9 October 2007

**Cherkizovo Group PLC (“Cherkizovo” or “the Group”)**

**Interim Results for the six months ended 30 June 2008**

Cherkizovo Group (LSE: CHE), one of Russia’s leading integrated and diversified meat producers, today announces interim results for the six months ended 30th June 2008:

## Highlights

### Financial

- Net income increased 66% year-on-year to US $36.3 million (2007: US $21.9 million)
- Adjusted EBITDA* increased 64% year-on-year to US $72.3 million (2007: US $44.1 million)
- Adjusted EBITDA* margin maintained at 13%
- Gross Profit increased 48% to US $140.2 million (2007: US $94.5 million)
- Gross margin decreased to 25% (2007: 28 %)
- Turnover up 63% to US $559.2 million (2007: US $343.1 million)

The reported numbers include US $31.3 million of Federal Budget subsidies that were offset against cost of sales. The money for the subsidies has not yet been received. The Group expects to receive the money for the subsidies in the fourth quarter of 2008.

### Business

- Pork Division volumes doubled as the new state-of-the-art facility at Lipetsk gained momentum.
- The Group commissioned new state-of-the-art pork breeding facilities at Lipetsk (Module 3 and 4) and Tambov (Module 1).

### Post period end

- Completed the second and final module at the Group's new state-of-the-art pig breeding facility in the Tambov region. The opening of the module is the final phase in the completion of the Group's Tambov facility.

**Sergey Mikhailov, Chief Executive Officer of Cherkizovo Group, said:** “*The Company continues to make solid progress against its strategic objectives, despite a challenging market environment. The dramatic rise in grain prices in the first six months of the year exerted* *substantial pressure on margins, despite substantial government support and operational efficiencies. Meanwhile the business continues to be affected by seasonality, with the first half of the year historically accounting for 40-45% of the annual result.*

*Production volumes in the Company's Pork division nearly doubled in the first six months of 2008, reflecting the scale benefits emerging from the first two modules at the Lipetsk breeding facility. The division also benefited from a significant increase in pork prices over the period. The substantial investments that the Company has undertaken to increase capacity are now largely complete.*

*The Company's Poultry division was affected by lower than expected poultry price increases, primarily due to increased imports. This led to flat poultry prices in rouble terms during the first six months of 2008. Moreover, gross margins faced a marked impact from grain prices, although at the operating level this was mitigated to some extent by the economies of scale and synergy benefits from the OJSC Kurinoe Tsarstvo (Chicken Kingdom) acquisition.*

*Rising raw meat prices had an impact on gross margins within the Meat Processing division, although volumes increased slightly in the first half of 2008. The Company won several awards for product quality over the period, which is consistent with Cherkizovo's focus on improving its value-added product offering.*

*Despite the difficult environment, management remains encouraged by the Company's prospects for the full year. Some key commodity price pressures appear to be abating, while the Company's relentless focus on execution leaves it well positioned for growth."*

**- Ends -**


**For further information:**

**Russian media**

| | | |
|---|---|---|
| Maria Gracheva<br>PR Department | Cherkizovo Group OJSC | Tel. +7 495 788 3232, ext.1445<br>m.gracheva@cherkizovo-group.com |
| Dmitry Sudakov<br>IR Department | Cherkizovo Group OJSC | Tel. +7 495 788 3232, ext.1136<br>d.sudakov@cherkizovo-group.com |

**UK/international media**

| | | |
|---|---|---|
| Tom Allison<br>Alex Money<br>Caroline Merrell | Temple Bar Advisory<br>(London) | Tel: +44 20 7002 1080<br>cherkizovo@templebaradvisory.com |


**Adjusted EBITDA*

*Adjusted EBITDA is not a measure of financial performance under US 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.*

**Chief Executive's Review**

## Financial Overview

Group turnover in the period rose 63% to US $559.2 million (2007: US $343.1 million). Gross profit increased 48% to US $140.2 million (2007: US $94.5 million), while gross margins decreased to 25% from 28% in the same period of 2007. Net income increased 66% to US $36.3 million (2007: US $21.9 million).

Adjusted EBITDA* increased 64% year-on-year to US $72.3 million (2007: US $44.1million) and adjusted EBITDA* margin was maintained at 13%. Our business continues to be affected by seasonal factors, with the first half of the year accounting for 40-45% of the annual results historically. We expect this to continue in this full financial year.

Without the Federal Budget subsidies, the Gross profit increased by 15% to US $109.0 million (2007: US $94.5 million), while the gross margins decreased to 19% from 28% in the same period of 2007. Similarly, net income decreased 77% to US $5.0 million (2007: US $21.9 million).

Without subsidies, adjusted EBITDA* decreased year-on-year to US $41.0 million (2007: US $44.1million) and the adjusted EBITDA* margin decreased to 7% from 13%.

## Subsidies

In accordance with Russian legislation, enterprises engaged in agricultural activities receive subsidies on certain qualifying loans, as well as targeted subsidies based on the amount of meat produced.

For the six months ended 30 June 2008, the Federal Budget of the Russian Federation was amended to increase the total assignment of funds for subsidies to agricultural producers by introducing subsidies designed to compensate producers for the high cost of mixed fodder used in the production of poultry and pork during the first half of 2008.

In September 2008, the government of the Russian Federation issued a decree providing formulas for calculating subsidies to agricultural producers to compensate producers for the high cost of mixed fodder used in the production of poultry and pork during the first half of 2008. The decree was based on the change to the law on the Federal Budget of the Russian Federation that was approved by the Duma of the Russian Federation on the 30 June 2008, and increased the total assignment of funds for subsidies to agricultural producers.

Based on the decree, subsidies of 5 roubles and 10 roubles per kilogram of liveweight of poultry and pork produced for slaughter were provided, respectively. These subsidies were recorded in other receivables, the amount of US $33.1 million was offset against the cost of sales of US $31.3 million and inventory of US $1.1 million, with the difference due to the effects of foreign currency translation. Out of the total amount of subsidies, US $24.5 million and US $8.5 million relate to poultry and pork segments, respectively.

## Poultry Division

Prices for poultry increased by 11% in the first six months of 2008 to $2.61 per kg (excluding VAT), compared to $2.36 per kg (excluding VAT) in the first six months of 2007. In roubles, prices increased by 1% to 62.46 roubles per kg (excluding VAT), compared to 61.59 roubles per kg (excluding VAT) in the first six months of 2007.

Although poultry prices increased, the rises in the second quarter were below management's expectations. This was primarily because cheaper imports, in particular from the US and Brazil, undercut the local producers. The Federal Customs Service of Russia reported that between December 2007 and June 2008, poultry imports grew by 9.4%.

Total sales volumes across the Company's poultry division increased in the first six months of 2008 by 106% to approximately 88,400 of slaughter weight tonnes. This compares to approximately 42,800 tonnes of slaughter weight in the same period in 2007. Part of the increase in the amount of approximately 38,500 tonnes is due to the acquisition of Chicken Kingdom. As a result, sales in the Poultry Division more than doubled (increased 137%) to US $247.3 million (2007: US $104.5 million).

Gross profit in the Poultry Division increased by 81% to US $73.4 million (2007: US $40.5 million) in the first half year of 2008. Gross margin decreased to 30% (2007: 39%), mostly due to the increase in the price of grain over the same period. However, subsidies of $22.9 million offset some of the increase in the grain price.

Divisional operating expenses decreased as a percentage of sales year-on-year from 18% to 14%. The improvement was mostly due to the synergies achieved by selling products from the newly acquired OJSC Kurinoe Tsarstvo (Chicken Kingdom) through the Poultry Division’s existing distribution network. As a result, operating income in the division increased by 77% to $38.5 million (2007: $21.8 million), while divisional operating margin decreased from 21% to 16% in the corresponding period. Divisional interest expenses increased to US $9.7 million (2007: US $4.0 million). Divisional profit increased 68% to US $29.7 million (2007: US $17.7 million), as a result of the above factors.

Adjusted EBITDA* increased 92% to US $49.4 million (2007: US $25.7 million), while adjusted EBITDA* margin in the Poultry Division in the first six months of 2007 decreased from 25% to 20%.

**Pork Division**

Sales in the Pork Division increased 133% to US $54.0 million in the first six months of 2008 (2007: US $23.1 million). Volumes in the Pork Division increased by more than 90% in the first half of 2008 to approximately 20,000 of live weight tonnes, as the first of two modules at the Lipetsk pig breeding facility came on stream, substantially increasing capacity.

The performance of the Pork Division was also helped by a 23% increase in pork prices in Russia year on year. Prices in the first six months of 2008 were $2.56 per kg of live weight (excluding VAT), compared to $2.07 per kg (excluding VAT) in the first six months of 2007. In roubles, pork prices increased by 13% to 61.22 roubles per kg of live weight (excluding VAT) compared to 54.12 roubles per kg (excluding VAT) in the first six months of 2007.

Gross profit tripled (up 203%) to $23.9 million (2007: $7.9 million) while gross margin increased to 44% (2007: 34%), largely due to the increase in selling price, increased operational efficiencies from the new pork farms, and as a result of the US $8.4 million in subsidies offsetting the grain price increase.

Operating expenses as a percentage of sales year-on-year decreased from 9% to 7% due to the economies of scale. The division generated operating income of US $20.1 million (2007: $5.9 million), while operating margin increased to 37% (2007: 25%). Divisional profit almost quadrupled to US $ 19.3 million (2007: US $ 5.1 million) as a result of the above factors.

Adjusted EBITDA* generated by the division tripled to US $22.8 million (2007: US$ 7.8 million) and Adjusted EBITDA* margin increased to 42% (2007: 34%).

**<u>Meat Processing Division</u>**

Sales in the Meat Processing Division increased 23% to US $272.2 million (2007: US $220.5 million). As a result of raw meat price growth, average prices within the meat-processing segment increased by 23% in the first six months of 2008 to $3.97 per kg (excluding VAT), compared to $3.22 per kg (excluding VAT) in the first six months of 2007. In roubles the prices increased by 13% to 95.07 roubles per kg (excluding VAT), compared to 83.98 roubles per kg (excluding VAT) in 2007. We were delighted to receive several awards for the quality of our meat products during the period reflecting our focus on improving the Group's value-added product offering

Sales volumes in the first six months of 2008 within the meat-processing segment increased by 2% to approximately 71,800 tonnes, compared to approximately 70,500 tonnes in the first six months of 2007.

Divisional gross profit decreased 7% to US $43.0 million (2007: US $46.1 million). Gross margin in the Meat Processing Division decreased from 21% to 16%, mostly due to the raw meat price increases. Operating expenses, as a percentage of sales, remain at 17%. As a result of the above factors, the operating loss for the first half of 2008 was US $3.2 million.

The division's loss was US $10.8 million in the first half of 2008. Adjusted EBITDA* of the Meat Processing Division decreased to US $6.4 million (2007: US $15.3 million). Adjusted EBITDA* margin decreased to 2% from 7%.

**<u>Outlook</u>**

In the period under review, the Company's increased scale and enhanced efficiencies have produced significant growth, despite the negative impact of high grain prices and increased meat imports. In the second half of the year, we anticipate that a strong Russian wheat harvest and Government intervention to reduce imports, will ensure that Cherkizovo continues to be well placed to increase its market shares and produce strong organic growth.

Looking forward, despite the slowing global economy, we believe the Group's strategy to become the leading integrated meat producer in Russia will continue to provide significant shareholder value. Cherkizovo's strong financial position and its growing scale will enable the Company to leverage its leading market positions and innovative products, to grow in tandem with the Russian Federation's consumption of domestic meat products.

***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.*

*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.*

## <u>APPENDIX I:</u> KEY DATA AND FIGURES

**Consolidated Selected Financial Data** (US$000)

| | **Meat-Processing** | **Poultry** | **Pork** | **Corporate assets/ expenditures** | **Interdivision** | **Combined** |
|---|---|---|---|---|---|---|
| Total Sales | 272 171 | 247 261 | 53 972 | 351 | - | **573 755** |
| including other sales | 1 176 | 22 452 | 3 718 | - | - | **27 346** |
| including sales volume discount | (11 694) | (5 663) | - | - | - | **(17 357)** |
| Interdivision Sales | (96) | (10 039) | (4 055) | (351) | - | **(14 541)** |
| Sales to external customers (Sales) | 272 075 | 237 222 | 49 917 | - | - | **559 214** |
| Cost of Sales | (229 126) | (173 885) | (30 058) | (18) | 14 107 | **(418 980)** |
| Gross profit | 43 045 | 73 376 | 23 914 | 333 | (434) | **140 234** |
| Gross margin | *16%* | *30%* | *44%* | | | ***24%*** |
| Operating expenses | (46 204) | (34 853) | (3 771) | (6 614) | 434 | **(91 008)** |
| Operating income | (3 159) | 38 523 | 20 143 | (6 281) | - | **49 226** |
| Operating margin | *-1%* | *16%* | *37%* | | | ***9%*** |
| Other income and expenses, net | 569 | 947 | (17) | 14 160 | (11 995) | **3 664** |
| Interest expenses | (8 218) | (9 724) | (814) | (8 824) | 11 995 | **(15 585)** |
| **Division profit** | (10 808) | 29 746 | 19 312 | (945) | - | **37 305** |
| Income Tax expense | (151) | 415 | 270 | (12) | - | **522** |
| Depreciation and amortisation expense | 9 407 | 10 587 | 3 210 | 4 | - | **23 208** |
| Loss on disposal of property, plant & equipment | 184 | 251 | (589) | - | - | **(154)** |
| **Adjusted EBITDA reconciliation** | | | | | | |
| Segment profit | (10 808) | 29 746 | 19 312 | (945) | - | **37 305** |
| Add: | | | | | | |
| Interest expense | 8 218 | 9 724 | 814 | 8 824 | (11 995) | **15 585** |
| Interest income | (477) | (61) | - | (12 198) | 11 995 | **(741)** |
| Gain from debt extinguishment | (66) | (85) | - | - | - | **(151)** |
| Currency remeasurement loss/gain | (31) | (801) | 17 | (1 962) | - | **(2 777)** |
| Other financial income | 5 | - | - | - | - | **5** |

| | | | | | | |
|---|---|---|---|---|---|---|
| & expenses | | | | | | |
| Depreciation and amortisation expense | 9 407 | 10 587 | 3 210 | 4 | - | **23 208** |
| Loss on disposal of property, plant & equipment | 184 | 251 | (589) | - | - | **(154)** |
| **Adjusted EBITDA** | **6 432** | **49 361** | **22 764** | **(6 277)** | - | **72 280** |
| *Adjusted EBITDA Margin* | 2% | 20% | 42% | | | **13%** |

**Reconciliation between net division profit and income from continuing operations**

| | |
|---|---|
| Total net Division profit | 37 305 |
| Minority interest | (357) |
| Income taxes | (522) |
| **Consolidated income from continuing operations** | **36 426** |

## CONSOLIDATED INCOME STATEMENT DATA

| *(in thousands of US dollars)* | **Six months ended 30 June 2008** | **Six months ended 30 June 2007** | **Year ended 31 December 2007** |
|---|---|---|---|
| Sales | 559 214 | 343 053 | 840 815 |
| Cost of sales | (418 980) | (248 552) | (617 021) |
| **Gross profit** | **140 234** | **94 501** | **223 794** |
| **Gross margin** | 25% | 28% | *27%* |
| Operating expenses | (91 008) | (63 489) | (140 680) |
| **Operating Income** | **49 226** | **31 012** | **83 114** |
| **Operating margin** | **9%** | **9%** | **10%** |
| **Net Income/(Loss)** | **36 253** | **21 865** | **61 582** |
| Weighted average number of shares outstanding | 40 377 628 | 39 564 300 | 39 564 300 |
| **Earnings per share, basic and diluted** | | | |
| Income (loss) from continuing operations before extraordinary items | 0.90 | 0.56 | 1.57 |
| Loss from discontinued operations | 0.00 | (0.01) | (0.01) |
| Net Income | 0.90 | 0.55 | 1.56 |

| | | | |
|---|---|---|---|
| **Consolidated Adjusted EBITDA reconciliation*** | | | |
| Income before income tax and minority interest | 37 305 | 25 654 | 71 330 |
| Add: | | | |
| Interest expense | 15 585 | 7 231 | 18 613 |
| Interest income | (741) | (2 266) | (3 266) |
| Gain from debt extinguishment | (151) | (103) | (467) |
| Currency remeasurement loss/gain | (2 777) | 520 | (3 217) |
| Other financial income & expenses | 5 | (24) | 121 |
| Depreciation and amortisation expense | 23 208 | 13 563 | 32 089 |
| Loss on disposal of property, plant & equipment | (154) | (457) | 145 |
| **Consolidated Adjusted EBITDA** | **72 280** | **44 118** | **115 348** |
| *Adjusted EBITDA Margin* | *13%* | *13%* | *14%* |

## MEAT PROCESSING DIVISION INCOME STATEMENT DATA

| *(in thousands of US dollars)* | **Six months ended 30 June 2008** | **Six months ended 30 June 2007** | **Year ended 31 December 2007** |
|---|---|---|---|
| Total sales | 272 171 | 220 475 | 487 285 |
| Interdivision sales | (96) | (162) | (2 776) |
| **Sales to external customers** | **272 075** | **220 313** | **484 509** |
| Cost of sales | (229 126) | (174 398) | (386 085) |
| **Gross profit** | **43 045** | **46 077** | **101 200** |
| Gross margin | *16%* | *21%* | *21%* |
| Operating expenses | (46 204) | (38 000) | (81 443) |
| **Operating Income** | **(3 159)** | **8 077** | **19 757** |
| Operating margin | *-1%* | *4%* | *4%* |
| Other income and expenses, net | 569 | 217 | 1 027 |
| Interest expenses | (8 218) | (6 979) | (14 173) |
| **Division profit/(Loss)** | **(10 808)** | **1 315** | **6 611** |
| | | | |
| **Meat processing division Adjusted EBITDA reconciliation**** | | | |
| Income before income tax and minority interest | (10 808) | 1 315 | 6 611 |
| Add: | | | |
| Interest expense | 8 218 | 6 979 | 14 173 |
| Interest income | (477) | (423) | (751) |
| Gain from debt extinguishment | (66) | (97) | (282) |
| Currency remeasurement loss/gain | (31) | 446 | 5 |
| Other financial income & expenses | 5 | (142) | 1 |
| Depreciation and amortisation expense | 9 407 | 7 786 | 16 318 |
| Loss on disposal of property, plant & equipment | 184 | (561) | (484) |
| **Meat processing division Adjusted EBITDA** | **6 432** | **15 303** | **35 591** |
| *Adjusted EBITDA Margin* | 2% | 7% | 7% |

## POULTRY PROCESSING DIVISION INCOME STATEMENT DATA

| *(in thousands of US dollars)* | **Six months ended 30 June 2008** | **Six months ended 30 June 2007** | **Year ended 31 December 2007** |
|---|---|---|---|
| Total sales | 247 261 | 104 547 | 296 801 |
| Interdivision sales | (10 039) | (3 311) | (5 181) |
| **Sales to external customers** | **237 222** | **101 236** | **291 620** |
| Cost of sales | (173 885) | (64 006) | (203 381) |
| **Gross profit** | **73 376** | **40 541** | **93 420** |
| Gross margin | *30%* | *39%* | *31%* |
| Operating expenses | (34 853) | (18 767) | (46 256) |
| **Operating Income** | **38 523** | **21 774** | **47 164** |
| Operating margin | *16%* | *21%* | *16%* |
| Other income and expenses, net | 947 | (32) | 2 248 |
| Interest expenses | (9 724) | (4 043) | (10 659) |
| **Division profit/(Loss)** | **29 746** | **17 699** | **38 753** |
| | | | |
| **Poultry division Adjusted EBITDA reconciliation**** | | | |
| Income before income tax and minority interest | 29 746 | 17 699 | 38 753 |
| Add: | | | |
| Interest expense | 9 724 | 4 043 | 10 659 |
| Interest income | (61) | (3) | (9) |
| Gain from debt extinguishment | (85) | (6) | (131) |
| Currency remeasurement loss/gain | (801) | 41 | (2 107) |
| Other financial income & expenses | | | |
| Depreciation and amortisation expense | 10 587 | 3 791 | 11 267 |
| Loss on disposal of property, plant & equipment | 251 | 104 | 627 |
| **Poultry division Adjusted EBITDA** | **49 361** | **25 669** | **59 059** |
| *Adjusted EBITDA Margin* | 20% | 25% | 20% |

## PORK PROCESSING DIVISION INCOME STATEMENT DATA

| *(in thousands of US dollars)* | **Six months ended 30 June 2008** | **Six months ended 30 June 2007** | **Year ended 31 December 2007** |
|---|---|---|---|
| Total sales | 53 972 | 23 122 | 69 869 |
| Interdivision sales | (4 055) | (1 618) | (5 186) |
| **Sales to external customers** | **49 917** | **21 504** | **64 683** |
| Cost of sales | (30 058) | (15 222) | (40 684) |
| **Gross profit** | **23 914** | **7 900** | **29 185** |
| Gross margin | *44%* | *34%* | *42%* |
| Operating expenses | (3 771) | (2 046) | (4 680) |
| **Operating Income** | **20 143** | **5 854** | **24 505** |
| Operating margin | *37%* | *25%* | *35%* |
| Other income and expenses, net | (17) | (137) | (64) |
| Interest expenses | (814) | (651) | (1 390) |
| **Division profit/(Loss)** | **19 312** | **5 066** | **23 051** |
| | | | |
| **Pork division Adjusted EBITDA reconciliation**** | | | |
| Income before income tax and minority interest | 19 312 | 5 066 | 23 051 |
| Add: | | | |
| Interest expense | 814 | 651 | 1 390 |
| Interest income | - | - | - |
| Gain from debt extinguishment | - | - | (54) |
| Currency remeasurement loss/gain | 17 | 19 | (2) |
| Other financial income & expenses | | 118 | 120 |
| Depreciation and amortisation expense | 3 210 | 1 986 | 4 502 |
| Loss on disposal of property, plant & equipment | (589) | - | 2 |
| **Pork division Adjusted EBITDA** | **22 764** | **7 840** | **29 009** |
| *Adjusted EBITDA Margin* | 42% | 34% | 42% |

## APPENDIX II:

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2007

| *(in thousands of US dollars)* | **Six months ended 30 June 2008** | **Six months ended 30 June 2007** | **Year ended 31 December 2007** |
|---|---|---|---|
| Sales | 559 214 | 343 053 | 840 815 |
| Cost of sales | (418 980) | (248 552) | (617 021) |
| **Gross profit** | **140 234** | **94 501** | **223 794** |
| Selling, general and administrative expenses | (91 162) | (63 946) | (140 535) |
| Other operating income (expense) | 154 | 457 | (145) |
| **Operating income** | **49 226** | **31 012** | **83 114** |
| Other income, net | 3 664 | 1 873 | 6 829 |
| Interest expense | (15 585) | (7 231) | (18 613) |
| **Income from continuing operations before income tax and minority interest** | **37 305** | **25 654** | **71 330** |
| Income tax | (522) | (3 021) | (6 832) |
| Minority interest | (357) | (570) | (2 265) |
| **Income from continuing operations** | **36 426** | **22 063** | **62 233** |
| Loss from discontinued operations, net of income tax | (173) | (198) | (651) |
| **Net income** | **36 253** | **21 865** | **61 582** |
| Weighted average number of shares outstanding | 40 377 628 | 39 564 300 | 39 564 300 |

| | **US$** | **US$** | **US$** |
|---|---|---|---|
| Earnings per share: | | | |
| Income from continuing operations | 0.90 | 0.56 | 1.57 |
| Loss from discontinued operations, net of income tax | - | (0.01) | (0.01) |
| Net income per share | 0.90 | 0.55 | 1.56 |

**APPENDIX III:**

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS AS OF 30 JUNE 2008 (UNAUDITED) AND 31 DECEMBER 2007**

| *(in thousands of US dollars)* | **30 June 2008** | **31 December 2007** |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | 26 295 | 16 920 |
| Trade receivables, net of allowance for doubtful accounts of 3 271 and 2 795 as of 30 June 2008 and 31 December 2007, respectively | 100 300 | 88 306 |
| Advances paid, net of allowance for doubtful accounts of 731 and 936 as of 30 June 2008 and 31 December 2007, respectively | 47 176 | 37 686 |
| Inventory | 160 578 | 156 222 |
| Loans receivable | 2 892 | 2 807 |
| Deferred tax assets | 7 844 | 7 496 |
| Other receivables, net of allowance for doubtful accounts of 711 and 688 as of 30 June 2008 and 31 December 2007, respectively | 57 762 | 20 051 |
| Other assets | 35 036 | 41 255 |
| **Total current assets of continuing operations** | **437 883** | **370 743** |
| Current assets of discontinued operations | 482 | 1 395 |
| **Total current assets** | **438 365** | **372 138** |
| **Non-current assets** | | |
| Property, plant and equipment, net | 809 863 | 711 580 |
| Goodwill | 11 468 | 10 959 |
| Other intangible assets, net | 58 133 | 55 007 |
| Loans to affiliated companies | 1 917 | 3 362 |
| Deferred tax assets | 2 998 | 2 865 |
| Notes receivable, net | 9 100 | 8 357 |
| VAT receivable | 11 363 | 21 034 |
| **Total non-current assets of continuing operations** | **904 842** | **813 164** |
| Non-current assets of discontinued operations | 1 992 | 1 730 |
| **Total non-current assets** | **906 834** | **814 894** |
| **Total assets** | **1 345 199** | **1 187 032** |

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (CONTINUED)**
**AS OF 30 JUNE 2008 (UNAUDITED) AND 31 DECEMBER 2007**

| *(in thousands of US dollars)* | **30 June 2008** | **31 December 2007** |
|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Trade accounts payable | 81 611 | 75 571 |
| Loans and finance leases | 294 495 | 231 358 |
| Tax related payables | 6 088 | 6 908 |
| Deferred tax liabilities | 185 | 177 |
| Payroll related liability | 17 118 | 14 463 |
| Advances received | 1 175 | 2 899 |
| Payables for non-current assets | 11 450 | 16 108 |
| Interest payable | 2 844 | 2 673 |
| Other payables | 6 805 | 2 951 |
| **Total current liabilities of continuing operations** | **421 771** | **353 108** |
| Current liabilities of discontinued operations | 2 139 | 1 510 |
| **Total current liabilities** | **423 910** | **354 618** |
| | | |
| **Non-current liabilities** | | |
| Loans and finance leases | 380 296 | 425 231 |
| Deferred tax liabilities | 42 681 | 42 982 |
| Tax related payables | 10 889 | 10 004 |
| Payables to shareholders | 1 193 | 1 167 |
| Other liabilities | 264 | 212 |
| **Total non-current liabilities of continuing operations** | **435 323** | **479 596** |
| Non-current liabilities of discontinued operations | 1 025 | 2 068 |
| **Total non current liabilities** | **436 348** | **481 664** |
| | | |
| Commitments and contingencies | | |
| **Minority interest** | **21 545** | **21 226** |
| | | |
| **Shareholders' equity:** | | |
| Share capital | 15 | 14 |
| Additional paid-in capital | 289 146 | 209 861 |
| Other accumulated comprehensive income | 39 224 | 20 891 |
| Retained earnings | 135 011 | 98 758 |
| **Total equity** | **463 396** | **329 524** |
| **Total liabilities and equity** | **1 345 199** | **1 187 032** |

## APPENDIX IV:

### CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2007

| *(in thousands of US dollars)* | Six months ended 30 June 2008 | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Income from continuing operations | 36 426 | 22 063 | 62 233 |
| Adjustments to reconcile income from continuing operations to net cash from operating activities: | | | |
| Amortisation of discount on loans from third parties | 8 | 7 | 17 |
| Depreciation and amortisation | 23 208 | 13 563 | 32 089 |
| Interest income on notes payable | (351) | (346) | (502) |
| Bad debt expense | 333 | 1 819 | 2 551 |
| Gain from debt forgiveness | (151) | (103) | (467) |
| (Gain) loss on disposal of property, plant and equipment | (154) | (457) | 145 |
| Minority interest | 357 | 570 | 2 265 |
| Foreign exchange (gain) loss | (2 777) | 520 | (3 217) |
| Deferred tax benefit | (2 250) | (469) | (168) |
| Penalties accrued on Interpretation 48 tax liabilities | 413 | 103 | 434 |
| Income related to expiration of statute of limitations on tax risks accrued under Interpretation 48 | - | - | (2 962) |
| **Changes in operating assets and liabilities** | | | |
| Decrease (increase) in inventories, other than livestock | 7 749 | (3 395) | (28 805) |
| (Increase) decrease in trade receivables | (7 397) | 3 942 | (19 068) |
| Increase in advances paid | (7 340) | (1 563) | (15 557) |
| Increase in livestock | (758) | (2 613) | (9 872) |
| Decrease (increase) in VAT for property, plant and equipment | 10 434 | (5 543) | (6 440) |
| Increase in other assets | (28 050) | (5 709) | (13 804) |
| Increase in trade accounts payable | 2 481 | 4 777 | 22 781 |
| Decrease in taxes payable | (1 534) | (2 194) | (2 228) |
| Increase in other payables | 1 685 | 645 | 582 |
| **Net cash from operating activities associated with continuing operations** | **32 332** | **25 617** | **20 007** |
| **Net cash (used in) from operating activities associated with discontinued operations** | **(13)** | **13** | **(94)** |
| **Total net cash from operating activities** | **32 319** | **25 630** | **19 913** |

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007 (UNAUDITED) AND FOR THE YEAR ENDED 31 DECEMBER 2007**

| *(in thousands of US dollars)* | Six months ended 30 June 2008 | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Cash flows from investing activities:** | | | |
| Purchases of property, plant and equipment | (95 440) | (70 531) | (173 782) |
| Proceeds from sale of property, plant and equipment | 187 | 1 790 | 3 631 |
| Acquisition of subsidiaries, net of cash acquired | - | - | (139 775) |
| Long-term loans granted | (394) | (52) | (1 281) |
| Repayment on long-term loans granted | 1 970 | 1 520 | 1 560 |
| Short-term loans granted | - | (786) | (435) |
| Repayments on short-term loans granted | 45 | 187 | 433 |
| **Net cash flow used in investing activities associated with continuing operations** | **(93 632)** | **(67 872)** | **(309 649)** |
| **Net cash from investing activities associated with discontinued operations** | **13** | **-** | **94** |
| **Total net cash used in investing activities** | **(93 619)** | **(67 872)** | **(309 555)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from long-term loans | 61 028 | 59 290 | 121 781 |
| Repayment of long-term loans | (19 595) | (7 401) | (23 576) |
| Repayment of notes payable | - | (192) | (195) |
| Proceeds from short-term loans | 168 375 | 99 814 | 314 512 |
| Repayment of short-term loans | (221 525) | (118 368) | (216 780) |
| Proceeds from shares issued | 82 340 | - | - |
| Payments for expenses related to the issuance of shares | (547) | - | - |
| **Total net cash from financing activities** | **70 076** | **33 143** | **195 742** |
| **Total cash from (used in) operating, investing and financing activities** | **8 776** | **(9 099)** | **(93 900)** |
| Impact of exchange rate difference on cash and cash equivalents | 599 | 2 032 | 3 850 |
| **Net increase (decrease) in cash and cash equivalents:** | **9 375** | **(7 067)** | **(90 050)** |
| **Cash and cash equivalents associated with continuing operations, at the beginning of the period** | **16 920** | **106 982** | **106 982** |
| **Cash and cash equivalents associated with discontinued operations, at the beginning of the period** | **2** | **6** | **6** |
| **Cash and cash equivalents associated with continuing operations, at the end of the period** | **26 295** | **99 919** | **16 920** |
| **Cash and cash equivalents associated with discontinued operations, at the end of the period** | **2** | **2** | **18** |
| Supplemental Information: | | | |
| Income taxes paid | 4 975 | 4 094 | 11 381 |
| Interest paid | 36 206 | 19 456 | 47 806 |
| Property, plant and equipment acquired under finance leases | 2 507 | 3 078 | 8 425 |

**Notes:**

***Consolidated Adjusted EBITDA**

Consolidated Adjusted EBITDA represents operating income plus depreciation and amortisation expense, loss on disposal of property, plant and equipment, unusual loss related to the privatization of a subsidiary 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 in certain of our financing arrangements.

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.

****Division Adjusted EBITDA**

Division Adjusted EBITDA represents division operating income plus depreciation and amortisation expense, loss on disposal of property, plant and equipment, unusual loss related to the privatization of a subsidiary 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 in certain of our financing arrangements.

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.