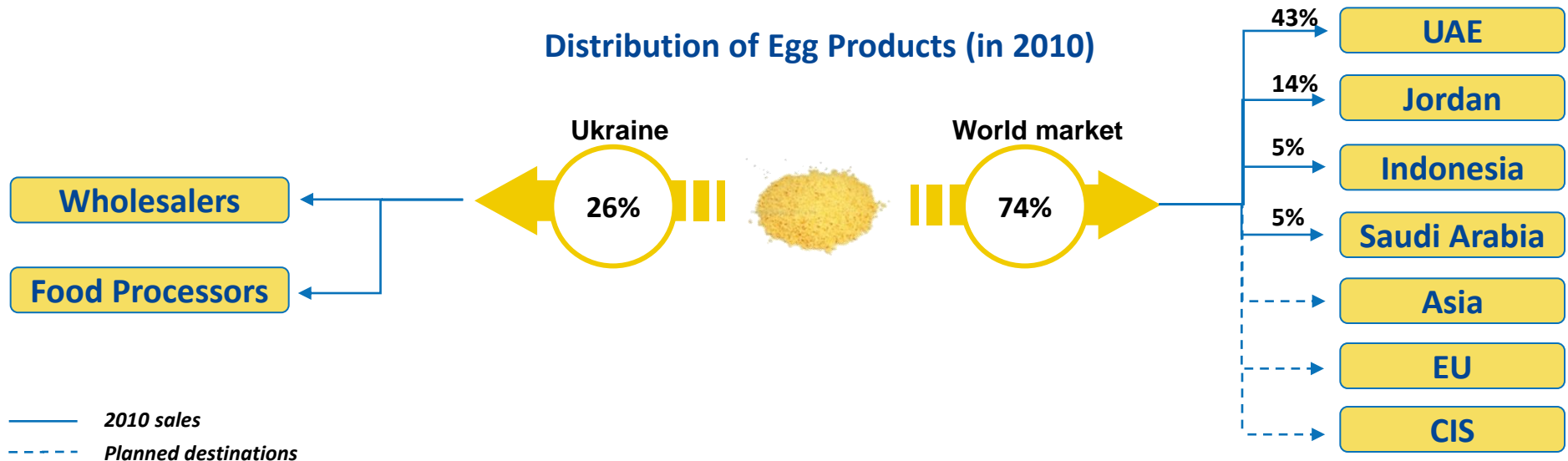
- Investment underway to increase production capacity to **24.9m** laying hens, a 32% growth compared to 2010
 - ✓ Construction of 2 full cycle poultry farms: Avis in Khmelnytskyi and Chornobaivske in Kherson regions in Ukraine with a combined capacity of **6m** laying hens and 1,680m shell eggs once fully operational
 - ✓ Equipment to be supplied by leading international manufacturers Salmet (Germany) and Facco (Italy)
 - ✓ The farms are designed with a high level of automation in order to achieve higher labor productivity
- Each complex to include a fodder mill, a grow-out section, laying hens zone, an egg sorting section, long-term storage facilities, a slaughtering section and a biogas section
- The Company will gradually bring new facilities into production starting 2011**

3 Diversified Sales Structure (1/3): Distribution of Eggs and Egg Products



*Starting 2011 Avangard ceased relationships with Ovoline

During 2010 Avangard sold its products to more than 820 companies from 16 countries worldwide (including Ukraine)

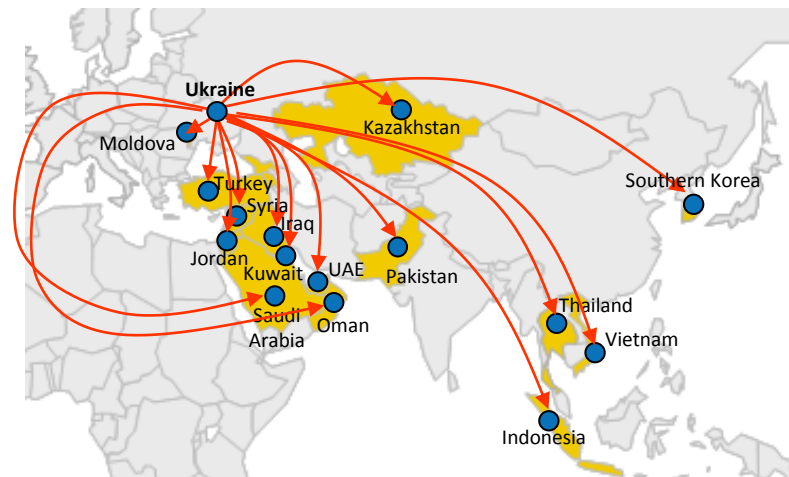


Note: % of the Group's segment sales in 2010
Core export directions are shown

Diversified Sales Structure (2/3): Focus on Export

- Geographical proximity of large Asian, African and Middle East egg markets
 - Since 2005 MENA region's import of eggs has increased 4 times (to approx. 6 bn pieces) and is expected to grow by 57% (to approx. 9 bn pieces) by 2012 according to Pro-Consulting
 - Exports accounted for 5% of the Company's shell egg sales, 74% of dry egg products and 22% of total eggs and egg products revenues in 2010
- Avangard aims to increase and geographically diversify its export sales
 - Expansion to the EU (subject to authorizations by EU authorities) on the back of an expected drop in internal production (Directive 1999/74/EC envisages an EU-wide ban on using conventional battery cages for egg-laying hens)
 - Expansion to the CIS with focus on Russia as one of the largest markets (subject to authorization by the Russian authorities)

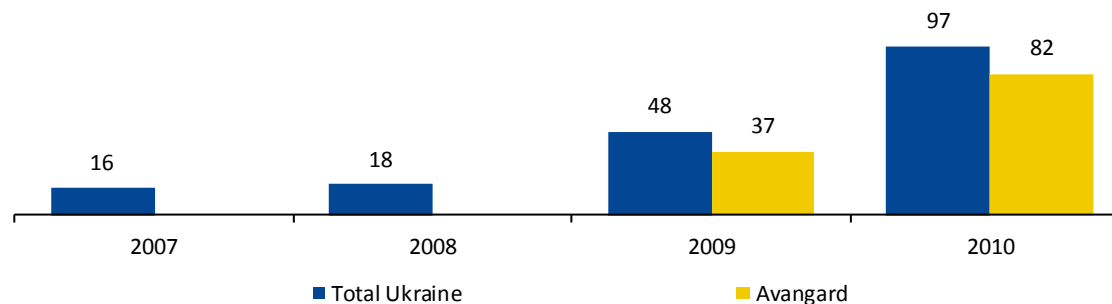
Key Exports Destinations in 2010



In 2010, Avangard began to make export sales of egg products directly

Source: Avangard

Export Trends in Ukrainian Eggs and Egg Products, \$m

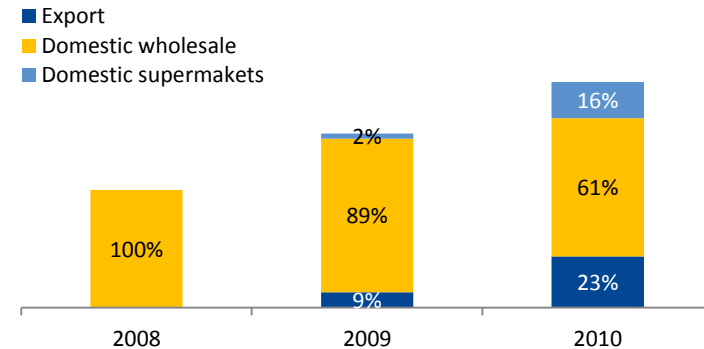


Source: Avangard, Pro-Consulting

Diversified Sales Structure (3/3): Focus on Retail

- Avangard targets end-consumer market to diversify sales channels and to get access to higher margins
 - ✓ Dozen of the leading local Ukrainian and international supermarket chains in Ukraine selling Avangard's packaged shell eggs
 - ✓ 2010 sales to supermarkets and other retailers increased to 16% in volume terms, as compared to 2% in 2009
- Avangard intends to continue to focus its marketing efforts in order to increase its market presence and brand awareness
 - ✓ Management is targeting 30% share of retail chains in distribution of eggs in 2011
 - ✓ Kvochka brand is actively promoted

Avangard's sales by distribution Channels, in egg equivalent (in volume terms)



Source: Pro-Consulting

High Quality and Recognized Consumer Brand



Partnership with Leading Supermarkets



4 Strong Market Fundamentals for Growth (1/2): World Egg Market

① Growing world market

- World egg market has grown with 12% CAGR since 2004
- Significant growth of egg consumption in Asia as eggs remain one of the cheapest sources of protein

② Growing global demand for egg products

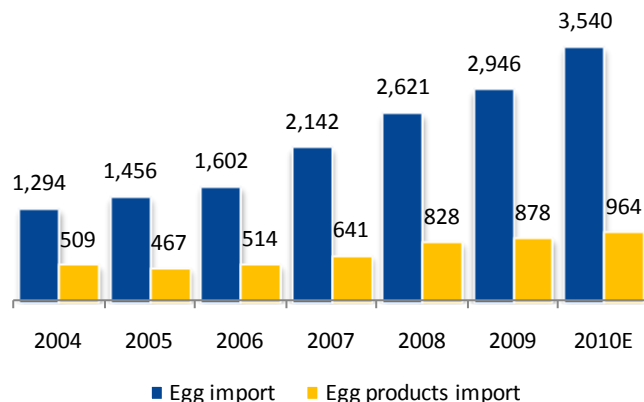
- Continuing global demand from food, confectionary and bakery industries
- Egg products allow for cheaper transportation and for extended shelf life

③ MENA region opportunities (according to Pro-Consulting):

- Region with 420m population is one of the fastest growing in the world (some countries will double in 20 years)
- 60% urban population and further increasing
- Expanding middle class with growing purchasing power
- A very low consumption base of an average 90 eggs per person per annum

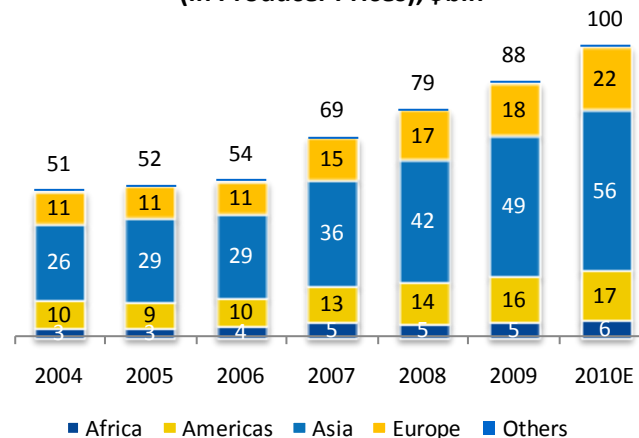
Pro-Consulting expects imports of eggs by the MENA region to grow by 57% to 536 ths tons in 2012

World Imports of Eggs, \$m



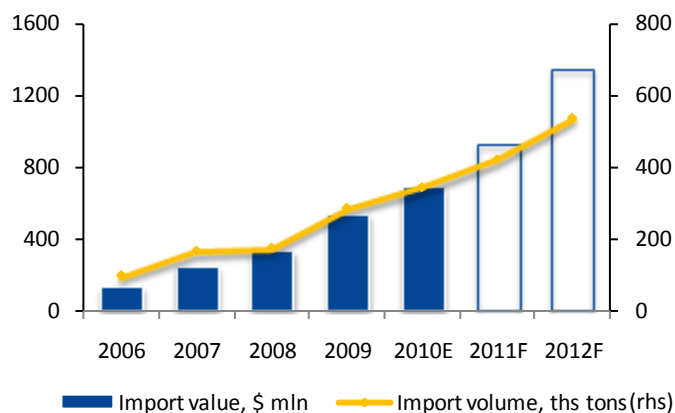
Source: FAO, Pro-Consulting

Market Size of Shell Eggs (in Producer Prices), \$bln



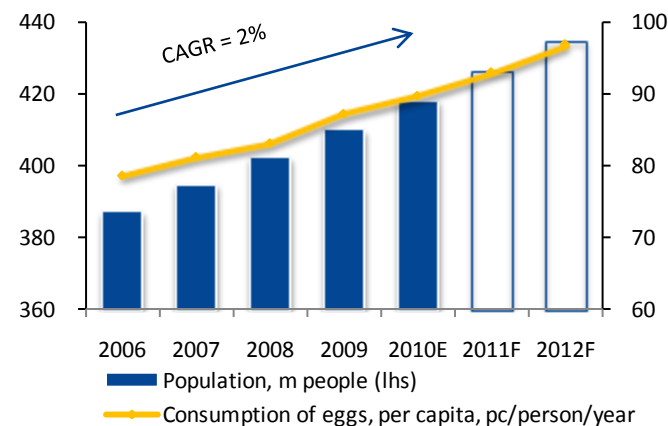
Source: FAO, Pro-Consulting

Imports of Eggs by MENA region, \$m



Source: Pro-Consulting

Consumption of Eggs in MENA region



Source: FAO, Pro-Consulting

Strong Market Fundamentals for Growth (2/2): Ukraine Egg Market

① Growth of internal consumption

- Consumption of eggs per capita was marginally affected by decline in real disposable income in 2009
- Growing eggs consumption by food processing industry

② Industrial production growth vs. households

- The share of household production decreased from 42% in 2009 to 40% in 2010 acc. to SSCU

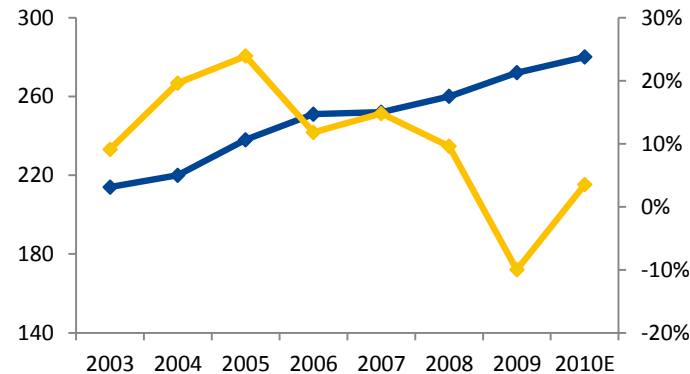
③ Consolidation in the industry

- Small egg producers are being replaced by larger cost effective players (acc. to Ptakhoprom of Ukraine, the number of farms decreased from 156 in 2003 to 98 in 2010)

④ Expanding export opportunities

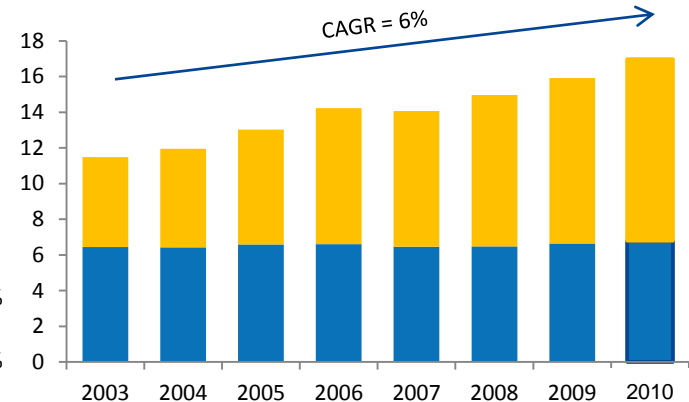
- A ban on the import of Ukrainian livestock farming products into Russia was removed opening a major market for Ukrainian producers (subject to authorization by the Russian authorities)

Consumption per capita vs. Real Disposable Income



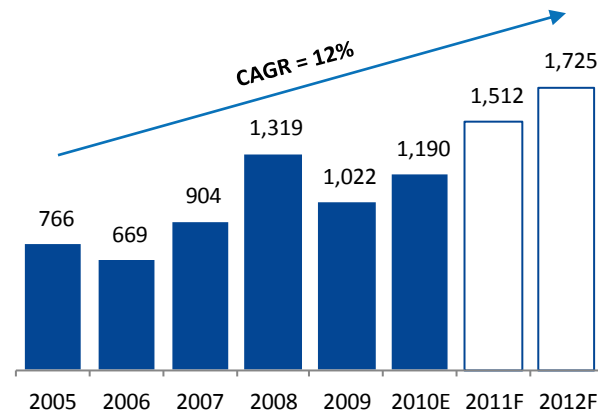
— pcs per capita (lhs) — Real disposable income, % y-o-y (rhs)
Source: SSCU, Pro-Consulting

Production of Shell Eggs in Ukraine, bln pcs



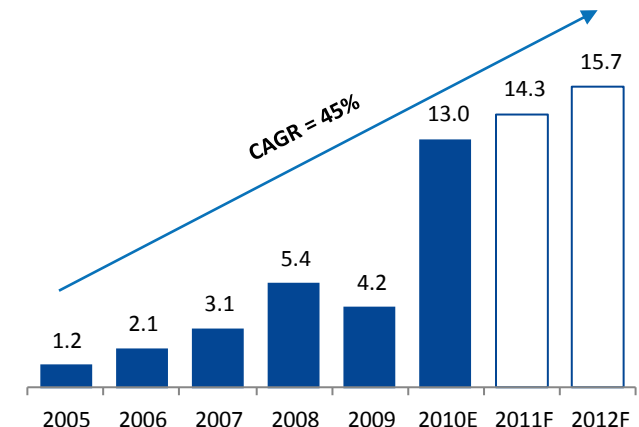
■ Households ■ Industrial companies
Source: SSCU, Pro-Consulting

Sales of Eggs, \$m



Source: Pro-Consulting

Production of Dry Egg Products, ths tons

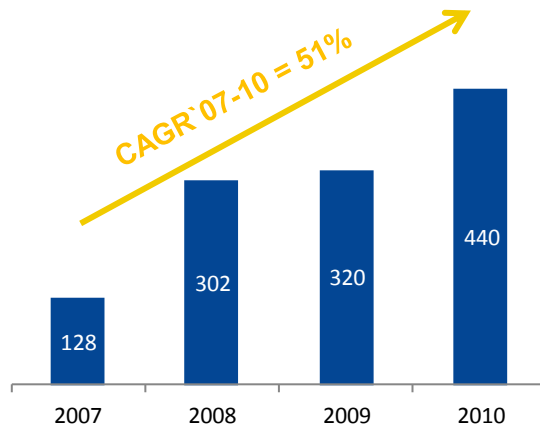


Source: Bloomberg, Pro-Consulting

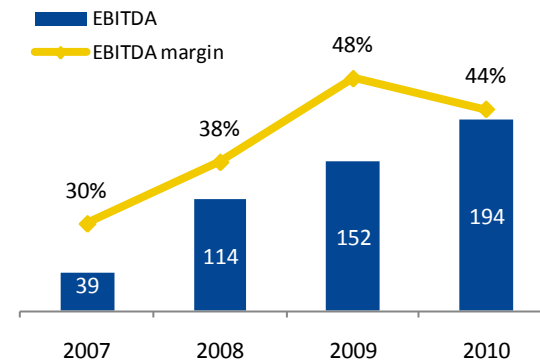
5 Outstanding Financial Indicators

- Revenues increased by 37% compared to 2009, reaching \$440 mln
- EBITDA amounted to \$194 mln in 2010, a 27% increase versus 2009 backed up by solid revenues growth as well as stable cost of sales*
- Strong EBITDA margin of 44%
- Positive and growing bottom line with stable net margins
- Net debt of \$78m or 0.4x EBITDA 2010

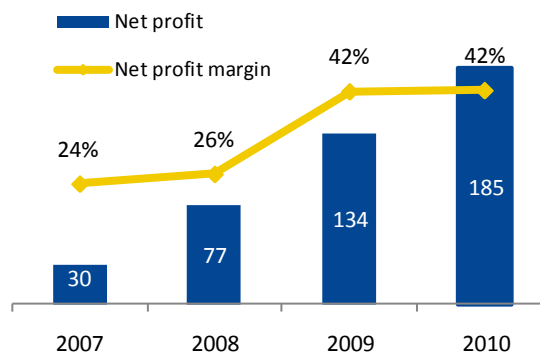
Revenues, \$m



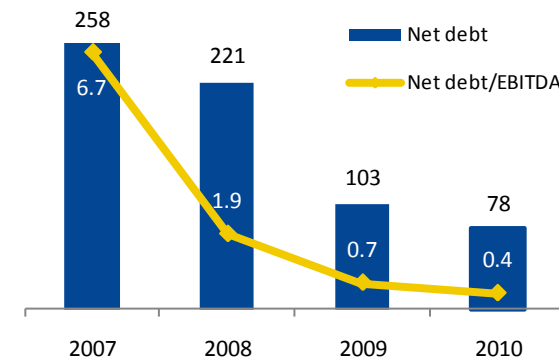
EBITDA, \$m



Net Profit, \$m



Net Debt Position, \$m

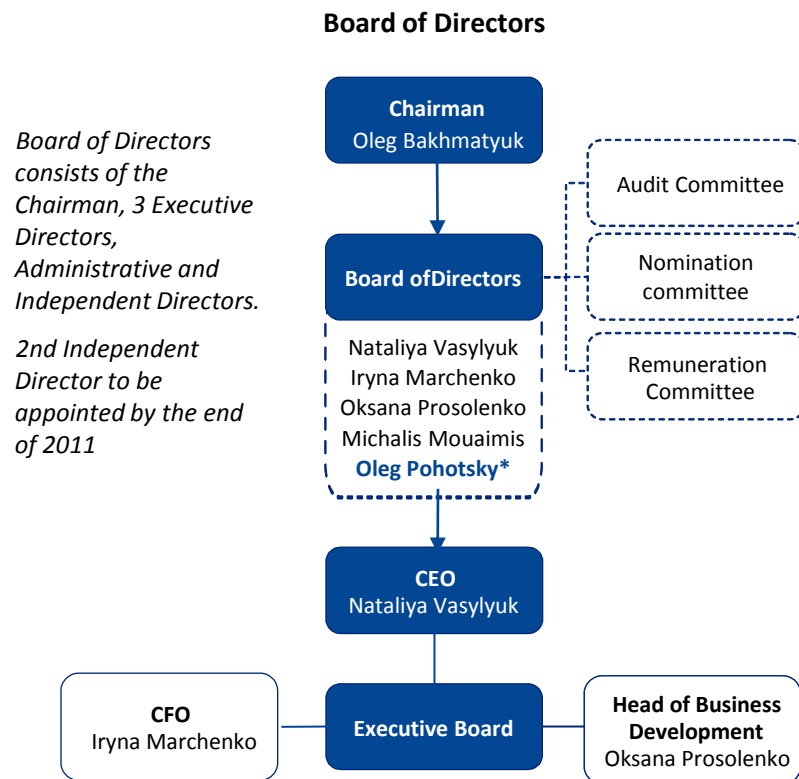


Note: (*) 2009 EBITDA margin was higher than 2010 as a result of one-off item – waiver of \$23 mln of loans from related parties

Employment of Modern and Secure Technologies

Quality and Safety Control: National Standards	<ul style="list-style-type: none"> Avangard has obtained several operational permits relating to food quality and origin issued by local departments of each of the Ukrainian State Committee of Veterinary Medicine ("SCVM") and the State Sanitary and Epidemiological Service of Ukraine ("SSES")
Quality and Safety Control: International Practices	<ul style="list-style-type: none"> Avangard is currently introducing and developing an integrated quality and safety control system at its operational facilities based on the standards of the International Organization for Standardization ("the ISO")
Quality and Safety of Management Systems	<ul style="list-style-type: none"> In the course of 2008 and 2009, Imperovo received ISO 9001:2008, ISO 9001:2000 and ISO 22000:2005 certificates
Hazard Analysis and Critical Control Point ("HACCP")	<ul style="list-style-type: none"> As part of the preparation for ISO certification, some of Avangard's farms are currently preparing for certification of their hygiene procedures under the internationally recognized methodology for increasing food safety, HACCP Imperovo was certified under HACCP in 2008
Biosecurity	<ul style="list-style-type: none"> Avangard employs a broad range of biosecurity measures in order to minimize the risk of disease infection and transmission at its egg production facilities including keeping all hens at indoor production facilities, strictly controlling access to facilities, disinfecting employees and vehicles entering production areas, allocating vehicles to specific production facilities, constantly monitoring the health of hens, supporting advanced disease control measures for its facilities, etc. Avangard has 23 in-house laboratories at its production facilities
State-of-the-art new production facilities	<ul style="list-style-type: none"> Management believes that each of the Avis and Chornobaivske egg production complexes will be amongst the largest egg production facilities in Ukraine and the CIS. These farms are designed to be labour-efficient. Foundations, communications and landscaping services for Avis and Chornobaivske will be provided by local Ukrainian suppliers The equipment for Avis and Chornobaivske is supplied by Salmet International GmbH, "Officine Facco & C.", "Andriz Feed & Biofuel A/ S", "Buhler AG", "Meyn", "MOBA", "VadoGroup" and "GHD USsA"
Modern and highly efficient existing facilities	<ul style="list-style-type: none"> Avangard employs advanced technologies at its various production facilities, including in relation to its breeder farms, farms for growing young laying hens, farms for laying hens and egg processing facilities. Avangard's production process is largely automated, which ensures and promotes consistently high-quality products in a cost efficient manner Avangard sources the equipment both domestically and from leading European suppliers, including Salmet International GmbH, "Officine Facco & C." S.p.a., Big Dutchman GmbH, Tecno Poultry Equipment, Specht Ten Elsen GmbH & Co KG and Hellmann Poultry

High Standard of Corporate Governance



Independent Director

■ Oleg Pohotsky

- ✓ Corporate strategy and governance specialist with over 40 years of diversified experience gained both in industry and in financial markets
- ✓ Holds a BScE degree from Clarkson University, JD degree from University of Miami and MBA from Harvard University
- ✓ Mr. Pohotsky serves on the Board of Advisors of Kaufman & Co (Boston-based investment bank), chairman of the audit and valuation committees on the boards of two NYSE-listed closed end funds (\$600 million in capital invested)
- ✓ Previous experience includes investment banking departments at Bear Stearns and First Albany Corporation, General Partner of Capital Growth Partners (\$300 million fund) etc.
- ✓ Mr. Pohotsky will be responsible for internal audit and remuneration and will be a member of respective committees

Note: (*) – Independent non-executive director expected to join the Board shortly

- ✓ **Separate roles of CEO and Chairman**
- ✓ **High degree of disclosure and financial transparency in compliance with FSA listing rules**
- ✓ **Commitment to high corporate governance standards**
- ✓ **The Company plans to set up an Audit Committee, Nomination and Remuneration Committees in the near future**

Appendix: 2010 Results Review



2010 Results Review

Strong FY2010 operating results with sales up by 37% to \$440 mln primarily driven by increase in production volumes

- Shell egg production volume increased by 22% to 4,420 million pieces (2009: 3,634 million pieces), largely as a result of the increase in poultry stock
- Production of egg products increased more than 4.5 times from 2.2 ths tons in 2009 to 10.2 ths tons in 2010 following full year of consolidation of Imperovo Foods results

Greater sales diversification via export and retail sales

- Over threefold increase of export volumes reaching the key milestone of 1 billion eggs and egg products in egg equivalent
- Key 2010 export markets for eggs and egg products included UAE, Jordan, Iraq, and Syria
- Share of direct sales to retail chains increased from 2% in 2009 to 16% in 2010 (in volume terms)

Strict cost control resulted in moderate cost increase and stable margins

- Avangard's cost base was not materially impacted in 2010 by the high cost of grain in the Ukrainian market resulting from the reduction in grain yields following the region-wide draught
- Signing prepaid contracts for the purchase of corn and wheat and availability of own and leased storage capacities enabled the Company to secure the cost of key raw materials below market prices

Timely implementation of investment projects

- Construction of Avis and Chornobaivske is progressing on schedule

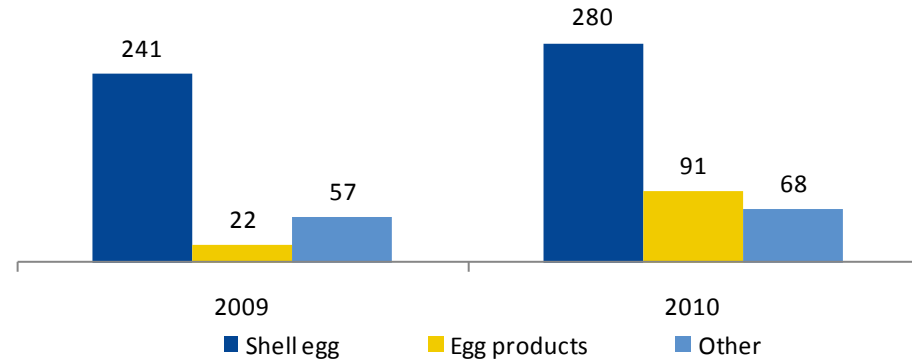
Minimization of related-party transactions

- The Company settled the related-party deposits, debt, receivables and payables by the end 2010

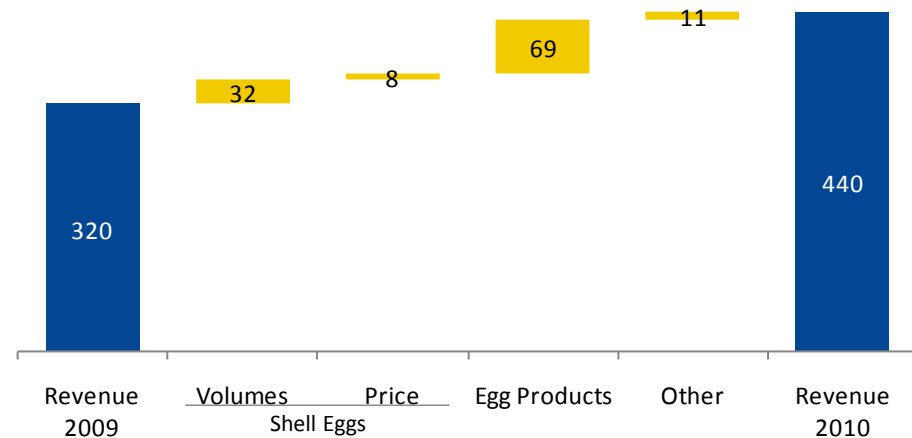
2010 Revenue structure

- Shell egg segment remains the key segment in terms of revenues - 64% of total revenues
 - Strong increase by 16% in revenues from the segment resulting from higher volumes
- Egg products sales grew over 4 times
 - Growth is driven by volumes and strong demand from export markets

Revenue from External Buyers Dynamics, \$ mln



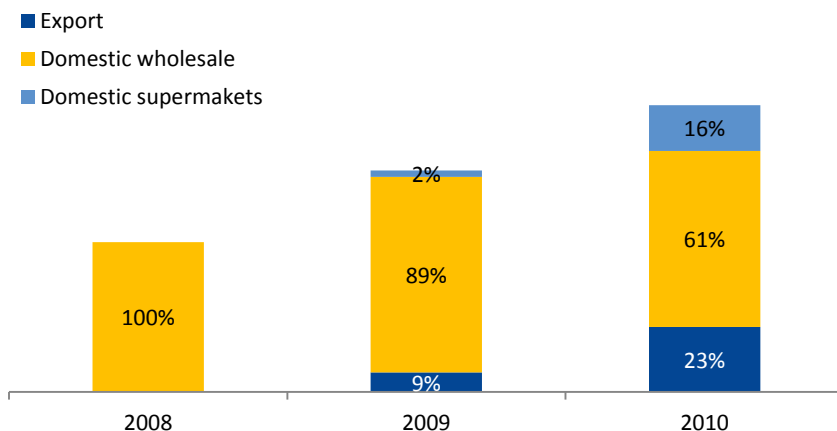
Drivers of the Revenue Growth in 2010 , \$ mln



Diversified Customer Base

- Domestic wholesale remained key in 2010
- The Company has significantly increased direct sales to retail chains thus increasing operating margins
- Exports to MENA region played an important role
 - According to Pro-Consulting, Saudi Arabia and UAE provided State support for food which boosted consumptions of eggs and egg derivative products
 - No exposure to turbulent markets like Lybia, Tunisia, and Egypt

Avangard's Sales by Distribution Channels, in Egg Equivalent (in volume terms)



Egg products export

Country	2009		2010	
	USD (000s)	%	USD (000s)	%
U.A.E	-	-	39 074	58,3
Jordan	3 734	36,2	12 735	19,0
Turkey	1 919	18,6	2 237	3,3
Saudi Arabia	1 743	16,9	4 207	6,3
Indonesia	1 619	15,7	4 993	7,4
Korea	516	5,0	880	1,3
Thailand	454	4,4	1 376	2,1
Oman	144	1,4	196	0,3
Others	186	1,8	1 362	2,0
Total	10 315	100,0	67 059	100,0

Shell eggs export

Country	2009		2010	
	USD (000s)	%	USD (000s)	%
Syria	5 923	22,6	4 511	31,0
Georgia	110	0,4	-	-
Iraq	19 609	74,7	9 019	62,1
Kazakhstan	312	1,2	559	3,8
Turkey	288	1,1	-	-
Moldova	-	-	295	2,0
U.A.E	-	-	147	1,0
Others	-	-	5	0,03
Total	26 241	100,0	14 535	100,0

Cost Structure

- Cost of sales increased in line with revenues by 36% in 2010 and was largely driven by growth in production volume
- Costs were not impacted by high cost of grain in 2010 because of existing hedging policy consisting of (i) signing prepaid contracts and (ii) build-up of significant stock of raw materials at seasonally low prices

Cost of Sales*

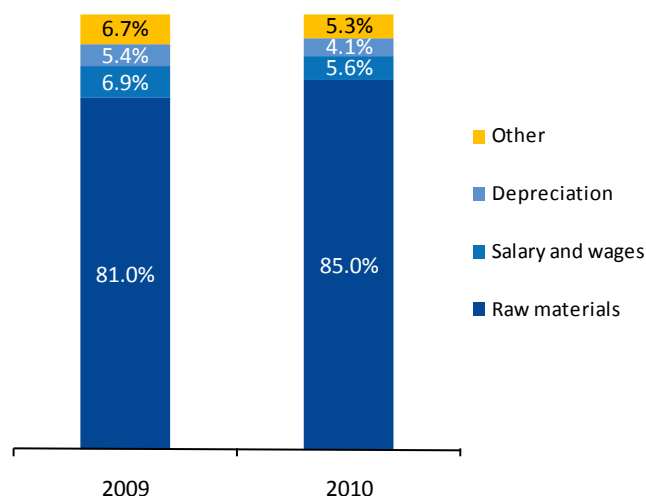
US\$'000	2009	2010
Raw materials	174,827	249,235
Salary and wages	14,953	16,394
Depreciation	11,641	12,165
Other	14,462	15,524
Total COGS	215,883	293,318

* Cost of finished goods only

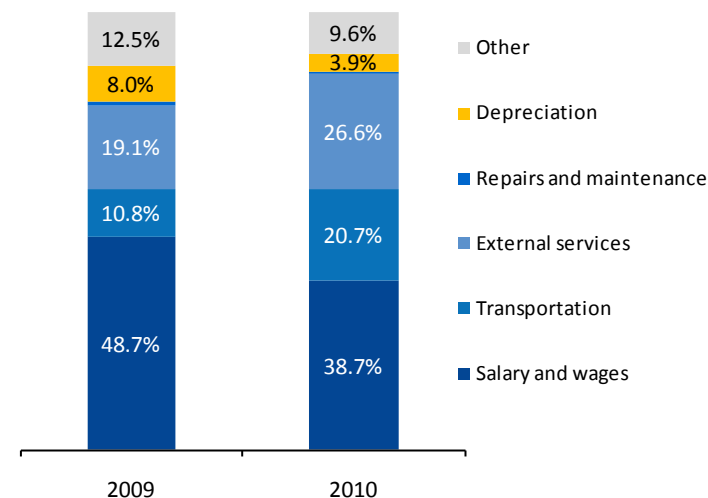
Sales, General and Administration

US\$'000	2009	2010
Salary and wages	3,904	4,731
Transportation	864	2,531
External services	1,535	3,248
Repairs and maintenance	73	70
Depreciation	643	471
Other	1,000	1,175
Total SG&A	8,020	12,227

Cost of Sales Structure



Sales, General and Administration Costs Structure



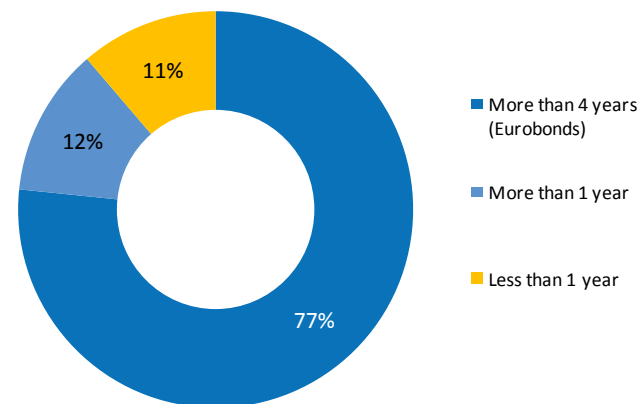
2010 Financial Highlights – Balance Sheet

	US\$'000	2008	2009	2010	% change
<ul style="list-style-type: none"> Most of increase in total assets is attributable to 2x increase in inventory <ul style="list-style-type: none"> large purchases and stocking up in grain at attractive prices to mitigate price inflation of 1Q-2Q 2011 	<u>CURRENT ASSETS</u>	<u>536,927</u>	<u>430,000</u>	<u>562,992</u>	31%
	Cash	5,878	1,727	183,065	
	Trade Accounts Receivable	15,593	47,320	54,678	16%
	Inventories	47,076	92,757	185,624	100%
<ul style="list-style-type: none"> Non-current biological assets value increased 174% resulting from an increase in total headcount including young laying hens 	<u>NON-CURRENT ASSETS</u>	<u>483,039</u>	<u>414,376</u>	<u>516,037</u>	25%
	Non-Current Biological Assets	9,185	21,546	59,078	174%
	Fixed Assets	368,264	375,426	396,236	6%
<ul style="list-style-type: none"> Increase in inventory and non-current biological assets to support further production growth in 2011 	<u>TOTAL ASSETS</u>	<u>1,019,967</u>	<u>844,376</u>	<u>1,079,029</u>	28%
	<u>CURRENT LIABILITIES</u>	<u>693,294</u>	<u>384,568</u>	<u>95,182</u>	-75%
	Trade Accounts Payable	20,529	68,019	23,191	-66%
<ul style="list-style-type: none"> Non-current liabilities increased by 143% mainly as a result of \$200 mln. notes issue in October, 2010 	Other Payables	362,327	142,039	40,202	-72%
	<u>NON-CURRENT LIABILITIES</u>	<u>208,169</u>	<u>99,023</u>	<u>237,628</u>	140%
	<u>TOTAL LIABILITIES</u>	<u>901,463</u>	<u>483,591</u>	<u>332,810</u>	-31%
	<u>TOTAL EQUITY</u>	<u>118,503</u>	<u>360,555</u>	<u>746,219</u>	107%
	<u>NET DEBT</u>	<u>220,937</u>	<u>102,571</u>	<u>77,766</u>	-24%

Debt Structure

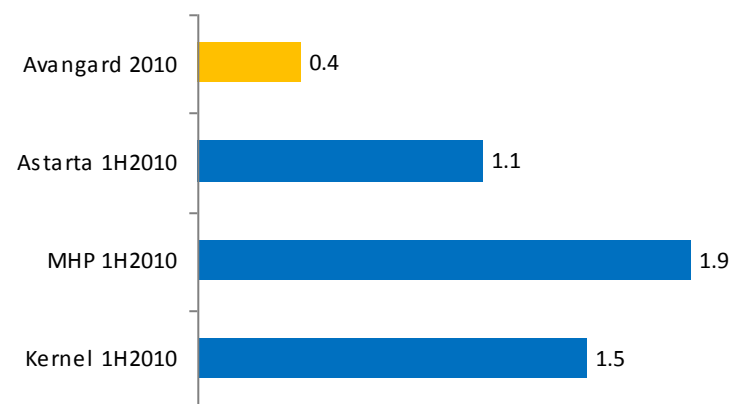
- Most of Avangard's debt is composed of long-term bonds issued in October, 2010
- Net Debt ratio reached 0.4x, a very attractive level compared to traded Ukrainian peers

Structure of Debt by Maturity, in \$ m



US\$'000	2009	2010	% change
Total Debt	265,038	261,011	-2%
Long-term	92,117	231,646	151%
Short-term	172,921	29,356	-83%
Cash & Cash Equivalents	1,727	183,065	n.a.
Deposits	156,421	0	-100%
Financial Assistance Issued	4,320	180	-96%
Net Debt/(Net Cash)	102,571	77,766	-24%
Net Debt / EBITDA	0.7	0.4	
EBITDA/Interest expense	3.3	8.0	

Net Debt/EBITDA



Source: Bloomberg

2010 Financial Highlights – Cash Flow Statement

- 35% increase in operating profit before working capital changes
- Significant cash outflow from change in working capital results from
 - increase in inventory to mitigate grain price inflation
 - increase in VAT recoverable and prepaid, as a function of inventory increase
 - increase of prepayments to secure supply in the first months of 2011
 - decrease of accounts payables
 - minimization of related parties transactions
- The Company invested ca.\$70 mln in Avis and Chornobaivske projects in 2010
 - Both projects are expected to be commissioned by the end of 2011

US\$'000	2008	2009	2010
Profit before income tax	75,869	134,837	185,012
Operating profit before working capital changes	109,546	121,310	163,418
(Increase)/decrease in net working capital	43,773	96,179	-298,817
Interest paid	-54,653	-51,781	-23,526
Income tax paid	-29	-48	-34
<u>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</u>	<u>98,637</u>	<u>165,660</u>	<u>-158,959</u>
Purchases of PP&E	-256,411	-3,370	-82,157
(Increase)/Decrease in bank deposits	-137,632	126,200	156,421
Net cash generated from/(used in) other investment activities	56,125	1,797	73,459
<u>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</u>	<u>-337,918</u>	<u>124,627</u>	<u>147,468</u>
<u>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</u>	<u>238,751</u>	<u>-295,469</u>	<u>192,855</u>
Effects of translation into presentation currency	1,856	1,097	0
<u>NET INCREASE/(DECREASE) IN CASH</u>	<u>1,326</u>	<u>-4,085</u>	<u>181,364</u>
Cash at the beginning of the year	4,460	5,786	1,701
Cash at the end of the year	5,786	1,701	183,065

Appendix: Supplementary Information



Avangard's Key Products

Shell Eggs



Use	Type, category	Storage	% of Revenue (2010)
<ul style="list-style-type: none">▪ Direct consumption▪ Food industry, production of pasta, bakery products, semi-ready products, etc.▪ Production of dry egg products	<ul style="list-style-type: none">▪ Brown or white color▪ 5 categories:<ul style="list-style-type: none">✓ premium or XL – over 73 grams✓ Supreme or L – 63-72.9 grams✓ first or M –53-62.9 grams✓ second or S –45-52.9 grams✓ Small – 35-44.9 grams	<ul style="list-style-type: none">▪ Under 7 days of storage (excluding the day of production)	64%
<ul style="list-style-type: none">▪ Production of mayonnaise, dressings, confectionary, bakery products, ice-cream, fish semi-finished products, etc.	<ul style="list-style-type: none">▪ Dry egg powder (mélange), dry yolk powder, dry albumen powder	<ul style="list-style-type: none">▪ Under 20°C – no longer than 6 months▪ Under 2°C – no longer than 2 years	21%
<ul style="list-style-type: none">▪ Further processing of 65 week and 80 week breeder and laying flock▪ Sale of slaughtered poultry to third parties (no packaged meat for direct consumption)▪ Internal consumption of produced feed	<ul style="list-style-type: none">▪ Live and slaughtered poultry▪ Combined feed▪ Other		15%

Modern Operating Facilities Located Across Ukraine

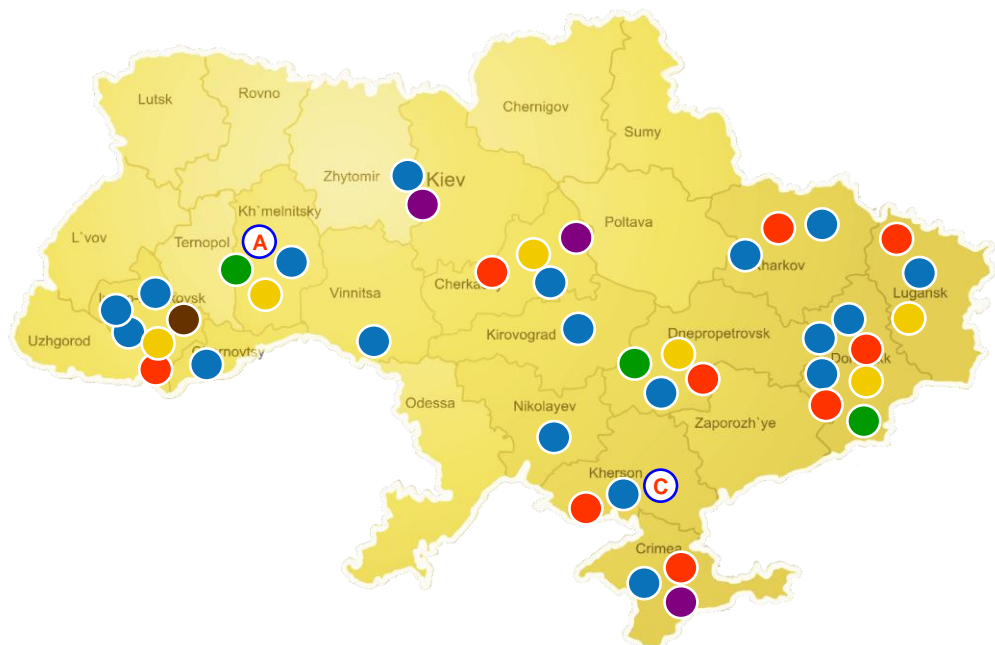
- The Company's facilities are amongst the most technologically advanced in Ukraine, located in 14 of Ukraine's 24 regions and in the Autonomous Republic of Crimea
 - Access to wholesale and retail networks across the country
 - Efficient and timely distribution of eggs – a key factor for such short shelf life products
- Existing facilities were upgraded in the course of 2007 - 2009

Shell Egg Production Facilities

- Key production assets - 19 farms for laying hens (18.9 mln hens and 5.2 bln shell eggs capacity in 2010)
- Rearing farms are serviced by 3 breeder farms, 9 farms for growing young laying hens, 6 fodder mills
- 3 long-term egg storage facilities
- Construction of 2 new modern poultry complexes (Avis and Chornobaivske farms) to increase capacity by 6 mln hens and 1,680 mln shell eggs when fully operational

Egg Processing Facilities

- Production of dry egg products at Imperovo plant in the Ivano-Frankivsk region with processing capacity of 3 mln shell eggs per day
- Future plan to increase Imperovo's processing capacity to 10 mln shell eggs per day

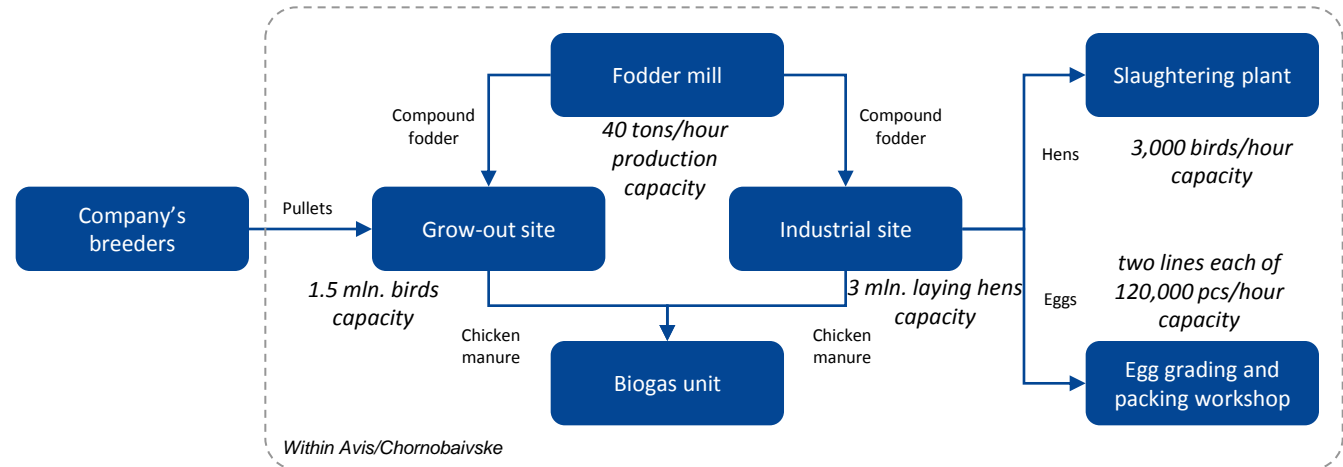


- 19 farms for rearing laying hens
- 3 second-order breeders
- 9 grow-out farms
- 6 fodder mills
- 3 storage warehouses
- Imperovo Foods egg processing plant
- Ⓐ Avis complex: under construction
- Ⓒ Chornobaivske complex: under construction

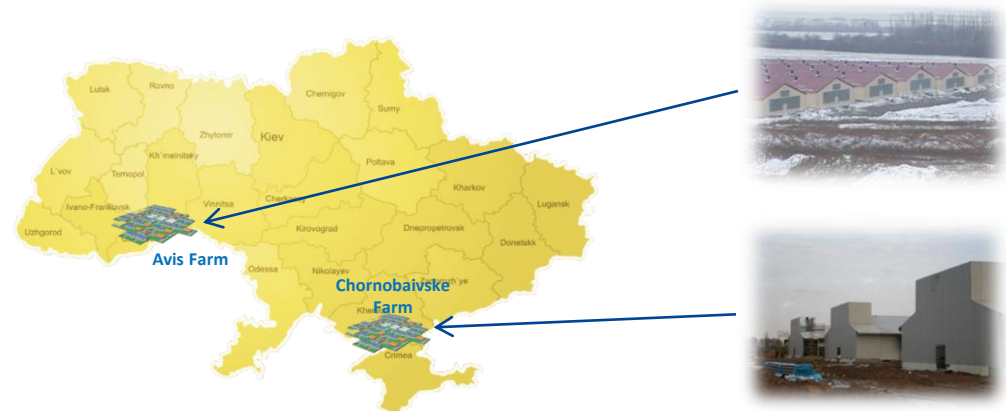
New Poultry Complexes to Increase Output and Improve Vertical Integration

- Investment underway to increase production capacity to 24.9 million laying hens, a 32% growth compared to 2009
- Construction of two full cycle poultry farms: Avis in Khmelnytskiy and Chornobaivske in Kherson regions in Ukraine with a combined capacity of 6 mln laying hens
- Equipment is supplied by the Salmes (Germany) and Faccos (Italy), leading international manufacturers
- The farms are designed to employ a high level of automation and are labor-efficient
- Each of complexes to include a fodder mill, a growout section, an egg sorting section, long-term storage facilities, a slaughtering section, and a biogas section

Full Integrated Cycle Poultry Complex – Operating Flowchart



Location of the Poultry Farms Under Construction



Avangard's History

2003 - 2004

- Avangard began operations following the acquisition of PJSC Avangard and incorporation of a subsidiary company Avangard-Agro, in Ivano-Frankivsk (Western Ukraine)
- Acquisition of Kirovskyi farm in Central Ukraine

2005 - 2006

- Acquisition of Chernivetska and Avis farms in Western Ukraine and Chornobaivske in Southern Ukraine
- Acquisition of Donetska in southern Ukraine, Makarivska, SC PF Lozuvatska and Slovyany in central Ukraine and Rohatynska and Gorodenkivska in western Ukraine
- Construction of the Rohatyn-Korm and Kamyanets-Podilsky fodder mills

2007

- Incorporation of Avangardco Investments Public Limited under the laws of Cyprus to serve as the consolidating holding company (it began as a private company – converted into a public company in June 2009)
- Acquisitions of Bohodukhivska and Ptytsecomplex farms for laying hens
- Construction of farms for growing young laying hens at SC Chornobaivske, SC PH Donetske, SC Zorya, SC Volnovaske, SC Yuzhnaya-Holding, SC Chervonyi Prapor and SC PH Lozuvatske
- Acquisition of the Pershe Travnya, Volnovaska, Yuzhnaya-Holding, Chervonyi Prapor, Zorya and cross, Vyhlehirskyi and Volnovaskyi KHP fodder mills

2008

- Issue of a non-convertible 5-year bond for **UAH 200m (\$26m)**
- Acquisition of Interbusiness and Areal-Snigurivka poultry facilities
- Completion of the construction of long-term storage facilities in Donetsk, Dnipropetrovsk and Khmelnytsk regions
- Continuing construction of Avis and Chornobaivske egg production complexes

2009 - 2010

- Imperovo egg processing plant becomes part of Avangard
- Existing production capacity increased to **18.9m** laying hens
- Avangard raised **\$208m** at its IPO on the London Stock Exchange in May, 2010
- In October 2010, Avangard issued \$200m debut senior unsecured 10% Notes due 29 October 2015

Income Statement

US\$'000	2008	2009	2010
<u>REVENUE</u>	<u>302,292</u>	<u>319,855</u>	<u>439,703</u>
Income from revaluation of biological assets at fair value	12,690	7,695	26,187
Cost of sales	-232,975	-220,407	-308,144
<u>GROSS PROFIT</u>	<u>82,007</u>	<u>107,143</u>	<u>157,746</u>
General administrative expenses	-7,932	-4,933	-7,168
Distribution expenses	-4,429	-3,086	-5,058
Other operating income/expenses, net	32,312	40,683	35,382
<u>OPERATING PROFIT/(LOSS)</u>	<u>101,958</u>	<u>139,807</u>	<u>180,902</u>
Financial income	26,897	41,180	34,058
Financial expenses	-52,986	-46,150	-29,948
<u>PROFIT BEFORE TAX</u>	<u>75,869</u>	<u>134,837</u>	<u>185,012</u>
Income tax expenses	1,414	-1,168	-254
<u>PROFIT/(LOSS) FOR THE PERIOD</u>	<u>77,283</u>	<u>133,669</u>	<u>184,758</u>

For the sake of convenience some rows were aggregated

Balance Sheet

US\$'000	2008	2009	2010
ASSETS			
Property, plant and equipment	368,264	375,426	396,236
Held-to-maturity investments	41	40	295
Non-current biological assets	9,185	21,546	59,078
Long-term deposits	49,351	504	0
Other non-current assets	56,368	16,630	60,428
Total non-current assets	483,039	414,146	516,037
Inventories	47,076	92,757	185,624
Taxes recoverable and prepaid, net	54,063	28,743	53,084
Current biological assets	47,935	44,910	44,705
Prepayments and other current assets, net	133,111	58,626	41,829
Trade accounts receivable, net	15,593	47,320	54,678
Short-term deposits	233,271	155,917	0
Cash and cash equivalents	5,878	1,727	183,065
Total current assets	536,927	430,000	562,992
TOTAL ASSETS	1,019,967	844,146	1,079,029
LIABILITIES AND EQUITY			
Share capital	644	644	836
Share premium	-	115,858	317,022
Retained earnings	168,151	300,107	482,328
Effect from translation into presentation currency	-56,698	-64,137	-64,587
Total equity attributable to shareholders of Avangard Group	112,097	352,472	735,599
Non-controlling interests	6,406	8,083	10,620
Total equity	118,503	360,555	746,219
Long-term loans	192,518	85,975	224,470
Long-term finance lease	8,502	6,142	6,372
Other non-current liabilities	7,149	6,906	6,786
Total non-current liabilities	208,169	99,023	237,628
Short-term interest bearing debt	204,605	164,043	30,475
Financial assistance received	104,151	8,535	0
Trade accounts payable	20,529	68,019	23,191
Other current liabilities and accrued expenses	364,009	143,971	41,516
Total current liabilities	693,294	384,568	95,182
TOTAL LIABILITIES AND EQUITY	1,019,967	844,376	1,079,029
Net Debt	220,937	102,571	77,766

For the sake of convenience some rows were aggregated