August 28, 2015

**AVANGARDCO INVESTMENTS PUBLIC LIMITED**

**FINANCIAL RESULTS FOR THE FIRST HALF OF 2015**

**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 2015.

**Financial highlights**

- Consolidated revenue amounted to US$121.4 mln, a decrease of 54% YoY (H1 2014: US$262.7 mln).
- Export sales revenue amounted to US$44.2 mln or 36% of the Company's consolidated revenue (H1 2014: US$101.9 mln or 39% of the Company's consolidated revenue).
- Gross profit amounted to US$7.5 mln, a decline of 91% YoY (H1 2014: US$80.8 mln).
- Negative EBITDA of US$98.2 mln.
- Net loss amounted to US$152.4 mln (H1 2014: net profit of US$52.0 mln).

**Operational Highlights**

- Production of shell eggs totalled 1.892 bln units, a decline of 49% YoY (H1 2014: 3.680 bln units).
- Sales of shell eggs to external clients amounted to 1.700 bln units, down by 29% YoY (H1 2014: 2.402 bln units).
- Export of shell eggs amounted to 207 mln units, a decline of 33% YoY (H1 2014: 308 mln units).
- The average sales price of shell eggs was UAH 1.08 per unit, excluding VAT, up by 59% YoY (H1 2014: UAH 0.68 per unit, excluding VAT).
- The production of dry egg products amounted to 3,562 tonnes, a decline of 75% YoY (H1 2014: 14,012 tonnes).
- Sales of dry egg products totalled 5,691 tonnes, down by 54% YoY (H1 2014: 12,385 tonnes).
- Export of dry egg products amounted to 4,049 tonnes, a decline of 60% YoY (H1 2014: 10,074 tonnes)
- The average sales price of dry egg products was US$5.40kg, down by 19% YoY (H1 2014: US$ 6.69/kg).
- As at 30 June 2015, the total poultry flock amounted to 16.0 mln hens, a decrease of 48% YoY (30 June 2014: 30.7 mln).
- As at 30 June 2015, the number of laying hens amounted to 12.1 mln, down by 47% YoY (30 June 2014: 22.8 mln).

**Irina Marchenko, Chief Executive Officer of AVANGARDCO IPL, commented:**

"AVANGARDCO IPL is in the midst of the most difficult time in its history, as it faces a number of challenges in the domestic and global markets, such as reduced consumer demand and lower price for its products due the unfavourable exchange rates between the Ukrainian Hryvnia and other major currencies. AVANGARDCO IPL therefore had to adjust its production processes to help minimise the impact on the Company's assets and its financials and make them more streamlined for domestic and global demand.

In spite of the one-off inventory write down, which affected its financial performance, AVANGARDCO IPL continues to be one of the world's largest producers of shell eggs and dry egg products. We remain a leading exporter of these products from Ukraine with a diverse global client portfolio. Vertical integration of the business and its modern production infrastructure place the Company in a strong position to return to profitability and bring its performance to pre-crisis levels once the situation in Ukraine starts to stabilise."

**Outlook:**

In light of the continuing political and economic uncertainty in Ukraine and the reduction in demand for shell eggs in the domestic market, the Company has a conservative outlook for H2 2015 and expects to maintain production and sales at the current level. We expect a partial recovery in demand from late summer due to the seasonal decline in household production; the shell egg price in Ukrainian Hryvnia will continue to rise. The main priority for the next six months is to ensure the profitability and liquidity of the Company in the current volatile operating environment through optimisation of production costs and diversification of sales.

###

The management team will host an investor and analyst conference call at 15.00 pm (London), 17.00 pm (Kiev/Moscow) and 10.00 am (EST) on Friday, 28 August 2015, including a question and answer session.

| | |
|---|---|
| Name: | AVANGARDCO H1 2015 FINANCIAL RESULTS |
| ID: | ID 26062238 |
| UK Free call | 0800 694 5750 |
| Russia Free call | 8108 002 435 2044 |
| USA | 1877 324 8999 |
| UK Standard International | +44 (0) 1452 568 624 |

A live webcast of the presentation will be available at:

https://webconnect.webex.com/webconnect/onstage/g.php?MTID=e0ee5bcb6905c3273005a4b9dc15aff0c

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

Financial results for the first six months of 2015 ended 30 June 2015 are available on the Company's website at: http://avangard.co.ua/eng/for-investors/financial-overview/financial-reports/interim-reports/

###

**Financial results overview**

| | **Units** | **Q2 2015*** | **Q2 2014*** | **Change** | **H1 2015** | **H1 2014** | **Change** |
|---|---|---|---|---|---|---|---|
| Consolidated Revenue | US$ '000 | 49,248 | 115,709 | (57%) | 121,397 | 262,680 | (54%) |
| Gross Profit/(Loss) | US$ '000 | (6,847) | 25,793 | - | 7,512 | 80,797 | (91%) |
| *Gross Profit Margin* | % | - | 22% | - | 6% | 31% | - |
| EBITDA | US$ '000 | (91,821) | 48,619 | - | (98,191) | 107,978 | - |
| *EBITDA Margin* | % | - | 42% | - | - | 41% | - |
| Operating Profit/(Loss) | US$ '000 | (97,881) | 43,830 | - | (110,446) | 96,976 | - |
| *Operating Margin* | % | - | 38% | - | - | 37% | - |
| Net Profit/(Loss) | US$ '000 | (99,711) | 10,266 | - | (152,432) | 51,991 | - |
| *Net Profit Margin* | % | - | 9% | - | - | 20% | - |

***recalculated at the average UAH/USD exchange rate for the second quarter of 2014 and 2015*

**The exchange rates used for the preparation of consolidated financial statements:**

AVANGARDCO IPL reports its financial results in US dollars. The functional currency of all its subsidiaries is the Ukrainian hryvnia. In H1 2015, the weighted average rate was UAH 21.365 per US dollar, up 108% YoY. As at 30 June 2015, the exchange rate was UAH 21.015 per US dollar.

**Q2 2015:**

| Currency | 30 June 2015 | Weighted average for Q2 2015 | 30 June 2014 | Weighted average for Q2 2014 |
|---|---|---|---|---|
| US dollar to Ukrainian Hryvnia | 21.015 | 21.611 | 11.823 | 11.696 |

In Q2 2015, the Company's consolidated revenue decreased by 57% YoY and amounted to US$49.2 mln (Q2 2014: US$115.7 mln), largely due to the devaluation of the Ukrainian Hryvnia against the US dollar and a decrease in sales of shell eggs and dry egg products.

In Q2 2015, the Company reported negative EBITDA of US$91.8mln (Q2 2014: positive EBITDA of US$48.6 mln).

Net loss amounted to US$99.7 mln (Q2 2014: net profit of US$10.3 mln).

**H1 2015:**

| Currency | 30 June 2015 | Weighted average for the 6 months ended 30 June 2015 | 30 June 2014 | Weighted average for the 6 months ended 30 June 2014 |
|---|---|---|---|---|
| US dollar to Ukrainian Hryvnia | 21.015 | 21.365 | 11.823 | 10.287 |

In H1 2015, the Company's consolidated revenue decreased by 54% YoY, amounting to US$121.4 mln (H1 2014: US$262.7 mln). The decline in consolidated revenue was primarily due to the sharp devaluation of the Ukrainian Hryvnia against the US dollar and a 29%YoY and 54%YoY reduction in sales volumes of shell eggs and egg products respectively, as well as a 19%YoY decrease in the average sales price of dry egg products in dollar terms. The decline in the Company's consolidated revenue was partially offset by a 59% YoY increase in the average sales price of shell eggs in Hryvnia. However this did not fully offset a 24% YoY decline in the average sales price in dollar terms to US$0,050.

In H1 2015, the Company's export revenues decreased by 57% YoY to US$44.2 mln (H1 2014: US$101.9 mln) as a result of the decrease in export sales of shell eggs and dry egg products by 33% YoY and 60% YoY respectively. The share of exports in the consolidated revenue amounted to 36% (H1 2014: 39%).

In H1 2015, the cost of sales in dollar terms fell by 39% YoY and amounted to US$116.0 mln (H1 2014: US$190.9 mln) as a result of the devaluation of the Ukrainian Hryvnia against the US dollar. The cost of sales in Hryvnia terms increased as the price of over 70% of its components (grain, veterinary medicines, and packaging materials) is linked to other major currencies. The cost of services provided by third parties (utilities, warehouse lease, veterinary services) increased due to the devaluation of the Ukrainian Hryvnia against the US dollar and the tariff revision.

As a result of the decrease in the consolidated revenue and increase in the cost of sales per unit, the Company's gross profit was down by 91% to US$7.5 mln (H1 2014: US $80.8 mln), with gross profit margin at 6% (H1 2014: 31%).

In H1 2015, a loss from operating activities amounted to US$110.4 mln (H1 2014: operating profit of $97.0 mln). This loss is attributed to a US$37.5mln write down of sub-standard raw material inventories and inventories of finished goods with expired shelf life, as well as US$46.1 mln of provisions for doubtful debts. The Company also reported an additional loss of US$28.9 mln. This amount was held at the Financial Initiative bank, which has since been declared insolvent by the National Bank of Ukraine and is in administration.

The Company recorded negative EBITDA of US$98.2 mln (H1 2014: positive EBITDA US$108.0 mln) resulting from a decline in revenues and increased cost per unit. In addition, it was affected by the write down in raw materials, the provision for accounts receivables and funds held at the Financial Initiative bank.

In H1 2015, the Company reported a net loss of US$152.4 mln (H1 2014: net profit of US$52.0 mln) which includes FX losses of US$31.7 mln.

**Cash flow and debt structure:**

As at 30 June 2015, net cash flow from operating activities decreased to US$3.3 mln (30 June 2014: US$106.2 mln) due to the reduced operating profit and the increase in trade receivables and inventories.

Net cash used in investing activities amounted to US$14.9 mln (30 June 2014: US$33.6 mln), which is maintenance capex as the Company has now completed its investment projects.

Net cash used from financing activities was US$6.2 mln (30 June 2014: net cash received from financing activities US$12.1 mln).

As at 30 June 2015, net cash outflow amounted to US$17.8 mln (30 June 2014: net cash inflow US$84.7mln.). Cash and cash equivalent decreased to US$52.2 mln (30 June 2014: US$236.1 mln) as cash outflow from financing and investing activities exceeded the funds inflow from operating activities. The written off funds deposited with the Financial Initiative bank also had an impact.

As at 30 June 2015, the Company's total debt amounted to US$340.2 mln (31 December 2014: US$343.8 mln). Net debt amounted to US$288.1 mln (31 December 2014: US$225.9 mln).

The Company's Eurobond issue, which has a maturity date of 29 October 2015, amounted to 59% of the Company's total debt.

**Segment review**

**Shell Eggs Segment**

Since 2014, consumer demand for shell eggs has been decreasing in Ukraine. This trend relates to the partial loss of sales in Crimea and Eastern Ukraine, and a decrease in consumers' real income resulting from the devaluation of the Ukrainian hryvnia and the rise in utility tariffs, leading to the sharp increase in inflation.

| | Units | As at 30.06.2015 | As at 30.06.2014 | Change |
|---|---|---|---|---|
| Total Poultry Flock | Heads (mln) | 16.0 | 30.7 | (48%) |
| Laying Hens | Heads (mln) | 12.1 | 22.8 | (47%) |

As at 30 June 2015, the total poultry flock was down by 48% YoY to 16.0 million heads (30 June 2014: 30.7 million heads) and the number of laying hens decreased by 47% YoY to 12.1 million heads (30 June 2014: 22.8 million heads). The decrease in the number of poultry flock was largely due to the suspension of seven poultry farms with a total capacity of 8.4 million heads1. The Company also made a decision to optimise its production processes to reflect the existing demand for shell eggs in Ukraine and a seasonal decrease in demand in Q2 2015, when the production of shell eggs by households exceeded the industrial production in May-June 2015.

| | Units | Q2 2015 | Q2 2014 | Change | H1 2015 | H1 2014 | Change |
|---|---|---|---|---|---|---|---|
| Total Production | Units (mln) | 841 | 1,791 | (53%) | 1,892 | 3,680 | (49%) |
| Total Sales to Third Parties | Units (mln) | 634 | 1,138 | (44%) | 1,700 | 2,402 | (29%) |
| Export | Units (mln) | 99 | 145 | (32%) | 207 | 308 | (33%) |
| Average Sales Price | UAH (excl. VAT) | 1.09 | 0.68 | 60% | 1.08 | 0.68 | 59% |

[1] In 2014, the Company suspended and impaired the following assets: the laying farm "Yuzhnaya Holding" and "Ptytsecomplex" due to the annexation of the Autonomous Republic of Crimea, as well as the laying farm "Chervonyi Prapor", and "Interbusiness" due to the military conflict in Eastern Ukraine. The Company also suspended the laying farms "Donetsaka" and "Volnovahska" in the Donetsk region and "Bogoduhivska" in the Kharkiv region in order to reduce its risk as these farms are located in close proximity to the conflict zone.

The production volume of shell eggs decreased by 53% YoY to 841 million units in Q2 2015 (Q2 2014: 1,791 million units) and by 49% YoY to 1,892 million units in H1 2015 (H1 2014: 3,680 million units) due to the reduction in the number of laying hens.

In Q2 2015, sales of shell eggs to external customers decreased by 44% YoY to 634 million units (Q2 2014: 1,138 million units) and by 29% YoY to 1,700 million units in H1 2015 (H1 2014: 2,402 million units). This was a result of the reduction in production volumes; low consumer demand due to the economic instability in Ukraine; the partial loss of sales in Crimea and Eastern Ukraine; and a seasonal decline in demand.

In H1 2015, the share of shell egg sales through retail chains increased to 39% of total external sales (H1 2014: 37%), whilst to less marginal wholesale channels it decreased to 49% (H1 2014: 50%).

In Q2 2015, exports of shell eggs decreased by 32% YoY to 99 million units (Q2 2014: 145 million units) and by 33% YoY to 207 million units in H1 2015 (H1 2014: 308 million units) due to the increased competition between egg producers for export markets. The main export markets for shell eggs were Iraq, UAE and Moldova.

In Q2 2015, the average sales price of shell eggs increased by 60% YoY to 1.09 UAH per unit, excluding VAT (Q2 2014: 0.68 UAH per unit, excluding VAT) and by 59% YoY to 1.08 UAH per unit, excluding VAT in H1 2015 (H1 2014: 0.68 UAH per unit, excluding VAT) due to inflation and an increase in production costs.

As approximately 79% of the shell egg segment's revenue comes from domestic sales, which were affected by the sharp devaluation of the Ukrainian Hryvnia against the US dollar, it decreased by 46% YoY to US$85.7 mln in H1 2015 (H1 2014: US$158.1 mln). The segment's revenue was further impacted by a decrease in shell egg production and sales, including for export.

The segment's net loss amounted to US$34.4 mln (H1 2014: net profit of US$ 69.2 mln) following faster growth of costs compared to the sales price.

**Dry Egg Products Segment**

| | Units | Q2 2015 | Q2 2014 | Change | H1 2015 | H1 2015 | Change |
|---|---|---|---|---|---|---|---|
| Dry egg products production | Tonnes | 2,412 | 7,209 | (67%) | 3,562 | 14,012 | (75%) |
| Sales volume | Tonnes | 2,440 | 5,099 | (52%) | 5,691 | 12,385 | (54%) |
| Export | Tonnes | 1,928 | 4,101 | (53%) | 4,049 | 10,074 | (60%) |
| Average Sales Price | US$/Kg | 5.67 | 6.65 | (15%) | 5.40 | 6.69 | (19%) |

In Q2 2015, the production volume of dry egg products decreased by 67% YoY to 2,412 tonnes (Q2 2014: 7,209 tonnes), whilst in H1 2015 it was down by 75% YoY to 3,562 tonnes (H1 2014: 14,012 tons) due to the strategy to balance sales mix and dispose of inventories. In order to avoid an accumulation of dry egg product inventories, and to release funds for working capital, the Company has started to plan its production based on existing orders.

In Q2 2015, the volume of sales of dry egg products decreased by 52% YoY to 2,440 tonnes (Q2 2014: 5,099 tonnes) and by 54% YoY to 5,691 tonnes in H1 2015 (H1 2014: 12,385 tons). The Company sold 2,129 tonnes of inventories of dry egg products and wrote off around 2,000 tonnes of these inventories, with an expired shelf life.

In Q2 2015, the export of dry egg products declined by 53% YoY to 1,928 tonnes (Q2 2014: 4,101 tonnes) and by 60% YoY to 4,049 tonnes in H1 2015, or 71% from the total sales (H1 2014: 10,074 tonnes, or 81% from the total sales). The decline in exports was due to the reduction in production volumes and the Company's decision to balance its sales structure. In order to avoid an accumulation of inventories of yolk powder, which is a by-product of albumin (the demand for which is higher), the Company applied to the following sales formula: albumin + % of yolk powder.

The main importers of the Company's dry egg products were MENA, Asia, Oceania and the EU. In H1 2015, the Company entered new export markets, including Bangladesh, as well as the United Kingdom to increase its sales to the EU. The Company is also in the process of signing new contracts with Italy and Latvia, with the first supplies due to be exported in H2 2015.

In Q2 2015, the average sales price of dry egg products decreased by 15% YoY US$5.67/kg (Q2 2014: US$6.65/kg) and by 19% YoY to US$5.40/kg in H1 2015 (H1 2014: US$6.69/kg) as a result of an increase in the share of cheaper egg products and domestic sales.

In H1 2015, as a result of the decrease in sales and average sales price of dry egg products, revenues in the dry egg products segment decreased by 63% YoY to US$30.7 mln (H1 2014: US$82.8 mln).

The segment's net loss amounted to US$34.5 mln (H1 2014: net profit of US$27.6 mln) and was affected by reduced sales volumes, as well as the decrease in the average sales price and increase in the cost of shell eggs.

- Ends –

***For investor's inquiries:***
Valeriya Myagkohod
AVANGARDCO IPL
Investor Relations Manager
phone: +38 044 393 40 50
mob.: +38 067 223 46 88
e-mail: ir@avangardco.ua

***FTI Consulting London***
Elena Kalinskaya / Nicola Krafft
phone: +44 (0) 20 3727 1000
e-mail: avangard@fticonsulting.com

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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 2015, the Company holds a 36% share of the industrial shell eggs market and a 75% share of the dry eggs products 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 farms for laying hens, 3 second order breeder farms, 10 farms for rearing young laying hens, 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 37 countries, with its primary export markets in 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 2015 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.

# # #

**Condensed consolidated statement of financial position**
AS AT 30 JUNE 2015
*(in USD thousand, unless otherwise stated)*

| | 30 June 2015 | 31 December 2014 |
|---|---|---|
| **ASSETS** | | |
| Property, plant and equipment | 440 065 | 579 922 |
| Non-current biological assets | 10 782 | 21 637 |
| Deferred tax assets | 4 440 | 2 489 |
| Held to maturity investments | 12 048 | 17 959 |
| Other non-current assets | 21 | 28 |
| **Total non-current assets** | **467 356** | **622 035** |
| | | |
| Inventories | 64 030 | 115 896 |
| Current biological assets | 22 590 | 28 228 |
| Trade accounts receivable, net | 55 172 | 79 221 |
| Prepaid income tax | 64 | 48 |
| Prepayments and other current assets, net | 9 133 | 29 094 |
| Taxes recoverable and prepaid | 17 974 | 45 949 |
| Cash and cash equivalents | 52 175 | 117 856 |
| **Total current assets** | **221 138** | **416 292** |
| **TOTAL ASSETS** | **688 494** | **1 038 327** |
| | | |
| **EQUITY** | | |
| Share capital | 836 | 836 |
| Share premium | 201 164 | 201 164 |
| Reserve capital | 115 858 | 115 858 |
| Retained earnings | 929 103 | 1 077 158 |
| Effect of translation into presentation currency | (958 151) | (776 404) |
| **Equity attributable to owners of the Company** | **288 810** | **618 612** |
| **Non-controlling interests** | 12 010 | 27 276 |
| **Total equity** | **300 820** | **645 888** |
| | | |
| **LIABILITIES** | | |
| Long-term loans | 72 759 | 79 844 |
| Deferred tax liabilities | 14 | 26 |
| Deferred income | 1 635 | 2 245 |
| Long-term finance lease | 46 | 63 |
| **Total non-current liabilities** | **74 454** | **82 178** |
| | | |
| Short-term bond liabilities | 199 443 | 198 635 |
| Current portion of non-current liabilities | 18 115 | 15 368 |
| Short-term loans | 50 000 | 50 000 |
| Trade payables | 4 599 | 6 907 |
| Other accounts payable | 41 063 | 39 351 |
| **Total current liabilities** | **313 220** | **310 261** |
| **TOTAL LIABILITIES** | **387 674** | **392 439** |
| **TOTAL EQUITY AND LIABILITIES** | **688 494** | **1 038 327** |

**Condensed consolidated statement of profit and loss and other comprehensive income**
FOR 3 MONTHS ENDED 30 JUNE 2014
*(in USD thousand, unless otherwise stated)*

**6 months ended**

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| Revenue | 121 397 | 262 680 |
| Profit from revaluation of biological assets at fair value | 2 068 | 9 049 |
| Cost of sales | (115 953) | (190 932) |
| **GROSS PROFIT** | **7 512** | **80 797** |
| | | |
| General administrative expenses | (3 188) | (6 907) |
| Distribution expenses | (7 187) | (10 798) |
| Income from government grants and incentives | 48 | 118 |
| Income from special VAT treatment | 4 575 | 33 341 |
| Other operating (expenses)/income | (112 206) | 425 |
| | | |
| **(LOSS)/PROFIT FROM OPERATING ACTIVITIES** | **(110 446)** | **96 976** |
| | | |
| Finance income | 2 121 | 83 |
| Finance costs | (14 908) | (16 651) |
| Losses on exchange | (31 717) | (29 027) |
| **(LOSS)/PROFIT BEFORE TAX** | **(154 950)** | **51 381** |
| | | |
| Income tax credit | 2 518 | 610 |
| | | |
| **(LOSS)/PROFIT FOR THE PERIOD** | **(152 432)** | **51 991** |
| | | |
| **OTHER COMPREHENSIVE INCOME** | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | |
| Effect from translation into presentation currency | (192 636) | (499 497) |
| | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **(345 068)** | **(447 506)** |
| | | |
| **(LOSS)/PROFIT ATTRIBUTABLE TO** | | |
| Owners of the Company | (148 055) | 51 602 |
| Non-controlling interests | (4 377) | 389 |
| | **(152 432)** | **51 991** |
| | | |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO** | | |
| Owners of the Company | (329 802) | (410 355) |
| Non-controlling interests | (15 266) | (37 151) |
| | **(345 058)** | **(447 506)** |
| | | |
| **(Loss)/earnings per share, USD** (basic and diluted) | **(23)** | **8** |

**Condensed consolidated statement of cash flows**

FOR 3 MONTHS ENDED 30 JUNE 2014

*(in USD thousand, unless otherwise stated)*

| | 6 months ended 30 June 2015 | 30 June 2014 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| (Loss)/profit before income tax | (154 950) | 51 381 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 12 255 | 11 002 |
| Change in allowance for irrecoverable amounts | 46 108 | 115 |
| Other provisions | - | (489) |
| Loss/(profit) on disposal of current assets | 4 | (9) |
| Loss on disposal of property, plant and equipment | 6 | 2 346 |
| Impairment of current assets | 37 503 | 845 |
| Effect of fair value adjustments on biological assets | (2 068) | (9 049) |
| Gains realised from accounts payable written-off | (90) | (3 071) |
| Amortization of deferred income on government grants | (48) | (118) |
| Discount bonds amortization | 808 | 728 |
| Impairement of funds | 28 863 | - |
| Discount on VAT government bonds amortization | (1 034) | - |
| Interest income | (1 087) | (83) |
| Interest payable on loans | 14 081 | 14 702 |
| Losses on exchange | 36 685 | 34 192 |
| **Operating profit before working capital changes** | **17 036** | **102 492** |
| Increase in trade receivables | (24 452) | (4 877) |
| Increase in prepayments and other current assets | 2 206 | 10 887 |
| Decrease/(increase) in taxes recoverable and prepaid | 18 672 | (19 074) |
| (Increase)/decrease in inventories | (14 892) | 9 368 |
| Decrease in deferred income | - | (126) |
| Decrease in other non-current assets | - | 120 |
| (Decrease)/increase in trade payables | (484) | 3 539 |
| Decrease in biological assets | 5 986 | 13 559 |
| Decrease in finance leases | (1) | (886) |
| Increase/(decrease) in other accounts payable | 1 207 | (3 749) |
| **Cash generated from operations** | **5 278** | **111 253** |
| Interest paid | (1 884) | (5 005) |
| Income tax paid | (45) | (41) |
| **Net cash generated from operating activities** | **3 349** | **106 207** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments and receipts - property, plant and equipment | (16 092) | (33 686) |
| Interest received | 1 187 | 83 |
| **Net cash used in investing activities** | **(14 905)** | **(33 603)** |

**Condensed consolidated statement of cash flows (cont.)**
FOR 3 MONTHS ENDED 30 JUNE 2014
*(in USD thousand, unless otherwise stated)*

| | 6 months ended | |
|---|---|---|
| | **30 June 2015** | **30 June 2014** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| New loans received | 9 419 | 78 726 |
| Repayment of loans | (5 647) | (56 595) |
| Interest paid for bonds issued | (10 000) | (10 000) |
| **Net cash (used in)/generated from financing activities** | **(6 228)** | **12 131** |
| **Net (decrease)/increase in cash** | **(17 784)** | **84 735** |
| **Cash and cash equivalents at 1 January** | **117 856** | **156 804** |
| Impairement of funds | (29 344) | **-** |
| Effect from translation into presentation currency | (18 553) | (5 459) |
| **Cash and cash equivalents at 30 June** | **52 175** | **236 080** |