



28 November 2013

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

Financial results for the Nine Months Ended September 30, 2013

Moscow, 28 November 2013 - Cherkizovo Group (LSE: CHE), Russia’s leading integrated and diversified meat producer, today announces financial results for the period ended 30 September 2013.

Highlights

- Revenue increased by 5% to \$1 195.0 million for 9M 13 from \$1 137.3 million in 9M12. Revenue increased by 6% to \$415.4 million in 3Q 13 (3Q 12: \$390.9 million).
- Gross profit decreased by 28% to \$240.2 million for 9M 13 from \$333.6 million in 9M 12. Gross profit decreased by 26% to \$89.6 million in the 3Q 13 from \$120.6 million for 3Q 12.
- Group’s gross margin decreased to 20% from 29% in 9M 12. In the third quarter of 2013 gross margin decreased to 22% from 31% in 3Q 12.
- Adjusted EBITDA* decreased by 51% to \$116.1 million for 9M 13 from \$239.1 million in 9M 12. Adjusted EBITDA* decreased by 48% to \$46.8 million in 3Q 13 from \$90.2 million for 3Q 12.
- Adjusted EBITDA* margin decreased to 10% from 21% in 9M 12. In the third quarter of 2013 adjusted EBITDA* margin decreased to 11% from 23% in 3Q 12.
- Net profit decreased by 86% to \$23.1 million for 9M 13 compared to \$158.7 million in 9M 12. Net profit decreased by 77% to \$14.1 million in the 3Q 13 from \$62.8 million for 3Q 12.
- Net Debt***** was \$813,3 million as of September 30, 2013
- The effective cost of debt was 2.7% (9M 12: 2.1%)
- EPS was at \$0.53
- CCR (Cash Conversion Ratio) was 369%

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 and higher production efficiency
- Cherkizovo Group has completed the capacity increase project worth RUR 4.5 billion at the Penza cluster. As a result of the Project realization, Penza cluster capacity has doubled from 60 000 tonnes p.a. to 125 000 tonnes p.a. (live weight)
- Construction started of “The Tambov Turkey” farm. “The Tambov Turkey” is the joint venture of Cherkizovo Group and Grupo Fuertes (Spain). The farm will be launched in 2014 and will become fully operational in 2015
- Petelinka chicken meat brand was recognized as “The Product of the Year” in a chilled poultry category, based on AC Nielsen and Comcon data
- Cherkizovo Group reported its second harvest as a grain producer. In 2013, the grain harvest increased by half while wheat yield doubled
- Cherkizovo Group acquired Dankov meat processing plant in the Lipetsk region

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

In the third quarter we saw the market environment improving after very challenging first and second quarters. While poultry prices remain flat, pork prices rebounded by 40% between May and October, and the new harvest grain is trading at half the level of February. Market environment improvements are positively affecting the Company’s performance in the third quarter and going forward. Cherkizovo Group remains on a growth path, delivering increased volumes in all segments. Our revenue crossed the billion-dollar milestone in the nine months of 2013, positioning the Company among Russia’s leading food producers, and the Company achieved a 10% EBITDA margin despite a very challenging market environment.

In the poultry segment, we have completed the Penza Cluster capacity increase project announced in 2010, and will soon announce the completion of the Bryansk Cluster capacity increase project. We see our competitive advantage in poultry not only in higher production volumes, but also in the development of our well-known brands, such as Petelinka and Mosselprom. In the fourth quarter, we’re launching new marketing initiatives aimed at helping our brands to win on store shelves.

In the pork segment, as a result of our previous investments we are increasing our production every quarter. Our new facilities are operating at full capacity. As the pork market in Russia restructures and recovers, we believe that Cherkizovo Group will keep its leading positions and that the pork segment will be a strong profitability contributor in 2014.

Our meat processing segment delivered a very strong financial and operating performance in the 9 month period, benefiting from the lower input costs in the first half of the year and the better sales mix. The success of the meat processing division illustrates the importance of diversification, which brings more sustainability to Cherkizovo's business.

Last but not least, I am very proud of the very strong performance of our Grain division. This year we managed to increase our grain harvest by half as a result of wise crop rotation and an increase in the land planted. We have doubled our wheat harvest and tripled our corn harvest, while our yields are significantly better than average for Russia.

Going forward, we anticipate performance to further improve in the fourth quarter, and the Group will deliver the best possible financial result for this very challenging year".

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 425,000 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 about 160,000 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 9M 13 and in the third quarter of 2013:

RUR m	9M13	9M12	Change	3Q13	3Q12	Change
Sales	37 803.6	35 368.5	7%	13 624.0	12 512.7	9%
Gross Profit	7 611.1	10 374.3	(27%)	2 939.7	3 861.3	(24%)
<i>Gross margin</i>	<i>20%</i>	<i>29%</i>		<i>22%</i>	<i>31%</i>	
Operating expenses	(6 068.8)	(4 772.9)	27%	(2 176.6)	(1 608.1)	35%
Operating Income	1 542.2	5 601.4	(72%)	763.0	2 253.2	(66%)
<i>Operating margin</i>	<i>4%</i>	<i>16%</i>		<i>6%</i>	<i>18%</i>	
Net Income	740.9	4 935.3	(85%)	460.9	2 010.5	(77%)
Adjusted EBITDA*	3 684.3	7 437.4	(50%)	1 534.0	2 887.6	(47%)
<i>EBITDA margin</i>	<i>10%</i>	<i>21%</i>		<i>11%</i>	<i>23%</i>	

On a reported currency basis sales for 9M13 increased by 5% to \$1 195.0 million (9M12: \$1 137.3 million). Gross profit decreased by 28% to \$240.2 million (9M12: \$333.6 million). Operating expenses as a percentage of sales increased to 16.1% compared to 13.5% in 9M12 mostly due to higher personnel expenses. Net income decreased by 86% to \$23.1 million in 9M13 compared to \$158.7 million in 9M 12.

Adjusted EBITDA* decreased by 51% to \$116.1 million (9M12: \$239.1 million) due to a combination of historically high grain prices and historically low pork prices in the first and the second quarter. Adjusted EBITDA margin* came down to 10% for 9M13 vs 21% in 9M12.

\$m	9M13	9M12	Change	3Q13	3Q12	Change
Sales	1 195.0	1 137.3	5%	415.4	390.9	6%
Gross Profit	240.2	333.6	(28%)	89.6	120.6	(26%)
<i>Gross margin</i>	<i>20%</i>	<i>29%</i>		<i>22%</i>	<i>31%</i>	
Operating expenses	(191.9)	(153.5)	25%	(66.4)	(50.2)	32%
Operating Income	48.4	180.1	(73%)	23.3	70.4	(67%)
<i>Operating margin</i>	<i>4%</i>	<i>16%</i>		<i>6%</i>	<i>18%</i>	
Net Income	23.1	158.7	(86%)	14.1	62.8	(78%)
Adjusted EBITDA*	116.1	239.1	(51%)	46.8	90.2	(48%)
<i>EBITDA margin</i>	<i>10%</i>	<i>21%</i>		<i>11%</i>	<i>23%</i>	

Poultry Division

Sales volume in the Poultry division for the nine months of 2013 increased by 7% y-o-y to 251 429 tonnes of sellable weight compared to 236 080 tonnes for the nine months of 2012.

Prices in ruble terms increased by 1% y-o-y from 76.43 RUR/kg*** for the nine months of 2012 to 76.78 RUR/kg for the nine months of 2013. Compared to the price of 76.34 RUR/kg in the second quarter of 2013, the price in the third quarter of 2013 increased by 1% to 77.09 RUR/kg.

Prices for poultry in dollar terms** decreased by 1% y-o-y from \$2.46/kg for the nine months of 2012 to \$2.43/kg for the nine months of 2013. Compared to the price of \$ 2.41/kg in the second quarter of 2013, the price in the third quarter of 2013 decreased by 3% to \$ 2.35/kg.

Total sales in the Poultry division increased by 2% to \$622.7 million (9M12: \$609.3 million). Gross Profit decreased by 40% to \$103.5 million (9M12: \$172.7 million), divisional Gross margin decreased to 17% (9M12: 28%) mostly due to the high cost of grain and relatively weak domestic price environment in the first quarter.

Operating expenses as a percentage of sales increased to 13% from 11% mostly on the back of higher personnel expenses. Operating Income of the division decreased by 80% to \$20.3 million (9M12: \$104.0 million), and Operating margin was 3% (9M12: 17%). Profit in the Poultry division decreased by 80% to \$20.6 million (9M12: \$101.7 million).

Adjusted EBITDA* decreased by 61% to \$52.9 million (9M12: \$135.5 million), and Adjusted EBITDA* margin decreased to 9% in 9M13 vs 22% in 9M12.

Pork Division

Sales volume in the Pork division for the nine months of 2013 increased by 59% y-o-y to 111 689 tonnes of live weight, compared to 70 131 tonnes for the nine months of 2012.

Prices in ruble terms decreased by 23% y-o-y from 81.85 RUR/kg for the nine months of 2012 to 63.36 RUR/kg for the nine months of 2013. Compared to the price of 61.06 RUR/kg in the second quarter of 2013, the price in the third quarter of 2013 increased by 15% to 70.31 RUR/kg.

In dollar terms, price for pork decreased by 24% y-o-y from \$2.63/kg for the nine months of 2012 to \$2.00/kg for the nine months of 2013 (live weight). Compared to the price of \$1.93/kg in the second quarter of 2013, the price in the third quarter of 2013 increased by 11% to \$2.14/kg .

Total sales in the Pork division increased by 27% to \$230.1 million (9M12: \$181.3 million) on the back of impressive production volume growth while domestic prices were at extremely low levels until May 2013. Gross profit decreased by 65% to \$26.1 million in 9M13 from \$73.8 million in 9M12. Gross margin was at 11% (9M12: 41%)

Operating Expenses as a percentage of sales increased to 11% in 9M13 compared to 9% in 9M12 mainly due to higher personnel expenses. Loss in the Pork division stated at \$8.4 million (9M12: division profit of \$49.7 million).

Adjusted EBITDA* decreased by 64% to \$26.7 million compared to \$74.2 million in 9M12. Adjusted EBITDA* margin was 12% (9M12: 41%).

Meat Processing Division

Sales volume in the Meat Processing division increased by 6% y-o-y to 99 431 tonnes for the nine months of 2013 from 94 049 tonnes for the nine months of 2012.

Price in ruble terms was almost flat y-o-y: 146.49 RUR/kg for the nine months of 2012 vs 146.10 RUR/kg for the nine months of 2013. Compared to the price of 145.10 RUR/kg in the second quarter of 2013, the price in the third quarter of 2013 increased by 1% to 146.18 RUR/kg.

Prices in dollar terms decreased by 2% y-o-y to \$4.62/kg for the nine months of 2013 compared to \$4.71/kg for the nine months of 2012. Compared to the price of \$4.59/kg in the second quarter of 2013, the price in the third quarter of 2013 decreased by 3% to \$4.46/kg.

Total sales in the Meat Processing were almost flat at \$417.1 million in 9M13 (9M12 \$417.4 million), while divisional Gross Profit increased by 27% to \$104.9 million (9M12: \$82.6 million), and divisional Gross margin was a robust 25%. The impressive results in the segment are explained by lower input costs and the improvement of the sales mix.

Operating Expenses as a percentage of sales increased to 16 % from 13% in 9M12 on the back of higher personnel and transportation costs. The division generated Operating Income of \$38.5 million (9M12: \$29.1 million). Operating margin increased to 9% (9M12: 7%). Profit in the Meat Processing division increased by 33%, reaching \$30.4 million in 9M13 (9M12: \$22.9 million).

Adjusted EBITDA* for the division increased by 24% to \$46.1 million (9M12: \$37.1 million), and Adjusted EBITDA* margin in the Meat Processing division was high at 11% for 9M13 (9M12: 9%).

Grain Division

In November, Cherkizovo completed harvesting in the Voronezh and Orel regions. The company harvested approximately 163 000 tonnes of grain (net weight), which is 50% higher than FY 2012 harvest (110 000 tonnes).

Sales volume in the Grain division increased by 11% y-o-y to 71 017 tonnes for the nine months of 2013 from 64 057 tonnes for the nine months of 2012. Wheat and barley accounted for 88% of sales for the nine months of 2013.

Prices in ruble terms decreased by 29% y-o-y from 7.96 RUR/kg for the nine months of 2012 to 5.66 RUR/kg for the nine months of 2013. Compared to the price of 8.59 RUR/kg in the second quarter of 2013, the price in the third quarter of 2013 decreased by 41% to 5.08 RUR/kg.

Prices in dollar terms decreased by 30% y-o-y from \$0.26/kg for the nine months of 2012 to \$0.18/kg for the nine months of 2013. Compared to the price of \$0.27/kg in the second quarter of 2013, the price in the third quarter of 2013 decreased by 43% to \$0.15/kg.

Total sales in the Grain division decreased by 28% to \$14.5 million from \$20.1 million in 9M12. Divisional Gross Profit decreased by 42% to \$3.8 million vs gross profit of \$6.6 million in 9M12. Divisional Gross margin was 26% in 9M13 (9M12: 33%).

Operating Expenses as a percentage of sales increased to 21% in 9M13 vs. 9% in 9M12. The division generated Division loss of \$0.2 million vs Operating Income of \$4.5 million in 9M12.

Adjusted EBITDA* for the division was \$2.0 million (9M12: \$6.4 million). Adjusted EBITDA* margin in the Grain division was 14% vs 32% in 9M12.

Financial Position

The Group's Capital Expenditure on property, plant and equipment and maintenance amounted to \$115.2 million in 9M13 (9M12: \$152.8 million). Of that, \$60.8 million was invested into the Poultry division, mainly into the capacity increase in Penza, Bryansk and Moscow clusters as well as into the Elets Project. The Pork division received \$20.6 million of investments, Meat Processing division received \$23.3 million of investments and the Grain division received \$10.5 million of investments.

Net Debt at September 30, 2013 was \$813.3 million or RUR 26 305.7 million vs \$836.5 million or RUR 25 406.8 million at the end of 2012. Total debt stood at \$944.2 million or RUR 30 539,4 million compared to \$899.8 million or RUR 27 327,9 million at the end of 2012. Of total debt long-term debt was approximately \$573.5 million or 61% of the debt portfolio. Short-term debt was approximately \$370.7 million, or 39% of the portfolio. Cost of debt as of September 30 was 2.7% (September 30, 2012: 2.1%). The portion of subsidised loans and credit lines in the portfolio was 87%. Cash and cash equivalents totalled \$63.8 million as of 30 September 2013.

Subsidies

In the nine months of 2013 the Group accrued direct subsidies in the amount of \$25.8 million or RUR 800.3 million (9M 12: \$7.6 million or RUR 237 million). In 2013, direct compensation subsidies were mostly granted by the Government to livestock producers to cover losses caused by high feed price. The Group also accrued subsidies for interest reimbursement of (\$52.3 million or RUR 1 652.2 million) which offset interest expense (9M12: \$50.3 million or RUR 1 564.8 million).

Outlook

The situation on the meat market has improved significantly since summer. Pork prices have rebounded by 40% and remain at a healthy level above 70 RUR/kg net of VAT. The 2013 harvest is reported above 90 million tons, which is a long-term average result for Russia, preventing grain prices from increasing. The situation with Government subsidy payments remains quite stressful but is steadily improving. As a result of import restrictions imposed in the first and second quarters, imports on the pork market significantly decreased. As large domestic pork producers refrain from further investments during periods of volatility, this also helps to stabilize the market.

When combined, these factors form a favorable growth platform for the balance of 2013 and 2014, enabling large, diversified and vertically integrated companies to achieve decent profitability.

Cherkizovo Group will hold a conference call with CEO Sergei Mikhailov, CFO Ludmila Mikhailova on Thursday, Nov 28, at 4 PM Moscow time/12 PM London time/7 AM NY time

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Conference ID 98872445

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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 9M13: 31.62 RUR/USD; 9M12:31.10 RUR/USD; 3Q13: 32.80 RUR/USD; 3Q12:32.01 RUR/USD.

*** All prices are given excluded VAT

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

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

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 Nine months ended 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	417 137	622 699	230 054	14 489	7 566	(96 990)	1 194 955
including other sales	2 839	33 524	5 825	998	2 523	(4 344)	41 365
including sales volume discount	(37 484)	(21 208)	-	-	-	-	(58 692)
Interdivision Sales	(104)	(13 170)	(68 057)	(8 571)	(7 088)	96 990	0
Sales to external customers (Sales)	417 033	609 529	161 997	5 918	478		1 194 955
<i>% of Total sales</i>	34,9%	51,0%	13,6%	0,5%	0,0%		100,0%
Cost of Sales	(312 262)	(519 170)	(203 927)	(10 666)	(37)	91 345	(954 717)
Gross profit	104 875	103 529	26 127	3 823	7 529	(5 645)	240 238
Gross margin	25,1%	16,6%	11,4%	26,4%	99,5%		20,1%
Operating expenses	(66 418)	(83 237)	(25 040)	(3 071)	(20 297)	6 212	(191 851)
Operating income	38 457	20 292	1 087	752	(12 768)	567	48 387
<i>Operating margin</i>	9,2%	3,0%	0,5%	5,2%	-168,8%		4,0%
Other income and expenses, net	(530)	6 898	(130)	4	9 138	(14 466)	914
Financial expenses, net	(7 568)	(6 581)	(9 393)	(932)	(9 939)	14 459	(19 954)
Division profit / (loss)	30 359	20 609	(8 436)	(176)	(13 569)	560	29 347
<i>Division profit margin</i>	7,3%	3,3%	-3,7%	-1,2%	-179,3%		2,5%
Supplemental information:							-
Income Tax expense	5 867	129	(179)	(3)	(6)		5 808
Depreciation expense	7 633	32 598	25 658	1 227	524		67 640
							-
Adjusted EBITDA reconciliation							-
Division profit / (loss)	30 359	20 609	(8 436)	(176)	(13 569)	560	29 347
Add:							0
Interest expense, net	7 568	6 581	9 393	933	9 939	(14 459)	19 955
Interest income	(293)	(4 929)	(232)	(3)	(11 968)	14 466	(2 959)
Foreign exchange loss/(gain)	859	(1 937)	365	(2)	2 829		2 114
Depreciation and amortisation	7 633	32 598	25 658	1 227	524		67 640
Adjusted EBITDA*	46 126	52 922	26 748	1 979	(12 245)	567	116 097
	11,1%	8,5%	11,6%	13,7%	-161,8%		9,7%

Reconciliation between net division profit and income attributable to Cherkizovo Group

Total net division profit	29 347
Net income attributable to non-controlling interests	(462)
Income taxes	(5 808)
Net income attributable to Cherkizovo Group	23 077

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

	Nine months ended 30 September 2013	Nine months ended 30 September 2012(as adjusted)#
<i>(in thousands of US dollars)</i>		
Sales	1 194 955	1 137 306
incl. Sales volume discount	(58 692)	(47 883)
incl. Sales returns	(14 149)	(10 164)
Cost of sales	(954 717)	(803 711)
Gross profit	240 238	333 595
Gross margin	20,1%	29,3%
Operating expenses	(191 851)	(153 477)
Operating Income	48 387	180 118
Operating margin	4,0%	15,7%
Income before income tax and minority interest	29 347	168 325
Net income attributable to Group Cherkizovo	23 077	158 697
<i>Net profit margin</i>	1,9%	13,9%
Weighted average number of shares outstanding	43 839 590	43 053 478
Earnings per share		
Net income attributable to Cherkizovo Group per share – basic and diluted	0.53	3.69
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and minority interest	29 347	168 325
Add:		
Interest expense, net of subsidies	19 955	13 759
Interest income	(2 959)	(1 483)
Foreign exchange loss/(gain)	2 114	(475)
Depreciation and amortisation	67 640	59 006
Consolidated Adjusted EBITDA*	116 097	239 132
<i>Adjusted EBITDA Margin</i>	9,7%	21,0%

POULTRY DIVISION UNAUDITED INCOME STATEMENT DATA

	Nine months ended 30 September 2013	Nine months ended 30 September 2012(as adjusted)#
<i>(in thousands of US dollars)</i>		
Total Sales	622 699	609 254
Interdivision sales	(13 170)	(25 955)
Sales to external customers	609 529	583 299
Cost of sales	(519 170)	(436 604)
Gross profit	103 529	172 650
<i>Gross margin</i>	<i>16,6%</i>	<i>28,3%</i>
Operating expenses	(83 237)	(68 672)
Operating Income	20 292	103 978
<i>Operating margin</i>	<i>3,3%</i>	<i>17,1%</i>
Other income and expenses, net	6 898	2 055
Interest expense, net	(6 581)	(4 367)
Division profit	20 609	101 666
<i>Division profit margin</i>	<i>3,3%</i>	<i>16,7%</i>
Poultry division Adjusted EBITDA reconciliation*		
Division profit	20 609	101 666
Add:		
Interest expense, net of subsidies	6 581	4 367
Interest income	(4 929)	(3 719)
Foreign exchange loss/(gain)	(1 937)	1 679
Depreciation and amortisation	32 598	31 524
Poultry division Adjusted EBITDA*	52 922	135 517
<i>Adjusted EBITDA Margin</i>	<i>8,5%</i>	<i>22,2%</i>

PORK DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Nine months ended 30 September 2013	Nine months ended 30 September 2012(as adjusted)#
Total Sales	230 054	181 329
Interdivision sales	(68 057)	(56 500)
Sales to external customers	161 997	124 829
Cost of sales	(203 927)	(107 488)
Gross profit	26 127	73 841
<i>Gross margin</i>	<i>11,4%</i>	<i>40,7%</i>
Operating expenses	(25 040)	(16 981)
Operating Income	1 087	56 860
<i>Operating margin</i>	<i>0,5%</i>	<i>31,4%</i>
Other income and expenses, net	(130)	400
Interest expense, net	(9 393)	(7 521)
Division (loss)/profit	(8 436)	49 739
<i>Division profit margin</i>	<i>-3,7%</i>	<i>27,4%</i>
Pork division Adjusted EBITDA reconciliation*		
Division (loss)/profit	(8 436)	49 739
Add:		
Interest expense, net of subsidies	9 393	7 521
Interest income	(232)	(223)
Foreign exchange loss/(gain)	365	(176)
Depreciation and amortisation	25 658	17 310
Pork division Adjusted EBITDA*	26 748	74 171
<i>Adjusted EBITDA Margin</i>	<i>11,6%</i>	<i>40,9%</i>

MEAT PROCESSING DIVISION UNAUDITED INCOME STATEMENT DATA

	Nine months ended 30 September 2013	Nine months ended 30 September 2012(as adjusted)#
<i>(in thousands of US dollars)</i>		
Total Sales	417 137	417 410
Interdivision sales	(104)	(529)
Sales to external customers	417 033	416 881
Cost of sales	(312 262)	(334 852)
Gross profit	104 875	82 558
<i>Gross margin</i>	<i>25,1%</i>	<i>19,8%</i>
Operating expenses	(66 418)	(53 452)
Operating Income	38 457	29 106
<i>Operating margin</i>	<i>9,2%</i>	<i>7,0%</i>
Other income and expenses, net	(530)	797
Interest expense, net	(7 568)	(6 978)
Division profit	30 359	22 925
<i>Division profit margin</i>	<i>7,3%</i>	<i>5,5%</i>
Meat processing division Adjusted EBITDA reconciliation*		
Division profit	30 359	22 925
Add:		
Interest expense, net of subsidies	7 568	6 978
Interest income	(293)	(266)
Foreign exchange loss/(gain)	859	(536)
Depreciation and amortisation	7 633	8 014
Meat processing division Adjusted EBITDA*	46 126	37 115
<i>Adjusted EBITDA Margin</i>	<i>11,1%</i>	<i>8,9%</i>

GRAIN DIVISION UNAUDITED INCOME STATEMENT DATA

(in thousands of US dollars)	Nine months ended 30 September 2013	Nine months ended 30 September 2012(as adjusted)#
Total Sales	14 489	20 131
Interdivision sales	(8 571)	(7 865)
Sales to external customers	5 918	12 266
Cost of sales	(10 666)	(13 547)
Gross profit	3 823	6 584
<i>Gross margin</i>	26,4%	32,7%
Operating expenses	(3 071)	(1 899)
Operating income	752	4 685
<i>Operating margin</i>	5,2%	23,3%
Other income and expenses, net	4	(4)
Interest expense	(932)	(161)
Division (loss)/profit	(176)	4 520
<i>Division profit margin</i>	-1,2%	22,5%
Grain division Adjusted EBITDA reconciliation*		
Division (loss)/profit	(176)	4 520
Add:		
Interest expense, net of subsidies	933	161
Interest income	(3)	2
Foreign exchange loss/(gain)	(2)	
Depreciation and amortisation	1 227	1 687
Grain division Adjusted EBITDA*	1 979	6 370
<i>Adjusted EBITDA Margin</i>	13,7%	31,6%

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

For nine months ended 30 September 2013

	Nine months ended 30 September 2013 US\$000	Nine months ended 30 September 2012 US\$000 (as adjusted)#	Year ended 31 December 2012 US\$000
Sales	1 194 955	1 137 306	1 570 319
Cost of sales	(954 717)	(803 711)	(1 117 470)
Gross profit	240 238	333 595	452 849
Selling, general and administrative expense	(187 397)	(152 985)	(219 334)
Other operating expense, net	(4 454)	(492)	(1 376)
Operating income	48 387	180 118	232 139
Other income, net	914	1 966	3 503
Financial expense, net	(19 954)	(13 759)	(18 947)
Income before income tax	29 347	168 325	216 695
Income tax	(5 808)	(4 748)	14 281
Net income	23 539	163 577	230 976
Less: Net income attributable to non-controlling interests	(462)	(4 880)	(5 761)
Net income attributable to Cherkizovo Group	23 077	158 697	225 215
Weighted average number of shares outstanding – basic	43 839 590	43 053 478	43 367 512
Net income attributable to Cherkizovo Group per share – basic:	0.53	3.69	5.19
Weighted average number of shares outstanding – diluted	43 852 270	43 076 478	43 374 108
Net income attributable to Cherkizovo Group per share – diluted:	0.53	3.68	5.19

APPENDIX III:**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 SEPTEMBER 2013**

	30 September 2013 US\$000	31 December 2012 US\$000
ASSETS		
Current assets:		
Cash and cash equivalents	63 791	41 180
Trade receivables, net of allowance for doubtful accounts of 6 921 and of 7 986 as of 30 September 2013 and 31 December 2012, respectively	76 168	90 978
Advances paid, net of allowance for doubtful accounts of 2 129 and of 1 695 as of 30 September 2013 and 31 December 2012, respectively	29 534	35 064
Inventory	274 939	308 670
Short-term deposits in banks	46 375	-
Deferred tax assets	4 499	4 791
Other receivables, net of allowance for doubtful accounts of 907 and of 2 041 as of 30 September 2013 and 31 December 2012, respectively	62 291	32 342
Other current assets	48 895	51 851
Total current assets	606 492	564 876
Non-current assets:		
Property, plant and equipment, net	1 387 089	1 434 263
Goodwill	17 574	18 452
Other intangible assets, net	42 317	43 828
Deferred tax assets	3 894	4 147
Notes receivable, net	-	1 681
Investments in joint venture	9 150	9 744
Long-term deposits in banks	20 756	22 114
Other non-current receivables	2 689	3 195
Total non-current assets	1 483 469	1 537 424
Total assets	2 089 961	2 102 300

**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS OF 30
SEPTEMBER 2013 CONTINUED**

	30 September 2013 US\$000	31 December 2012 US\$000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	85 698	108 894
Short-term borrowings	370 706	367 055
Tax related liabilities	14 882	19 407
Deferred tax liabilities	198	211
Payroll related liabilities	26 927	22 340
Advances received	19 337	24 096
Payables for non-current assets	15 874	13 660
Interest payable	7 242	2 745
Other payables and accruals	10 571	6 294
Total current liabilities	551 435	564 702
Non-current liabilities:		
Long-term borrowings	573 467	532 697
Deferred tax liabilities	9 906	11 506
Tax related liabilities	2 552	2 728
Payables to shareholders	337	406
Other liabilities	1 595	1 895
Total non-current liabilities	587 857	549 232
Equity:		
Share capital	15	15
Additional paid-in capital	240 219	231 402
Treasury shares	(2 550)	(2 550)
Other accumulated comprehensive loss	(132 074)	(72 812)
Retained earnings	817 985	794 908
Total shareholders' equity	923 595	950 963
Non-controlling interests	27 074	37 403
Total equity	950 669	988 366
Total liabilities and equity	2 089 961	2 102 300

APPENDIX IV:**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended 30 September 2013 US\$000	Nine months ended 30 September 2012 US\$000 (as adjusted)#	Year ended 31 December 2012 US\$000
Cash flows from (used in) operating activities:			
Net income	23 539	163 577	230 976
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortisation	67 640	59 006	81 109
Bad debt expense	999	1 370	5 340
Foreign exchange loss (gain)	2 114	(474)	(129)
Deferred tax benefit	(1 080)	(2 182)	(25 396)
Other adjustments, net	4 666	849	(560)
Changes in operating assets and liabilities			
Decrease (increase) in trade receivables	9 012	(10 463)	(20 140)
Decrease/(increase) in advances paid	1 379	(4 404)	(3 350)
Decrease (increase) in inventory	19 809	(11 551)	(75 431)
(Increase) decrease in other receivables and other current assets	(32 856)	4 353	(5 752)
Decrease in other non-current receivables	1 590	947	936
(Decrease) increase in trade accounts payable	(19 713)	3 294	17 694
(Decrease) increase in tax related liabilities	(5 095)	3 826	7 580
Increase in other current payables	13 147	218	19 933
Total net cash from operating activities	85 151	208 366	232 810
Cash flows from (used in) investing activities:			
Purchases of long-lived assets	(118 629)	(153 106)	(183 891)
Proceeds from sale of property, plant and equipment	7 066	10 543	11 645
Acquisitions of subsidiaries, net of cash acquired	(1 130)	-	-
Investments in joint venture	-	(4 581)	(9 326)
Issuance of long-term loans and placing of long-term deposits	-	(20 631)	(20 796)
Repayment on long-term loans issued	1 289	-	718
Issuance of short-term loans and placing of deposits	(50 726)	(324)	(564)
Repayment of short-term loans issued and redemption of deposits	2 033	1 080	2 383
Total net cash used in investing activities	(160 097)	(167 019)	(199 831)

**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 CONTINUED**

	Nine months ended 30 September 2013 US\$000	Nine months ended 30 September 2012 US\$000 (as adjusted)#	Year ended 31 December 2012 US\$000
Cash flows from (used in) financing activities:			
Proceeds from long-term loans	128 201	78 543	91 711
Repayment of long-term loans	(88 437)	(91 063)	(131 099)
Proceeds from long-term loans from related parties	-	4 885	4 886
Repayment of long-term loans from related parties	(6 987)	(5 137)	(7 709)
Proceeds from short-term loans	246 420	120 668	198 440
Repayment of short-term loans	(178 629)	(126 481)	(153 987)
Purchase of treasury stock	-	(2 523)	(2 523)
Acquisitions of entities under common control and non-controlling interests	(1 030)	(8 960)	(22 092)
Total net cash from (used in) financing activities	99 538	(30 068)	(22 373)
Total cash from (used in) operating, investing and financing activities			
	24 592	11 279	10 606
Impact of exchange rate difference on cash and cash equivalents	(1 981)	251	1 859
Net increase in cash and cash equivalents	22 611	11 530	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	63 791	40 245	41 180
Supplemental Information:			
Income taxes paid	7 119	7 439	10 017
Interest paid	72 176	66 118	86 964
Subsidies for compensation of interest expense received	41 170	50 319	66 548
Non cash transactions:			
Property, plant and equipment acquired through vendor financing	15 874	6 838	13 660
Settlement of acquisition of entities under common control with treasury shares	-	-	12 828

As required by US GAAP, comparative information for the nine months ended 30 September 2012 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 30 June 2013).