



30 November 2015

## **AVANGARDCO INVESTMENTS PUBLIC LIMITED**

### **FINANCIAL RESULTS FOR Q3 AND 9M 2015**

**Kyiv, Ukraine** – AVANGARDCO INVESTMENTS PUBLIC LIMITED (LSE: AVGR) (the “Company” or “AVANGARDCO IPL”), the largest producer of shell eggs and egg products in Ukraine and number one producer in Europe, announces its financial results for the third quarter and nine months ended 30 September 2015.

#### **Financial Highlights for Q3 2015**

- Consolidated revenue of US\$55.1mln, a decrease of 43% YoY (Q3 2014: US\$97.0 mln).
- Gross profit of US\$5.4 mln, a decline of 77% YoY (Q3 2014: US\$23.7 mln).
- EBITDA increased by 83% YoY to US\$13.2 mln (Q3 2014: US\$7.2 mln).
- Net profit of US\$1.1 mln (Q3 2014: net loss of US\$47.6 mln).

#### **Financial Highlights for 9M 2015:**

- Consolidated revenue amounted to US\$176.5 mln, a decrease of 50% YoY (9M 2014: US\$354.7 mln).
- Export sales revenue amounted to US\$71.2 mln or 40% of the Company’s consolidated revenue (9M 2014: US\$134.8 mln or 38% of the consolidated revenue).
- Gross profit of US\$12.9 mln, a decline of 87% YoY (9M 2014: US\$102.1 mln).
- Operating loss amounted to US\$102.1 mln (9M 2014: operating profit of US\$67.6 mln).
- EBITDA loss of US\$84.3 mln (9M 2014: EBITDA US\$108.6 mln).
- Net loss amounted to US\$150.5 mln (9M 2014: net loss of US\$5.7 mln).

#### **Operational Highlights for 9M 2015:**

- Production of shell eggs totalled 2,735 mln units, a decline of 47% YoY (9M 2014: 5,114 mln units).
- Sales of shell eggs to external clients amounted to 2,308 mln units, down by 34% YoY (9M 2014: 3,499 mln units).
- Export of shell eggs amounted to 326 mln units, a decline of 29% YoY (9M 2014: 462 mln units).
- The average sales price of shell eggs was UAH 1.13 per unit, excluding VAT, up by 59% YoY (9M 2014: UAH 0.71 per unit, excluding VAT).
- The production of dry egg products amounted to 6,567 tonnes, a decline of 63% YoY (9M 2014: 17,739 tonnes).
- Sales of dry egg products totalled 8,695 tonnes, down by 45% YoY (9M 2014: 15,882 tonnes).
- Export of dry egg products amounted to 6,575 tonnes, a decline of 50% YoY (9M 2014: 13,046 tonnes).
- As at 30 September 2015, the total poultry flock amounted to 19.0 mln hens, a decrease of 27% YoY (30 September 2014: 25.9 mln).
- As at 30 September 2015, the number of laying hens amounted to 13.7 mln, down by 26% YoY (30 September 2014: 18.5 mln).

#### **Post Period Highlight:**

- On 28 October 2015, AVANGARDCO IPL completed a successful restructuring deal and extended the maturity of the Eurobonds from 29 October 2015 to 29 October 2018.

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

“In Q3 and 9M 2015, we have made a number of important steps towards our strategic goals, for example, we have started to gradually increase our poultry flock at the farms outside the affected regions, with a target to grow production of shell eggs and dry egg products for export and sales through supermarket chains in the nearest future. We continued to develop exports to the EU in line with our strategy of export expansion, where we have

more than doubled exports of dry egg products in Q3 compared to Q2 2015. To date, we are exporting egg products to Denmark, the United Kingdom, Latvia and Italy. The increase in the share of sales to the EU will enable us to diversify exports and mitigate the impact following volatility in the Middle East. Our entry into Israel in September 2015 – including some profitable long term shell egg contracts – along with export permission rights and delivery to Qatar for the first time in October 2015 were also key milestones which position the Company well for future growth.

In addition, the most important recent development for us was the successful restructuring of our Eurobonds, which became possible with the support of our bondholders. We hope that this will help to improve current liquidity and release funds to finance operations and recapture the Company's market position. I would like to thank our bondholders for their support."

###

The management will host a conference call and webcast for investors and analysts on Monday, 30 November 2015 at 09.00 am US Eastern time, 14.00 pm UK time, 16.00 pm Kiev time and 17.00 pm Moscow time.

Name: AVANGARDCO Q3 2015 FINANCIAL RESULTS

ID: ID 88644796  
 UK Free call 0800 073 1340  
 Russia Free call 88007756818  
 USA 1866 434 1089  
 UK Standard International +44 (0) 1452 569 393

A live webcast of the presentation will be available at:

<https://webconnect.webex.com/webconnect/onstage/g.php?MTID=e020df2b3b54ad3f50ccc18d42e296da1>

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

Financial results for the nine months ended 30 September 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	Q3 2015*	Q3 2014*	Change, %	9M 2015	9M 2014	Change, %
Consolidated Revenue	US\$ '000	55,152	97,023	(43%)	176,477	354,693	(50%)
Gross Profit/(Loss)	US\$ '000	5,391	23,676	(77%)	12,920	102,085	(87%)
Gross Profit Margin	%	10%	24%	-	7%	29%	-
EBITDA	US\$ '000	13,191	7,198	83%	(84,303)	108,628	-
EBITDA Margin	%	24%	7%	-	-	31%	-
Operating Profit/(Loss)	US\$ '000	7,674	(19,845)	-	(102,069)	67,638	-
Operating Margin	%	14%	-	-	-	19%	-
Net Profit/(Loss)	US\$ '000	1,080	(47,577)	-	(150,486)	(5,747)	-
Net Profit Margin	%	2%	-	-	-	-	-

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

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

**Q3 2015:**

Currency	30 September 2015	Weighted average for Q3 2015	30 September 2014	Weighted average for Q3 2014
US dollar to Ukrainian Hryvnia	21.528	21.722	12.949	12.577

In Q3 2015, the Company's consolidated revenue decreased by 43% YoY to US\$55.1 mln (Q3 2014: US\$97.0 mln) as a result of lower sales of shell eggs and dry egg products alongside the decreased average sales price in dollar terms for both products.

In Q3 2015, gross profit declined by 77% YoY and amounted to US\$5.4 mln (Q3 2014: US\$23.7 mln) due to reduced revenue and increased cost per unit of output. Gross profit margin was 10%.

In Q3 2015, EBITDA increased by 83% YoY to US\$13.2 mln (Q3 2014: US\$7.2 mln which included a one-off impairment charge following the closure of the production operations in Crimea and Eastern Ukraine).

In Q3 2015, the Company reported net profit of US\$1.1 mln (Q3 2014: net loss of US\$47.6 mln) driven by increased operating income and lower FX losses.

**9M 2015:**

Currency	30 September 2015	Weighted average for the 9 months ended 30 September 2015	30 September 2014	Weighted average for the 9 months ended 30 September 2014
US dollar to Ukrainian Hryvnia	21.528	21.485	12.949	11.059

In 9M 2015, the Company's consolidated revenue decreased by 50% YoY to US\$176.5 mln (9M 2014: US\$354.7 mln). This was attributed to two main factors: lower sales of shell eggs and dry egg products which were down by 34% and 45% respectively and the devaluation of the Ukrainian hryvnia against the US dollar.

In 9M 2015, the Company's export revenues decreased by 47% YoY to US\$71.2 mln (9M 2014: US\$134.8 mln) as a result of lower export sales of shell eggs and dry egg products. Despite this, the share of exports in the consolidated revenue grew to 40% (9M 2014: 38%).

In the reporting period, the cost of sales in dollar terms fell by 36% YoY to US\$166.1 mln (9M 2014: US\$261.1 mln) due to 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 the 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, and transport costs) 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 87% to US\$12.9 mln (9M 2014: US \$102.1 mln). Gross profit margin decreased to 7% (9M 2014: 29%).

In 9M 2015, the loss from operating activities amounted to US\$102.1 mln (9M 2014: operating profit of \$67.6 mln). This loss is largely attributed to a write down in H1 2015 of sub-standard raw material inventories and inventories of finished goods with expired shelf life, provisions for doubtful debts and funds deposited with the Financial Initiative bank due to its insolvency.

This led to EBITDA loss of US\$84.3 mln (9M 2014: EBITDA US\$108.6 mln).

In 9M 2015, the Company reported a net loss of US\$150.5 mln (9M 2014: net loss of US\$5.7 mln) which includes FX losses of US\$33.5 mln.

## Cash flow and debt structure:

As at 30 September 2015, net cash flow from operating activities decreased to US\$6.8 mln (30 September 2014: US\$41.2 mln) due to the reduced operating profit and increased inventories.

Net cash used in investing activities amounted to US\$30.4 mln for maintenance capex (30 September 2014: US\$54.9 mln).

Net cash used in financing activities was US\$6.9 mln (30 September 2014: net cash received from financing activities US\$21.3 mln).

As at 30 September 2015, net cash outflow amounted to US\$30.5 mln (30 September 2014: net cash inflow US\$7.6mln). Cash and cash equivalents decreased to US\$42.3 mln (30 September 2014: US\$157.6 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 September 2015, the Company's total debt amounted to US\$339.9 mln (31 December 2014: US\$343.8 mln). Net debt amounted to US\$297.6 mln (31 December 2014: US\$225.9 mln).

## Restructuring of Eurobonds:

On 28 October 2015 AVANGARDCO IPL completed the restructuring deal and extended the maturity of the Eurobonds from 29 October 2015 to 29 October 2018. In addition to other amendments, the following changes on the coupon payment have been agreed:

- The 5% coupon will be payable on 29 October 2015 (representing the semi-annual payment of the existing 10% coupon), with 2% to be paid in cash as a regular coupon payment and 3% to be paid as payment in kind ("PIK").
- The 10% coupon will be payable semi-annually in arrears on 29 April and 29 October of each year, commencing 29 April 2016, but subject to the following PIK and cash payment provisions:

Interest payment date	PIK Interest %	Cash Interest %
29.04.16	75	25
29.10.16	75	25
29.04.17	50	50
29.10.17	50	50
29.04.18	25	75
29.10.18	0	100

The full information on the restructuring deal is available at: <http://avangard.co.ua/eng/>

## Segment review

### Shell Eggs Segment

	Units	As at 30.09.2015	As at 30.09.2014	Change
Total Poultry Flock	Heads (mln)	19.0	25.9	(27%)
Laying Hens	Heads (mln)	13.7	18.5	(26%)

As at 30 September 2015, the total poultry flock was down by 27% YoY to 19.0 million heads (30 September 2014: 25.9 million heads) and the number of laying hens decreased by 26% YoY to 13.7 million heads (30 September 2014: 18.5 million heads). The decrease in poultry flock size was due to the full suspension of laying farms in Eastern Ukraine close to the conflict zone<sup>1</sup>. This also coincided with lower domestic demand for shell

<sup>1</sup> The "Donetska" and "Volnovahska" laying farms in the Donetsk region and the "Bogoduhivska" laying farm in the Kharkiv region

eggs resulting from the reduction in consumer's purchasing power and the loss of sales markets in Crimea and Eastern Ukraine.

	Units	Q3 2015	Q3 2014	Change	9M 2015	9M 2014	Change
Total Production	Units (mln)	843	1,434	(41%)	2,735	5,114	(47%)
Total Sales to Third Parties	Units (mln)	608	1,096	(45%)	2,308	3,499	(34%)
Export	Units (mln)	119	155	(23%)	326	462	(29%)
Average Sales Price	UAH (excl. VAT)	1.28	0.80	60%	1.13	0.71	59%

The production volume of shell eggs decreased by 41% YoY to 843 million units in Q3 2015 (Q3 2014: 1,434 million units) and by 47% YoY to 2,735 million units in 9M 2015 (9M 2014: 5,114 million units) due to the decreased number of laying hens.

Accordingly, in Q3 2015, sales of shell eggs to external customers decreased by 45% YoY to 608 million units (Q3 2014: 1,096 million units) and by 34% YoY to 2,308 million units in 9M 2015 (9M 2014: 3,499 million units).

In 9M 2015, the share of shell egg sales through retail chains increased to 42% of total external sales (9M 2014: 36%), whilst to less marginal wholesale channels it decreased to 44% (9M 2014: 51%).

In Q3 2015, exports of shell eggs was down by 23% YoY to 119 million units (Q3 2014: 155 million units) and by 29% YoY to 326 million units in 9M 2015 (9M 2014: 462 million units). This was mainly due to no exports of shell eggs to Liberia as a result of the increased competition between egg producers for this market, as well as the ongoing disruptions in the Company's key export markets in the Middle East. Given the volatile situation in the Middle East, the Company has been looking for new export markets. In September 2015, the Company started to export its shell eggs to Israel after closing several profitable long-term contracts. In October 2015, the Company obtained export permission rights and made its first shipment of shell eggs to Qatar. The share of exports volume in 9M 2015 slightly increased to 14% compared to 13% in 9M 2014. In 9M 2015, the Company exported shell eggs to Iraq, UAE, Moldova and Israel.

In Q3 2015, the average sales price of shell eggs increased by 60% YoY to 1.28 UAH per unit, excluding VAT (Q3 2014: 0.80 UAH per unit, excluding VAT) and by 59% YoY to 1.13 UAH per unit, excluding VAT in 9M 2015 (9M 2014: 0.71 UAH per unit, excluding VAT) due to inflation and seasonal price growth. In 9M 2015 the average sales price in dollar terms decreased by 17% YoY and amounted to US\$0.053 per unit, which is slightly above the cost of sales (9M 2014: US\$0.064 per unit).

In 9M 2015, the segment's revenue decreased by 46% YoY to US\$121.4 mln (9M 2014: US\$226.0 mln), resulting from the decreased sales of shell eggs and average sales price in dollar terms. The segment's net loss amounted to US\$25.5 mln (9M 2014: net profit of US\$ 40.7 mln).

### Dry Egg Products Segment

	Units	Q3 2015	Q3 2014	Change	9M 2015	9M 2014	Change
Dry egg products production	Tonnes	3,005	3,728	(19%)	6,567	17,739	(63%)
Sales volume	Tonnes	3,004	3,496	(14%)	8,695	15,882	(45%)
Export	Tonnes	2,526	2,972	(15%)	6,575	13,046	(50%)
Average Sales Price	US\$/Kg	5.89	6.61	(11%)	5.57	6.51	(14%)

	<b>Units</b>	<b>Q3 2015</b>	<b>Q2 2015</b>	<b>Change</b>
Dry egg products production	Tonnes	3,005	2,412	25%
Sales volume	Tonnes	3,004	2,440	23%
Export	Tonnes	2,526	1,928	31%
Average Sales Price	US\$/Kg	5.89	5.67	4%

In Q3 2015, the production volume of dry egg products decreased by 19% YoY to 3,005 tonnes (Q3 2014: 3,758 tonnes), whilst in 9M 2015 it was down by 63% YoY to 6,567 tonnes (9M 2014: 17,739 tonnes). As per its stated strategy to balance sales mix and manage inventories, the Company has started to plan its production based on existing orders to avoid an accumulation of dry egg product inventories.

In Q3 2015, the volume of sales of dry egg products decreased by 14% YoY to 3,004 tonnes (Q3 2014: 3,496 tonnes) and by 45% YoY to 8,695 tonnes in 9M 2015 (9M 2014: 15,882 tonnes).

In Q3 2015, the export of dry egg products declined by 15% YoY to 2,526 tonnes (Q3 2014: 2,972 tonnes) and by 50% YoY to 6,575 tonnes in 9M 2015, or 76% from the total sales (9M 2014: 13,046 tonnes, or 82% from the total sales). The main importers of the Company's dry egg products were Asia and Oceania, the EU and MENA. As per the stated strategy, in Q3 2015, the Company continued to expand its exports to the new markets, including Iran and Latvia. In Q4 2015, the Company entered the Italian market.

However, in Q3 2015 compared to Q2 2015, the Company saw an increase in both production by 25% QoQ and sales by 23% QoQ thanks to the growth in export demand. During the same period, the export of dry egg products was up by 31% QoQ driven by the twofold increase in sales to the EU and moderate growth in sales to Asia. Unfortunately, exports to the Middle East declined as this continued to depend on the volatile situation in the region.

In Q3 2015, the average sales price of dry egg products decreased by 11% YoY to US\$5.89/kg (Q3 2014: US\$6.61/kg) and by 14% YoY to US\$5.57/kg in 9M 2015 (9M 2014: US\$6.51/kg) as a result of an increase in the share of sales of less marginal egg products and domestic sales.

In 9M 2015, as a result of the decreased sales and average sales price of dry egg products, the segment's revenue was down by 53% YoY to US\$48.4 mln (9M 2014: US\$103.3 mln). The segment's net loss amounted to US\$29.4 mln (9M 2014: net profit of US\$30.5 mln) and was affected by reduced sales volumes and lower average sales price.

- 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](mailto:ir@avangardco.ua)

**FTI Consulting London**

Elena Kalinskaya / Nicola Krafft  
 phone: +44 (0) 20 3727 1000  
 e-mail: [avangard@fticonsulting.com](mailto:avangard@fticonsulting.com)

###

**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 September 2015, the Company holds a 36% share of the industrial shell eggs market and a 79% 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 42 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 2018 was included in the official list of the UK Listing Authority (UKLA) and admitted to trading on a regulated market of the London Stock Exchange on 1 November 2010.

# # #

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

**Condensed consolidated statement of financial position**

AS AT 30 SEPTEMBER 2015

*(in USD thousand, unless otherwise stated)*

	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>ASSETS</b>		
Property, plant and equipment	439,091	579,922
Non-current biological assets	23,771	21,637
Deferred tax assets	4,334	2,489
Held to maturity investments	10,036	17,959
Other non-current assets	20	28
<b>Total non-current assets</b>	<b>477,252</b>	<b>622,035</b>
Inventories	66,248	115,896
Current biological assets	14,948	28,228
Trade accounts receivable, net	61,054	79,221
Prepaid income tax	71	48
Prepayments and other current assets, net	12,500	29,094
Taxes recoverable and prepaid	10,589	45,949
Cash and cash equivalents	42,315	117,856
<b>Total current assets</b>	<b>207,725</b>	<b>416,292</b>
<b>TOTAL ASSETS</b>	<b>684,977</b>	<b>1,038,327</b>
<b>EQUITY</b>		
Share capital	836	836
Share premium	201,164	201,164
Reserve capital	115,858	115,858
Retained earnings	931,033	1,077,158
Effect of translation into presentation currency	(947,906)	(776,404)
<b>Equity attributable to owners of the Company</b>	<b>300,985</b>	<b>618,612</b>
<b>Non-controlling interests</b>	<b>(7,000)</b>	<b>27,276</b>
<b>Total equity</b>	<b>293,985</b>	<b>645,888</b>
<b>LIABILITIES</b>		
Long-term loans	70,529	79,844
Deferred tax liabilities	14	26
Deferred income	1,567	2,245
Long-term finance lease	38	63
<b>Total non-current liabilities</b>	<b>72,148</b>	<b>82,178</b>
Short-term bond liabilities	199,864	198,635
Current portion of non-current liabilities	19,597	15,368
Short-term loans	50,000	50,000
Trade payables	3,855	6,907
Other accounts payable	45,528	39,351
<b>Total current liabilities</b>	<b>318,844</b>	<b>310,261</b>
<b>TOTAL LIABILITIES</b>	<b>390,992</b>	<b>392,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>684,977</b>	<b>1,038,327</b>



**Condensed consolidated statement of profit and loss and other comprehensive income**  
**FOR 9 MONTHS ENDED 30 SEPTEMBER 2015**  
*(in USD thousand, unless otherwise stated)*

	<b>9 months ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>
Revenue	176,477	354,693
Profit from revaluation of biological assets at fair value	2,590	8,534
Cost of sales	(166,47)	(261,142)
<b>GROSS PROFIT</b>	<b>12,920</b>	<b>102,085</b>
General administrative expenses	(5,453)	(9,160)
Distribution expenses	(8,893)	(15,018)
Income from government grants and incentives	85	110
Impairment of non current assets	-	(25,751)
Income from special VAT treatment	12,735	33,153
Other operating expenses	(113,463)	(17,781)
<b>(LOSS)/PROFIT FROM OPERATING ACTIVITIES</b>	<b>(102,069)</b>	<b>67,638</b>
Finance income	3,097	143
Finance costs	(20,520)	(23,778)
Losses on exchange	(33,496)	(49,461)
<b>LOSS BEFORE TAX</b>	<b>(152,988)</b>	<b>(5,458)</b>
Income tax credit/(expenditure)	2,502	(289)
<b>LOSS FOR THE PERIOD</b>	<b>(150,486)</b>	<b>(5,747)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Effect from translation into presentation currency	(205,285)	(550,712)
Effect from changes in ownership	-	1,714
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(355,771)</b>	<b>(554,745)</b>
<b>LOSS ATTRIBUTABLE TO</b>		
Owners of the Company	(146,125)	(5,412)
Non-controlling interests	(4,361)	(335)
	<b>(150,486)</b>	<b>(5,747)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>		
<b>TO</b>		
Owners of the Company	(317,627)	(540,442)
Non-controlling interests	(38,144)	(40,920)
	<b>(355,771)</b>	<b>(581 362)</b>
<b>Loss per share, USD (basic and diluted)</b>	<b>(23)</b>	<b>(1)</b>

**Condensed consolidated statement of cash flows**  
**FOR 9 MONTHS ENDED 30 SEPTEMBER 2015**  
*(in USD thousand, unless otherwise stated)*

	<b>9 months ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(152,988)	(5,458)
Adjustments for:		
Depreciation of property, plant and equipment	17,766	15,239
Change in allowance for irrecoverable amounts	40,699	10,224
Other provisions	-	(608)
Loss/(profit) on disposal of current assets	130	(50)
Loss on disposal of property, plant and equipment	66	2,235
Impairment of current assets	37,560	10,159
Effect of fair value adjustments on biological assets	(2,590)	(8,534)
Gains realised from accounts payable written-off	(91)	(4,088)
Amortization of deferred income on government grants	(85)	(110)
Discount bonds amortization	1,229	1,106
Impairment of non current assets	-	25,751
Impairment of funds	28,863	-
Discount on VAT government bonds amortization	(1,528)	-
Interest income	(1,569)	(143)
Interest payable on loans	19,269	21,856
Losses on exchange	41,636	41,252
<b>Operating profit before working capital changes</b>	<b>28,367</b>	<b>108,831</b>
Increase in trade receivables	(26,421)	(53,260)
Decrease in prepayments and other current assets	2,558	49
Decrease/(increase) in taxes recoverable and prepaid	27,766	(23,870)
Increase in inventories	(18,933)	(10,304)
Decrease in deferred income	-	(155)
Decrease in other non-current assets	-	343
Decrease in trade payables	(1,115)	(955)
Decrease in biological assets	316	28,080
Decrease in finance leases	(9)	(1,145)
(Decrease)/increase in other accounts payable	(2,223)	538
<b>Cash generated from operations</b>	<b>10,306</b>	<b>48,151</b>
Interest paid	(3,439)	(6,941)
Income tax paid	(54)	(41)
<b>Net cash generated from operating activities</b>	<b>6,813</b>	<b>41,169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments and receipts - property, plant and equipment	(32,542)	(55,011)
Interest received	2,134	143
<b>Net cash used in investing activities</b>	<b>(30,408)</b>	<b>(54,868)</b>

**Condensed consolidated statement of cash flows (cont.)**  
**FOR 9 MONTHS ENDED 30 SEPTEMBER 2015**  
*(in USD thousand, unless otherwise stated)*

	<b>9 months ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New loans received	12,452	90,630
Repayment of loans	(9,382)	(59,361)
Interest paid for bonds issued	(10,000)	(10,000)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,930)</b>	<b>21,269</b>
<b>Net (decrease)/increase in cash</b>	<b>(30,526)</b>	<b>7,571</b>
<b>Cash and cash equivalents at 1 January</b>	<b>117,856</b>	<b>156,804</b>
Impairment of funds	(28,701)	-
Effect from translation into presentation currency	(16,314)	(6,770)
<b>Cash and cash equivalents at 30 September</b>	<b>42,315</b>	<b>157,605</b>