

5 October 2009

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

Half year results for the Six Months Ended 30 June 2009

Moscow, 5 October 2009 - Cherkizovo Group (LSE: CHE), one of Russia’s leading integrated and diversified meat producers, today announces half year results for the six months ended 30 June 2009.

Highlights

- Strong performance and improvement in margins despite the challenging economic conditions and lower consumer spending
- Net income nearly doubled on a rouble currency basis, and increased 39% to \$50.3 million from \$36.3 million for the six months of 2008
- Adjusted EBITDA* increased 52% on a rouble currency basis, and 10% to US \$80.5 million from \$73.1 million for the six months of 2008
- Adjusted EBITDA* margin improved significantly to 18% from 13% for the six months of 2008
- Gross profit increased 26% on a rouble currency basis, and decreased 9% to \$128.4 million from \$140.5 million driven by rouble devaluation
- Significant improvement in Group gross margin to 28% from 25% in 2008
- Revenues increased 15% on a rouble currency basis year-on-year, and decreased 17% to \$459.3 million from \$554.0 million for the six months of 2008
- Net debt decreased 10% on a rouble currency basis, and decreased 33% to \$436.2 million

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

“The Company continues to make solid progress against its stated strategy, despite the particularly challenging domestic and international operating environment. Cherkizovo achieved significant margin improvement, driven by the Group’s focus on improving operating efficiencies. While in constant currency terms, the performance has been exceptionally strong, with a material growth in Gross profit of 26%, Adjusted EBITDA of 52%, and Net Income of 92%, the dramatic depreciation of the rouble against the US dollar in the first six months of the year has had a significant translation impact on our reported numbers.”

The Company’s poultry division enjoyed a favorable pricing environment, supported by a lower grain price, and continued to gain integration benefits from OJSC Kurinoe Tsarsivo. These factors combined to produce a record Gross margin of 35% and Adjusted EBITDA margin of 27%. The exceptional performance contributed significantly to the overall improvement in the Company’s Adjusted EBITDA margin.

Chief Executive's Review

Financial Overview

The Group demonstrated very strong performance in the first half of 2009 on a constant currency basis (in roubles), as summarized in the table below.

RUR, mln*	1H 2009	1H 2008	Change
Sales	15,188.0	13,264.2	14.5%
Gross Profit	4,245.5	3,364.3	26.2%
<i>Gross margin, %</i>	<i>28.0%</i>	<i>25.4%</i>	
Selling, General and Administrative Expenses	2,161.1	2,160.4	0%
Operating Income	2,084.4	1,203.9	73.1%
<i>Operating Income margin, %</i>	<i>13.7%</i>	<i>9.1%</i>	
Net Income	1,662.6	868.0	91.5%
Adjusted EBITDA	2,660.4	1,749.3	52.1%
<i>EBITDA margin, %</i>	<i>17.5%</i>	<i>13.2%</i>	
<i>* Unaudited data</i>			

While the rouble results are extremely pleasing, the financial results on the reporting currency basis (USD) were affected by the rouble's 38% depreciation against the US Dollar in the period under review. Accordingly, sales in the period decreased by 17% to US\$459.3 million (2008: US\$554.0 million). Gross profit decreased 9% to US\$128.4 million (2008: US\$140.5 million). Efficiency gains helped contribute to a 28% reduction in operating expenses, and as a result operating margins increased to 14% from the same period of 2008. Net income increased 39% to \$50.3 million (2008: US\$36.3 million).

Adjusted EBITDA* increased 10% to US \$80.5 million (2008: US\$ \$73.1 million) and adjusted EBITDA* margin improved significantly to 18% (2008: 13%). This reflects a robust operating performance by the Group in a very challenging environment.

Poultry Division

In the first six months of 2009 total sales volumes in the poultry division increased 5% to approximately 92,840 tonnes from the comparable 2008 period. Prices for Cherkizovo poultry sales increased by 16% from 62.46 roubles per kg in the first six months of 2008 to 72.32 roubles per kg in the same period of 2009 (excluding VAT). Prices in dollar terms decreased by 16% from \$2.61 per kg in the first six months of 2008 to \$2.19 per kg in the same period of 2009 (excluding VAT)*.

Total sales in the poultry division decreased 10% to US \$221.3 million (2008: US \$247.3 million).

Gross profit in the poultry division increased 5% to US\$77.4 million (2008: US\$73.4 million). Gross margin improved significantly to 35% (2008: 30%) due to a favorable pricing environment supported by lower grain prices, as well as gains from measures implemented to improve efficiency.

Divisional Selling, General and Administrative expenses decreased as a percentage of sales from 14% to 12%. The improvement was mostly due to the synergies achieved by integrating OJSC Kurinoe Tsarstvo (Chicken Kingdom) into the Group's poultry division. As a result, operating income in the

* For price calculation in dollar terms the Company used the average exchange rate for 1H2009 of 33.0679 roubles per 1 US dollar: for 1H2008 the average rate was 23.9440 roubles per 1 US dollar.

division increased by 29% to US\$49.8 million (2008: US\$38.5 million), while divisional operating margin increased from 16% to 22% in the corresponding period. Divisional profit increased 43% to US\$42.6 million (2008: US \$29.7 million).

Adjusted EBITDA* increased 20% to US \$59.2 million (2008: US\$49.4 million), while adjusted EBITDA* margin in the poultry division in the first six months of 2009 increased from 20% to 27%.

Pork Division

Sales volumes in the pork division in the first six months of 2009 increased 8% to approximately 21,250 tonnes compared to approximately 19,680 tonnes for the same period of 2008. The Company's pork division is gaining pace in production volumes as the new complexes in Lipetsk and Tambov start operating at full capacity, and we expect significant volume gains during the second half of the year.

In the first six months of 2009 prices for pork in Russia increased in rouble terms by 23% from 61.22 roubles per kg in the first half of 2008 to 75.41 roubles per kg in the same period of 2009 (excluding VAT). In dollar terms, prices decreased by 11% from \$2.56 per kg of live weight in the first six months of 2008 to \$2.28 per kg of live weight in the same period of 2009 (excluding VAT)*.

Total sales in the pork division decreased 6% to US \$50.8 million (2008: US \$54.0 million). Gross profit decreased 10% to US\$21.5 million (2007: US\$23.9 million) while gross margin slightly decreased to 42%.

Selling, General and Administrative expenses as a percentage of sales slightly decreased to 7.5% reflecting increasing economies of scale. The division generated operating income of US\$17.7 million (2008: US\$20.1 million), while operating margin slightly decreased to 35% (2008: 37%). Divisional profit decreased 13% to US\$16.9 million (2008: US\$ 19.3 million), largely as a result of the currency depreciation.

Adjusted EBITDA* generated by the division decreased 10% to US\$20.6 million (2008: US\$ 22.8 million), and Adjusted EBITDA* margin decreased to 40% (2008: 42%).

Meat Processing Division

In the meat processing division the Company continued to see decreased sales volumes of lower-priced, lower-margin products, and this together with lower consumption in the regions of Russia due to the challenging economic environment affected the performance of the division. Sales volumes decreased 14% to approximately 61,550 tonnes in the first six months of 2009 from approximately 71,820 in the first six months of 2008.

Average prices increased by 17% from 95.07 roubles in the first half of 2008 to 111.43 roubles in the first six months of 2009 (excluding VAT). Segment prices in dollar terms decreased by 15% from \$3.97 in the first half of 2008 to \$3.37 in the same period of 2009 (excluding VAT)*.

Sales in the meat processing division decreased 23% to US\$206.6 million (2008: US \$266.9 million).

Divisional gross profit decreased 31% to US\$29.7 million (2008: US \$43.3 million), while gross margin in the meat processing division decreased from 16% to 14%, affected by the increase in raw meat prices. However Selling, General and Administrative expenses, as a percentage of sales, decreased to 14% from 17% in 2008, mostly due to lower selling expenses and operational restructuring at production sites. Division loss for the first half of 2009 was US\$6.4 million.

Adjusted EBITDA* of the meat processing division decreased 10% to US\$6.5 million (2008: US \$7.2 million), and Adjusted EBITDA* margin was unchanged at 3%.

Financial Position

Capital expenditure on property, plant and equipment in the first six months of 2009 was US\$51.6 million. Of that, US\$23.4 million was invested in the poultry division, mainly into the completion of Vertunovskaya production site and into the new slaughter facility in Penza cluster; US\$23.2 million was invested in the pork division into completion of the pork complexes in Lipetsk and Tambov and US\$4.7 million was invested in the meat processing division, primarily into capital maintenance.

Net debt decreased 33% to \$436.2 million from \$648.5 million in the same period of 2008. As of June 30, 2009 total debt was at US\$457.6 million, of which approximately US\$333.1 million was long-term debt, and US\$124.5 million was short-term debt. Cash and cash equivalents amounted to \$21.4 million at the end of the first six months of 2009.

Subsidies

The Group received no direct Federal subsidies in the first half of 2009. The Group received regional direct subsidies that were offset against cost of sales for the first six months of 2009 of US\$1 million, and subsidies for interest reimbursement of US\$6.5 million which offset interest expense. In the first six months of 2008 the Group received direct Federal subsidies of 5 roubles and 10 roubles per kilogram of live weight of poultry and pork produced for slaughter, respectively. These subsidies in the amount of US\$31.3 million were offset against the cost of sales. Also, in the first six months of 2008 the Group received regional direct subsidies that offset cost of sales of \$0.6 million, and subsidies for interest reimbursement of \$7.8 million which offset interest expense.

Outlook

On an operating basis excellent progress has been made in the first six months of the year, despite the rouble's depreciation against the US dollar and tough economic conditions. The Company's vertically integrated business model has proven its strength, and ability to adapt quickly to changing market conditions. The successful integration of the Group's poultry businesses is now yielding financial, as well as strategic benefits. At the same time, a broader commitment to preserve the Group's overall profitability in the face of a weaker consumption environment has resulted in an improvement in margin levels.

Despite the challenging economic conditions that lead to a general softening of consumption patterns and pricing trends, the Company remains optimistic about consumption and pricing for its products during the rest of the year. As the Group continues to benefit from lower grain prices and capacity gains, we expect to make solid progress, and deliver against our stated objectives in the second half of the 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 minority 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.

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 Consolidated Selected Financial Data (US\$000)

	Meat- Processing	Poultry	Pork	Corporate assets/ expenditures	Interdivision	Combined
Total Sales	206 561	221 346	50 759	786		479 452
including other sales	1 774	25 294	2 285	-		29 353
including sales volume discount	(7 388)	(6 993)	-	-		(14 381)
Interdivision Sales	(134)	(11 989)	(7 245)	(786)		(20 154)
Sales to external customers (Sales)	206 427	209 357	43 514	-	-	459 298
Cost of Sales	(176 870)	(143 969)	(29 287)	(17)	19 232	(330 911)
Gross profit	29 691	77 377	21 472	769	(922)	128 387
Gross margin	14%	35%	42%			28%
Operating expenses	(28 328)	(27 621)	(3 814)	(6 512)	922	(65 353)
Operating income	1 363	49 756	17 658	(5 743)	-	63 034
Operating margin	1%	22%	35%			13%
Other income and expenses, net	(2 099)	(1 958)	(152)	10 414	(6 329)	(124)
Interest expenses	(5 647)	(5 213)	(609)	(3 328)	6 329	(8 468)
Division profit / (loss)	(6 383)	42 585	16 897	1 343	-	54 442
Income Tax expense	(96)	1 508	598	102	-	2 112
Depreciation and amortisation expense	5 075	9 250	2 865	8	-	17 198
Loss on disposal of property, plant & equipment	49	144	28			221
Adjusted EBITDA reconciliation						
Segment profit	(6 383)	42 585	16 897	1 343	-	54 442
Add:						
Interest expense	5 647	5 213	609	3 328	(6 329)	8 468
Interest income	(1 150)	(11)	(1)	(5 848)	6 329	(681)
Gain on early retirement of bonds				(1 077)		(1 077)
Reserve on loans receivable	2 041	-	-	274	-	2 315
Gain from debt extinguishment	(37)	(12)	(0)	-	-	(49)
Currency remeasurement loss/gain	1 532	1 981	153	(3 757)	-	(91)
Other financial income & expenses	(286)	0	-	(7)	-	(293)
Depreciation and amortisation expense	5 075	9 250	2 865	8	-	17 198
Loss on disposal of property, plant & equipment	49	144	28			221
Adjusted EBITDA	6 488	59 150	20 551	(5 736)	-	80 453
<i>Adjusted EBITDA Margin</i>	3%	27%	40%			18%

Reconciliation between net segment profit and combined income from continuing operations

Total net segment profit	<u>54 442</u>
Minority interest	(2 051)
Income taxes	<u>(2 112)</u>
Consolidated and combined income from continuing operations	<u>50 279</u>

UNAUDITED CONSOLIDATED INCOME STATEMENT DATA

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales	459 298	553 968
Cost of sales	(330 911)	(413 459)
Gross profit	128 387	140 509
Gross margin	28%	25%
Operating expenses	(65 353)	(90 229)
Operating Income	63 034	50 280
Operating margin	14%	9%
Net Income/(Loss)	50 279	36 253
Weighted average number of shares outstanding	43 028 022	40 377 628
Earnings per share:		
Income from continuing operations	1.17	0.92
Loss from discontinued operations, net of income tax	0.00	(0.02)
Gain on disposal of discontinued operations, net of income tax	-	-
Net income per share	1.17	0.90
Consolidated Adjusted EBITDA reconciliation*		
Income before income tax and minority interest	54 442	38 815
Interest expense	8 468	15 439
Interest income	(681)	(1 051)
Gain on early retirement of bonds	(1 077)	-
Reserve on loans receivable	2 315	-
Gain from debt forgiveness	(49)	(158)
Foreign exchange gain (loss)	(91)	(2 769)
Other financial income & expenses	(293)	4
Depreciation expense	17 198	22 944
Loss on disposal of property, plant & equipment	221	(166)
Consolidated Adjusted EBITDA	80 453	73 058
<i>Adjusted EBITDA Margin</i>	<i>18%</i>	<i>13%</i>

UNAUDITED MEAT PROCESSING DIVISION INCOME STATEMENT DATA

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008
Total sales	206 561	266 924
Interdivision sales	(134)	(96)
Sales to external customers	206 427	266 828
Cost of sales	(176 870)	(223 604)
Gross profit	29 691	43 320
Gross margin	<i>14%</i>	<i>16%</i>
Operating expenses	(28 328)	(45 425)
Operating Income	1 363	(2 105)
Operating margin	<i>1%</i>	<i>(1%)</i>
Other income and expenses, net	(2 099)	812
Interest expenses	(5 647)	(8 016)
Division profit/(loss)	(6 383)	(9 309)
 Meat processing division Adjusted EBITDA reconciliation**		
Income before income tax and minority interest	(6 383)	(9 309)
Add:		
Interest expense	5 647	8 016
Interest income	(1 150)	(720)
Reserve on loans receivable	2 041	-
Gain from debt forgiveness	(37)	(73)
Foreign exchange gain (loss)	1 532	(23)
Other financial income & expenses	(286)	3
Depreciation expense	5 075	9 144
Loss on disposal of property, plant & equipment	49	172
Meat processing division Adjusted EBITDA	6 488	7 210
<i>Adjusted EBITDA Margin</i>	<i>3%</i>	<i>3%</i>

UNAUDITED POULTRY PROCESSING DIVISION INCOME STATEMENT DATA

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008
Total sales	221 346	247 261
Interdivision sales	(11 989)	(10 038)
Sales to external customers	209 357	237 223
Cost of sales	(143 969)	(173 885)
Gross profit	77 377	73 376
Gross margin	35%	30%
Operating expenses	(27 621)	(34 853)
Operating Income	49 756	38 523
Operating margin	22%	16%
Other income and expenses, net	(1 958)	947
Interest expenses	(5 213)	(9 724)
Division profit/(loss)	42 585	29 746
 Poultry division Adjusted EBITDA reconciliation**		
Income before income tax and minority interest	42 585	29 746
Add:		
Interest expense	5 213	9 724
Interest income	(11)	(60)
Gain from debt forgiveness	(12)	(85)
Foreign exchange gain (loss)	1 981	(802)
Other financial income & expenses		
Depreciation expense	9 250	10 588
Loss on disposal of property, plant & equipment	144	251
Poultry division Adjusted EBITDA	59 150	49 362
<i>Adjusted EBITDA Margin</i>	27%	20%

UNAUDITED PORK PROCESSING DIVISION INCOME STATEMENT DATA

	Six months ended 30 June 2009	Six months ended 30 June 2008
<i>(in thousands of US dollars)</i>		
Total sales	50 759	53 972
Interdivision sales	(7 245)	(4 055)
Sales to external customers	43 514	49 917
Cost of sales	(29 287)	(30 058)
Gross profit	21 472	23 914
Gross margin	42%	44%
Operating expenses	(3 814)	(3 771)
Operating Income	17 658	20 143
Operating margin	35%	37%
Other income and expenses, net	(152)	(18)
Interest expenses	(609)	(813)
Division profit/(loss)	16 897	19 312
 Pork division Adjusted EBITDA reconciliation**		
Income before income tax and minority interest	16 897	19 312
Add:		
Interest expense	609	813
Interest income	(1)	-
Foreign exchange gain (loss)	153	19
Other financial income & expenses	-	
Depreciation expense	2 865	3 210
Loss on disposal of property, plant & equipment	28	(589)
Pork division Adjusted EBITDA	20 551	22 765
<i>Adjusted EBITDA Margin</i>	40%	42%

APPENDIX II:**UNAUDITED CONDENCED CONSOLIDATED INTERIM INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 AND FOR THE YEAR ENDED 31
DECEMBER 2008**

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Sales	459 298	553 968	1 166 406
Cost of sales	(330 911)	(413 459)	(887 015)
Gross profit	128 387	140 509	279 391
Selling, general and administrative expenses	(65 132)	(90 395)	(172 843)
Impairment of non-current assets	-	-	(2 258)
Other operating income (expense)	(221)	166	(822)
Operating Income	63 034	50 280	103 468
Other income (expense), net	(124)	3 974	1 185
Interest expense, net	(8 468)	(15 439)	(22 725)
Income from continuing operations before tax	54 442	38 815	81 928
Income tax	(2 112)	(890)	(1 462)
Income from continuing operations	52 330	37 925	80 466
Discontinued operations, net of tax	-	(1 353)	599
Net Income	52 330	36 572	81 065
Less: Net income attributable to noncontrolling interests	(2 051)	(319)	(2 960)
Net income attributable to Group Cherkizovo	50 279	36 253	78 105
Amounts attributable to Group Cherkizovo:			
Income from continuing operations, net of tax	50 279	37 229	76 508
Discontinued operations, net of tax	-	(976)	1 597
Net income	50 279	36 253	78 105
Weighted average number of shares outstanding	43 028 022	40 377 628	41 725 834
	US\$	US\$	US\$
Earnings per share – basic and diluted:			
Income from continuing operations attributable to Group Cherkizovo	1.17	0.92	1.83
Discontinued operations attributable to Group Cherkizovo	-	(0.02)	0.04
Net income attributable to Group Cherkizovo	1.17	0.90	1.87

APPENDIX III:**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2009 AND 31 DECEMBER 2008**

<i>(in thousands of US dollars)</i>	30 June 2009	31 December 2008
ASSETS		
Current assets:		
Cash and cash equivalents	21 362	49 667
Trade receivables, net of allowance for doubtful accounts of 3 812 and 3 259 as of 30 June 2009 and 31 December 2008, respectively	77 614	87 909
Advances paid, net of allowance for doubtful accounts of 1 184 and 1 351 as of 30 June 2009 and 31 December 2008, respectively	22 361	29 660
Inventory	122 959	133 870
Loans receivable	12 260	8 303
Deferred tax assets	4 383	4 668
Other receivables, net of allowance for doubtful accounts of 1 388 and 562 as of 30 June 2009 and 31 December 2008, respectively	27 259	28 356
Other current assets	17 240	26 398
Total current assets	305 438	368 831
Non-current assets:		
Property, plant and equipment, net	676 112	685 205
Goodwill	10 102	8 548
Other intangible assets, net	40 540	43 210
Loans receivable	100	6 036
Deferred tax assets	544	579
Notes receivable, net	1 232	7 903
VAT receivable	12 822	11 462
Total non-current assets	741 452	762 943
Total assets	1 046 890	1 131 774

**UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2009 AND 31 DECEMBER 2008 (CONTINUED)**

<i>(in thousands of US dollars)</i>	30 June 2009	31 December 2008
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	57 050	66 297
Short-term debt and current portion of finance leases	124 453	236 351
Tax related payables	7 235	7 561
Deferred tax liabilities	51	54
Payroll related liability	12 220	12 237
Advances received	3 137	3 810
Payables for non-current assets	12 859	11 285
Interest payable	2 053	2 713
Other payables	7 135	4 049
Total current liabilities	226 193	344 357
Non-current liabilities:		
Long-term debt and finance leases	333 103	325 666
Deferred tax liabilities	25 878	28 594
Tax related payables	6 511	6 935
Payables to shareholders	639	929
Other liabilities	5	144
Total non current liabilities	366 136	362 268
Total liabilities	592 329	706 625
Equity:		
Shareholders' equity:		
Share capital	15	15
Additional paid-in capital	289 146	289 146
Treasury shares	(496)	(496)
Other accumulated comprehensive loss	(87 055)	(64 550)
Retained earnings	227 144	176 865
Total shareholders' equity	428 754	400 980
Noncontrolling interests	25 807	24 169
Total equity	454 561	425 149
Total liabilities and equity	1 046 890	1 131 774

APPENDIX IV:**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 AND FOR THE YEAR ENDED 31
DECEMBER 2008**

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Cash flows from (used in) operating activities:			
Income from continuing operations	52 330	37 925	80 466
Adjustments to reconcile income from continuing operations to net cash from operating activities:			
Impairment of non-current assets	-	-	2 258
Depreciation and amortisation	17 198	22 944	45 791
Bad debt expense	4 656	265	3 681
Foreign exchange (gain) loss	(91)	(2 769)	1 596
Deferred tax expense (benefit)	255	(1 881)	(5 504)
Other adjustments	1 865	(250)	(12)
Changes in operating assets and liabilities			
Decrease (increase) in inventories	6 922	6 582	3 101
Decrease (increase) in trade receivables	2 271	(8 479)	(18 414)
Decrease (increase) in advances paid	5 311	(7 562)	1 346
Decrease (increase) in non-current assets	(1 949)	10 434	7 226
Decrease (increase) in other current assets	5 281	(27 403)	(4 325)
Increase (decrease) in trade accounts payable	(4 790)	3 816	5 744
Increase (decrease) in taxes payable	(494)	(1 532)	2 287
Increase (decrease) in other current payables	3 195	1 426	4 080
Net cash from operating activities associated with continuing operations	91 960	33 516	129 321
Net cash used in operating activities associated with discontinued operations	-	(1 217)	(1 101)
Total net cash from operating activities	91 960	32 299	128 220
Cash flows from (used in) investing activities:			
Purchases of long-lived assets	(47 060)	(95 296)	(165 248)
Proceeds from sale of property, plant and equipment	188	194	1 028
Acquisition/sale of subsidiaries, net of 14 cash acquired	(1 853)	-	58
Sale of notes receivable	9 890	-	-
Purchases of notes receivable	(3 427)	-	(402)
Issuance of long-term loans	(805)	(1 981)	(1 968)
Repayment on long-term loans issued	742	1 970	1 342
Issuance of short-term loans	(8 421)	-	(7 098)
Repayments on short-term loans issued	4 598	45	56
Net cash used in investing activities associated with continuing operations	(46 148)	(95 068)	(172 232)
Net cash used in investing activities associated with discontinued operations	-	(139)	(143)
Total net cash used in investing activities	(46 148)	(95 207)	(172 375)

**UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTS
(CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2008 AND FOR THE YEAR ENDED 31
DECEMBER 2008**

<i>(in thousands of US dollars)</i>	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Cash flows from (used in) financing activities:			
Proceeds from long-term loans	38 301	61 052	113 954
Repayment of long-term loans	(75 979)	(18 686)	(46 223)
Proceeds from long-term loans to related parties	5	-	149
Repayment of long-term loans to related parties	-	(909)	(1 025)
Purchase of treasury stock	-	-	(496)
Proceeds from short-term loans	33 431	167 331	273 951
Repayment of short-term loans	(65 098)	(219 395)	(330 665)
Proceeds from shares issued	-	82 340	82 340
Payments for services related to share issuance	-	(547)	(2 903)
Cash distributed to shareholders	(213)	(24)	(48)
Net cash from (used in) financing activities associated with continuing operations	(69 553)	71 162	89 034
Net cash from financing activities associated with discontinued operations	-	501	376
Total net cash from (used in) financing activities	(69 553)	71 663	89 410
Total cash from (used in) operating, investing and financing activities	(23 741)	8 755	45 255
Impact of exchange rate difference on cash and cash equivalents	(4 564)	603	(12 526)
Net (decrease) increase in cash and cash equivalents:	(28 305)	9 358	32 729
Cash and cash equivalents associated with continuing operations, at the beginning of the period	49 667	16 859	16 859
Cash and cash equivalents associated with discontinued operations, at the beginning of the period	-	79	79
Cash and cash equivalents associated with continuing operations, at the end of the period	21 362	26 288	49 667
Cash and cash equivalents associated with discontinued operations, at the end of the period	-	8	-
Supplemental Information:			
Income taxes paid	1 712	4 976	8 521
Interest paid	30 207	36 205	71 697
Property, plant and equipment acquired under finance leases	22	2 507	6 494

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.