24 May 2013

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

Financial results for the First Quarter Ended 31 March 2013

Moscow, 24 May 2013 - Cherkizovo Group (LSE: CHE), Russia’s leading integrated and diversified meat producer, today announces quarterly results for the period ended 31 March 2013.

Highlights

- Revenue increased by 8% to $385.0 million for 1Q 13 from $357.3 million in the first quarter of 2012
- Adjusted EBITDA* decreased by 54% to $28.4 million for 1Q 13 from $62.5 million in the first quarter of 2012
- Adjusted EBITDA* margin decreased to 7.4% from 17.5% in the first quarter of 2012
- Gross Profit decreased by 34% to $63.3 million for 1Q13 from $96.0 million in the first quarter of 2012
- Group’s gross margin decreased to 16.4% from 26.9% in the first quarter of 2012
- The company showed Net Loss of $0.6 million compared to Net Income of $39.8 million in the first quarter of 2012
- Net Debt**** was $846.8 million at the end of the first quarter of 2013
- The effective cost of debt was 2.6% (1Q12: 1.9%)
- Net Loss per share was at $0.01
- Operating Cash Flow was at $30.7 million

Business Developments

- Three new pork complexes in the Lipetsk, Tambov and Voronezh regions, launched in 2012, are fully operational and working at full capacity, resulting in a significant increase in pork production volumes.
- Renovation of a semi-cooked meat products facility began at the Cherkizovsky Meat Processing Plant in Moscow. The new facility will produce semi-cooked meat products under the popular Cherkizovsky brand.
- Renovation of a slaughterhouse at the Penza Meat Processing Plant got under way.

Commenting on the results from the first quarter, Sergei Mikhailov, Cherkizovo CEO, stated:

The first quarter was extremely challenging for all meat manufacturers in Russia, our company included. Grain prices reached historic highs with a peak in February and pork prices continued to decline throughout the quarter. Even the most efficient industrial pork manufacturers, including Cherkizovo, were forced to sell hogs below production cost.

In these trying circumstances, the Cherkizovo Group demonstrated that its unique diversified structure enables the Company to mitigate inevitable market risks. While the pork segment suffered from depressed prices, the meat processing segment helped to capture some margin lost in pork. Our new grain segment also demonstrated strong growth.

From this point forward, we expect the situation to significantly improve. As we surmised, pork prices began growing with the start of the summer barbeque season, and, as a result of the market deficit caused by decreased imports and less efficient producers exiting the market, in early May live hog prices rebounded by more than 10%. Grain prices started to decline in anticipation of a good harvest.

We welcome the government's decision to increase its support for the agricultural sector. It is expected that direct subsidies will amount to 9 rubles per kilogram for pork and 3.5 rubles per kilogram for poultry. These subsidies will be distributed based on Q4 2012 production volumes, so the Cherkizovo Group should receive approximately 600 million RUR in subsidies.

Over the last seven years we have built a strong and sustainable business model and the strongest management team in the industry. Given that fact, Cherkizovo is pursuing the right strategy and is on the right track for long term growth.

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About Cherkizovo Group

Cherkizovo Group (LSE:CHE) is the largest meat manufacturer in Russia and one of the top three companies serving Russia's poultry, pork and meat processing markets. The company is also Russia's largest producer of fodder.

The Group includes 7 full cycle poultry production facilities, with a total capacity of 400,000 tonnes live weight p.a.; 14 modern pork production facilities with a total capacity of 180,000 tonnes live weight p.a.; 6 meat processing plants with a total capacity of 190,000 tonnes p.a.; 6 fodder plants with a total capacity of 1.4 million tons p.a.; grain storage facilities with a total storage capacity exceeding 500,000 tonnes; and a land bank exceeding 100,000 hectares. In 2012, Cherkizovo produced more than half a million tons of meat and processed meat products.

Due to its vertically integrated structure, which includes agricultural land, grain storage facilities, feed production, livestock breeding, growing and slaughtering as well as meat processing and integrated distribution, Cherkizovo has consistently delivered sustainable revenue and profit growth. In 2012, Cherkizovo's US GAAP consolidated revenue exceeded $1,5 billion, and net profit amounted to $ 225 million.

Within the last five years alone, Cherkizovo has invested more than $ 1 billion into the development of Russia's agriculture sector. In addition to existing production facilities, the Group is also investing in a 20 billion ruble high technology agro-industrial production complex in Elets, Lipetsk region.

Cherkizovo's strategy includes both organic growth and investment in new projects, driving the consolidation of the Russian meat market. Cherkizovo shares are quoted on LSE and RTS/MICEX.

Financial Overview

The table below summarizes the Group's performance on a rouble currency basis in the first quarter of 2013:

RUR, m (unaudited)	**1Q13**	**1Q12**	**Change y-o-y**
Sales	11 709.5	10 811.9	8.3%
Gross Profit	1 923.9	2 904.1	-33.8%
Gross margin	*16.4%*	*26.9%*	
SG&A	(1 746.2)	(1 587.3)	10.0%
Operating Income	177.7	1 316.8	-86.5%
Operating Income margin	*1.5%*	*12.2%*	
Net (Loss)/Income	(17.0)	1 204.8	n/a
Adjusted EBITDA*	863.9	1 890.9	-54.3%
EBITDA margin	*7.4%*	*17.5%*	

On a reported currency basis sales for 1Q13 increased by 8% to $385.0 million (1Q12: $357.3 million) on the back of solid poultry segment performance. Gross profit decreased by 34% to $63.3 million (1Q12: $96.0 million). Operating expenses as a percentage of sales were almost flat at 14.9%. The company showed Net loss of $0.6 million compared to net income of $39.8 million in 1Q 12.

Adjusted EBITDA* decreased by 54% to $28.4 million (1Q12: $62.5 million) due to a combination of historically high grain prices and historically low pork prices. Adjusted EBITDA margin* fell to 7.4% for 1Q13 vs 17.5% in 1Q12.

$, m (unaudited)**	**1Q13**	**1Q12**	**Change y-o-y**
Sales	385.0	357.3	7.8%
Gross Profit	63.3	96.0	-34.1%
Gross margin	*16.4%*	*26.9%*	
SG&A	(57.4)	(52.4)	9.5%
Operating Income	5.8	43.5	-86.6%
Operating Income margin	*1.5%*	*12.2%*	
Net (Loss)/Income	(0.6)	39.8	n/a
Adjusted EBITDA*	28,4	62.5	-54.5%
EBITDA margin	*7.4%*	*17.5%*	

Poultry Division

Sales volumes in the Poultry division in 1Q13 increased by 6% to 80 370 tonnes of sellable weight compared to 75 866 tonnes in 1Q12. Prices in ruble terms increased by 6% from 72.5 RUR/kg in 1Q12 to 76.9 RUR/kg in 1Q13***. Compared to the fourth quarter of 2012 of 84.8 RUR/kg, the price in the first quarter decreased by 9%.

Prices for poultry in dollar terms increased by 5% from $2.4/kg in the first quarter of 2012 to $2.5/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of $2.7/kg, price in the first quarter of 2013 decreased by 7%.

Total sales in the Poultry division increased by 10% to $ 208.2 million (1Q12: $189.3 million). Gross Profit decreased by 32% to $ 32.3 million (1Q12: $47.8 million), divisional Gross margin decreased to 15.5% (1Q12: 25.2%) mostly due to high cost of sales and relatively weak domestic price environment in the first quarter.

Operating expenses as a percentage of sales decreased to 12.1% from 12.8% mostly on the back of lower transportation expenses. Operating Income of the division decreased by 70% to $ 7.0 million (1Q12: $23.6 million), and Operating margin was 3.4%. Profit in the Poultry division decreased by 64% to $7.3 million (1Q12: $ 20.1 million).

Adjusted EBITDA* decreased by 45% to $18.6 million (1Q12: $33.9 million), and Adjusted EBITDA* margin fell to 8.9% in 1Q13 vs 17.9% in 1Q12.

Pork Division

Sales volumes in the Pork division in the first quarter of 2013 increased by 58% to approximately 35 887 tonnes of live weight, compared to 22 660 tonnes in the first quarter of 2012.

Prices in ruble terms decreased by 28% from 80.5 RUR/kg in the first quarter of 2012 to 57.6 RUR/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of 65.4 RUR/kg, the price in the first quarter of 2013 decreased by 12%.

In dollar terms, price for pork decreased by 29% from $2.7/kg in the first quarter of 2012 to $1.9/kg in the first quarter of 2013 (live weight). Compared to the price in the fourth quarter of 2012 of $2.1/ kg, the price in the first quarter of 2013 decreased by 10%.

Total sales in the Pork division increased by 13% to $69.7 million (1Q12: $61.6 million) on the back of impressive sales volume growth while domestic price was at extremely low level in the first quarter of 2013. Gross loss was at $1.7 million in 1Q13 compared to gross profit of $26.9 million in 1Q12.

Operating Expenses as a percentage of sales increased to 11.4% in 1Q13 compared to 10.8% in 1Q12 mainly due to higher personnel expenses. The division generated operating loss of $9.6 million (1Q12: operating income of $20.2 million).

Adjusted EBITDA* generated by the division was negative at $2.2 million (1Q12: $25.6 million).

Meat Processing Division

Sales volumes in the Meat Processing division increased by 1% to approximately 29 442 tonnes in the first quarter of 2013 from 29 115 tonnes for the first quarter of 2012.

Price in ruble terms increased by 2% from 143.8 RUR/kg in the first quarter of 2012 to 147.2 RUR/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of 153.8 RUR/kg, the price in the first quarter of 2013 decreased by 4%.

Price in dollar terms increased by 2% from $4.75/kg in the first quarter of 2012 to $4.8/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of $4.9/kg, the price in the first quarter of 2013 decreased by 2%.

Total sales in the Meat Processing were almost flat at $130.1 million in 1Q13 (1Q12 $130.9 million). Divisional Gross Profit increased by 46% to $31.9 million (1Q12: $21.9 million), and divisional Gross margin was a robust 24.5%. The impressive results in the segment are explained by lower input costs.

Operating Expenses as a percentage of sales increased to 16.3 % from 14.2% in 1Q12 on the back of higher personnel and transportation costs. The division generated Operating Income of $10.7 million

(1Q12: $3.4 million). Operating margin significantly increased to 8.2% (1Q12: 2.6%). Profit in the Meat Processing division increased by more than 500%, reaching $8.2 million (1Q12: $1.3 million).

Adjusted EBITDA* for the division increased by 124% to $13.7 million (1Q12: $ 6.1 million), and Adjusted EBITDA* margin in the Meat Processing division was a record 10.5%.

Grain Division

Sales volumes in the Grain division increased by 43% to 8 438 tonnes in the first quarter of 2013 from 5 905 tonnes for the first quarter of 2012.

Price in ruble terms increased by 49% from 5.7 RUR/kg in the first quarter of 2012 to 8.5 RUR/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of 8.7 RUR/kg, the price in the first quarter of 2013 decreased by 3%.

Price in dollar terms increased by 47% from $0.2/kg in the first quarter of 2012 to $0.3/kg in the first quarter of 2013. Compared to the price in the fourth quarter of 2012 of $0.3/kg, the price in the first quarter of 2013 was flat.

In May Grain division completed sowing. The Company sowed about 40 thousand hectares of arable land in current agricultural season, including 25 thousand hectares under spring crops (wheat, barley, corn, and oats) and about 15 thousand hectares under the winter crops.

Total sales in the Grain division increased by 13% to $ 2.6 million compared to $ 2.3 million in 1Q12. Divisional Gross Profit was $0.8 million vs gross loss of $0.1 million in 1Q12. Divisional Gross margin was 31.1% in 1Q13.

Operating Expenses as a percentage of sales increased to 13.6% in 1Q13 vs. 11.9% in 1Q12. The division generated Operating Income of $0.5 million, and Operating margin was 17.4% . Profit in the Grain division was $0.4 million in 1Q13 compared to net loss of $0.7 million in 1Q12.

Adjusted EBITDA* for the division was $0.8 million. Adjusted EBITDA* margin in the Grain division was 29.8% vs 0.7% in 1Q12.

Financial Position

The Group’s Capital Expenditure on property, plant and equipment and maintenance amounted to $34.1 million in the first quarter of 2013. Of that, $16.5 million was invested into the Poultry division, mainly into the capacity increase projects at the Bryansk and Penza clusters. The Pork division received $11.2 million of investments and there was $5.8 million of investment in the Meat Processing division.

Net Debt at the end of the first quarter of 2013 was $846.8 million or RUR 26,321.4 million. Total debt stood at $884.2 million or RUR 27,482.8 million. Of total debt long-term debt was approximately $520.9 million or 59% of the debt portfolio. Short-term debt was approximately $363.3 million, or 41% of the portfolio. Cost of debt for the first quarter of 2013 was 2.6%. The portion of subsidised loans and credit lines in the portfolio was 95%. Cash and cash equivalents totalled $37.4 million at 31 March 2013.

Subsidies

In the first quarter of 2013 the Group received direct subsidies in the amount of RUR 13.2 million ($0.4 million). The Group accrued subsidies for interest reimbursement of $16.2 million which offset interest expense (1Q2012: $16.5 million).

Outlook

In the first quarter of 2013, all meat producers in Russia faced an extremely challenging market environment. The combination of historically high grain prices (in February, the price of wheat was as high as 12-13 RUR/kg) and historically low prices on live hogs (as low as 55 RUR/kg) inflicted losses on all domestic pork producers.

In the second quarter, we see the situation gradually improving. First, grain prices are declining. Wheat has been selling in May for approximately 9 RUR/kg, down 30% from peak levels. Second, as a result of the market deficit and start of the summer season, pork prices rebounded by more than 10% in early May. Third, the Government announced direct subsidies for the Russian meat industry in the amount of 9 RUR/kg for pork and 3.5 RUR/kg for poultry that will be distributed based on 4Q 2012 actual production. Combined, these three factors make the situation in the Russian meat industry much more favorable, a positive trend we expect to continue. Still, it is understood that the meat market remains highly volatile and is more easily navigated by diversified, vertically integrated and highly efficient meat companies like Cherkizovo.

Cherkizovo Group will further concentrate on improving its operational performance, especially in the pork segment, as well as on marketing and sales initiatives in the poultry and meat processing segments, while further increasing its vertical integration.

For further information:

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***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.*

*****For price calculation in dollar terms** the Company used the average exchange rate for 1Q 13: 30.41 RUR/USD; 1Q 12 : 30.26 RUR/USD, 4Q 12: 31.07 RUR/USD.*

****** All prices are given excluded VAT*

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

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 3 months 2013 Consolidated Selected Financial Data (US$000)

(in thousands of US dollars)	Meat-Processing	Poultry	Pork	Grain	Corporate assets/expenditures	Inter division	Combined
Total Sales	130 054	208 223	69 656	2 597	2 595	(28 127)	384 998
including other sales	317	11 851	1 703	-	-	-	13 871
including sales volume discount	(11 967)	(6 879)	-	-	-	-	(18 846)
Interdivision Sales	(8)	(3 979)	(19 669)	(2 046)	(2 425)	28 127	-
Sales to external customers (Sales)	130 046	204 244	49 987	551	170	-	384 998
% of Total sales	33,8%	53,1%	13,0%	0,1%	0,0%	-	100,0%
Cost of Sales	(98 140)	(175 962)	(71 327)	(1 790)	(3)	25 478	(321 744)
Gross profit	31 914	32 261	(1 671)	807	2 592	(2 649)	63 254
Gross margin	24,5%	15,5%	-2,4%	31,1%	99,9%	9,4%	16,4%
Operating expenses	(21 234)	(25 284)	(7 916)	(354)	(5 276)	2 649	(57 415)
Operating income (loss)	10 680	6 977	(9 587)	453	(2 684)	-	5 839
Operating margin	8,2%	3,4%	-13,8%	17,4%	-103,4%	-	1,5%
Other income and expenses, net	101	2 458	79	-	2 669	(4 631)	676
Interest expenses	(2 616)	(2 146)	(3 342)	(100)	(2 188)	4 631	(5 761)
Division profit / (loss)	8 165	7 289	(12 850)	353	(2 203)	-	754
Division profit margin	6,3%	3,5%	-18,4%	13,6%	-84,9%	-	0,2%
Supplemental information:							
Income Tax expense (credit)	1 627	87	(453)	2	-	-	1 263
Depreciation expense	3 013	11 622	7 413	320	180	-	22 548
Adjusted EBITDA reconciliation							
Division profit /(loss)	8 165	7 289	(12 850)	353	(2 203)	-	754
Add:							
Interest expense, net	2 616	2 146	3 342	100	2 188	(4 631)	5 761
Interest income	(149)	(1 616)	(60)	(1)	(3 703)	4 631	(898)
Foreign exchange (loss)/gain, net	53	(835)	(14)	1	1 023	-	228
Depreciation expense	3 013	11 622	7 413	320	180	-	22 548
Adjusted EBITDA*	13 698	18 606	(2 169)	773	(2 515)	-	28 393
*Adjusted EBITDA Margin**	10,5%	8,9%	-3,1%	29,8%			7,4%

Reconciliation between net division profit and income attributable to Cherkizovo Group	31.03.2013
Total net division profit	**754**
Net (income) loss attributable to non-controlling interests	(53)
Income taxes	(1 263)
Net income (loss) attributable to Cherkizovo Group	**(562)**

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2013**	**Three months ended 31 March 2012 (as restated*)**
Sales	384 998	357 250
incl. Sales volume discount	(18 846)	(14 372)
incl. Sales returns	(3 305)	(3 216)
Cost of Sales	(321 744)	(261 292)
Gross Profit	**63 254**	**95 958**
Gross margin	*16,4%*	*26,9%*
Operating expenses	(57 415)	(52 447)
Operating Income	**5 839**	**43 511**
Operating margin	*1,5%*	*12,2%*
Income before income tax and non-controlling interest	**754**	**41 330**
Net (Loss)/Income attributable to Group Cherkizovo	**(562)**	**39 810**
Net profit margin	*-0,1%*	*11,1%*
Weighted average number of shares outstanding	43 839 590	43 086 874
Earnings per share		
Net (loss)/income attributable to Cherkizovo Group per share – basic and diluted (USD)	**(0,01)**	**0,92**
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and non-controlling interest	**754**	**41 330**
Add:		
Interest expense, net	5 761	4 164
Interest income	(898)	(76)
Foreign exchange (loss)/gain, net	228	(1 611)
Depreciation expense	22 548	18 674
Consolidated Adjusted EBITDA	**28 393**	**62 481**
Adjusted EBITDA Margin	*7,4%*	*17,5%*

MEAT PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2013**	**Three months ended 31 March 2012 (as restated*)**
Total Sales	130 054	130 873
Interdivision Sales	(8)	(388)
Sales to external customers	**130 046**	**130 485**
Cost of Sales	(98 140)	(108 995)
Gross Profit	**31 914**	**21 878**
Gross margin	*24,5%*	*16,7%*
Operating expenses	(21 234)	(18 525)
Operating Income	**10 680**	**3 353**
Operating margin	*8,2%*	*2,6%*
Other income and expenses, net	101	596
Interest expenses, net	(2 616)	(2 651)
Division Profit	**8 165**	**1 298**
Division profit margin	*6,3%*	*1,0%*
Meat processing division Adjusted EBITDA reconciliation*		
Division Profit	**8 165**	**1 298**
Add:		
Interest expense,net	2 616	2 651
Interest income	(149)	(47)
Foreign exchange (loss)/gain, net	53	(546)
Depreciation expense	3 013	2 719
Meat processing division Adjusted EBITDA	**13 698**	**6 075**
Adjusted EBITDA Margin	*10,5%*	*4,6%*

POULTRY DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2013**	**Three months ended 31 March 2012 (as restated*)**
Total Sales	208 223	189 267
Interdivision Sales	(3 979)	(7 721)
Sales to external customers	**204 244**	**181 546**
Cost of Sales	(175 962)	(141 512)
Gross Profit	**32 261**	**47 755**
Gross margin	*15,5%*	*25,2%*
Operating expenses	(25 284)	(24 168)
Operating Income	**6 977**	**23 587**
Operating margin	*3,4%*	*12,5%*
Other income and expenses, net	2 458	(1 737)
Interest expenses,net	(2 146)	(1 757)
Division Profit	**7 289**	**20 093**
Division profit margin	*3,5%*	*10,6%*

Poultry division Adjusted EBITDA reconciliation*		
Division Profit	**7 289**	**20 093**
Add:		
Interest expense, net	2 146	1 757
Interest income	(1 616)	(1 170)
Foreign exchange (loss)/gain, net	(835)	2 908
Depreciation expense	11 622	10 332
Poultry division Adjusted EBITDA	**18 606**	**33 920**
Adjusted EBITDA Margin	*8,9%*	*17,9%*

PORK DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2013**	**Three months ended 31 March 2012 (as restated*)**
Total Sales	69 656	61 612
Interdivision Sales	(19 669)	(16 905)
Sales to external customers	**49 987**	**44 707**
Cost of Sales	(71 327)	(34 712)
Gross Profit	**(1 671)**	**26 900**
Gross margin	*-2,4%*	*43,7%*
Operating expenses	(7 916)	(6 668)
Operating (Loss)/Income	**(9 587)**	**20 232**
Operating margin	*-13,8%*	*32,8%*
Other income and expenses, net	79	802
Interest expenses, net	(3 342)	(1 853)
Division (Loss)/Profit	**(12 850)**	**19 181**
Division profit margin	*-18,4%*	*31,1%*
Pork division Adjusted EBITDA reconciliation*		
Division (Loss)/Profit	**(12 850)**	**19 181**
Add:		
Interest expense, net	3 342	1 853
Interest income	(60)	(72)
Foreign exchange loss/gain, net	(14)	(438)
Depreciation expense	7 413	5 074
Pork division Adjusted EBITDA	**(2 169)**	**25 598**
Adjusted EBITDA Margin	*-3,1%*	*41,5%*

GRAIN DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2013**	**Three months ended 31 March 2012 (as restated*)**
Total Sales	2 597	2 295
Interdivision Sales	(2 046)	(1 784)
Sales to external customers	**551**	**511**
Cost of Sales	(1 790)	(2 408)
Gross Profit	**807**	**(113)**
Gross margin	*31,1%*	*-4,9%*
Operating expenses	(354)	(274)
Operating Income/(Loss)	**453**	**(387)**
Operating margin	*17,4%*	*-16,9%*
Other income and expenses, net	-	
Interest expenses, net	(100)	(335)
Division Profit/(Loss)	**353**	**(722)**
Division profit margin	*13,6%*	*-31,5%*

Grain division Adjusted EBITDA reconciliation*		
Division Profit/(Loss)	**353**	**(722)**
Add:		
Interest expense, net	100	335
Interest income	(1)	(2)
Foreign exchange loss/gain, net	1	-
Depreciation expense	320	406
Grain division Adjusted EBITDA	**773**	**17**
Adjusted EBITDA Margin	*29,8%*	*0,7%*

APPENDIX II:

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For three months ended 31 March 2013

	Three months ended 31 March 2013 US$000	Three months ended 31 March 2012 US$000 (as restated*)	Year ended 31 December 2012 US$000
Sales	384 998	357 250	1 581 685
Cost of Sales	(321 744)	(261 292)	(1 129 633)
Gross Profit	**63 254**	**95 958**	**452 052**
Selling, general and administrative expense	(57 282)	(52 230)	(219 334)
Other operating expense, net	(133)	(217)	(579)
Operating Income	**5 839**	**43 511**	**232 139**
Other income (expense), net	676	1 983	3 503
Financial expense, net	(5 761)	(4 164)	(18 947)
Income before income tax	**754**	**41 330**	**216 695**
Income tax	(1 263)	(438)	14 281
Net (Loss)/Income	**(509)**	**40 892**	**230 976**
Less: Net income attributable to non-controlling interests	(53)	(1 082)	(5 761)
Net (Loss)/Income attributable to Cherkizovo Group	**(562)**	**39 810**	**225 215**

Weighted average number of shares outstanding – basic:	43 839 500	43 086 874	43 367 512
Net (Loss)/Income attributable to Cherkizovo Group per share – basic (USD):	(0.01)	0.92	5.19

Weighted average number of shares outstanding – diluted:	43 843 335	43 109 874	43 374 108
Net (Loss)/Income attributable to Cherkizovo Group per share – diluted (USD):	(0.01)	0.92	5.19

APPENDIX III:

UNAUDITIED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 31 MARCH 2013

	31 March 2013 US$000	**31 December 2012 US$000**
ASSETS		
Current assets:		
Cash and cash equivalents	37 362	41 180
Trade receivables, net of allowance for doubtful accounts of 7 188 and of 7 986 as of 31 March 2013 and 31 December 2012, respectively	76 192	90 978
Advances paid, net of allowance for doubtful accounts of 2 264 and of 1 695 as of 31 March 2013 and 31 December 2012, respectively	31 436	35 064
Inventory	305 981	308 670
Deferred tax assets	4 903	4 791
Other receivables, net of allowance for doubtful accounts of 1 683 and of 2 041 as of 31 March 2013 and 31 December 2012, respectively	40 742	32 342
Other current assets	46 834	51 851
Total current assets	**543 450**	**564 876**
Non-current assets:		
Property, plant and equipment, net	1 405 694	1 434 263
Goodwill	18 030	18 452
Other intangible assets, net	43 020	43 828
Deferred tax assets	4 244	4 147
Notes receivable, net	1 676	1 681
Investments in joint venture	9 522	9 744
Long-term deposits in banks	21 759	22 114
Other non-current receivables	2 929	3 195
Total non-current assets	**1 506 874**	**1 537 424**
Total assets	**2 050 324**	**2 102 300**

UNAUDITIED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 31 MARCH 2013 (CONTINUED)

	31 March 2013 US$000	31 December 2012 US$000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	104 015	108 894
Short-term borrowings	363 247	367 055
Tax related liabilities	15 801	19 407
Deferred tax liabilities	216	211
Payroll related liabilities	25 754	22 340
Advances received	20 897	24 096
Payables for non-current assets	9 476	13 660
Interest payable	4 086	2 745
Other payables and accruals	6 049	6 294
Total current liabilities	**549 541**	**564 702**
Non-current liabilities:		
Long-term borrowings	520 915	532 697
Deferred tax liabilities	10 782	11 506
Tax related liabilities	2 658	2 728
Payables to shareholders	374	406
Other liabilities	1 753	1 895
Total non-current liabilities	**536 482**	**549 232**
Commitments and contingencies		
Equity:		
Share capital	15	15
Additional paid-in capital	231 791	231 402
Treasury shares	(2 550)	(2 550)
Other accumulated comprehensive loss	(94 551)	(72 812)
Retained earnings	794 346	794 908
Total shareholders' equity	**929 051**	**950 963**
Non-controlling interests	35 250	37 403
Total equity	**964 301**	**988 366**
Total liabilities and equity	**2 050 324**	**2 102 300**

APPENDIX IV:

UNAUDITIED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Three months ended 31 March 2013 US$000	Three months ended 31 March 2012 US$000 (as restated*)	Year ended 31 December 2012 US$000
Cash flows from (used in) operating activities:			
Net income	(499)	40 892	230 976
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortisation	22 548	18 674	81 109
Bad debt expense	360	583	5 340
Foreign exchange loss/(gain)	228	(1 611)	(129)
Deferred tax benefit	(961)	(1 034)	(25 396)
Other adjustments, net	231	(30)	(1 357)
Changes in operating assets and liabilities			
Decrease (Increase) in trade receivables	12 813	4 977	(20 140)
Decrease (Increase) in advances paid	2 267	(936)	(3 350)
Decrease (Increase) in inventory	2 478	12 307	(63 268)
(Increase) Decrease in other receivables and other current assets	(5 045)	1 490	(5 752)
Decrease (Increase) in other non-current receivables	3	(53)	936
(Decrease) Increase in trade accounts payable	(3 080)	(12 443)	17 694
(Decrease) Increase in tax related liabilities	(4 578)	(1 017)	7 580
Increase in other current payables	3 890	1 831	19 933
Total net cash from operating activities	**30 655**	**63 630**	**244 176**

UNAUDITIED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Three months ended 31 March 2013 US$000	Three months ended 31 March 2012 US$000 (as restated*)	Year ended 31 December 2012 US$000
Cash flows from (used in) investing activities:			
Purchases of long-lived assets	(37 843)	(43 736)	(183 891)
Proceeds from sale of property, plant and equipment	147	52	279
Investments in joint venture	-	-	(9 326)
Issuance of long-term loans	-	-	(20 796)
Other investing activities	(97)	(2 055)	2 537
Total net cash used in investing activities	**(37 793)**	**(45 739)**	**(211 197)**
Cash flows from (used in) financing activities:			
Proceeds from long-term loans	12 437	22 839	91 711
Repayment of long-term loans	(31 439)	(29 834)	(131 099)
Proceeds from long-term loans from related parties	374	4 739	4 886
Repayment of long-term loans from related parties	(3 120)	(2 370)	(7 709)
Proceeds from short-term loans	57 253	18 765	198 440
Repayment of short-term loans	(30 249)	(25 713)	(153 987)
Purchase of treasury stock	-	(2 523)	(2 523)
Acquisitions of entities under common control and non-controlling interests	(1 030)	(2 402)	(22 092)
Cash distributed to shareholders	-	(19)	
Total net cash used in financing activities	**4 226**	**(16 518)**	**(22 373)**
Total cash from (used in) operating, investing and financing activities	**(2 912)**	**1 373**	**10 606**
Impact of exchange rate difference on cash and cash equivalents	(906)	2 876	1 859
Net Increase (Decrease) in cash and cash equivalents:	**(3 818)**	**4 249**	**12 465**
Cash and cash equivalents at the beginning of the period	41 180	28 715	28 715
Cash and cash equivalents at the end of the period	**37 362**	**32 964**	**41 180**
Supplemental Information:			
Income taxes paid	4 170	2 272	10 017
Interest paid	24 810	22 295	86 964
Subsidies for compensation of interest expense received	7 153	13 575	66 548
Property, plant and equipment acquired through vendor financing	9 476	9 758	13 660

* During the third quarter of 2012 the Group completed the acquisition of entities previously owned by the Group's majority shareholder. Since these acquisitions are transactions between entities under common control, they have been accounted for in a manner similar to a pooling of interest with assets and liabilities transferred at historical cost. Cherkizovo's historical financial information has been restated to include the acquired entities for all periods presented.
As required by US GAAP, comparative information for the three months ended 31 March 2012 has been also retrospectively adjusted for a change in accounting principles disclosed in the consolidated financial statements for the year ended 31 December 2012.