



May 28, 2014

**Cherkizovo Group (LSE:CHE)
Announces Financial Results
for the First Quarter of 2014**

Moscow, May 28, 2014 - Cherkizovo Group (LSE: CHE; MICEX: GCHE), Russia's largest meat and fodder producer, announces its financial results for the First Quarter ending March 31, 2014.

Highlights

- Revenue decreased by 2% to \$376.6 million from \$383.0 million in 1Q13 due mostly to the weakening of Russian rouble (RUB) against USD. In RUB, revenue increased by 13%;
- Gross Profit increased by 48% to \$95.1 million from \$64.4 million in 1Q13. In RUB, Gross Profit up 70%;
- Gross Margin increased to 25% from 17% in 1Q13;
- Adjusted EBITDA* has doubled to \$56.2 million from \$28.4 million in 1Q13. In RUB, Adjusted EBITDA increased by an impressive 128%;
- Adjusted EBITDA margin increased more than two times to 15% from 7% in 1Q13;
- Net Profit in 1Q14 amounted to \$25.0 million vs Net Loss of (\$0.6 million) in 1Q13;
- Net Margin was at 7%;
- Net Debt** was \$808.9 million as of the end of 1Q14;
- The effective cost of debt was 3.2% (1Q13: 2.6%);
- EPS was at \$0.57 (1Q13: loss per share of (\$0.01));
- CCR (Cash Conversion Ratio) was 131%;

Business Developments

- Cherkizovo Group acquired LSKO Broiler in the Voronezh region, one of the country's largest poultry producers. The deal is based on the enterprise value of approximately RUR 5 billion. As a result of the acquisition, Cherkizovo increased its market share by 2 p.p. to 13%, making an important step to the poultry market leadership;
- Operational land bank of the Grain Division was increased to 58 000 hectares as compared with 40 000 hectares in 2013. The Group invested in modern high-tech agricultural equipment in order to promote the efficiency of the grain segment and expects a harvest of approximately 250 thousand tonnes of grain in 2014;
- Cherkizovo Group launched case-ready production line at Cherkizovsky Meat Processing Plant in Moscow. The line allows for 100 tonnes of ready-to-cook meat products to be produced per day;

Commenting on the results, Sergei Mikhailov, Cherkizovo CEO, said:

Cherkizovo demonstrated very strong results in the first quarter. The Company's revenue increased by 13% in RUB, and Adjusted EBITDA more than doubled. We can definitely say that after a very challenging 2013, the Group returned to a strong profitability.

The market environment was quite favourable throughout the quarter. Grain prices were relatively stable, while poultry meat and pork prices started to increase. Due to a shortage on the pork market and stoppage of imports, growth of live hog prices was very rapid starting in March. As a result, Cherkizovo Group, which completed its long-term investment programme in the pork division last year, could gain a strong financial return from these investments.

Once again, we benefited from the Company's diversified structure. The rapid growth of profit in the pork division compensated many times over for the inevitable pressure on margins in the meat processing division. While many meat processors are facing difficulties as a result of the shortage on the pork market, Cherkizovo Group is able to supply its meat processing division with high quality raw meat thanks to its high degree of the vertical integration.

The acquisition of Lisko Broiler that we announced in the first quarter was a milestone for our business. Cherkizovo Group continued to consolidate the Russian meat market and made a major step towards market leadership. The transaction was made at a very attractive multiple which is beneficial for our shareholders, and we expect to have a noticeable synergy effect starting this year.

About Cherkizovo Group

Cherkizovo Group (LSE:CHE) is the largest meat and fodder producer in Russia and one of the top three companies serving Russia's poultry, pork and sausages markets. The Company's brands include Cherkizovsky, Petelinka, Kurinoe Tsarstvo and Mosselprom. CEO Sergei Mikhailov and his family control 63% of Cherkizovo Group, and free float on LSE and MICEX amounts to 37%.

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 distribution, Cherkizovo has consistently delivered sustainable revenue and profit growth. In 2013, Cherkizovo's US GAAP consolidated revenue exceeded \$1.6 billion, and the Group produced more than half a million tonnes of meat and processed meat products.

Cherkizovo's strategy includes both organic growth and consolidation of the Russian meat market. Within the last five years alone, Cherkizovo has invested more than \$1 billion into the development of Russia's agriculture sector.

Financial Overview

On a reported currency basis (USD) sales for 1Q14 decreased by 2% to \$376.6 million (1Q13: \$383.0 million) due mostly to the weakening of RUB against USD. Gross profit increased by 48% to \$95.1 million (1Q13: \$64.4 million). Operating expenses as a percentage of sales slightly increased to 16% (1Q13: 15%). Net income amounted to \$25.0 million in the first quarter of 2014 vs. net loss of (\$0.6 million) in 1Q13.

Adjusted EBITDA has doubled to \$56.2 million (1Q13: \$28.4 million). Adjusted EBITDA margin has more than doubled to 15% for 1Q14 vs 7% in 1Q13.

\$m	1Q14	1Q13	Change
Sales	376.6	383.0	-2%
Gross Profit	95.1	64.4	48%
<i>Gross margin, %</i>	<i>25%</i>	<i>17%</i>	
Operating expenses	(60.4)	(58.6)	3%
Operating Income	34.7	5.8	494%
<i>Operating margin, %</i>	<i>9%</i>	<i>2%</i>	
Net Income	25.0	(0.6)	-
Adjusted EBITDA	56.2	28.4	98%
<i>EBITDA margin, %</i>	<i>15%</i>	<i>7%</i>	

The table below summarizes the Group's performance in RUB:

RUB m	1Q14	1Q13	Change y-o-y
Sales	13 165.2	11 647.8	13%
Gross Profit	3 324.1	1 958.6	70%
<i>Gross margin, %</i>	<i>25%</i>	<i>17%</i>	
Operating expenses	(2 110.4)	(1 780.9)	19%
Operating Income	1 213.7	177.7	583%
<i>Operating margin, %</i>	<i>9%</i>	<i>2%</i>	
Net Income	873.7	(17.1)	
Adjusted EBITDA	1 965.7	863.8	128%
<i>EBITDA margin, %</i>	<i>15%</i>	<i>7%</i>	

Poultry Division

Sales volume increased by 13% to 90 506 tonnes of sellable weight (1Q13: 80 370 tonnes), including 1 651 tonnes produced by Lisko Broiler since the day of the acquisition of this company by Cherkizovo (March 24).

The average price increased by 1% to 77.90 RUB/kg from 76.92 RUB/kg in 1Q13 (all prices hereinafter are net of VAT)***. Compared to the price in 4Q13 of 78.05 RUB/kg, the price was almost flat.

In USD terms, the average price decreased by 12% to \$2.23/kg from \$2.53/kg in the 1Q13. Compared to the price in 4Q13 of \$2.40/kg, the price in 1Q14 decreased by 7% due mostly to the weakening of RUR against USD.

Total sales in the Poultry division decreased by 3% to \$201.7 million (1Q13: \$208.2 million) due mostly to the weakening of RUB against USD, while in RUB terms sales increased by 11%. Gross Profit increased by 38% to \$44.4 million (1Q13: \$32.3 million), Gross margin increased to 22% (1Q13: 16%).

Operating expenses as a percentage of sales increased to 14% from 12% mainly due to higher personnel expenses. Operating Income of the division doubled to \$16.4 million (1Q13: \$8.1 million), and operating margin amounted to 8% (1Q13: 4%). Profit in the Poultry division increased by 108% to \$17.5 million (1Q13: \$8.4 million).

Adjusted EBITDA increased by 37% to \$27.0 million (1Q13: \$19.7 million), and Adjusted EBITDA margin rose to 13% in 1Q14 vs 10% in 1Q13.

Pork Division

Sales volume in the Pork division increased by 17% to 40 352 tonnes of live weight, compared to 34 429 tonnes in 1Q13.

The average price increased by 28% to 73.55 RUB/kg from 57.36 RUB/kg in 1Q13. Compared to the price in 4Q13 of 71.32 RUB/kg, the price increased by 3%.

In USD terms, the average price increased by 12% to \$2.10/kg from \$1.89/kg in 1Q13. Compared to the price in 4Q13 of \$2.19/kg, the price decreased by 4% due to RUB devaluation.

Total sales in the Pork division increased by 28% to \$86.8 million (1Q13: \$67.6 million). The segment reported Gross profit of \$28.8 million in 1Q14 vs. Gross loss of (\$0.5 million) in 1Q13. Gross margin in 1Q14 was at 33%.

Operating Expenses as a percentage of sales decreased to 7% compared to 13% in 1Q13 on the back of impressive sales growth. The division generated operating income of \$22.6 million (1Q13: operating loss of (\$9.0 million)).

Profit in the Pork division was \$18.8 million (1Q13: loss of (\$12.3 million)).

Adjusted EBITDA amounted to \$30.2 million, and Adjusted EBITDA margin was 35%.

Meat Processing Division

Sales volume in the Meat Processing division was almost flat at 29 670 tonnes (1Q13: 29 442 tonnes).

The average price increased by 4% to 152.52 RUB/kg from 147.16 RUB/kg in 1Q13. Compared to the price in 4Q13 of 156.32 RUB/kg, the price decreased by 2%.

In USD terms, the average price decreased by 10% to \$4.36/kg from \$4.84/kg in 1Q13. Compared to the price in 4Q13 of \$4.80/kg, the price decreased by 9% due mostly to RUB devaluation.

Total sales in the Meat Processing division decreased by 8% to \$119.0 million (1Q13: \$130.1 million), Gross Profit decreased by 29% to \$22.6 million (1Q13: \$31.9 million), and Gross margin went down to 19% (1Q13: 25%), due to high raw meat price and RUB devaluation. Operating Expenses as a percentage of sales were flat at 16%. The division generated Operating income of \$4.1 million (1Q13: \$11.4 million). Operating margin significantly decreased to 3% (1Q13: 9%). The Meat Processing division reported profit of \$1.3 million (1Q13: \$8.9 million).

Adjusted EBITDA decreased by 53% to \$6.7 million (1Q13: \$ 14.4 million), Adjusted EBITDA margin reported at 6% (1Q 13: 11%).

Grain Division

Sales volume in the Grain division increased by 136% to 20 453 tonnes from 8 668 tonnes for 1Q13.

The average price decreased by 28% to 6.10 RUB/kg from 8.46 RUB/kg in 1Q13. Compared to the price in 4Q 13 of 6.37 RUB/kg, the price decreased by 4%.

In USD terms, the average price in dollar terms decreased by 37% to \$0.17/kg from \$0.28/kg in 1Q 13. Compared to the price in 4Q13 of 0.20 \$/kg, the price decreased by 11%.

Total sales in the Grain division increased by 47% to \$3.8 million compared to \$2.6 million in 1Q13. Gross Profit was flat at \$0.7 million (1Q13: \$0.8 million). Gross margin was at 18% (1Q13: 31%).

Operating Expenses as a percentage of sales increased to 42% in 1Q14 vs. 14% in 1Q13. The division generated operating loss of (\$ 0.9 million) vs operating income of \$0.5 million in 1Q13.

Adjusted EBITDA was negative at (\$0.5 million) (1Q13: \$0.8 million).

Financial Position

The Group's Capital Expenditure on property, plant and equipment and maintenance amounted to \$39.4 million (1Q13: \$34.1 million). Of that, \$21.6 million was invested into the Poultry division, mainly into the construction of the hatchery and the grain storage in the Lipetsk region (Eletsprom project) . In the Pork division, \$9.9 million was invested into the construction of the grain storage facility in the Penza region as well as feed plant. The Meat Processing division received \$6.0 million of investments.

Net Debt at the end of the first quarter of 2014 was \$808.9 million or RUB 28 867.3 million compared to \$756.1 million or RUB 24 746.5 million at the end of year 2013. Total debt stood at \$843.4 million or RUB 30 098.4 million compared to \$ 840.0 million or RUB 27 526.4 million in 2013. Of total debt long-term debt was approximately \$497.6 million or 59% of the debt portfolio. Short-term debt was approximately \$345.8 million, or 41% of the portfolio. Cost of debt increased to 3.2% in the first quarter of 2014 (2013: 2.6%). The portion of subsidised loans and credit lines in the portfolio was 92%. Cash and cash equivalents totalled \$15.7 million as of 31 March 2014.

Subsidies

The Group accrued subsidies for interest reimbursement of \$12.6 million which offset interest expense (1Q2013: \$16.2 million).

Outlook

During the first quarter, the Russian Government implemented a number of meat import restrictions due to the spread of animal diseases in Europe. Since some Russian pork producers decreased output after the 2013 price shock, this caused a market shortage and led to a significant increase in live hog prices. On the one hand, this puts pressure on sausage producers (especially because of the shortage of pork fat needed for producing smoked sausage). On the other hand, this helps Russian pork producers to compensate for last year's losses and also helps to protect the health of domestic livestock.

Grain prices were quite stable at the beginning of the year. However, a sizable increase in prices was seen in March due to the political instability in Ukraine, which is a major grain exporter, and devaluation of the rouble against the dollar. Nevertheless, the price for wheat from last year harvest's remains below RUB 10 000 per tonne. Thanks to high meat prices, the higher cost of feed did not affect the Company's profits significantly. We expect that grain prices will decrease once again as the new harvest comes to the market.

Cherkizovo Group management anticipates that if pork prices remain at today's levels, the Company will show strong financial results in 2014 that will exceed market expectations.

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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.

\$ symbol in this press-release stands for US Dollar. Some figures may be rounded.

****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 foreign exchange differences as shown in the reconciliation in Appendix I. 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 I.*

***** Net debt** is calculated as total debt minus cash and cash equivalents, short-term bank deposits and long-term bank deposits.*

******For price calculation in dollar terms** the Company used the average exchange rate for 1Q14: 34.9591 RUB/USD, 1Q13:30.4142 RUB/USD; All prices are net of VAT*

APPENDIX I: KEY DATA AND FIGURES

UNAUDITED 3 months ended March 31, 2014 Consolidated Selected Financial Data (US\$000)

(in thousands of US dollars)	Meat Processing	Poultry	Pork	Grain	Corporate assets/expenditures	Inter-division	Combined
Total Sales	119 037	201 718	86 787	3 808	109	(34 871)	376 588
including other sales	1 996	7 489	1 226	236	109	(1 234)	9 822
including sales volume discount	(10 702)	(7 327)	-	-	-	-	(18 029)
Interdivision Sales	(74)	(2 826)	(29 846)	(2 125)	-	34 871	-
Sales to external customers (Sales)	118 963	198 892	56 941	1 683	109	0	376 588
<i>% of Total sales</i>	<i>31.7%</i>	<i>52.8%</i>	<i>15.1%</i>	<i>0.4%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>
Cost of Sales	(96 441)	(157 276)	(57 939)	(3 114)	(1 021)	34 288	(281 503)
Gross profit	22 596	44 442	28 848	694	(912)	(583)	95 085
Gross margin	<i>19.0%</i>	<i>22.0%</i>	<i>33.2%</i>	<i>18.2%</i>	<i>n/a</i>	<i>1.7%</i>	<i>25.2%</i>
Operating expenses	(18 476)	(28 081)	(6 239)	(1 604)	(6 552)	583	(60 369)
Operating income / (loss)	4 120	16 361	22 609	(910)	(7 464)	(0)	34 716
<i>Operating margin</i>	<i>3.5%</i>	<i>8.1%</i>	<i>26.0%</i>	<i>-23.9%</i>	<i>n/a</i>	<i>0.0%</i>	<i>9.2%</i>
Other income and expenses, net	(615)	3 435	(855)	3	106	(4 394)	(2 320)
Financial expenses, net	(2 162)	(2 280)	(2 997)	(860)	(2 911)	4 394	(6 816)
Division profit / (loss)	1 343	17 516	18 757	(1 767)	(10 269)	(0)	25 580
<i>Division profit margin</i>	<i>1.1%</i>	<i>8.7%</i>	<i>21.6%</i>	<i>-46.4%</i>	<i>n/a</i>	<i>0.0%</i>	<i>6.8%</i>
Supplemental information:							-
Income Tax expense	(207)	499	66	1	-	-	359
Depreciation expense	2 590	10 613	7 601	414	288	-	21 506
							-
Adjusted EBITDA reconciliation							-
Division profit / (loss)	1 343	17 516	18 757	(1 767)	(10 269)	-	25 580
Add:							0
Interest expense, net	2 162	2 280	2 997	860	2 911	(4 394)	6 816
Interest income	-	(1 897)	(115)	(3)	(4 282)	4 394	(1 903)
Foreign exchange loss/(gain)	620	(1 538)	970	-	4 176	-	4 228
Depreciation and amortisation	2 590	10 613	7 601	414	288	-	21 506
Adjusted EBITDA*	6 715	26 974	30 210	(496)	(7 176)	-	56 227
	<i>5.6%</i>	<i>13.4%</i>	<i>34.8%</i>	<i>-13.0%</i>	<i>n/a</i>	<i>0.0%</i>	<i>14.9%</i>
Reconciliation between net division profit and income attributable to Cherkizovo Group					25 580		
Total net division profit							
Net income attributable to non-controlling interests					(229)		
Income taxes					(359)		
Net income attributable to Cherkizovo Group					24 992		

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

	Three months ended 31 March 2014	Three months ended 31 March 2013 (as adjusted)#
<i>(in thousands of US dollars)</i>		
Sales	376 588	382 973
incl. Sales volume discount	(18 029)	(18 846)
incl. Sales returns	(3 236)	(3 305)
Cost of sales	(281 503)	(318 579)
Gross profit	95 085	64 394
Gross margin	25.2%	16.8%
Operating expenses	(60 369)	(58 565)
Operating Income	34 716	5 829
Operating margin	9.2%	1.5%
Income before income tax and minority interest	25 580	754
Net income / (loss) attributable to Group Cherkizovo	24 992	(562)
<i>Net profit margin</i>	6.6%	-0.1%
Weighted average number of shares outstanding	43 846 590	43 839 590
Earnings per share		
Net income / (loss) attributable to Cherkizovo Group per share – basic and diluted	0.57	(0.01)
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and minority interest	25 580	754
Add:		
Interest expense, net of subsidies	6 816	5 762
Interest income	(1 903)	(900)
Foreign exchange loss	4 228	228
Depreciation and amortisation	21 506	22 547
Consolidated Adjusted EBITDA*	56 227	28 391
<i>Adjusted EBITDA Margin</i>	14.9%	7.4%

POULTRY DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Three months ended 31 March 2014	Three months ended 31 March 2013
Total Sales	201 718	208 223
Interdivision sales	(2 826)	(3 979)
Sales to external customers	198 892	204 244
Cost of sales	(157 276)	(175 962)
Gross profit	44 442	32 261
<i>Gross margin</i>	<i>22.0%</i>	<i>15.5%</i>
Operating expenses	(28 081)	(24 171)
Operating Income	16 361	8 090
<i>Operating margin</i>	<i>8.1%</i>	<i>3.9%</i>
Other income and expenses, net	3 435	2 458
Interest expense, net	(2 280)	(2 146)
Division profit	17 516	8 402
<i>Division profit margin</i>	<i>8.7%</i>	<i>4.0%</i>
Poultry division Adjusted EBITDA reconciliation*		
Division profit	17 516	8 402
Add:		
Interest expense, net of subsidies	2 280	2 146
Interest income	(1 897)	(1 616)
Foreign exchange (gain)	(1 538)	(835)
Depreciation and amortisation	10 613	11 622
Poultry division Adjusted EBITDA*	26 974	19 719
<i>Adjusted EBITDA Margin</i>	<i>13.4%</i>	<i>9.5%</i>

PORK DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Three months ended 31 March 2014	Three months ended 31 March 2013 (as adjusted)#
Total Sales	86 787	67 631
Interdivision sales	(29 846)	(19 669)
Sales to external customers	56 941	47 962
Cost of sales	(57 939)	(68 161)
Gross profit	28 848	(530)
<i>Gross margin</i>	33.2%	-0.8%
Operating expenses	(6 239)	(8 467)
Operating Income / (loss)	22 609	(8 997)
<i>Operating margin</i>	26.0%	-13.3%
Other income and expenses, net	(855)	79
Interest expense, net	(2 997)	(3 342)
Division Profit/(loss)	18 757	(12 260)
<i>Division profit margin</i>	21.6%	-18.1%
Pork division Adjusted EBITDA reconciliation*		
Division Profit/(loss)	18 757	(12 260)
Add:		
Interest expense, net of subsidies	2 997	3 342
Interest income	(115)	(57)
Foreign exchange loss/(gain)	970	(14)
Depreciation and amortisation	7 601	7 413
Pork division Adjusted EBITDA*	30 210	(1 576)
<i>Adjusted EBITDA Margin</i>	34.8%	-2.3%

MEAT PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Three months ended 31 March 2014	Three months ended 31 March 2013
Total Sales	119 037	130 054
Interdivision sales	(74)	(8)
Sales to external customers	118 963	130 046
Cost of sales	(96 441)	(98 140)
Gross profit	22 596	31 914
<i>Gross margin</i>	<i>19.0%</i>	<i>24.5%</i>
Operating expenses	(18 476)	(20 508)
Operating Income	4 120	11 406
<i>Operating margin</i>	<i>3.5%</i>	<i>8.8%</i>
Other income and expenses, net	(615)	101
Interest expense, net	(2 162)	(2 616)
Division profit	1 343	8 891
<i>Division profit margin</i>	<i>1.1%</i>	<i>6.8%</i>
Meat processing division Adjusted EBITDA reconciliation*		
Division profit	1 343	8 891
Add:		
Interest expense, net of subsidies	2 162	2 616
Interest income	-	(149)
Foreign exchange loss	620	53
Depreciation and amortisation	2 590	3 013
Meat processing division Adjusted EBITDA*	6 715	14 424
<i>Adjusted EBITDA Margin</i>	<i>5.6%</i>	<i>11.1%</i>

GRAIN DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Three months ended 31 March 2014	Three months ended 31 March 2013
Total Sales	3 808	2 597
Interdivision sales	(2 125)	(2 046)
Sales to external customers	1 683	551
Cost of sales	(3 114)	(1 790)
Gross profit	694	807
<i>Gross margin</i>	<i>18.2%</i>	<i>31.1%</i>
Operating expenses	(1 604)	(354)
Operating (loss) / income	(910)	453
<i>Operating margin</i>	<i>-23.9%</i>	<i>17.4%</i>
Other income and expenses, net	3	-
Interest expense	(860)	(100)
Division (loss)/profit	(1 767)	353
<i>Division profit margin</i>	<i>-46.4%</i>	<i>13.6%</i>
Grain division Adjusted EBITDA reconciliation*		
Division (loss)/profit	(1 767)	353
Add:		
Interest expense, net of subsidies	860	100
Interest income	(3)	(2)
Depreciation and amortisation	414	319
Grain division Adjusted EBITDA*	(496)	770
<i>Adjusted EBITDA Margin</i>	<i>-13.0%</i>	<i>29.7%</i>

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

For three months ended 31 March 2014

	Three months ended 31 March 2014 US\$000	Three months ended 31 March 2013 US\$000 (as adjusted)#	Year ended 31 December 2013 US\$000
Sales	376 588	382 973	1 654 919
Cost of sales	(281 503)	(318 579)	(1 296 472)
Gross profit	95 085	64 394	358 447
Selling, general and administrative expense	(62 933)	(57 292)	(264 021)
Other operating income / (expense), net	2 564	(1 273)	(5 762)
Operating income	34 716	5 829	88 664
Other (expenses) income, net	(2 320)	686	2 828
Financial expense, net	(6 816)	(5 761)	(25 095)
Income before income tax	25 580	754	66 397
Income tax	(359)	(1 263)	(2 121)
Net income / (loss)	25 221	(509)	64 276
Less: Net income attributable to non-controlling interests	(229)	(53)	189
Net income / (loss) attributable to Cherkizovo Group	24 992	(562)	64 465
Weighted average number of shares outstanding – basic	43 846 590	43 839 500	43 843 090
Net income / (loss) attributable to Cherkizovo Group per share – basic:	0.57	(0.01)	1.47

APPENDIX III:**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 31 MARCH 2014**

	31 March 2014 US\$000	31 December 2013 US\$000
ASSETS		
Current assets:		
Cash and cash equivalents	15 696	64 385
Trade receivables, net of allowance for doubtful accounts of 5 063 and of 5 357 as of 31 March 2014 and 31 December 2013, respectively	71 088	82 656
Advances paid, net of allowance for doubtful accounts of 2 398 and of 2 550 as of 31 March 2014 and 31 December 2013, respectively	31 300	39 859
Inventory	277 314	281 562
Deferred tax assets	2 562	2 794
Other receivables, net of allowance for doubtful accounts of 456 and of 466 as of 31 March 2014 and 31 December 2013, respectively	53 719	43 289
Other current assets	47 684	54 268
Total current assets	499 363	568 813
Non-current assets:		
Property, plant and equipment, net	1 386 089	1 377 691
Goodwill	29 804	17 368
Other intangible assets, net	38 781	41 635
Deferred tax assets	3 193	3 482
Notes receivable, net	1 578	1 690
Investments in joint venture	11 928	13 006
Long-term deposits in banks	18 813	20 513
Other non-current receivables	2 431	2 747
Total non-current assets	1 492 617	1 478 132
Total assets	1 991 980	2 046 945

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 31 MARCH 2014 CONTINUED

	31 March 2014 US\$000	31 December 2013 US\$000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	103 069	121 113
Short-term borrowings	345 775	317 223
Tax related liabilities	19 470	19 192
Deferred tax liabilities	141	153
Payroll related liabilities	31 010	28 274
Advances received	15 999	24 859
Payables for non-current assets	14 284	9 741
Interest payable	5 060	3 478
Other payables and accruals	27 014	9 469
Total current liabilities	561 822	533 502
Non-current liabilities:		
Long-term borrowings	497 621	523 812
Deferred tax liabilities	6 337	6 760
Tax related liabilities	2 055	2 241
Payables to shareholders	305	333
Other liabilities	1 874	1 938
Total non-current liabilities	508 192	535 084
Equity:		
Share capital	15	15
Additional paid-in capital	240 145	240 112
Treasury shares	(2 406)	(2 406)
Other accumulated comprehensive loss	(224 951)	(144 613)
Retained earnings	884 365	859 373
Total shareholders' equity	897 168	952 481
Non-controlling interests	24 798	25 878
Total equity	921 966	978 359
Total liabilities and equity	1 991 980	2 046 945

APPENDIX IV:**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Three months ended 31 March 2014 US\$000	Three months ended 31 March 2013 US\$000 (as adjusted)#	Year ended 31 December 2013 US\$000
Cash flows from (used in) operating activities:			
Net income / (loss)	25 221	(509)	64 276
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortisation	21 506	22 548	91 867
Bad debt expense	162	360	5 387
Foreign exchange loss	4 228	228	3 000
Deferred tax benefit	102	(961)	(2 419)
Other adjustments, net	(2 539)	2 028	5 909
Changes in operating assets and liabilities			
Decrease in trade receivables	6 938	12 813	2 282
Decrease (increase) in advances paid	1 317	2 267	(12 935)
Decrease (increase) in inventory	8 756	(1 335)	7 332
Increase in other receivables and other current assets	(7 383)	(5 042)	(19 960)
Decrease in other non-current receivables	69	-	338
(Decrease) increase in trade accounts payable	(18 209)	(3 080)	17 767
Increase (decrease) in tax related liabilities	939	(4 578)	1 526
(Decrease) Increase in other current payables	(8 011)	3 890	13 956
Total net cash from operating activities	33 096	28 629	178 326
Cash flows from (used in) investing activities:			
Purchases of long-lived assets	(39 344)	(37 843)	(165 448)
Proceeds from sale of property, plant and equipment	4 811	2 172	15 281
Acquisitions of subsidiaries, net of cash acquired	(60 161)	-	(1 130)
Investments in joint venture	-	-	(3 987)
Repayment on long-term loans issued	-	-	1 289
Issuance of short-term loans and placing of deposits	(3 311)	(1 414)	(51 432)
Repayment of short-term loans issued and redemption of deposits	-	1 317	50 363
Total net cash used in investing activities	(98 005)	(35 768)	(155 064)

**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014 CONTINUED**

	Three months ended 31 March 2014 US\$000	Three months ended 31 March 2013 US\$000 (as adjusted)#	Year ended 31 December 2013 US\$000
Cash flows from (used in) financing activities:			
Proceeds from long-term loans	10 831	12 437	147 025
Repayment of long-term loans	(27 144)	(31 439)	(161 328)
Proceeds from long-term loans from related parties	-	374	-
Repayment of long-term loans from related parties	-	(3 120)	(6 984)
Proceeds from short-term loans	80 681	57 253	294 743
Repayment of short-term loans	(41 610)	(30 249)	(266 317)
Acquisitions of entities under common control and non-controlling interests	-	(1 030)	(1 030)
Total net cash from (used in) financing activities	22 758	4 226	6 109
Total cash from (used in) operating, investing and financing activities	(42 151)	(2 913)	29 371
Impact of exchange rate difference on cash and cash equivalents	(6 538)	(905)	(6 166)
Net increase in cash and cash equivalents	(48 689)	(3 818)	23 205
Cash and cash equivalents at the beginning of the period	64 385	41 180	41 180
Cash and cash equivalents at the end of the period	15 696	37 362	64 385
Supplemental Information:			
Income taxes paid	601	4 170	12 076
Interest paid	24 263	24 810	96 597
Subsidies for compensation of interest expense received	1 241	7 153	48 872
Non cash transactions:			
Property, plant and equipment acquired through vendor financing	14 284	9 476	9 741

As required by US GAAP, comparative information for the three months ended 31 March 2013 has been retrospectively adjusted for a change in accounting principle in relation to presentation of revenues and costs associated with sales of sows (the change is described in details in the condensed consolidated interim financial statements for the six months ended June 30, 2013).