

23 May 2012

Cherkizovo Group OJSC (“Cherkizovo” or “the Group” or “the Company”)

Unaudited Financial results for the First Quarter Ended 31 March 2012

Moscow, 23 May 2012 - Cherkizovo Group (LSE: CHE), Russia’s leading integrated and diversified meat producer, today announces unaudited quarterly results for the period ended 31 March 2012.

Highlights

- Revenues increased 20% on a rouble currency basis, and increased 16% to \$357.8 million from \$308.2 million in the first quarter of 2011
- Adjusted EBITDA* increased 80% on a rouble currency basis, and 74% to \$60.8 million from \$34.9 million in the first quarter of 2011
- Adjusted EBITDA* margin increased to 17% from 11% in the first quarter of 2011
- Gross profit increased 50% on a rouble currency basis, and increased 45% to \$93.7 million from \$64.6 million in the first quarter of 2011
- Group’s gross margin increased to 26% from 21% in the first quarter of 2011
- Net income increased 121% on a rouble currency basis, and increased 114% to \$39.3 million from \$18.4 million in the first quarter of 2011
- For the first quarter 2012 Net debt was at \$775 million.
- The effective cost of debt was 1.7% (1Q2011: 2%)
- Net income per share increased 112% to \$0.91 from \$0.43 in the first quarter of 2011
- Cash conversion rate (CCR)*** was 145% (1Q2011: 176%)

Business Developments

- Cherkizovo Group continued construction of its greenfield pork farms in Tambov, Voronezh and Lipetsk by launching rearing facilities at all three complexes.
- Cherkizovo Group has opened the first line of the poultry breeding facility, “Pervomayskaya”, at its Bryansk cluster. The facility, which was built as part of Cherkizovo’s ongoing poultry capacity increase project, consists of 28 bird houses, with a combined capacity of almost 1 million broilers.
- Cherkizovo Group has built 21 additional bird houses at the poultry breeding facility “Vostochnaya” at its Penza cluster. Previously, this facility consisted of 4 bird houses with a capacity of 246 000 broilers, but with the new bird houses, this has increased to 1 million heads.
- Cherkizovo Group’s shares and bonds have been transferred from quotation list ‘A 2’ to quotation list ‘A 1’ on MICEX

- Cherkizovo Group's bonds were included into the Lombard List of the Central Bank of Russia.

Sergey Mikhailov, Chief Executive Officer of Cherkizovo Group, said:

“In the first quarter of 2012 we delivered an excellent performance, in line with our targets. Net income showed a record 114% growth, driven by strong performance in the poultry segment, high pork prices, the efficient restructuring of the meat processing division and the decrease in grain prices. The Group achieved a 16% increase in revenue and growth in Adjusted EBITDA* of 74%, resulting in a healthy 17% Adjusted EBITDA* margin.

In the Poultry segment, we delivered 36% sales growth, driven both by the strength of our existing brands and incremental volumes from Mosselprom, acquired in 2011. From an operational point of view, we have made solid progress in our large-scale projects to increase poultry capacity.

The Pork segment benefited from high pork prices throughout the whole quarter. We continued to expand our capacity, launching rearing facilities at our modern complexes in Lipetsk, Tambov and Voronezh. These complexes will reach full capacity in 2013, further strengthening Cherkizovo's strong position in the Russian pork market.

The Meat Processing segment delivered positive pricing and profitability trends while volumes were slightly lower. Our recently acquired Kaliningrad meat processing plant is now operating at full capacity and adding to the margins of the segment.

As for the pricing environment, we see that poultry prices are growing very slowly and do not expect significant price growth in 2012; we remain confident about the future of the poultry market and continue to invest in poultry production. In the Pork segment, prices were at historically high levels, supporting healthy margins for the Group. In the Meat Processing segment, prices continued to grow above inflation, representing strengthening consumer confidence and a positive shift in Cherkizovo's product portfolio towards a larger share of value-added products”.

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Financial Overview

The table below summarises the Group's performance on a rouble currency basis in the first quarter of 2012:

RUR, mln (unaudited)	1Q2012	1Q2011	Change
Sales	10 827.0	9 020.1	20%
Gross Profit	2 835.6	1 889.5	50%
<i>Gross margin, %</i>	26%	21%	
Operating expenses	(1 559.4)	(1 264.7)	
Operating Income	1 276.1	624.8	104%
<i>Operating Income margin, %</i>	12%	7%	
Net Income	1 188.0	537.2	121%
Adjusted EBITDA	1 839.1	1 021.6	80%
<i>EBITDA margin, %</i>	17%	11%	

On a reported currency basis sales increased by 16% to US\$357.8 million (1Q2011: US\$308.2 million). Gross profit increased 45% to US\$93.7 million (1Q2011: US\$64.6 million). Operating expenses as a percentage of sales were flat at 14%. Net income increased 114% to US\$39.3 million (1Q2011: US\$18.4 million).

Adjusted EBITDA* increased 74% to US\$60.8 million (1Q2011: US\$34.9 million) and adjusted EBITDA* margin was 17%.

USD, mln (unaudited)	1Q2012	1Q2011	Change
Sales	357.8	308.2	16%
Gross Profit	93.7	64.6	45%
<i>Gross margin, %</i>	26%	21%	
Operating expenses	(51.5)	(43.2)	
Operating Income	42.2	21.3	98%
<i>Operating Income margin, %</i>	12%	7%	
Net Income	39.3	18.4	114%
Adjusted EBITDA	60.8	34.9	74%
<i>EBITDA margin, %</i>	17%	11%	

Poultry Division

Sales volumes in the Poultry division for the first quarter of 2012 increased by 42% to approximately 75 860 tonnes of sellable weight compared to approximately 53 570 tonnes for the first quarter of 2011, reflecting the contribution from the newly launched sites at Bryansk and sales by Mosselprom, acquired in May 2011.

Prices for poultry in dollar terms decreased by 1% from \$2.43 per kg in the first quarter of 2011 to \$2.40 per kg in the first quarter of 2012 (excluding VAT)#. Compared to the price in the fourth quarter of 2011 of \$2.36, prices in the first quarter of 2012 were nearly flat.

Prices in rouble terms increased by 2% from 71.07 roubles per kg in the first quarter of 2011 to 72.50 roubles per kg in the first quarter of 2012 (excluding VAT). Compared to the price in the fourth quarter of 2011 of 73.74 roubles per kg, the price in the first quarter of 2012 decreased by 2%.

Total sales in the Poultry division increased 36% to US\$189.3 million (1Q2011: US\$139.4 million). Gross Profit increased 82% to US\$47.8 million (1Q2011: US\$26.2 million), and divisional Gross Margin increased to 25% (1Q2011: 19%).

Operating expenses as a percentage of sales remained flat at 13%. Operating income of the division increased by 209% to US\$23.6 million (1Q2011: US\$7.6 million), and operating margin increased to 12% (1Q2011: 5%). Profit in the Poultry division increased by 219% to US\$20.1 million (1Q2011: US\$6.3 million).

Adjusted EBITDA* increased 139% to US\$33.9 million (1Q2011: US\$14.2 million), while Adjusted EBITDA* margin in the Poultry division increased to 18% in the first quarter of 2012 (1Q2011: 10%).

Pork Division

Sales volumes in the Pork division in the first quarter of 2012 increased by 12% to approximately 22 660 tonnes of live weight, compared to approximately 20 220 tonnes in the first quarter of 2011.

In dollar terms, prices for pork sales increased by 4% from \$2.57 per kg of live weight in the first quarter of 2011 to \$2.66 per kg of live weight in the first quarter of 2012 (excluding VAT)#. Compared to the price in the fourth quarter of 2011 of \$2.66 per kg, the price in the first quarter of 2012 was flat.

Prices in rouble terms increased by 7% from 75.27 roubles per kg in the first quarter of 2011 to 80.53 roubles per kg in the first quarter of 2012 (excluding VAT). Compared to the price in the fourth quarter of 2011 of 82.97 roubles per kg, the price in the first quarter of 2012 decreased by 3%.

Total sales in the Pork division increased 7% to US\$62.1 million (1Q2011: US\$58.0 million). Gross Profit increased 32% to US\$24.6 million (1Q2011: US\$18.6 million) while Gross Margin increased to 40% (1Q2011: 32%).

Operating expenses as a percentage of sales increased to 10% from 7% in the first quarter of 2011. Operating Income of the division increased 28% to US\$18.6 million (1Q2011: US\$14.6 million), while Operating Margin was 30% (1Q2011: 25%). Profits in the Pork division increased 28% to US\$18.1 million (1Q2011: US\$14.1 million).

Adjusted EBITDA* generated by the division increased 29% to US\$23.9 million (1Q2011: US\$18.6 million), and Adjusted EBITDA* Margin increased to 38% (1Q2011: 32%).

Meat Processing Division

Sales volumes decreased by 12% to approximately 29 115 tonnes from 33 200 tonnes for the first quarter of 2011. The decrease was predominantly due to the closure of a high-cost slaughtering facility in southern Russia (Labinsk).

Prices in dollar terms increased by 11% from \$4.30 per kg in the first quarter of 2011 to \$4.75 per kg in the first quarter of 2012 (excluding VAT)#. Compared to the price in the fourth quarter of 2011 of \$4.57, the price in the first quarter of 2012 increased by 4%.

Prices in rouble terms increased by 14% from 125.75 roubles per kg in the first quarter of 2011 to 143.82 roubles per kg in the first quarter of 2012 (excluding VAT). Compared to the price in the fourth quarter of 2011 of 142.74 roubles per kg, the price in the first quarter of 2012 stayed almost flat.

Sales in the Meat Processing division decreased 5% to US\$130.9 million (1Q2011: US\$138.4 million). Divisional Gross Profit increased 10% to US\$21.9 million (1Q2011: US\$19.9 million), while Gross Margin increased from 14% to 17%. Operating expenses as a percentage of sales increased to 14% from 12% in the first quarter of 2011. Divisional profit increased 221% to US\$1.3 million (1Q2011: US\$0.4 million).

Adjusted EBITDA* for the division increased 11% to US\$6.1 million (1Q2011: US\$5.5 million), and Adjusted EBITDA* margin increased to 5% (1Q2011: 4%).

Financial Position

The Group's Capital Expenditure on property, plant and equipment and maintenance amounted to US\$37.5 million in the first quarter of 2012. Of that, US\$19.2 million was invested into the Poultry division, mainly into the capacity increase projects at the Bryansk and Penza clusters. The Pork division received US\$15.6 million of investment and there was US\$2.7 million of investment in the Meat Processing division.

Net Debt** at the end of the first quarter of 2012 was US\$775 million or RUR22,729.5 million. Total debt stood at US\$805.6 million or RUR23,625.8 million. Of total debt long-term debt was approximately US\$566.7 million or 70% of the debt portfolio. Short-term debt was approximately US\$238.9 million, or 30% of the portfolio. Cost of debt for the first quarter of 2012 was 1.7%. The portion of subsidised loans and credit lines in the portfolio was 93%. Cash and cash equivalents totalled US\$30.6 million at 31 March 2012.

Subsidies

In the first quarter of 2012 the Group received direct subsidies in the amount of RUR 14 million (US\$ 0.47 million). The Group accrued subsidies for interest reimbursement of US\$15.7 million which offset interest expense (1Q2011: US\$11.9 million).

Outlook

In the second half of the year, we still expect many uncertainties related to Russia's admission to the WTO and a possible decline in pork prices. We believe that the Government will announce some protective measures that will support the pork industry, which has attracted strong investment in recent years. Our future pork investments, in addition to those already committed will depend on the situation after Russia's WTO admission.

So far we see positive outlook on grain prices, but the future crop depends on the weather conditions in the coming months.

Cherkizovo will continue to focus on both parts of its strategy, strong organic growth along with investing into production, asset development and considering possible acquisitions.

***Non-GAAP financial measures.** This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Adjusted Earnings before Interest, Income Tax, Depreciation and Amortization (“Adjusted EBITDA”). Adjusted EBITDA represents income before income tax and non-controlling interests adjusted for interest, depreciation and amortization and certain other items as shown in the reconciliation in Appendix 1. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of our net revenues. Our adjusted EBITDA may not be similar to adjusted EBITDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within our industry. Adjusted EBITDA is reconciled to our consolidated statements of operations in Appendix 1.

**** Net debt** is calculated as total debt minus cash and cash equivalents

***** Cash Conversion rate (CCR)** is calculated as Total net cash from operating activities divided by Net income attributable to Group Cherkizovo

For price calculation in dollar terms the Company used the average exchange rate for 1Q2012 of 30.26 roubles per 1 US Dollar, for 1Q2011 the average rate was 29.27 roubles per 1 US dollar.

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 the Group. 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 Russia, rapid market change in our industry, as well as many other risks specifically related to the Group and its operations.

APPENDIX I: KEY DATA AND FIGURES

UNAUDITED First Quarter 2012 Consolidated Selected Financial Data (US\$000)

(in thousands of US dollars)	Meat-Processing	Poultry	Pork	Grain	Corporate assets/expenses	Inter-division	Combined
Total Sales	130 873	189 267	62 112	637	1 218	(26 355)	357 752
including other sales	1 452	12 364	1 814	-	-	-	15 630
including sales volume discount	(9 540)	(4 832)	-	-	-	-	(14 372)
Interdivision Sales	(388)	(7 721)	(17 028)	-	(1 218)	26 355	-
Sales to external customers (Sales)	130 485	181 546	45 084	637	-	-	357 752
<i>% of Total sales</i>	36,5%	50,7%	12,6%	0,2%	0,0%	0,0%	100,0%
Cost of Sales	(108 995)	(141 512)	(37 532)	(727)	-	24 710	(264 056)
Gross profit	21 878	47 755	24 580	(90)	1 218	(1 645)	93 696
Gross margin	16,7%	25,2%	39,6%	-14,1%	100,0%	6,2%	26,2%
Operating expenses	(18 525)	(24 168)	(5 958)	11	(4 532)	1 645	(51 527)
Operating income	3 353	23 587	18 622	(79)	(3 314)	-	42 169
<i>Operating margin</i>	2,6%	12,5%	30,0%	-12,4%	-272,1%	0,0%	11,8%
Other income and expenses, net	596	(1 737)	798	(2)	7 061	(4 736)	1 980
Financial expenses, net	(2 651)	(1 757)	(1 373)	(15)	(2 314)	4 736	(3 374)
Division profit / (loss)	1 298	20 093	18 047	(96)	1 433	-	40 775
<i>Division profit margin</i>	1,0%	10,6%	29,1%	-15,1%	117,7%	0,0%	11,4%
Supplemental information:							
Income Tax expense	514	(56)	(23)	17	(17)	-	435
Depreciation expense	2 719	10 332	4 978	133	144	-	18 306
Adjusted EBITDA reconciliation							
Division profit / (loss)	1 298	20 093	18 047	(96)	1 433	-	40 775
Add:							
Interest expense, net	2 651	1 757	1 373	15	2 314	(4 736)	3 374
Interest income	(47)	(1 170)	(67)	-	(3 525)	4 736	(73)
Foreign exchange loss/gain	(546)	2 908	(438)	-	(3 535)	-	(1 611)
Depreciation and amortisation	2 719	10 332	4 978	133	144	-	18 306
Adjusted EBITDA*	6 075	33 920	23 893	52	(3 169)	-	60 771
<i>Adjusted EBITDA Margin*</i>	4,6%	17,9%	38,5%	8,2%			17,0%

Reconciliation between net division profit and income attributable to Cherkizovo Group

Total net division profit	40 775
Net income attributable to non-controlling interests	(1 082)
Income taxes	(435)
Net income attributable to Cherkizovo Group	39 258

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

	Three months ended 31 March 2012	Three months ended 31 March 2011
<i>(in thousands of US dollars)</i>		
Sales	357 752	308 176
incl. Sales volume discount	(14 372)	(10 890)
incl. Sales returns	(3 215)	(3 908)
Cost of sales	(264 056)	(243 619)
Gross profit	93 696	64 557
Gross margin	26,2%	20,9%
Operating expenses	(51 527)	(43 208)
Operating Income	42 169	21 349
Operating margin	11,8%	6,9%
Income before income tax and minority interest	40 775	18 630
Net income attributable to Group Cherkizovo	39 258	18 358
<i>Net profit margin</i>	<i>11.0%</i>	<i>6.0%</i>
Weighted average number of shares outstanding	43 086 874	43 028 022
Earnings per share		
Net income attributable to Cherkizovo Group per share – basic and diluted	0,91	0,43
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and minority interest	40 775	18 630
Add:		
Interest expense, net of subsidies	3 374	3 155
Interest income	(73)	(906)
Foreign exchange loss/gain	(1 611)	477
Depreciation and amortisation	18 306	13 550
Consolidated Adjusted EBITDA*	60 771	34 906
<i>Adjusted EBITDA Margin</i>	<i>17.0%</i>	<i>11.3%</i>

MEAT PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

	Three months ended 31 March 2012	Three months ended 31 March 2011
<i>(in thousands of US dollars)</i>		
Total Sales	130 873	138 440
Interdivision sales	(388)	(192)
Sales to external customers	130 485	138 248
Cost of sales	(108 995)	(118 581)
Gross profit	21 878	19 859
<i>Gross margin</i>	16,7%	14,3%
Operating expenses	(18 525)	(17 290)
Operating Income	3 353	2 569
<i>Operating margin</i>	2,6%	1,9%
Other income and expenses, net	596	193
Interest expense, net	(2 651)	(2 358)
Division profit/(loss)	1 298	404
<i>Division profit margin</i>	1,0%	0,3%
Meat processing division Adjusted EBITDA reconciliation*		
Division profit/(loss)	1 298	404
Add:		
Interest expense, net of subsidies	2 651	2 358
Interest income	(47)	(63)
Foreign exchange loss/gain	(546)	(129)
Depreciation and amortisation	2 719	2 909
Meat processing division Adjusted EBITDA*	6 075	5 479
<i>Adjusted EBITDA Margin</i>	4,6%	4,0%

POULTRY PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

	Three months ended 31 March 2012	Three months ended 31 March 2011
<i>(in thousands of US dollars)</i>		
Total Sales	189 267	139 368
Interdivision sales	(7 721)	(9 733)
Sales to external customers	181 546	129 635
Cost of sales	(141 512)	(113 176)
Gross profit	47 755	26 192
<i>Gross margin</i>	25,2%	18,8%
Operating expenses	(24 168)	(18 549)
Operating Income	23 587	7 643
<i>Operating margin</i>	12,5%	5,5%
Other income and expenses, net	(1 737)	(258)
Interest expense, net	(1 757)	(1 123)
Division profit/(loss)	20 093	6 262
<i>Division profit margin</i>	10.6%	4.5%
Poultry division Adjusted EBITDA reconciliation*		
Division profit/(loss)	20 093	6 262
Add:		
Interest expense, net of subsidies	1 757	1 123
Interest income	(1 170)	(23)
Foreign exchange loss/gain	2 908	285
Depreciation and amortisation	10 332	6 545
Poultry division Adjusted EBITDA*	33 920	14 192
<i>Adjusted EBITDA Margin</i>	17,9%	10,2%

PORK PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

	Three months ended 31 March 2012	Three months ended 31 March 2011
<i>(in thousands of US dollars)</i>		
Total Sales	62 112	57 979
Interdivision sales	(17 028)	(17 686)
Sales to external customers	45 084	40 293
Cost of sales	(37 532)	(39 411)
Gross profit	24 580	18 568
<i>Gross margin</i>	39,6%	32,0%
Operating expenses	(5 958)	(3 977)
Operating Income	18 622	14 591
<i>Operating margin</i>	30,0%	25,2%
Other income and expenses, net	798	90
Interest expense, net	(1 373)	(541)
Division profit/(loss)	18 047	14 140
<i>Division profit margin</i>	29,1%	24,4%
Pork division Adjusted EBITDA reconciliation*		
Division profit/(loss)	18 047	14 140
Add:		
Interest expense, net of subsidies	1 373	541
Interest income	(67)	(58)
Foreign exchange loss/gain	(438)	(32)
Depreciation and amortisation	4 978	3 983
Pork division Adjusted EBITDA*	23 893	18 574
<i>Adjusted EBITDA Margin</i>	38,5%	32,0%

GRAIN DIVISION UNAUDITED INCOME STATEMENT DATA*

	Three months ended 31 March 2012	Three months ended 31 March 2011
<i>(in thousands of US dollars)</i>		
Total Sales	637	-
Interdivision sales	-	-
Sales to external customers	637	-
Cost of sales	(727)	-
Gross profit	(90)	-
<i>Gross margin</i>	-14,1%	0.0%
Operating expenses	11	-
Operating Income	(79)	-
<i>Operating margin</i>	-12,4%	0.0%
Other income and expenses, net	(2)	-
Interest expense	(15)	-
Division profit/(loss)	(96)	-
<i>Division profit margin</i>	-15,1%	0.0%
Grain division Adjusted EBITDA reconciliation*		
Division profit/(loss)	(96)	-
Add:		
Interest expense, net of subsidies	15	-
Depreciation and amortisation	133	-
Grain division Adjusted EBITDA*	52	-
<i>Adjusted EBITDA Margin</i>	8.2%	0.0%

*** The grain segment was acquired by the Group in May 2011 together with Mosselprom and is involved in the farming of wheat and other crops.**

APPENDIX II:**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three months ended 31 MARCH 2012

	Three months ended 31 March 2012 US\$000	Three months ended 31 March 2011 US\$000	Year ended 31 December 2011 US\$000 (as adjusted)*
Sales	357 752	308 176	1 472 891
Cost of sales	(264 056)	(243 619)	(1 104 163)
Gross profit	93 696	64 557	368 728
Selling, general and administrative expenses	(51 342)	(43 236)	(195 728)
Impairment of assets	-	-	(3 395)
Other operating income (expense)	(185)	28	(1 151)
Operating Income	42 169	21 349	168 454
Other income, net	1 980	436	(30)
Interest expense, net	(3 374)	(3 155)	(14 749)
Income before income tax expense	40 775	18 630	153 675
Income tax expense	(435)	(205)	(5 819)
Net Income	40 340	18 425	147 856
Less: Net income attributable to non-controlling interests	(1 082)	(67)	(2 839)
Net Income attributable to Cherkizovo Group	39 258	18 358	145 017
Weighted average number of shares outstanding – basic:	43 086 874	43 028 022	42 953 544
Net income attributable to Cherkizovo Group per share – basic	0.91	0.43	3.38
Weighted average number of shares outstanding – diluted:	43 109 874	43 028 022	42 958 044
Net income attributable to Cherkizovo Group per share – diluted	0.91	0.43	3.38

APPENDIX III:**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2012**

	31 March 2012	31 December
	US\$000	2011
		US\$000
		(as adjusted)*
ASSETS		
Current assets:		
Cash and cash equivalents	30 560	28 247
Trade receivables, net of allowance for doubtful accounts of 5 694 and of 5 150 as of 31 March 2012 and 31 December 2011, respectively	77 652	77 623
Advances paid, net of allowance for doubtful accounts of 2 597 and of 2 845 as of 31 March 2012 and 31 December 2011, respectively	33 385	26 001
Inventory	237 717	219 423
Short-term deposits in banks	1 023	931
Deferred tax assets	4 594	4 186
Other receivables, net of allowance for doubtful accounts of 3 290 and of 2 869 as of 31 March 2012 and 31 December 2011, respectively	26 716	20 964
Other current assets	42 505	46 490
Total current assets	454 152	423 865
Non-current assets:		
Property, plant and equipment, net	1 329 540	1 197 574
Goodwill	19 110	17 407
Other intangible assets, net	45 730	41 597
Deferred tax assets	5 543	5 049
Notes receivable, net	1 658	1 497
Other non-current receivables	4 336	3 892
Total non-current assets	1 405 917	1 267 016
Total assets	1 860 069	1 690 881

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2012 (CONTINUED)**

	31 March 2012 US\$000	31 December 2011 US\$000 (as adjusted)*
Trade accounts payable	78 148	88 173
Short-term borrowings	238 869	214 154
Tax related liabilities	12 364	11 676
Deferred tax liabilities	102	93
Payroll related liabilities	22 806	17 769
Advances received	3 967	7 552
Payables for non-current assets	9 745	10 092
Interest payable	1 984	1 082
Other payables and accruals	10 435	7 724
Total current liabilities	378 420	358 315
Non-current liabilities:		
Long-term borrowings	566 696	533 629
Deferred tax liabilities	38 850	36 362
Tax related liabilities	2 825	2 576
Payables to shareholders	487	463
Other liabilities	2 224	2 095
Total non-current liabilities	611 082	575 125
Equity:		
Share capital	15	15
Additional paid-in capital	277 937	277 892
Treasury shares	(18 719)	(16 195)
Other accumulated comprehensive loss	(46 522)	(121 811)
Retained earnings	626 684	587 426
Total shareholders' equity	839 395	727 327
Non-controlling interests	31 172	30 114
Total equity	870 567	757 441
Total liabilities and equity	1 860 069	1 690 881

APPENDIX IV:**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

	Three months ended 31 March 2012 US\$000	Three months ended 31 March 2011 US\$000	Year ended 31 December 2011 US\$000 (as adjusted)*
Cash flows from (used in) operating activities:			
Net income	40 340	18 425	147 857
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortisation	18 306	13 550	66 634
Bad debt expense	588	673	3 182
Uncollectable subsidies	-	-	4 804
Impairment of assets	-	-	3 395
Foreign exchange loss	(1 611)	477	3 601
Deferred tax benefit	(1 034)	(499)	(633)
Other adjustments, net	(62)	(62)	(794)
Changes in operating assets and liabilities			
Increase in trade receivables	5 454	7 798	1 054
(Increase)/decrease in advances paid	(4 179)	9 722	16 169
Decrease/(increase) in inventory	7 401	(1 580)	(6 670)
Decrease/(increase) in other assets	1 512	(7 825)	(11 325)
Decrease in other non-current receivables	-	-	529
(Decrease)/increase in trade accounts payable	(10 814)	(4 220)	3 432
Decrease/increase in tax related liabilities	(1 014)	(2 329)	392
Increase (decrease) in other current payables	2 167	(1 853)	596
Total net cash from operating activities	57 054	32 277	232 223
Cash flows from (used in) investing activities:			
Purchases of long-lived assets	(40 825)	(42 139)	(211 866)
Proceeds from sale of property, plant and equipment	2 243	148	3 504
Acquisitions of subsidiaries, net of cash acquired	(60)	(9 713)	(43 219)
Short-term loans granted	(165)	(171)	(5 934)
Repayments on short term loans granted	596	592	43 568
Other investing activities	(2 555)	(1)	28
Total net cash used in investing activities	(40 766)	(51 284)	(213 919)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 AND 2011 (CONTINUED)**

	Three months ended 31 March 2012 US\$000	Three months ended 31 March 2011 US\$000	Year ended 31 December 2011 US\$000(as adjusted)*
Cash flows from (used in) financing activities:			
Proceeds from long-term loans	19 918	29 492	168 518
Repayment of long-term loans	(25 506)	(22 896)	(175 887)
Proceeds from short-term loans	17 113	13 836	165 935
Repayment of short-term loans	(25 717)	(18 534)	(187 789)
Purchase of treasury stock	(2 523)	-	(15 699)
Cash distributed to shareholders	(19)	(16)	-
Acquisitions of entities under common control and non-controlling interests	-	-	(14 135)
Total net cash (used in) from financing activities	(16 734)	1 882	(59 057)
Total cash used in operating, investing and financing activities			
	(446)	(17 125)	(40 753)
Impact of exchange rate difference on cash and cash equivalents	2 759	4 391	836
Net increase/(decrease) in cash and cash equivalents:	2 313	(12 734)	(39 917)
Cash and cash equivalents at the beginning of the period	28 247	68 164	68 164
Cash and cash equivalents at the end of the period	30 560	55 430	28 247
Supplemental Information:			
Income taxes paid	2 272	1 625	6 725
Interest paid	19 300	17 093	78 221
Subsidies received	12 887	9 056	60 821
Property, plant and equipment acquired on account	9 745	14 972	10 464
Settlement of acquisition of Mosselprom with shares	-	-	23 660

* As required by US GAAP, comparative information for the year ended 31 December 2011 has been adjusted retrospectively for the finalization of the allocation of the purchase price of Mosselprom