

09 April 2015

ROS AGRO financial results for 12M 2014 and Q4 2014

Moscow, 09 April 2015 – Today ROS AGRO PLC (the “Company”), the holding company of Rusagro Group (the “Group”), a leading Russian diversified food producer with vertically integrated operations, has announced the financial results for the year ended 31 December 2014.

12M 2014 Highlights

- Sales amounted to RR 59,112 million (US\$ 1,532 million (*)), an increase of RR 22,622 million compared to 12M 2013;
- Adjusted EBITDA (**) amounted to RR 18,069 million (US\$ 468 million), an increase of RR 11,285 million compared to 12M 2013;
- Adjusted EBITDA margin increased from 19% to 31%;
- Net profit for the period amounted to RR 20,177 million (US\$ 523 million);
- Net debt position (***) as of 31 December 2014 was RR 3,617 million (US\$ 64 million);
- Net Debt/ Adjusted EBITDA (LTM) (****) as of 31 December 2014 was 0.2x.

Commenting on the results, Maxim Basov, a member of the Board of Directors of ROS AGRO PLC and CEO of the Group, said:

“2014 was the best year for Ros Agro in many ways. We managed to gain overall from extreme turbulence of changing currency exchange rates and interest rates and archived the highest financial results in our history despite decreasing government support, changes in retail industry and falling consumer income. We are pleased with sales of 59 bln roubles, EBITDA of 18 bln roubles and net income of 20 bln roubles.”

Key consolidated financial performance indicators

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2014	December 2013			December 2014	December 2013		
Sales	59,112	36,490	22,622	62	17,726	13,370	4,356	33
Gross profit	24,082	8,858	15,224	172	7,650	3,053	4,597	151
<i>Gross margin, %</i>	<i>41%</i>	<i>24%</i>	<i>16%</i>		<i>43%</i>	<i>23%</i>	<i>20%</i>	
Adjusted EBITDA	18,069	6,784	11,285	166	6,825	3,817	3,008	79
<i>Adjusted EBITDA</i>	<i>31%</i>	<i>19%</i>	<i>12%</i>		<i>39%</i>	<i>29%</i>	<i>10%</i>	
Net profit for the period	20,177	3,202	16,975	530	7,683*	1,325	6,358	480
<i>Net profit margin %</i>	<i>34%</i>	<i>9%</i>	<i>25%</i>		<i>43%</i>	<i>10%</i>	<i>33%</i>	

*See appendix 1 for the disclosure of reclassification adjustments made to the 9M 2014 figures

Key financial performance indicators by segments

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Sales, incl.	59,112	36,490	22,622	62	17,726	13,370	4,356	33
<i>Sugar</i>	22,464	16,963	5,501	32	5,886	5,067	819	16
<i>Meat</i>	17,751	7,421	10,329	139	4,998	2,903	2,094	72
<i>Agriculture</i>	10,710	8,529	2,181	26	7,107	5,566	1,541	28
<i>Oil</i>	14,920	8,920	6,001	67	3,583	3,768	(185)	(5)
<i>Other</i>	46	117	(72)	(61)	9	19	(10)	(53)
<i>Eliminations</i>	(6,778)	(5,460)	(1,317)	(24)	(3,857)	(3,953)	97	2
Gross profit, incl.	24,082	8,858	15,224	172	7,650	3,053	4,597	151
<i>Sugar</i>	6,190	3,051	3,139	103	2,316	1,572	743	47
<i>Meat</i>	9,413	1,167	8,245	706	1,871	704	1,166	166
<i>Agriculture</i>	4,994	3,034	1,960	65	2,762	416	2,346	564
<i>Oil</i>	4,368	2,352	2,016	86	1,330	1,123	207	18
<i>Other</i>	46	117	(72)	(61)	9	19	(10)	(53)
<i>Eliminations</i>	(928)	(864)	(64)	(7)	(637)	(782)	145	19
Adjusted EBITDA, incl.	18,069	6,784	11,285	166	6,825	3,817	3,008	79
<i>Sugar</i>	4,809	1,720	3,089	180	1,974	1,184	790	67
<i>Meat</i>	8,829	1,726	7,103	412	2,616	829	1,787	215
<i>Agriculture</i>	4,375	2,361	2,014	85	3,240	1,454	1,786	123
<i>Oil</i>	1,882	1,025	857	84	597	659	(62)	(9)
<i>Other</i>	(1,000)	(398)	(603)	(152)	(590)	(136)	(455)	(336)
<i>Eliminations</i>	(825)	350	(1,175)	-	(1,012)	(174)	(838)	(482)
Adjusted EBITDA	31%	19%	12%		39%	29%	10%	
<i>Sugar</i>	21%	10%	11%		34%	23%	10%	
<i>Meat</i>	50%	23%	26%		52%	29%	24%	
<i>Agriculture</i>	41%	28%	13%		46%	26%	19%	
<i>Oil</i>	13%	11%	1%		17%	17%	-1%	

Sugar Segment

The financial results of the sugar segment for 12M 2014 and Q4 2014 compared to 12M 2013 and Q4 2013 respectively are presented in the table below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Sales	22,464	16,963	5,501	32	5,886	5,067	819	16
Cost of sales	(16,649)	(14,087)	(2,562)	(18)	(3,652)	(3,546)	(106)	(3)
Gains less losses from trading sugar derivatives	375	175	200	114	81	51	30	59
Gross profit	6,190	3,051	3,139	103	2,316	1,572	743	47
<i>Gross profit margin</i>	28%	18%	10%		39%	31%	8%	
Distribution and selling expenses	(1,587)	(1,443)	(144)	(10)	(461)	(455)	(6)	(1)

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
General and administrative expenses	(723)	(765)	43	6	(171)	(211)	40	19
Other operating (expenses)/ income, net	82	(235)	317	-	102	(176)	278	-
Operating profit	3,962	607	3,355	553	1,786	731	1,055	144
Adjusted EBITDA	4,809	1,720	3,089	180	1,974	1,184	790	67
<i>Adjusted EBITDA margin</i>	<i>21%</i>	<i>10%</i>	<i>11%</i>		<i>34%</i>	<i>23%</i>	<i>10%</i>	

Sales in the sugar segment increased as a result of sales volume increase and an increase in sale prices.

Sugar sales and production volumes and the average sales prices per kilogram (excl. VAT) were as follows:

	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Sugar production volume (in thousand tonnes), incl.	717	611	106	17	327	352	(25)	(7)
beet sugar	498	502	(4)	(1)	327	352	(25)	(7)
cane sugar	219	109	110	101	-	-	-	-
Sales volume (in thousand tonnes)	752	653	99	15	166	186	(20)	(11)
Sale price (roubles per kg, excl. VAT)	28.4	24.6	3.8	15	31.8	25.1	6.7	27

The closure of Rzhnevsky Sakharnik in 2013, one of the Group's sugar plants in the Belgorod region, and the resulting disposal of the related production assets and write-off of work in progress led to the loss in the amount of RR 236 million, which is included in Other operating expenses, net in 12M 2013, which was not the case in 2014.

An increase in the sale prices in 12M 2014 compared to 12M 2013 together with an increase in sales volume led to an increased profitability of the segment.

Meat Segment

The financial results of the meat segment for 12M 2014 and Q4 2014 compared to 12M 2013 and Q4 2013 respectively are presented in the table below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Sales	17,751	7,421	10,329	139	4,998	2,903	2,094	72
Gain on revaluation of biological assets and agricultural produce	9,346	1,821	7,526	413	1,676	1,548	128	8
Cost of sales	(17,684)	(8,075)	(9,609)	(119)	(4,803)	(3,747)	(1,055)	(28)
Gross profit	9,413	1,167	8,245	706	1,871	704	1,166	166

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2014	December 2013			December 2014	December 2013		
<i>Gross profit margin</i>	53%	16%	37%		37%	24%	13%	
<i>Gross profit excl. effect of biological assets revaluation</i>	7,636	601	7,036	1,172	2,349	355	1,994	562
<i>Adjusted gross profit margin</i>	43%	8%	35%		47%	12%	35%	
Distribution and selling expenses	(55)	(32)	(23)	(72)	(23)	(5)	(19)	(385)
General and administrative expenses	(439)	(357)	(82)	(23)	(143)	(91)	(53)	(58)
Other operating income, net	376	186	190	102	153	2	151	7,550
Operating profit	9,294	964	8,330	864	1,857	611	1,246	204
Adjusted EBITDA	8,829	1,726	7,103	412	2,616	829	1,787	215
<i>Adjusted EBITDA margin</i>	50%	23%	26%		52%	29%	24%	

An increase in *Sales* by 139% was driven by a significant increase both in pork sales volume and pork sales prices. The sales volume of pork increased by 58% as a result of the launch in 2013 of new pig breeding facilities.

Pork sales volumes and the average pork sales prices per kilogram (excl. VAT) were as follows:

	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2014	December 2013			December 2014	December 2013		
Sales volume (in thousand tonnes)	182	115	67	58	52	43	9	22
Sale prices (roubles per kg, excl. VAT)	95.9	63.6	32.3	51	95.8	66.7	29.1	44

The increase in sales prices and volumes also led to a significant amount of Gain on revaluation of biological assets (pigs) in 12M 2014 compared to 12M 2013.

The breakdown of adjusted EBITDA between Belgorod Meat and Tambov Meat is as follows:

in RR million	Year ended 31 December 2014		Year ended 31 December 2013		Three months ended 31 December 2014		Three months ended 31 December 2013	
	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat
	Sales to third parties and other segments	7,768	9,982	4,887	2,535	2,149	2,849	1,553
Adjusted EBITDA	3,865	4,964	1,727	(1)	1,090	1,526	722	107
<i>Adjusted EBITDA margin</i>	50%	50%	35%	-	51%	54%	46%	8%

An increase of income from government grants accompanied by a decline in charitable donations and other social costs resulted in double increase of *Other operating income, net* in 12M 2014 compared to 12M 2013.

An increase in pork sales prices together with a decrease in feed costs led to increased profitability of the meat segment.

Agricultural Segment

The segment's area of controlled land now stands at 495 thousand hectares, including 27 thousand hectares in the Far Eastern region. The financial results of the agricultural segment for 12M 2014 and Q4 2014 compared to 12M 2013 and Q4 2013 respectively are presented below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Sales	10,710	8,529	2,181	26	7,107	5,566	1,541	28
Gain on revaluation of biological assets and agriculture produce	2,897	1,669	1,229	74	1,175	(437)	1,612	-
Cost of sales	(8,614)	(7,164)	(1,450)	(20)	(5,520)	(4,713)	(808)	(17)
Gross profit	4,994	3,034	1,960	65	2,762	416	2,346	564
<i>Gross profit margin</i>	<i>47%</i>	<i>36%</i>	<i>11%</i>		<i>39%</i>	<i>7%</i>	<i>31%</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	<i>4,883</i>	<i>3,160</i>	<i>1,723</i>	<i>55</i>	<i>3,659</i>	<i>1,912</i>	<i>1,747</i>	<i>91</i>
<i>Adjusted gross profit margin</i>	<i>46%</i>	<i>37%</i>	<i>9%</i>		<i>51%</i>	<i>34%</i>	<i>17%</i>	
Distribution and selling expenses	(1,161)	(1,193)	31	3	(884)	(866)	(17)	(2)
General and administrative expenses	(383)	(659)	277	42	(86)	(180)	94	52
Other operating income/ (expenses), net	(150)	11	(161)	-	(237)	38	(275)	-
Operating profit/ (loss)	3,300	1,193	2,107	177	1,555	(593)	2,148	-
Adjusted EBITDA	4,375	2,361	2,014	85	3,240	1,454	1,786	123
<i>Adjusted EBITDA margin</i>	<i>41%</i>	<i>28%</i>	<i>13%</i>		<i>46%</i>	<i>26%</i>	<i>19%</i>	

An increase in *Sales* by 26% in 12M 2014 compared to 12M 2013 resulted from an increase in barley, peas and sunflower seeds sales volume and sugar beet and grain, except for barley, sales prices that was partly offset by a decrease in sugar beet, wheat and soya beans sales volume and a decrease in barley sales prices.

Sales volumes by product were as follows:

Thousand tonnes	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
sugar beet	2,330	2,935	(605)	(21)	1,435	2,164	(729)	(34)
grain	635	617	17	3	409	387	22	6
incl. sold to other segments	224	208	16	8	92	200	(108)	(54)
sunflower seeds	99	35	64	182	66	34	32	94
incl. sold to other segments	32	33	(1)	(2)	-	33	(33)	(100)

Sales volumes of grain include sales of wheat, barley, corn, peas and soya beans. All sugar beet is sold to the sugar segment.

The average sale prices per kilogram (excl. VAT) were as follows:

RR per kilogram, excl. VAT	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2014	December 2013			December 2014	December 2013		
wheat	6.4	5.9	0.5	8	6.7	6.0	0.7	12
barley	4.9	6.2	(1.3)	(20)	4.6	5.1	(0.5)	(10)
sunflower seeds	15.8	9.8	6.0	61	17.3	9.8	7.5	76
peas	9.0	8.2	0.8	10	9.2	8.1	1.1	14
corn	4.9	4.0	0.9	23	4.9	4.0	0.9	21

A decrease in *General and administrative expenses* came from a decrease in payroll costs by RR 199 million from RR 392 million in 12M 2013 to RR 193 million in 12M 2014. As a result of changes in the organization structure of the Belgorod division of the agricultural segment payroll costs of some departments were reclassified from administrative expenses into production costs.

In 12M 2014 the Group disposed one of non-core subsidiary engaged in cultivation of dairy cattle livestock. Loss on the disposal in the amount of RR 179 million was included in *Other operating expenses, net* in the agricultural segment.

Oil segment

The financial results of the oil segment for 12M 2014 and Q4 2014 compared to 12M 2013 and Q4 2013 respectively are presented below:

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December 2014	December 2013			December 2014	December 2013		
Sales	14,920	8,920	6,001	67	3,583	3,768	(185)	(5)
Cost of sales	(10,552)	(6,567)	(3,985)	(61)	(2,254)	(2,645)	392	15
Gross profit	4,368	2,352	2,016	86	1,330	1,123	207	18
<i>Gross profit margin</i>	<i>29%</i>	<i>26%</i>	<i>3%</i>		<i>37%</i>	<i>30%</i>	<i>7%</i>	
Distribution and selling expenses	(2,390)	(1,266)	(1,123)	(89)	(656)	(454)	(202)	(45)
General and administrative expenses	(463)	(375)	(88)	(23)	(162)	(101)	(60)	(60)
Other operating income/ (expenses), net	86	(21)	107	-	82	(1)	83	-
Operating profit	1,601	689	912	132	594	567	27	5
Adjusted EBITDA	1,882	1,025	857	84	597	659	(62)	(9)
<i>Adjusted EBITDA margin</i>	<i>13%</i>	<i>11%</i>	<i>1%</i>		<i>17%</i>	<i>17%</i>	<i>-1%</i>	

The breakdown of *Sales*, *Gross profit* and *Adjusted EBITDA* between the Samara oil plant and Ekaterinburg fat plant is as follows:

in RR million	Year ended 31 December 2014		Year ended 31 December 2013		Three months ended 31 December 2014		Three months ended 31 December 2013	
	Samara oil plant	Ekat. fat plant	Samara oil plant	Ekat. fat plant	Samara oil plant	Ekat. fat plant	Samara oil plant	Ekat. fat plant
Sales to third parties and other segments	8,098	6,822	3,341	5,578	1,527	2,056	2,010	1,758
Internal sales	1,285	-	1,266	-	311	-	536	-
Gross profit	2,149	2,219	860	1,493	514	816	620	503
<i>Gross profit margin</i>	23%	33%	19%	27%	28%	40%	24%	29%
Adjusted EBITDA	1,380	502	623	402	332	265	573	86
<i>Adjusted EBITDA margin</i>	15%	7%	14%	7%	18%	13%	23%	5%

Sales increased as a result of sales volume increase and an increase in sale prices of mayonnaise, margarine and meal that was partly offset by a decrease in sales prices of raw oil.

Sales volumes by product were as follows:

Thousand tonnes	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
mayonnaise	57.7	57.0	0.7	1	17.7	16.0	1.7	10
margarine	47.4	41.0	6.4	16	16.3	14.0	2.3	16
raw oil, sales to third parties and other segments	199	74	125	170	28	48	(20)	(42)
raw oil, internal sales (to Ekat. fat plant)	47	45	2	5	11	23	(12)	(54)
meal	239	121	118	98	41	71	(30)	(42)

The average sale prices per kilogram (excl. VAT) for sales to third parties were as follows:

RR per kilogram, excl. VAT	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
mayonnaise	59.0	56.8	2.2	4	61.8	58.4	3.4	6
margarine	54.5	50.8	3.7	7	59.9	50.7	9.2	18
raw oil, third-party sales	29.5	31.5	(2.0)	(6)	38.7	30.6	8.1	27
meal	9.0	7.8	1.2	15	10.1	7.0	3.1	45

A significant increase in sales volume of raw oil and meal in 12M 2014 compared to 12M 2013 related to the trading operations and tolling of own sunflower seeds on the related party's production facilities. These operations started in Q4 2013 and ceased in Q3 2014, which also explains a decrease in sales volume on raw oil and meal in Q4 2014 compared to Q4 2013.

An increase in *Distribution and selling expenses* is linked to an increase in sales volume and investments in marketing and advertising of the Mehta Khozyayki brand. Transportation and loading services increased by RR 583 million (from RR 480 million in 12M 2013 up to RR 1,063 million in 12M 2014). Advertising expenses increased by RR 266 million (from RR 367 million in 12M 2013 up to RR 633 in 12M 2014).

Key consolidated cash flow indicators (not IFRS presentation*)

The key consolidated cash flow indicators presented according to management accounts methodology were as follows:

in RR million	Year ended		Variance		Three months ended		Variance	
	31 December 2014	31 December 2013	Units	%	31 December 2014	31 December 2013	Units	%
Net cash from operating activities, incl.	15,677	4,780	10,897	228	1,752	(901)	2,653	0
<i>Operating cash flow before working capital</i>	17,553	5,946	11,608	195	6,428	3,492	2,936	84
<i>Working capital changes</i>	(823)	(1,042)	220	21	(4,413)	(4,339)	(75)	(2)
Net cash used in investing activities, incl.	(6,206)	(4,182)	(2,024)	(48)	(2,153)	(1,772)	(381)	(21)
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(5,208)	(4,249)	(959)	(23)	(1,280)	(1,736)	457	26
Net cash used in financing activities	(4,705)	33	(4,738)	-	5,924	3,536	2,388	68
Net increase in cash and cash equivalents	7,644	653	6,991	1,071	8,226	869	7,357	846

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 12M 2014 were made in the agricultural segment in the amount of RR 2,055 million (12M 2013: RR 716 million), representing purchases of machinery and equipment, and in the meat segment in the amount of RR 1,324 million (12M 2013: RR 2,501 million), related to the construction of a slaughter house in Tambov region. Significant investments were also made in the sugar division in the amount of RR 1,600 million (12M 2013: RR 790 million), related to the modernisation of sugar plants.

Debt position and liquidity management

in RR million	31 December 2014	31 December 2013	Variance	
			Units	%
Gross debt	22,306	32,513	(10,207)	(31)
<i>Short term borrowings</i>	12,500	18,144	(5,645)	(31)
<i>Long term borrowings</i>	9,806	14,369	(4,562)	(32)
Net debt	3,617	14,576	(10,960)	(75)
<i>Short term borrowings, net</i>	(5,493)	904	(6,397)	-
<i>Long term borrowings, net</i>	9,110	13,672	(4,562)	(33)
Adjusted EBITDA (LTM***)	18,069	6,784	11,285	166
Net debt/Adjusted EBITDA (LTM)	0.2	2.1	(1.9)	

The Group maintained a healthy debt structure: 76% of net debt relates to amounts with more than three years' maturity.

Net finance expense

in RR million	Year ended		Variance		Three months ended		Variance	
	31	31	Units	%	31	31	Units	%
	December	December			December	December		
	2014	2013			2014	2013		
Net interest expense	(154)	(1,380)	1,226	89	(86)	73	(159)	-
<i>Gross interest expense</i>	(2,288)	(3,624)	1,336	37	(548)	(906)	358	40
<i>Reimbursement of interest expense</i>	2,134	2,244	(110)	(5)	462	979	(517)	(53)
Interest income	1,011	2,023	(1,012)	(50)	239	419	(180)	(43)
Losses less gains from bonds held for trading*	(1,397)	-	(1,397)	-	(1,274)	-	(1,274)	-
Other financial income/ (expenses), net	4,550	(56)	4,606	-	4,144	3	4,141	
Total net finance income	4,010	587	3,423	583	3,023	495	2,528	511

*See appendix 1 for the disclosure of reclassification adjustments made to the 9M 2014 figures

In 12M 2014 the Group continued to enjoy benefits from the state agriculture subsidies programme. RR 2,134 million of subsidies received covered 93% of gross interest expense.

Other financial income/ (expenses), net changed by RR 4,606 million from RR 56 million of net expenses in 12M 2013 to RR 4,550 million of net income in 12M 2014. The main reason is an increase in financial foreign exchange differences gain by RR 4,514 million from RR 38 million in 12M 2013 up to RR 4,552 million in 12M 2013. The foreign exchange differences gain in 12M 2014 related mainly to the bonds purchased and call deposits at Credit Swiss, all denominated in US Dollars.

(*)The exchange rates used for translation of RR amounts into USD represent average Central Bank official exchange rate for the respective reporting period for income, expenses and profits and the Central Bank official exchange rate as at the reporting date for balance figures.

(**) Adjusted EBITDA is defined as operating profit before taking into account (i) depreciation, (ii) other operating income, net (other than reimbursement of operating costs (government grants)), (iii) the difference between gain on revaluation of biological assets and agricultural produce recognised during the period and the gain on initial recognition of agricultural produce attributable to realised agricultural produce together with revaluation of biological assets attributable to realised biological assets included in cost of sales for the period (iv) provision/(reversal of provision) for net realizable value of agricultural produce, (v) share-based remuneration (see Appendix 2 for the detailed calculation of Adjusted EBITDA). Adjusted EBITDA is not a measure of financial performance under IFRS. You should not consider it as an alternative to profit for the period 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. 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 of subsidiaries and other investments and our ability to incur and service debt.

(***) The Group determines the net debt as short-term borrowings and long-term borrowings less cash and cash equivalents, bank deposits and bank promissory notes and bonds within short-term and long-term investments.

(****) LTM – The abbreviation for the “Last twelve months”.

Note:

ROS AGRO PLC (LSE: AGRO) – a holding company of Rusagro Group, a leading Russian diversified food producer with vertically integrated operations in the following branches:

Sugar:

We are a leading Russian sugar producer, producing sugar on six production sites from both sugar beets and raw cane sugar. We produce white cube sugar and white packaged sugar sold under the brands Chaikofsky, Russkii Sakhar, Brauni. Our sugar segment is vertically integrated with sugar beet cultivation in our agriculture segment, through which we strive to ensure a consistent supply of sugar beets.

Meat:

Our pig breeding project was launched in 2006. According to the National Union of Pig Breeders, we are the second largest pork producer in Russia on the ground of relative production volumes for 2014. We have implemented best practices in biosecurity at our pig farms.

Agricultural:

The Group currently controls what it believes to be one of the largest land banks among Russian agriculture producers, with 495 thousand hectares of land under our control located in the highly fertile Black Earth region of Russia (in the Belgorod, Tambov and Voronezh regions) and in the Far East Primorie region. Land and production sites are strategically located within the same regions to optimize efficiency and minimize logistical costs. We believe we are one of the major sugar beet producers in Russia, and our agricultural segment also produces winter wheat and barley, sunflower products and soybeans. These products are partially consumed by the meat segment, supporting a synergistic effect and lowering price change risk.

Oil:

We are a leading producer of mayonnaise and consumer margarine in Russia, such as Provansal EZhK and Schedroe Leto. In January 2013 the Company has begun production of mayonnaise under brand "Mechta Khozyayki". Our oil extraction plant located in Samara (Samara oil plant) enables us to control the source of 100% of the vegetable oil required by our oil and fats production plant in Ekaterinburg (Ekaterinburg fat plant).

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements do not relate to historical or current events, or to any future financial or operational activity of the Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond the Rusagro Group's control. As a result, actual future results may differ materially from the plans and expectations set out in these forward-looking statements.

The Group undertakes no obligation to release the results of any revisions to any forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Rusagro management is organizing a conference call about its 12M 2014 and Q4 2014 financial results for investors and analysts.

Details of call:

Date	10 April 2015
Time	5:00 PM (Moscow) /3:00 PM (London)
Subject	ROS AGRO PLC 2014 annual financial results
UK Toll Free	0800 279 4977
UK Local Line	+44(0)20 3427 1901
USA Toll Free	1877 280 1254
USA Local Line	+1646 254 3360
Russia Toll Free	+7 495 213 0978
Conference ID	5687899

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Appendix 1. Consolidated statement of comprehensive income for the year ended 31 December 2014 (in RR thousand)

	Year ended 31 December		Three months ended 31 December	
	2014	2013	2014*	2013
Sales	59,112,243	36,489,827	17,726,153	13,370,221
Gain on revaluation of biological assets and agriculture produce	12,243,734	3,489,463	2,850,669	1,110,858
Cost of sales	(47,649,710)	(31,296,627)	(13,008,695)	(11,479,428)
Gains less losses from trading sugar derivatives	375,305	175,407	81,397	51,132
Gross profit	24,081,572	8,858,070	7,649,524	3,052,783
Distribution and selling expenses	(4,472,174)	(2,992,953)	(1,554,926)	(988,305)
General and administrative expenses	(2,991,315)	(2,623,918)	(1,123,229)	(724,883)
Share-based remuneration	(54,423)	(178,280)	(1,012)	(26,254)
Other operating income/ (expenses), net	272,884	(116,537)	(49,628)	(190,420)
Operating profit	16,836,544	2,946,382	4,920,729	1,122,922
Interest expense	(154,478)	(1,380,376)	(85,826)	72,924
Interest income	1,010,951	2,022,986	239,470	419,013
Losses less gains from bonds held for trading*	(1,397,230)	-	(1,274,072)	-
Other financial income/ (expenses), net	4,549,548	(56,272)	4,143,888	2,514
Share of results of associates	46,579	-	46,128	-
Profit before taxation	20,891,914	3,532,720	7,990,318	1,617,373
Income tax expense	(714,935)	(330,963)	(307,492)	(292,398)
Profit for the period	20,176,979	3,201,757	7,682,826	1,324,975
Total comprehensive income for the period	20,176,979	3,201,757	7,682,826	1,324,975
Profit is attributable to:				
Owners of ROS AGRO PLC	20,134,178	3,201,534	7,638,592	1,326,490
Non-controlling interest	42,801	223	44,234	(1,515)
Profit for the period	20,176,979	3,201,757	7,682,826	1,324,975
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	20,134,178	3,201,534	7,638,592	1,326,490
Non-controlling interest	42,801	223	44,234	(1,515)
Total comprehensive income for the period	20,176,979	3,201,757	7,682,826	1,324,975
Earnings per ordinary share for profit attributable to the equity holders of ROS AGRO PLC, basic and diluted (in RR per share)	854.59	135.67	324.25	56.21

*As a result of the full year audit 2014 the management corrected the accounting treatment of bonds, purchased in April-May 2014. In the consolidated financial statements for 6M 2014 and 9M 2014 the effect of market value revaluation of bonds in the amount of RR 271,760 thousand of gain and RR 123,158 thousand of loss, respectively, were presented in other comprehensive income, below the "Profit for the period" line item. In the audited consolidated financial statement for 12M 2014 these bonds are classified as trading investments with measurement at fair value through profit and loss (see note 4 of the audited consolidated financial statements). The result of fair value revaluation as well as the result from the disposal of bonds is included in "Losses less gains from bonds held for trading" line item. The classification of the bonds has been corrected retrospectively that led to the respective reclassification adjustments in statements of comprehensive income and statements of cash flows for 6M 2014 and 9M 2014.

Appendix 2. Segment information for the year ended 31 December 2014 (in RR thousand)

Year ended 31 December 2014	Sugar	Meat	Other agriculture	Oil	Other	Eliminations	Total
Sales	22,463,664	17,750,521	10,710,176	14,920,094	45,558	(6,777,770)	59,112,243
Gain on revaluation of biological assets and agriculture produce	-	9,346,266	2,897,468	-	-	-	12,243,734
Cost of sales <i>incl. Depreciation</i>	(16,648,910) (823,648)	(17,684,177) (1,341,535)	(8,613,918) (713,102)	(10,552,318) (231,919)	-	5,849,613 (43,559)	(47,649,710) (3,153,763)
Gains less losses from trading sugar derivatives	375,305	-	-	-	-	-	375,305
Gross profit	6,190,059	9,412,610	4,993,726	4,367,776	45,558	(928,157)	24,081,572
Distribution and Selling, General and administrative expenses <i>incl. Depreciation</i>	(2,310,319) (105,323)	(494,835) (13,968)	(1,543,870) (106,843)	(2,852,293) (134,860)	(1,070,871) (24,873)	808,699 42,598	(7,463,489) (343,269)
Share-based remuneration	-	-	-	-	(54,423)	-	(54,423)
Other operating income/(expenses), net <i>incl. Reimbursement of operating costs (government grants)</i>	82,069 -	376,370 331,844	(150,321) 216,201	85,900 -	7,236,857 -	(7,357,991) -	272,884 548,045
Operating profit	3,961,809	9,294,145	3,299,535	1,601,383	6,157,121	(7,477,449)	16,836,544
Adjustments:							
Depreciation included in Operating Profit	928,971	1,355,503	819,945	366,779	24,872	961	3,497,031
Other operating (income) /expenses, net	(82,069)	(376,370)	150,321	(85,900)	(7,236,856)	7,357,991	(272,883)
Share-based remuneration	-	-	-	-	54,423	-	54,423
Reimbursement of operating costs (government grants)	-	331,844	216,201	-	-	-	548,045
Gain on revaluation of biological assets and agriculture produce	-	(9,346,266)	(2,897,468)	-	-	-	(12,243,734)
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	2,791,408	-	-	(706,875)	2,084,533
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	7,570,152	(4,636)	-	-	-	7,565,516
Adjusted EBITDA*	4,808,711	8,829,008	4,375,306	1,882,262	(1,000,440)	(825,372)	18,069,475

* Non-IFRS measure

Appendix 2 (continued). Segment information for the year ended 31 December 2013 (in RR thousand)

Year ended 31 December 2013	Sugar	Meat	Other agriculture	Oil	Other	Eliminations	Total
Sales	16,962,740	7,421,338	8,529,185	8,919,552	117,486	(5,460,474)	36,489,827
Gain on revaluation of biological assets and agriculture produce	-	1,820,756	1,668,707	-	-	-	3,489,463
Cost of sales <i>incl. Depreciation</i>	(14,087,051) (799,937)	(8,074,897) (1,214,092)	(7,163,924) (680,016)	(6,567,290) (220,076)	-	4,596,535 (72,889)	(31,296,627) (2,987,010)
Gains less losses from trading sugar derivatives	175,407	-	-	-	-	-	175,407
Gross profit	3,051,096	1,167,197	3,033,968	2,352,262	117,486	(863,939)	8,858,070
Distribution and Selling, General and administrative expenses <i>incl. Depreciation</i>	(2,208,689) (107,587)	(389,437) (13,165)	(1,852,068) (91,572)	(1,641,364) (94,316)	(532,865) (17,788)	1,007,552 40,577	(5,616,871) (283,851)
Share-based remuneration	-	-	-	-	(178,280)	-	(178,280)
Other operating income/(expenses), net <i>incl. Reimbursement of operating costs (government grants)</i>	(235,436) -	186,377 287,450	10,750 281,186	(21,443) -	2,883,643 -	(2,940,428) -	(116,537) 568,636
Operating profit/ (loss)	606,971	964,137	1,192,650	689,455	2,289,984	(2,796,815)	2,946,382
Adjustments:							
Depreciation included in Operating Profit	907,524	1,227,256	771,588	314,392	17,788	32,313	3,270,861
Other operating (income) /expenses, net	235,436	(186,377)	(10,750)	21,443	(2,883,643)	2,940,428	116,537
Share-based remuneration	-	-	-	-	178,280	-	178,280
Reimbursement of operating costs (government grants)	-	287,450	281,186	-	-	-	568,636
Gain on revaluation of biological assets and agriculture produce	-	(1,820,756)	(1,668,707)	-	-	-	(3,489,463)
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	1,773,091	-	-	173,585	1,946,676
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	1,254,131	22,063	-	-	-	1,276,194
Reversal of provision for net realisable value of agricultural produce	(30,090)	-	-	-	-	-	(30,090)
Adjusted EBITDA*	1,719,841	1,725,841	2,361,121	1,025,290	(397,591)	349,511	6,784,013

* Non-IFRS measure

Appendix 3. Consolidated statement of financial position as at 31 December 2014 (in RR thousand)

	31 December 2014	31 December 2013
ASSETS		
Current assets		
Cash and cash equivalents	10,316,313	2,672,764
Short-term investments	8,863,789	15,266,561
Trade and other receivables	2,347,714	1,771,235
Prepayments	2,085,599	824,622
Current income tax receivable	22,119	45,433
Other taxes receivable	1,310,407	1,487,408
Inventories	15,508,659	13,865,425
Short-term biological assets	3,454,937	2,212,805
Total current assets	43,909,537	38,146,253
Non-current assets		
Property, plant and equipment	29,519,968	28,365,116
Inventories intended for construction	32,846	36,600
Goodwill	1,191,832	1,175,578
Advances paid for property, plant and equipment	2,669,373	2,334,610
Advances paid for intangible assets	-	2,580
Long-term biological assets	1,793,059	1,553,595
Long-term investments	929,129	870,815
Investments in associates	87,407	-
Deferred income tax assets	1,016,544	353,674
Other intangible assets	338,699	289,058
Restricted cash	17,373	2,404
Total non-current assets	37,596,230	34,984,030
Total assets	81,505,767	73,130,283
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	12,499,623	18,144,254
Trade and other payables	2,772,385	2,352,775
Current income tax payable	475,850	346,980
Other taxes payable	1,706,091	1,327,263
Total current liabilities	17,453,949	22,171,272
Non-current liabilities		
Long-term borrowings	9,806,306	14,368,799
Government grants	1,962,562	1,735,151
Deferred income tax liability	463,649	290,028
Total non-current liabilities	12,232,517	16,393,978
Total liabilities	29,686,466	38,565,250
Equity		
Share capital	9,734	9,734
Treasury shares	(505,880)	(461,847)
Share premium	10,557,573	10,557,573
Share-based payment reserve	1,291,198	1,236,775
Retained earnings	40,159,833	23,214,348
Equity attributable to owners of ROS AGRO PLC	51,512,458	34,556,583
Non-controlling interest	306,843	8,450
Total equity	51,819,301	34,565,033
Total liabilities and equity	81,505,767	73,130,283

Appendix 4. Consolidated statement of cash flows for the year ended 31 December 2014 according to the Group's management accounts (in RR thousand) – NOT IFRS PRESENTATION

	Year ended 31 December 2014	Year ended 31 December 2013
Cash flows from operating activities		
Profit before taxation	20,891,914	3,532,720
<i>Adjustments for:</i>		
Depreciation and amortization	3,497,032	3,270,861
Interest expense	2,288,135	3,623,968
Government grants	(2,821,533)	(2,918,386)
Interest income	(1,010,951)	(2,022,986)
Loss/ (gain) on disposal of property, plant and equipment	(5,038)	169,518
Loss/ (gain) on initial recognition of agricultural produce, net	(786,007)	237,660
Change in provision for net realisable value of inventory	485,767	(30,090)
Share of results of associates	(46,579)	-
Gain from buy-out of promissory notes issued	(41,094)	-
Revaluation of biological assets, net	(1,807,678)	(504,253)
Change in provision for impairment of receivables and prepayments	46,120	126,144
Foreign exchange gain, net	(4,694,826)	(37,534)
Share based remuneration	54,423	178,280
Write-off of work in progress	-	55,229
Lost harvest write-off	5,530	31,071
Losses less gains from bonds held for trading	1,397,230	-
Change in provision for impairment of advances paid for property, plant and equipment	(454)	18,714
Loss on disposal of subsidiaries, net	179,405	-
Loss on other investments	7,747	191,480
Other non-cash and non-operating expenses, net	(85,977)	23,228
Operating cash flow before working capital changes	17,553,166	5,945,624
Change in trade and other receivables and prepayments	(963,488)	(779,457)
Change in other taxes receivable	104,214	1,117,390
Change in inventories	(1,015,731)	(406,568)
Change in biological assets	268,410	(605,257)
Change in trade and other payables	370,457	(265,517)
Change in other taxes payable	413,331	(102,899)
Cash generated from operations	16,730,359	4,903,316
Income tax paid	(1,053,641)	(123,602)
Net cash from operating activities	15,676,718	4,779,714
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,206,184)	(4,232,694)
Purchases of other intangible assets	(151,993)	(96,904)
Proceeds from sales of property, plant and equipment	44,135	72,300
Purchases of inventories intended for construction	(1,530)	(16,335)
Purchases of associates	(377,493)	-
Investments in subsidiaries, net of cash acquired	(498,692)	-
Movement in restricted cash	(14,970)	88,708
Dividends received	1,146	18
Proceeds from sale of subsidiaries, net of cash disposed	(275)	-
Proceeds from sales of other investments	-	3,289
Net cash used in investing activities	(6,205,855)	(4,181,618)
Cash flows from financing activities		
Proceeds from borrowings	15,875,925	16,157,846
Repayment of borrowings	(27,169,213)	(31,891,024)
Interest paid	(2,295,898)	(4,127,094)
Purchases of promissory notes*	(1,700,000)	(2,900,000)
Proceeds from sales of promissory notes*	2,800,000	3,068,267
Proceeds from cash withdrawals from deposits*	16,604,773	32,345,354
Deposits placed with banks*	(4,141,047)	(18,346,112)
Purchases of bonds*	(5,244,138)	-
Proceeds from sales of bonds*	134,904	-
Loans given*	(2,455,350)	(1,122,198)
Loans repaid*	1,847,683	907,674
Interest received*	1,239,633	2,152,715
Proceeds from government grants	3,048,946	4,049,217
Sale of non-controlling interest	6,758	-
Purchases of non-controlling interest	(7,289)	(261,084)
Purchases of treasury shares	(44,033)	-

	Year ended 31 December 2014	Year ended 31 December 2013
Dividends paid	(3,206,582)	(107)
Net cash (used in)/ from financing activities	(4,704,929)	33,454
Net effect of exchange rate changes on cash and cash equivalents	2,877,615	21,347
Net increase in cash and cash equivalents	7,643,549	652,897
Cash and cash equivalents at the beginning of the period	2,672,764	2,019,867
Cash and cash equivalents at the end of the period	10,316,313	2,672,764

() For the purpose of conformity with the methodology of the Group's net debt calculation, investments in financial assets related to financial activities are presented in Cash flows from financing activities in the Group's management accounts.*