26 May 2010

Cherkizovo Group OJSC ("Cherkizovo" or "the Group" or "the Company")

Financial results for the First Quarter Ended 31 March 2010

Moscow, 26 May 2010 - Cherkizovo Group (LSE: CHE), one of Russia's leading integrated and diversified meat producers, today announces quarterly results for the period ended 31 March 2010.

Highlights

- Cherkizovo Group is moving to quarterly financial reporting in order to further enhance transparency and corporate governance
- Revenues increased 14% on a rouble currency basis, and increased 29% to $268.0 million from $208.1 million for the first quarter of 2009
- Adjusted EBITDA* increased 13% on a rouble currency basis, and 28% to $48.1 million from $37.5 million for the first quarter of 2009
- Adjusted EBITDA* margin was flat at 18%
- Gross profit increased 2% on a rouble currency basis, and increased 16% to $72.1 million from $62.2 million for the first quarter of 2009
- Group gross margin was a robust 27%
- Net income increased 17% on a rouble currency basis, and increased 33% to $31.0 million from $23.4 million for the first quarter of 2009
- For the first quarter 2010 Net debt** decreased 2% on a rouble currency basis, and was almost flat at $450.7 million.
- The effective cost of debt remained at 4%.

Business Developments

- Cherkizovo Group has signed a Memorandum of Understanding to acquire a controlling interest in two greenfield pork production farms located in the Penza and Lipetsk regions of Central Russia, which upon completion is expected to increase the Group's current production capacity in the high-margin pork business by almost 30%.
- Cherkizovo shares were transferred to quotation list 'A' on MICEX as the Group has passed all necessary tests and met all applicable requirements of MICEX.
- In the second quarter of 2010 the Group was assigned the following ratings from Moody's: (i) National scale credit: A3.ru; (ii) Corporate family: B2; and (iii) Probability of default: B2.

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

"The move to quarterly financial reporting is in line with our ongoing commitment to improve transparency and corporate governance in the Group and to increase the Company's visibility within the financial audience.

In the first quarter of 2010 we were able to demonstrate strong performance, as we showed a 29% increase in revenue and increased Adjusted EBITDA by 28% while still maintaining a healthy 18% Adjusted EBITDA margin. Nevertheless, our results were affected by seasonal factors, as well as by the tighter pricing environment, in particular, in the Poultry and Pork businesses. Poultry prices reduced in the first quarter of the year due to higher inventory stocking by producers in the fourth quarter of 2009, which was driven by an increased share of imports in the second half of the year. However, towards the end of the quarter poultry and pork prices recovered strongly, and this trend has continued in the second quarter.

The Poultry division started to see returns from the large-scale capacity increase projects we initiated last year. In line with our expectations, the Pork division has achieved impressive growth reflecting the completion of the investment cycle and the division moving into a volume growth phase. In our Meat Processing division, for the first time in recent years, we saw a significant recovery as demand for meat products started to improve.

In the Poultry division we saw profitability returning to historical levels, as 2009 was characterized by unusually high pricing trends. Accordingly, we have achieved a 29% Gross Margin, and a 20% Adjusted EBITDA margin. We accelerated the pace of investment in the division; progressing on two projects at our Bryansk and Penza clusters, which are expected to increase the Group's poultry capacity by 40% once the sites are fully operational in 2012.

The Pork division experienced an exceptional 79% growth in production volumes and we expect further volume growth in the course of the year. We have started pre-integration of the two new farms we intend to acquire this year into our distribution chain, and have started selling volumes from the two farms through our trading house, which has somewhat affected our margin in the segment, which will improve once the acquisition is complete.

In Meat Processing, we have seen some very positive results, as we saw a 9% increase in sales volumes and as a result of implementation of efficiency measures in previous periods the division is returning to profitability.

For the current year we remain broadly positive on Russian consumption, and we expect the pricing environment to improve towards the second half of the year, remaining broadly favorable thereafter. The Company will continue to leverage the benefits from investment in efficiency and capacity, particularly in our higher margin Pork and Poultry businesses. We continue to look for value enhancing opportunities in the market and M&A opportunities, and we remain confident that we will continue to deliver against our strategy in the course of the financial year."

- Ends -

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Chief Executive's Review

Financial Overview

The table below summarizes the Group's strong performance on a rouble currency basis in the first quarter of 2010:

RUR, mln (unaudited)	1Q2010	1Q2009	Change
Sales	8,011.0	7,060.0	14%
Gross Profit	2,156.2	2,110.5	2%
Gross margin, %	*27%*	*30%*	
Operating expenses	1,061.4	1,110.7	(4%)
Operating Income	1,094.9	999.8	10%
Operating Income margin, %	*14%*	*14%*	
Net Income	926.4	792.7	17%
Adjusted EBITDA	1,436.9	1,271.1	13%
EBITDA margin, %	*18%*	*18%*	

On a reported currency basis sales increased by 29% to US$268.0 million (1Q2009: US$208.1 million). Gross profit increased 16% to US$72.1 million (1Q2009: US$62.2 million). Operating expenses as a percentage of sales have decreased to 13% from 16% in the first quarter of 2009. Net income increased 33% to $31.0 million (1Q2009: US$23.4 million).

Adjusted EBITDA* increased 28% to US $48.1 million (1Q2009: US$37.5 million) and adjusted EBITDA* margin was flat at 18%, reflecting a robust operating performance by the Group.

Our business is affected by seasonal factors such as tightened consumption and softer pricing, and traditionally, the first quarter of a year is less profitable.

Poultry Division

Total sales volumes in the Poultry division in the first quarter of 2010 increased by 6% to 46,570 tonnes of slaughter weight compared to 44,100 tonnes in the first quarter of 2009.

Division prices increased by 9% in dollar terms from US$2.12 per kg in the first quarter of 2009 to US$2.32 per kg in the first quarter of 2010 (excluding VAT)***. Prices in rouble terms decreased by 4% from 72.05 roubles per kg in the first quarter of 2009 to 69.20 roubles per kg in the first quarter of 2010 (excluding VAT). In the fourth quarter of 2009 producers stocked up higher inventories of poultry due to an increased share of imports in the second half of the year, which affected the prices in the first quarter of 2010.

Total sales in the Poultry division increased 20% to US$118.5 million (1Q2009: US$99.1 million). Gross Profit decreased 12% to US$33.9 million (1Q2009: US$38.7 million), divisional Gross Margin decreased to 29% (1Q2009: 39%) mostly due to lower selling prices in the first quarter of the year, as well as rising Utilities, Transportation and Storage costs (due to an increased inventory in 1Q2010), and increased Labour costs associated with an aggressive investment program being implemented by the division.

***For price calculation in dollar terms the Company used the average exchange rate for the first quarter of 2009 of 33.9307 roubles per 1 US dollar, for the first quarter of 2010 the average rate was 29.8903 roubles per 1 US dollar.

Operating expenses as a percentage of sales decreased from 14% in the first quarter of 2009 to 13% in the first quarter of 2010. Operating income of the division decreased by 26% to US$18.3 million (1Q2009: US$24.9 million), and operating margin was 16% as a result of the above-mentioned factors. Profit in the Poultry division decreased by 27% to US$15.8 million (1Q2009: US$21.6 million).

Adjusted EBITDA* decreased 18% to US$23.9 million (1Q2009: US$29.2 million), while Adjusted EBITDA* margin in the Poultry division was 20% in the first quarter of 2010.

Pork Division

Sales volumes in the Pork division continue to be the driver of the Group's growth as they increased by a record 79% to 17,505 tonnes of live weight, compared to approximately 9,780 tonnes in the first quarter of 2009.

The division's prices increased by 6% in dollar terms from US$2.20 per kg of live weight in the first quarter of 2009 to US$2.33 per kg of live weight in the first quarter of 2010 (excluding VAT)***. In rouble terms prices decreased by 7% from an exceptionally high level of 74.61 roubles per kg in the first quarter of 2009 to 69.58 roubles per kg in the first quarter of 2010 (excluding VAT).

Total sales in the Pork division increased 125% to US$49.3 million (1Q2009: US$21.9 million). Gross Profit increased 87% to US$17.9 million (1Q2009: US$9.6 million) while Gross Margin decreased to 36%, due in part to pork prices coming under pressure in the first quarter of the year. In addition, there was a mix effect, with an increased share of the division's sales coming from trading activity with related-party pork farms. These are accounted for under 'Other Sales', and reflect activity in anticipation of the proposed acquisition of the farms by Cherkizovo Group. Production enjoys significantly higher gross margins than trading operations, and this mix effect is expected to be short-term until such time as the production operations can be integrated into the Group under the proposed acquisition. Excluding Other Sales, the division's Gross Margin was 43%.

Operating Expenses as a percentage of sales decreased to 7% from 8% in the first quarter of 2009, reflecting increasing economies of scale. The division generated Operating Income of US$14.6 million (1Q2009: US$7.9 million), while Operating Margin was 30% (1Q2009: 36%). Profit in the Pork division increased by 78% to US$13.2 million (1Q2009: US$7.4 million).

Adjusted EBITDA* generated by the division increased 95% to US$17.6 million (1Q2009: US$9.0 million), and Adjusted EBITDA* Margin decreased to 36% (1Q2009: 41%). Without the sales of related-party pork farms Adjusted EBITDA* Margin would have been 42%. (1Q2009: 41%).

Meat Processing Division

In the first quarter of 2010, we saw a strong recovery of demand for the division's products, as sales volumes in the Meat Processing division increased by 9% to approximately 30,800 tonnes from 28,400 tonnes in the first quarter of 2009.

Division prices in dollar terms increased by 16% from US$3.29 in the first quarter of 2009 per kg to US$3.80 per kg in the first quarter of 2010 (excluding VAT)***. Average prices in roubles increased by 2% from 111.57 roubles in the first quarter of 2009 to 113.71 roubles in the first quarter of 2010 (excluding VAT).

Sales in the Meat Processing division increased 19% to US$112.8 million (1Q2009: US$94.6 million). Divisional Gross Profit increased 46% to US$20.4 million (1Q2009: US$13.9 million), while Gross Margin increased from 15% to 18%. Operating expenses as a percentage of sales, decreased to 13% from 15% in the first quarter of 2009. Division profit was US$4.4 million as opposed to a division loss of $6.3 million in the first quarter of 2009.

Adjusted EBITDA* for the division increased 297% to US$8.5 million (1Q2009: US$2.1 million), and Adjusted EBITDA* margin increased to 8% (1Q2009: 2%).

Financial Position

The Group's Capital Expenditure on property, plant and equipment and maintenance amounted to US$21.1 million in the first quarter of 2010. Of that, US$11.2 million was invested into the Poultry division, mainly into the capacity increase projects at Bryansk and Penza clusters, and the construction of the new slaughter facility in Penza. The Pork division received US$8.4 million investment and there was US$0.5 million of investment, primarily for capital maintenance, in the Meat Processing division.

Net Debt** at the end of the first quarter of 2010 was US$450.7 million or RUR13,233.8 million. Total Debt was at US$488.1 million or RUR14,331.8 million. Of the Total Debt long-term debt was approximately US$365.1 million or 75% of the debt portfolio. Short-term debt was US$123.0 million, or 25% of the portfolio. Cost of Debt for the first quarter of 2010 remained at 4%. The portion of subsidized debt in the portfolio was 88%, improving from 86% at 31 December 2009. Cash and cash equivalents totalled US$37.4 million at 31 March 2010.

Subsidies

In the first quarter of 2010 the Group received no direct subsidies. The Group received interest reimbursement of US$9.3 million which offset interest expense.

Outlook

Cherkizovo made solid progress in the first quarter of 2010 in its operational and financial results, though performance was affected by a less favorable seasonal environment generally characterized by slower consumption and a softer pricing environment.

The Group's Poultry division will start gaining scale from the expected capacity increases at the Bryansk and Penza clusters towards the end of the current financial year. At the same time, we expect further significant production volume increases in 2010 in the pork division, further enhanced by volume coming from the contemplated acquisition of the two new farms announced in March 2010. In the Meat Processing division we expect to return to pre-crisis production levels as consumer demand improves.

Overall, in 2010, we take a positive view on Russian consumption, and we expect the pricing environment to improve in the course of the year and remain broadly favorable for Cherkizovo's products throughout the year. Russia still remains the biggest importer of meat in the world and the Russian government is targeting a substantial reduction in imports by 2014, which presents significant opportunities for Cherkizovo as the leading domestic producer. The Company will continue to benefit from investments already made to increase capacity, particularly in our higher margin Pork and Poultry businesses, and from recovery trends in Meat Processing. Overall, we remain confident that we will continue to enhance value and deliver against our strategy in the course of the financial year.

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

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

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 Three months 2010 Consolidated Selected Financial Data (US$000)

(in thousands of US dollars)	**Meat-Processing**	**Poultry**	**Pork**	**Corporate assets/ expenditures**	**Interdivision**	**Combined**
Total Sales	112 830	118 535	49 257	1 560	-	**282 182**
including other sales	678	15 243	8 508	-	-	**24 429**
including sales volume discount	(4 308)	(4 523)	-	-	-	**(8 831)**
Interdivision Sales	(105)	(7 297)	(5 206)	(1 559)	-	**(14 167)**
Sales to external customers (Sales)	112 725	111 238	44 051	1	-	**268 015**
% of Total sales	*42%*	*42%*	*16%*			***100%***
Cost of Sales	(92 463)	(84 625)	(31 331)	(4)	12 546	**(195 877)**
Gross profit	**20 367**	**33 910**	**17 926**	**1 556**	**(1 621)**	**72 138**
Gross margin	*18 %*	*29%*	*36%*			***27%***
Operating expenses	(14 643)	(15 588)	(3 342)	(3 557)	1 621	**(35 509)**
Operating income	**5 724**	**18 322**	**14 584**	**(2 001)**	**0**	**36 629**
Operating margin	*5%*	*16%*	*30%*			***14%***
Other income and expenses, net	868	(197)	238	1 663	(2 080)	**492**
Interest expenses	(2 199)	(2 361)	(1 618)	(588)	2 080	**(4 686)**
Division profit / (loss)	**4 393**	**15 764**	**13 204**	**(926)**	**0**	**32 435**
Division profit margin	*4%*	*13%*	*27%*			***12%***
Supplemental information:						
Income Tax expense	1 191	(993)	600	-	-	**798**
Depreciation and amortisation expense	2 711	5 545	3 045	53	-	**11 354**
Loss on disposal of property, plant & equipment	64	14	11	-		**89**

Adjusted EBITDA reconciliation						
Division profit / (loss)	**4 393**	**15 764**	**13 204**	**(926)**	**0**	**32 435**
Add:						
Interest expense	2 199	2 361	1 618	588	(2 080)	**4 686**
Interest income	(336)	(4)	(70)	(1 883)	2 080	**(213)**
Gain from debt forgiveness	(11)	(26)	-	-	-	**(37)**
Currency remeasurement loss/(gain), net	(522)	227	(168)	179	-	**(284)**
Other financial (income) & expense, net	-	-	-	41	-	**41**
Depreciation and amortization expense	2 711	5 545	3 045	54	-	**11 355**
Loss on disposal of property, plant & equipment	64	14	11	-	-	**89**
Adjusted EBITDA*	**8 498**	**23 881**	**17 640**	**(1 947)**	**0**	**48 072**
*Adjusted EBITDA Margin**	*8%*	*20%*	*36%*			***18%***

Reconciliation between net division profit and consolidated income attributable to Group Cherkizovo

Total net division profit	**32 435**
Net (income) loss attributable to noncontrolling interests	(644)
Income taxes	(798)
Net income attributable to Group Cherkizovo	**30 993**

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Sales	268 015	208 072
Cost of sales	(195 877)	(145 871)
Gross profit	**72 138**	**62 201**
Gross margin	*27%*	*30%*
Operating expenses	(35 509)	(32 735)
Operating Income	**36 629**	**29 466**
Operating margin	*14%*	*14%*
Income before tax and non-controlling interest	**32 435**	**24 632**
Net income attributable to Group Cherkizovo	**30 993**	**23 363**
Net profit margin	*12 %*	*11%*
Weighted average number of shares outstanding	43 028 022	43 028 022
Earnings per share		
Net income per share	**0.72**	**0.54**
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and non-controlling interest	**32 435**	**24 632**
Add:		
Interest expense	4 686	4 300
Interest income	(213)	(368)
Reserve on loans receivable	-	2 256
Gain from debt forgiveness	(37)	(30)
Currency remeasurement gain, net	(284)	(1 326)
Other financial income, net	41	-
Depreciation and amortization expense	11 355	7 917
Loss on disposal of property, plant & equipment	89	80
Consolidated Adjusted EBITDA	**48 072**	**37 461**
Adjusted EBITDA Margin	*18%*	*18%*

UNAUDITED MEAT PROCESSING DIVISION INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Total Sales	112 830	94 643
Interdivision sales	(105)	(65)
Sales to external customers	**112 725**	**94 578**
Cost of sales	(92 463)	(80 716)
Gross profit	**20 367**	**13 927**
Gross margin	*18%*	*15%*
Operating expenses	(14 643)	(14 284)
Operating Income	**5 724**	**(357)**
Operating margin	*5%*	*-0.4%*
Other income (expenses), net	868	(3 385)
Interest expenses	(2 199)	(2 572)
Division profit (loss)	**4 393**	**(6 314)**
Division profit margin (loss margin)	*4%*	*-7%*
Meat processing division Adjusted EBITDA reconciliation*		
Division profit (loss)	**4 393**	**(6 314)**
Add:		
Interest expense	2 199	2 572
Interest income	(336)	(463)
Reserve on loans receivable	-	1 989
Gain from debt forgiveness	(11)	(22)
Currency remeasurement loss (gain), net	(522)	1 880
Depreciation and amortization expense	2 711	2 498
Loss on disposal of property, plant & equipment	64	3
Meat processing division Adjusted EBITDA	**8 498**	**2 143**
Adjusted EBITDA Margin	*8%*	*2%*

UNAUDITED POULTRY PROCESSING DIVISION INCOME STATEMENT DATA

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Total Sales	118 535	99 072
Interdivision sales	(7 297)	(5 287)
Sales to external customers	**111 238**	**93 785**
Cost of sales	(84 625)	(60 345)
Gross profit	**33 910**	**38 727**
Gross margin	*29%*	*39%*
Operating expenses	(15 588)	(13 818)
Operating Income	**18 322**	**24 909**
Operating margin	*16%*	*25%*
Other expenses, net	(197)	(501)
Interest expenses	(2 361)	(2 761)
Division profit	**15 764**	**21 647**
Division profit margin	*13%*	*22%*
Poultry division Adjusted EBITDA reconciliation*		
Division profit	**15 764**	**21 647**
Add:		
Interest expense	2 361	2 761
Interest income	(4)	(6)
Gain from debt forgiveness	(26)	(9)
Currency remeasurement loss, net	227	516
Depreciation and amortization expense	5 545	4 262
Loss on disposal of property, plant & equipment	14	41
Poultry division Adjusted EBITDA	**23 881**	**29 212**
Adjusted EBITDA Margin	*20%*	*30%*

UNAUDITED PORK PROCESSING DIVISION INCOME STATEMENT DATA

(in thousands of US dollars)	Three months ended 31 March 2010	Three months ended 31 March 2009
Total Sales	49 257	21 871
Interdivision sales	(5 206)	(2 163)
Sales to external customers	**44 051**	**19 708**
Cost of sales	(31 331)	(12 293)
Gross profit	**17 926**	**9 578**
Gross margin	36%	*44%*
Operating expenses	(3 342)	(1 726)
Operating Income	**14 584**	**7 852**
Operating margin	30%	*36%*
Other income (expenses), net	238	(132)
Interest expenses	(1 618)	(297)
Division profit	**13 204**	**7 423**
Division profit margin	27%	*34%*
Pork division Adjusted EBITDA reconciliation*		
Division profit	**13 204**	**7 423**
Add:		
Interest expense	1 618	297
Interest income	(70)	-
Gain from debt forgiveness	-	1
Currency remeasurement loss (gain), net	(168)	131
Depreciation and amortization expense	3 045	1 153
Loss on disposal of property, plant & equipment	11	36
Pork division Adjusted EBITDA	**17 640**	**9 041**
Adjusted EBITDA Margin	36%	*41%*

APPENDIX II:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTH ENDED 31 MARCH 2010 AND 2009

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Sales	268 015	208 072
Cost of sales	(195 877)	(145 871)
Gross profit	**72 138**	**62 201**
Selling, general and administrative expenses	(35 420)	(32 655)
Other operating expense	(89)	(80)
Operating Income	**36 629**	**29 466**
Other income (expense), net	492	(534)
Interest expense, net	(4 686)	(4 300)
Income before tax	**32 435**	**24 632**
Income tax	(797)	(68)
Net Income	**31 638**	**24 564**
Less: Net income attributable to non-controlling interests	(645)	(1 201)
Net Income attributable to Group Cherkizovo	**30 993**	**23 363**
Weighted average number of shares outstanding	43 028 022	43 028 022
Earnings per share – basic and diluted:	**US$**	**US$**
Net income attributable to Group Cherkizovo per share	**0.72**	**0.54**

APPENDIX III:

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2010 AND 31 DECEMBER 2009

(in thousands of US dollars)	31 March 2010	31 December 2009
ASSETS		
Current assets:		
Cash and cash equivalents	37 393	38 961
Trade receivables, net of allowance for doubtful accounts of 5 251 and of 5 091 as of 31 March 2010 and 31 December 2009, respectively	88 426	86 631
Advances paid, net of allowance for doubtful accounts of 1 664 and of 1 634 as of 31 March 2010 and 31 December 2009, respectively	28 161	31 200
Inventory	145 225	138 364
Loans receivable	5 159	5 199
Deferred tax assets	6 055	5 879
Other receivables, net of allowance for doubtful accounts of 1 370 and of 1 394 as of 31 March 2010 and 31 December 2009, respectively	22 471	16 307
Other current assets	19 265	22 859
Total current assets	**352 155**	**345 400**
Non-current assets:		
Property, plant and equipment, net	785 012	754 720
Goodwill	8 938	8 677
Other intangible assets, net	43 293	41 889
Loans receivable, net of allowance of 2 607 and 2 531 as of 31 March 2010 and 31 December 2009, respectively	193	156
Deferred tax assets	2 247	2 182
Notes receivable, net	1 394	1 327
Other non-current receivables	5 300	5 146
VAT receivable	10 605	10 620
Total non-current assets	**856 982**	**824 717**
Total assets	**1 209 137**	**1 170 117**

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF 31 MARCH 2010 AND 31 DECEMBER 2009

(in thousands of US dollars)	**31 March 2010**	**31 December 2009**
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	54 740	64 190
Short-term debt and current portion of finance leases	122 947	108 456
Tax related payables	9 807	10 889
Deferred tax liabilities	29	28
Payroll related liability	14 686	13 807
Advances received	3 029	5 563
Payables for non-current assets	6 117	6 532
Interest payable	2 888	2 448
Other payables	4 122	5 159
Total current liabilities	**218 365**	**217 072**
Non-current liabilities:		
Long-term debt and finance leases	365 131	375 689
Deferred tax liabilities	26 470	27 057
Tax related payables	4 383	4 255
Payables to shareholders	635	632
Other liabilities	17	7
Total non-current liabilities	**396 636**	**407 640**
Total liabilities	**615 001**	**624 712**
Equity:		
Share capital	15	15
Additional paid-in capital	292 525	289 213
Treasury shares	(496)	(496)
Other accumulated comprehensive loss	(54 992)	(71 039)
Retained earnings	328 028	297 035
Total shareholders' equity	**565 084**	**514 728**
Non-controlling interests	29 052	30 677
Total equity	**594 136**	**545 405**
Total liabilities and equity	**1 209 137**	**1 170 117**

APPENDIX IV:

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTH ENDED 31 MARCH 2010 AND 2009

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Cash flows from operating activities:		
Net Income	31 638	24 564
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortisation	11 355	7 916
Bad debt expense (including allowance for non-current loans receivable of 0 and 2 256 as of 31 March 2010 and 2009)	8	3 502
Foreign exchange loss	(284)	(1 326)
Deferred tax benefit	(1 373)	(1 047)
Share-based compensation expense	728	–
Other adjustments	31	2 176
Changes in operating assets and liabilities		
(Increase) decrease in inventories	(772)	1 190
Decrease in trade receivables	697	5 722
Decrease in advances paid	3 923	283
Decrease (increase) in value added tax receivable	328	(677)
Increase in other current assets	(1 306)	(820)
Decrease in trade accounts payable	(11 215)	(8 257)
Decrease in taxes payable	(2 202)	(1 776)
(Decrease) increase in other current payables	(2 178)	1 314
Total net cash from operating activities	**29 378**	**32 764**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)
FOR THE THREE MONTH ENDED 31 MARCH 2010 AND 2009

(in thousands of US dollars)	**Three months ended 31 March 2010**	**Three months ended 31 March 2009**
Cash flows from (used in) investing activities:		
Purchases of long-lived assets	(21 689)	(24 202)
Proceeds from sale of property, plant and equipment	154	102
Acquisition of subsidiaries, net of 0 and 14 cash acquired for the 3 month ended 31 March 2010 and 2009 respectively	(561)	(1 975)
Sale of notes receivable	–	295
Purchases of notes receivable	–	(3 989)
Issuance of long-term loans	(214)	(2 208)
Repayment on long-term loans issued	182	293
Issuance of short-term loans	(1 195)	–
Repayments on short-term loans issued	1 384	739
Total net cash used in investing activities	**(21 939)**	**(30 945)**
Cash flows from (used in) financing activities:		
Proceeds from long-term loans	11 181	17 536
Repayment of long-term loans	(13 556)	(4 656)
Proceeds from long-term loans from related parties	28	4
Repayment of long-term loans from related parties	(28)	–
Proceeds from short-term loans	19 031	14 489
Repayment of short-term loans	(26 771)	(35 334)
Cash distributed to shareholders	(14)	(9)
Total net cash used in financing activities	**(10 129)**	**(7 970)**
Total cash used in operating, investing and financing activities	**(2 690)**	**(6 151)**
Impact of exchange rate difference on cash and cash equivalents	1 122	(6 751)
Net decrease in cash and cash equivalents:	**(1 568)**	**(12 902)**
Cash and cash equivalents at the beginning of the period	38 961	49 667
Cash and cash equivalents at the end of the period	**37 393**	**36 765**

Supplemental Information:		
Income taxes paid	1 980	551
Interest paid	15 607	13 146
Property, plant and equipment acquired under finance leases	–	–

Notes:

***Adjusted EBITDA**

Adjusted EBITDA represents operating income plus depreciation and amortisation expense, loss on disposal of property, plant and equipment and other items, which are expenses primarily related to financing, IPO and restructuring activities.

We present Adjusted EBITDA because we consider it an important supplemental measure of our operating performance. In particular, we believe Adjusted EBITDA provides useful information to securities analysts, investors and other interested parties because it is used in the "debt to EBITDA" debt incurrence financial measurement as well as in a number of others relating to both indebtedness and operating performance.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP, and it should not be considered as an alternative to net profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.