



01 September 2014, Moscow

## ROS AGRO financial results for 1H 2014 and Q2 2014

**Moscow, 01 September 2014** – 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 six months ended 30 June 2014.

### 1H 2014 Highlights

- Sales amounted to RR 26,645 million (US\$ 760 million (\*)), an increase of RR 12,302 million compared to 1H 2013;
- Adjusted EBITDA (\*\*) amounted to RR 6,503 million (US\$ 185 million), an increase of RR 4,923 million compared to 1H 2013;
- Adjusted EBITDA margin increased from 11% to 24%;
- Net profit for the period amounted to RR 6,015 million (US\$ 172 million);
- Net debt position (\*\*\*) as of 30 June 2014 was RR 10,104 million (US\$ 300 million);
- Net Debt/ Adjusted EBITDA (LTM) (\*\*\*\*) as of 30 June 2014 was 0.9x.

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

“The company continued to show very good financial performance based on good pricing environment and increasing production. All business units are growing and improving performance. We look into future with optimism.”

### Key consolidated financial performance indicators

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
<b>Sales</b>	<b>26,645</b>	<b>14,343</b>	<b>12,302</b>	<b>86</b>	<b>15,569</b>	<b>7,926</b>	<b>7,642</b>	<b>96</b>
<b>Gross profit</b>	<b>9,058</b>	<b>2,094</b>	<b>6,964</b>	<b>333</b>	<b>5,099</b>	<b>1,265</b>	<b>3,834</b>	<b>303</b>
<i>Gross margin, %</i>	<i>34%</i>	<i>15%</i>	<i>19%</i>		<i>33%</i>	<i>16%</i>	<i>17%</i>	
<b>Adjusted EBITDA</b>	<b>6,503</b>	<b>1,580</b>	<b>4,923</b>	<b>311</b>	<b>4,073</b>	<b>1,039</b>	<b>3,034</b>	<b>292</b>
<i>Adjusted EBITDA</i>	<i>24%</i>	<i>11%</i>	<i>13%</i>		<i>26%</i>	<i>13%</i>	<i>13%</i>	
<b>Net profit for the period</b>	<b>6,015</b>	<b>(283)</b>	<b>6,298</b>	<b>-</b>	<b>3,774</b>	<b>295</b>	<b>3,479</b>	<b>1,178</b>
<i>Net profit margin %</i>	<i>23%</i>	<i>-2%</i>	<i>25%</i>		<i>24%</i>	<i>4%</i>	<i>21%</i>	

## Key financial performance indicators by segments

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
<b>Sales, incl.</b>	<b>26,645</b>	<b>14,343</b>	<b>12,302</b>	<b>86</b>	<b>15,569</b>	<b>7,926</b>	<b>7,642</b>	<b>96</b>
<i>Sugar</i>	10,833	7,374	3,459	47	6,336	4,596	1,740	38
<i>Meat</i>	7,225	2,508	4,717	188	4,835	1,434	3,401	237
<i>Agriculture</i>	1,619	1,201	418	35	869	349	520	149
<i>Oil</i>	7,976	3,536	4,441	126	4,151	1,585	2,565	162
<i>Other</i>	26	77	(51)	(66)	12	38	(26)	(69)
<i>Eliminations</i>	(1,034)	(352)	(683)	(194)	(634)	(76)	(558)	(731)
<b>Gross profit, incl.</b>	<b>9,058</b>	<b>2,094</b>	<b>6,964</b>	<b>333</b>	<b>5,099</b>	<b>1,265</b>	<b>3,834</b>	<b>303</b>
<i>Sugar</i>	2,444	944	1,499	159	1,221	559	662	118
<i>Meat</i>	4,316	108	4,208	3,911	2,684	228	2,456	1,077
<i>Agriculture</i>	222	211	10	5	103	56	47	85
<i>Oil</i>	2,122	829	1,293	156	1,086	385	701	182
<i>Other</i>	26	77	(51)	(66)	12	38	(26)	(69)
<i>Eliminations</i>	(71)	(75)	3	5	(6)	-	(6)	-
<b>Adjusted EBITDA, incl.</b>	<b>6,503</b>	<b>1,580</b>	<b>4,923</b>	<b>311</b>	<b>4,073</b>	<b>1,039</b>	<b>3,034</b>	<b>292</b>
<i>Sugar</i>	1,740	292	1,448	496	855	213	642	301
<i>Meat</i>	3,138	455	2,684	590	2,456	406	2,050	505
<i>Agriculture</i>	497	380	117	31	248	157	90	57
<i>Oil</i>	991	249	742	298	439	6	433	7,518
<i>Other</i>	(250)	(148)	(102)	(69)	(134)	(42)	(92)	(216)
<i>Eliminations</i>	386	352	34	10	209	299	(90)	(30)
<b>Adjusted EBITDA</b>	<b>24%</b>	<b>11%</b>	<b>13%</b>		<b>26%</b>	<b>13%</b>	<b>13%</b>	
<i>Sugar</i>	16%	4%	12%		13%	5%	9%	
<i>Meat</i>	43%	18%	25%		51%	28%	22%	
<i>Agriculture</i>	31%	32%	-1%		29%	45%	-17%	
<i>Oil</i>	12%	7%	5%		11%	0%	10%	

## Sugar Segment

The financial results of the sugar segment for 1H 2014 and Q2 2014 compared to 1H 2013 and Q2 2013 respectively are presented in the table below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sales	10,833	7,374	3,459	47	6,336	4,596	1,740	38
Cost of sales	(8,644)	(6,552)	(2,092)	(32)	(5,204)	(4,070)	(1,135)	(28)
Gains less losses from trading sugar derivatives	254	123	131	107	89	32	57	177
<b>Gross profit</b>	<b>2,444</b>	<b>944</b>	<b>1,499</b>	<b>159</b>	<b>1,221</b>	<b>559</b>	<b>662</b>	<b>118</b>
<i>Gross profit margin</i>	23%	13%	10%		19%	12%	7%	
Distribution and selling expenses	(764)	(617)	(147)	(24)	(406)	(351)	(55)	(16)
General and administrative expenses	(326)	(363)	37	10	(137)	(154)	18	12

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Other operating expenses, net	(24)	(61)	37	61	(25)	(65)	40	62
<b>Operating profit/ (loss)</b>	<b>1,330</b>	<b>(97)</b>	<b>1,427</b>	<b>-</b>	<b>654</b>	<b>(11)</b>	<b>665</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>1,740</b>	<b>292</b>	<b>1,448</b>	<b>496</b>	<b>855</b>	<b>213</b>	<b>642</b>	<b>301</b>
<i>Adjusted EBITDA margin</i>	<i>16%</i>	<i>4%</i>	<i>12%</i>		<i>13%</i>	<i>5%</i>	<i>9%</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:

	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sugar production volume (in thousand tonnes), incl.								
beet sugar	226	142	84	59	136	109	27	25
cane sugar	15	34	(19)	(57)	-	-	-	-
Sales volume (in thousand tonnes)	211	108	103	95	136	108	28	26
Sale price (roubles per kg, excl. VAT)	389	291	98	34	215	179	36	20
	27.1	24.1	3.0	12	28.5	24.4	4.1	17

An increase in the sale prices in 1H 2014 compared to 1H 2013 together with a slight decrease in cost of sales per ton and distribution and selling expenses per ton led to an increased profitability of the segment.

## Meat Segment

The financial results of the meat segment for 1H 2014 and Q2 2014 compared to 1H 2013 and Q2 2013 respectively are presented in the table below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sales	7,225	2,508	4,717	188	4,835	1,434	3,401	237
Gain/ (loss) on revaluation of biological assets and agricultural produce	4,608	(58)	4,666	-	2,792	190	2,602	1,370
Cost of sales	(7,517)	(2,342)	(5,175)	(221)	(4,943)	(1,396)	(3,547)	(254)
<b>Gross profit</b>	<b>4,316</b>	<b>108</b>	<b>4,208</b>	<b>3,911</b>	<b>2,684</b>	<b>228</b>	<b>2,456</b>	<b>1,07</b>
<i>Gross profit margin</i>	<i>60%</i>	<i>4%</i>	<i>55%</i>		<i>56%</i>	<i>16%</i>	<i>40%</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	2,598	(21)	2,619	-	2,153	(38)	2,190	-
<i>Adjusted gross profit margin</i>	<i>36%</i>	<i>-1%</i>	<i>37%</i>		<i>45%</i>	<i>-3%</i>	<i>47%</i>	
Distribution and selling expenses	(16)	(15)	(1)	(6)	(9)	(5)	(4)	(72)

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
General and administrative expenses	(176)	(174)	(3)	(1)	(89)	(83)	(6)	(8)
Other operating income, net	51	202	(151)	(75)	31	201	(170)	(85)
<b>Operating profit</b>	<b>4,174</b>	<b>120</b>	<b>4,054</b>	<b>3,376</b>	<b>2,617</b>	<b>341</b>	<b>2,276</b>	<b>667</b>
<b>Adjusted EBITDA</b>	<b>3,138</b>	<b>455</b>	<b>2,684</b>	<b>590</b>	<b>2,456</b>	<b>406</b>	<b>2,050</b>	<b>505</b>
<i>Adjusted EBITDA margin</i>	<i>43%</i>	<i>18%</i>	<i>25%</i>		<i>51%</i>	<i>28%</i>	<i>22%</i>	

An increase in *Sales* by 188% was driven by a significant increase both in pork sales volume and pork sales prices. The sales volume of pork increased by 82% 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:

	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sales volume (in thousand tonnes)	80	44	36	82	46	24	22	91
Sale prices (roubles per kg, excl. VAT)	87.3	56.6	30.7	54	99.4	58.5	40.9	70

The increase in sales prices and volumes also led to significant amount of Gain on revaluation of biological assets (pigs) in 1H 2014 compared to loss on revaluation in 1H 2013.

A decrease in *Other operating income, net* in 1H 2014 compared 1H 2013 mainly comprised of a decrease in the government grants provided for partial compensation of operating costs, RR 26 million in 1H 2014 compared to RR 248 million in 1H 2013.

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

in RR million	Six months ended 30 June 2014		Six months ended 30 June 2013		Three months ended 30 June 2014		Three months ended 30 June 2013	
	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat	Belgorod Meat	Tambov Meat
Sales to third parties and other segments	3,349	3,876	2,014	494	2,152	2,683	1,155	279
Adjusted EBITDA	1,549	1,589	621	(167)	1,132	1,324	472	(66)
<i>Adjusted EBITDA margin</i>	<i>46%</i>	<i>41%</i>	<i>31%</i>	<i>-</i>	<i>53%</i>	<i>49%</i>	<i>41%</i>	<i>-</i>

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 more than 470 thousand hectares. The financial results of the agricultural segment for 1H 2014 and Q2 2014 compared to 1H 2013 and Q2 2013 respectively are presented below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sales	1,619	1,201	418	35	869	349	520	149
Cost of sales	(1,397)	(990)	(407)	(41)	(766)	(293)	(473)	(161)
<b>Gross profit</b>	<b>222</b>	<b>211</b>	<b>10</b>	<b>5</b>	<b>103</b>	<b>56</b>	<b>47</b>	<b>85</b>
<i>Gross profit margin</i>	<i>14%</i>	<i>18%</i>	<i>-4%</i>		<i>12%</i>	<i>16%</i>	<i>-4%</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	486	563	(77)	(14)	260	142	118	83
<i>Adjusted gross profit margin</i>	<i>30%</i>	<i>47%</i>	<i>-17%</i>		<i>30%</i>	<i>41%</i>	<i>-11%</i>	
Distribution and selling expenses	(127)	(155)	28	18	(30)	(41)	11	28
General and administrative expenses	(181)	(290)	109	38	(63)	(128)	65	51
Other operating income, net	91	48	44	91	(16)	51	(67)	-
<b>Operating profit/ (loss)</b>	<b>5</b>	<b>(185)</b>	<b>191</b>	<b>-</b>	<b>(6)</b>	<b>(64)</b>	<b>57</b>	<b>90</b>
<b>Adjusted EBITDA</b>	<b>497</b>	<b>380</b>	<b>117</b>	<b>31</b>	<b>248</b>	<b>157</b>	<b>90</b>	<b>57</b>
<i>Adjusted EBITDA margin</i>	<i>31%</i>	<i>32%</i>	<i>-1%</i>		<i>29%</i>	<i>45%</i>	<i>-17%</i>	

An increase in *Sales* by 35% in 1H 2014 compared to 1H 2013 resulted from an increase in grains and sunflower seeds sales volume that was partly offset by a decrease in grain (except corn) and sunflower seeds sale prices and a decrease in sugar beet sales volume.

Sales volumes by product were as follows:

Thousand tonnes	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
sugar beet	12	76	(64)	(84)	-	-	-	-
grain	174	108	66	61	67	30	37	123
incl. sold to other segments	89	8	81	1,032	34	-	34	-
sunflower seeds	32	-	32	-	31	-	31	-
incl. sold to other segments	31	-	31	-	31	-	31	-

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	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
wheat	5.7	8.2	(2.5)	(30)	5.9	8.2	(2.4)	(29)
barley	5.5	7.4	(1.9)	(26)	5.5	7.3	(1.8)	(25)
sunflower seeds	12.8	-	-	-	12.8	-	-	-
peas	8.2	8.5	(0.3)	(3)	8.6	8.4	0.2	2
corn	5.0	2.4	2.7	111	5.4	2.4	3.0	124

A decrease in *General and administrative expenses* came from a decrease in payroll costs by RR 80 million from RR 172 million in 1H 2013 to RR 92 million in 1H 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.

## Oil segment

The financial results of the oil segment for 1H 2014 and Q2 2014 compared to 1H 2013 and Q2 2013 respectively are presented below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
Sales	7,976	3,536	4,441	126	4,151	1,585	2,565	162
Cost of sales	(5,854)	(2,707)	(3,147)	(116)	(3,065)	(1,201)	(1,86)	(155)
<b>Gross profit</b>	<b>2,122</b>	<b>829</b>	<b>1,293</b>	<b>156</b>	<b>1,086</b>	<b>385</b>	<b>701</b>	<b>182</b>
<i>Gross profit margin</i>	<i>27%</i>	<i>23%</i>	<i>3%</i>		<i>26%</i>	<i>24%</i>	<i>2%</i>	
Distribution and selling expenses	(1,123)	(539)	(584)	(108)	(635)	(366)	(269)	(73)
General and administrative expenses	(199)	(189)	(11)	(6)	(102)	(89)	(13)	(15)
Other operating expenses, net	3	76	(73)	(97)	16	41	(25)	(61)
<b>Operating profit/ (loss)</b>	<b>803</b>	<b>177</b>	<b>626</b>	<b>354</b>	<b>365</b>	<b>(30)</b>	<b>395</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>991</b>	<b>249</b>	<b>742</b>	<b>298</b>	<b>439</b>	<b>6</b>	<b>433</b>	<b>7,518</b>
<i>Adjusted EBITDA margin</i>	<i>12%</i>	<i>7%</i>	<i>5%</i>		<i>11%</i>	<i>0%</i>	<i>10%</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	Six months ended 30 June 2014		Six months ended 30 June 2013		Three months ended 30 June 2014		Three months ended 30 June 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	4,916	3,061	1,087	2,449	2,537	1,614	283
Internal sales	644	-	642	-	244	-	307	-
Gross profit	1,241	881	196	633	652	434	42	342
<i>Gross profit margin</i>	<i>22%</i>	<i>29%</i>	<i>11%</i>	<i>26%</i>	<i>23%</i>	<i>27%</i>	<i>7%</i>	<i>26%</i>
Adjusted EBITDA	849	142	29	220	451	(12)	(90)	95
<i>Adjusted EBITDA margin</i>	<i>15%</i>	<i>5%</i>	<i>2%</i>	<i>9%</i>	<i>16%</i>	<i>-1%</i>	<i>-15%</i>	<i>7%</i>

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

Sales volumes by product were as follows:

Thousand tonnes	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
mayonnaise	25	26	(1)	(3)	14.2	14.6	(0.4)	(3)
margarine	20	17	3	15	9.0	8.5	0.6	7
raw oil, sales to third parties and other segments	133	22	111	517	67	5	62	1,190
raw oil, internal sales (to Ekat. fat plant)	24	19	5	25	8.9	9.2	(0.3)	(3)
meal	142	39	103	267	68	11	57	511

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

RR per kilogram, excl. VAT	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
mayonnaise	57.5	55.9	1.5	3	56.9	56.1	0.8	1
margarine	51.1	50.5	0.6	1	52.3	51.1	1.2	2
raw oil, third-party sales	27.9	33.8	(5.9)	(18)	28.1	33.5	(5.4)	(16)
meal	8.5	9.1	(0.7)	(7)	9.3	9.4	(0.1)	(1)

An increase in *Distribution and selling expenses* is linked to an increase in sales volume and investments in marketing and advertising of the Mechta Khozyayki brand. Transportation and loading services increased by RR 344 million (from RR 196 million in 1H 2013 up to RR 540 million in 1H 2014). Advertising expenses increased by RR 148 million (from RR 123 million in 1H 2013 up to RR 271 in 1H 2014).

In 1H 2013 *Other operating income, net* included gain from the settlement of accounts receivable previously written off in the amount of RR 50 million, compared to nil in 1H 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	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
<b>Net cash from operating activities, incl.</b>	<b>7,457</b>	<b>3,472</b>	<b>3,985</b>	<b>115</b>	<b>4,825</b>	<b>2,154</b>	<b>2,671</b>	<b>124</b>
<i>Operating cash flow before working capital</i>	6,431	1,153	5,277	458	4,142	567	3,575	630
<i>Working capital changes</i>	1,643	2,483	(840)	(34)	899	1,648	(749)	(45)
<b>Net cash used in investing activities, incl.</b>	<b>(2,705)</b>	<b>(1,653)</b>	<b>(1,052)</b>	<b>(64)</b>	<b>(1,383)</b>	<b>(1,208)</b>	<b>(174)</b>	<b>(14)</b>
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(2,222)	(1,693)	(529)	(31)	(1,436)	(1,178)	(258)	(22)
<b>Net cash used in financing activities</b>	<b>(4,643)</b>	<b>(1,899)</b>	<b>(2,743)</b>	<b>(144)</b>	<b>(4,243)</b>	<b>(94)</b>	<b>(4,149)</b>	<b>(4,416)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(46)</b>	<b>(65)</b>	<b>19</b>	<b>30</b>	<b>(980)</b>	<b>860</b>	<b>(1,840)</b>	<b>-</b>

(\*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 1H 2014 were made in the agricultural segment in the amount of RR 844 million (1H 2013: RR 527 million), representing purchases of machinery and equipment, and in the meat segment in the amount of RR 673 million (1H 2013: RR 775 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 628 million (1H 2013: RR 266 million), related to the modernisation of sugar plants.

## Debt position and liquidity management

in RR million	30 June 2014	31 December 2013	Variance	
			Units	%
<b>Gross debt</b>	<b>24,419</b>	<b>32,513</b>	<b>(8,094)</b>	<b>(25)</b>
<i>Short term borrowings</i>	13,054	18,144	(5,090)	(28)
<i>Long term borrowings</i>	11,365	14,369	(3,004)	(21)
<b>Net debt</b>	<b>10,104</b>	<b>14,576</b>	<b>(4,472)</b>	<b>(31)</b>
<i>Short term borrowings, net</i>	4,664	904	3,760	416
<i>Long term borrowings, net</i>	5,440	13,672	(8,232)	(60)
<b>Adjusted EBITDA (LTM<sup>***</sup>)</b>	<b>11,707</b>	<b>6,784</b>	<b>4,923</b>	<b>73</b>
<b>Net debt/Adjusted EBITDA (LTM)</b>	<b>0.9</b>	<b>2.1</b>	<b>(1.3)</b>	

The Group maintained a healthy debt structure: 41% of net debt relates to amounts with more than three years' maturity.

## Net finance expense

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2014	30 June 2013	Units	%	30 June 2014	30 June 2013	Units	%
	<b>Net interest expense</b>	<b>(41)</b>	<b>(1,140)</b>	<b>1,099</b>	<b>96</b>	<b>289</b>	<b>(403)</b>	<b>692</b>
<i>Gross interest expense</i>	(1,212)	(1,903)	691	36	(550)	(915)	365	40
<i>Reimbursement of interest expense</i>	1,171	763	408	53	839	512	327	64
<b>Interest income</b>	<b>462</b>	<b>1,160</b>	<b>(698)</b>	<b>(60)</b>	<b>209</b>	<b>580</b>	<b>(371)</b>	<b>(64)</b>
<b>Other financial expenses, net</b>	<b>(232)</b>	<b>(6)</b>	<b>(226)</b>	<b>(3,767)</b>	<b>(112)</b>	<b>-</b>	<b>(112)</b>	<b>-</b>
<b>Total net finance income</b>	<b>189</b>	<b>14</b>	<b>175</b>	<b>1,250</b>	<b>386</b>	<b>177</b>	<b>209</b>	<b>118</b>

In 1H 2014 the Group continued to enjoy benefits from the state agriculture subsidies programme. RR 1,171 million of subsidies received covered 97% of gross interest expense.

(\*) 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 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 Sakhara, 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 fourth largest pork producer in Russia on the ground of relative production volumes for 2013. 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 more than 470 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 1H 2014 and Q2 2014 financial results for investors and analysts.

*Details of call:*

Date	1 September 2014
Time	5:00 PM (Moscow) /2:00 PM (London)
Subject	ROS AGRO PLC Second quarter 2014 financial results
UK Toll Free	0800 279 5004
UK Local Line	+44(0)20 3427 1916
USA Toll Free	+1877 280 1254
USA Local Line	+1646 254 3363
Russia Toll Free	+7495 705 9451
Conference ID	<b>1650559</b>

**Contacts:**

**Sergey Tribunsky**  
Chief Investment Officer  
LLC Group of Companies Rusagro  
Phone: +7 495 363 16 61  
[stribunsky@rusagrogroupp.ru](mailto:stribunsky@rusagrogroupp.ru)

**Vladimir Gromov**  
First Deputy CEO  
LLC Group of Companies Rusagro  
Phone: +7 495 363 16 61  
[vgromov@rusagrogroupp.ru](mailto:vgromov@rusagrogroupp.ru)

**Appendix 1. Consolidated statement of comprehensive income for the six months ended 30 June 2014 (in RR thousand)**

	Six month ended 30 June		Three month ended 30 June	
	2014	2013	2014	2013
Sales	26,644,701	14,343,130	15,568,580	7,926,342
Gain on revaluation of biological assets and agriculture produce	4,607,728	(58,114)	2,791,559	189,901
Cost of sales	(22,448,898)	(12,313,854)	(13,350,389)	(6,883,565)
Gains less losses from trading sugar derivatives	254,216	122,839	89,480	32,294
<b>Gross profit</b>	<b>9,057,747</b>	<b>2,094,001</b>	<b>5,099,230</b>	<b>1,264,972</b>
Distribution and selling expenses	(1,937,962)	(1,272,763)	(1,043,550)	(763,387)
General and administrative expenses	(1,141,485)	(1,214,433)	(528,204)	(520,371)
Share-based remuneration	(52,399)	(125,773)	(26,716)	(63,234)
Other operating income/ (expenses), net	162,320	264,300	(4,337)	224,758
<b>Operating profit/ (loss)</b>	<b>6,088,221</b>	<b>(254,668)</b>	<b>3,496,422</b>	<b>142,738</b>
Interest expense	(41,015)	(1,140,934)	288,544	(403,171)
Interest income	462,481	1,160,340	209,147	579,851
Other financial expenses, net	(232,467)	(6,336)	(111,938)	(95)
Share of profit of investments accounted for using the equity method	1,147	-	1,147	-
<b>Profit/ (loss) before taxation</b>	<b>6,278,367</b>	<b>(241,598)</b>	<b>3,883,323</b>	<b>319,323</b>
Income tax expense	(263,133)	(41,031)	(109,261)	(24,011)
<b>Profit/ (loss) for the period</b>	<b>6,015,234</b>	<b>(282,629)</b>	<b>3,774,062</b>	<b>295,312</b>
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit and loss</b>				
Change in value of available-for-sale financial assets	271,760	-	271,760	-
<b>Total comprehensive income/ (loss) for the period</b>	<b>6,286,994</b>	<b>(282,629)</b>	<b>4,045,821</b>	<b>295,312</b>
<b>Profit/ (loss) is attributable to:</b>				
Owners of ROS AGRO PLC	6,018,029	(282,686)	3,774,992	298,315
Non-controlling interest	(2,794)	57	(930)	(3,003)
<b>Profit/ (loss) for the period</b>	<b>6,015,234</b>	<b>(282,629)</b>	<b>3,774,062</b>	<b>295,312</b>
<b>Total comprehensive income/ (loss) is attributable to:</b>				
Owners of ROS AGRO PLC	6,289,788	(282,686)	4,046,751	298,315
Non-controlling interest	(2,794)	57	(930)	(3,003)
<b>Total comprehensive income/ (loss) for the period</b>	<b>6,286,994</b>	<b>(282,629)</b>	<b>4,045,821</b>	<b>295,312</b>
Earnings per ordinary share for profit/ (loss) attributable to the equity holders of ROS AGRO PLC, basic and diluted (in RR per share)	255.41	(11.98)	160.25	12.64

**Appendix 2. Segment information for the six months ended 30 June 2014 (in RR thousand)**

<b>Six months ended 30 June 2014</b>	<b>Sugar</b>	<b>Meat</b>	<b>Other agriculture</b>	<b>Oil</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Sales	10,833,233	7,224,526	1,619,004	7,976,295	26,061	(1,034,418)	26,644,701
Gain on revaluation of biological assets and agriculture produce	-	4,607,728	-	-	-	-	4,607,728
Cost of sales <i>incl. Depreciation</i>	(8,643,891) (332,382)	(7,516,521) (699,789)	(1,397,372) (147,799)	(5,854,260) (122,925)	-	963,146 (18,803)	(22,448,898) (1,321,698)
Gains less losses from trading sugar derivatives	254,216	-	-	-	-	-	254,216
<b>Gross profit</b>	<b>2,443,558</b>	<b>4,315,733</b>	<b>221,631</b>	<b>2,122,035</b>	<b>26,061</b>	<b>(71,271)</b>	<b>9,057,747</b>
Distribution and Selling, General and administrative expenses <i>incl. Depreciation</i>	(1,089,412) (53,122)	(192,588) (7,502)	(307,631) (22,039)	(1,321,917) (67,882)	(286,482) (10,837)	118,582 7,189	(3,079,447) (154,192)
Share-based remuneration	-	-	-	-	(52,399)	-	(52,399)
Other operating income/(expenses), net <i>incl. Reimbursement of operating costs (government grants)</i>	(24,323) -	50,789 26,103	91,391 149,143	2,574 -	2,304,026 -	(2,262,138) -	162,320 175,246
<b>Operating profit</b>	<b>1,329,823</b>	<b>4,173,934</b>	<b>5,391</b>	<b>802,693</b>	<b>1,991,206</b>	<b>(2,214,827)</b>	<b>6,088,221</b>
<b>Adjustments:</b>							
Depreciation included in Operating Profit	385,503	707,291	169,838	190,807	10,837	11,614	1,475,890
Other operating (income) /expenses, net	24,323	(50,789)	(91,391)	(2,574)	(2,304,026)	2,262,138	(162,320)
Share-based remuneration	-	-	-	-	52,399	-	52,399
Reimbursement of operating costs (government grants)	-	26,103	149,143	-	-	-	175,246
Gain on revaluation of biological assets and agriculture produce	-	(4,607,728)	-	-	-	-	(4,607,728)
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	267,204	-	-	327,234	594,438
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	2,889,608	(2,952)	-	-	-	2,886,655
<b>Adjusted EBITDA*</b>	<b>1,739,650</b>	<b>3,138,418</b>	<b>497,233</b>	<b>990,926</b>	<b>(249,584)</b>	<b>386,159</b>	<b>6,502,802</b>

\* Non-IFRS measure

**Appendix 2 (continued). Segment information for the six months ended 30 June 2013 (in RR thousand)**

<b>Six months ended 30 June 2013</b>	<b>Sugar</b>	<b>Meat</b>	<b>Other agriculture</b>	<b>Oil</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Sales	7,373,742	2,507,609	1,201,269	3,535,521	76,608	(351,619)	14,343,130
Gain on revaluation of biological assets and agriculture produce	-	(58,114)	-	-	-	-	(58,114)
Cost of sales <i>incl. Depreciation</i>	(6,552,127) (304,881)	(2,341,898) (408,508)	(989,930) (97,505)	(2,706,800) (115,276)	(20) -	276,920 (18,400)	(12,313,854) (944,570)
Gains less losses from trading sugar derivatives	122,839	-	-	-	-	-	122,839
<b>Gross profit</b>	<b>944,454</b>	<b>107,598</b>	<b>211,339</b>	<b>828,722</b>	<b>76,588</b>	<b>(74,699)</b>	<b>2,094,000</b>
Distribution and Selling, General and administrative expenses <i>incl. Depreciation</i>	(980,009) (52,836)	(189,115) (6,721)	(444,465) (17,724)	(727,578) (32,646)	(234,474) (10,269)	88,446 1,244	(2,487,196) (118,951)
Share-based remuneration	-	-	-	-	(125,773)	-	(125,773)
Other operating income/(expenses), net <i>incl. Reimbursement of operating costs (government grants)</i>	(61,359) -	201,608 248,456	47,760 146,305	75,846 -	998,255 -	(997,810) -	264,300 394,760
<b>Operating profit/ (loss)</b>	<b>(96,915)</b>	<b>120,090</b>	<b>(185,366)</b>	<b>176,989</b>	<b>714,596</b>	<b>(984,063)</b>	<b>(254,669)</b>
<b>Adjustments:</b>							
Depreciation included in Operating Profit	357,717	415,228	115,229	147,921	10,269	17,156	1,063,521
Other operating (income) /expenses, net	61,359	(201,608)	(47,760)	(75,846)	(998,255)	997,810	(264,300)
Share-based remuneration	-	-	-	-	125,773	-	125,773
Reimbursement of operating costs (government grants)	-	248,456	146,305	-	-	-	394,760
Gain on revaluation of biological assets and agriculture produce	-	58,114	-	-	-	-	58,114
Gain on initial recognition of agricultural produce attributable to realised agricultural produce	-	-	330,780	-	-	321,376	652,157
Revaluation of biological assets attributable to realised biological assets and included in cost of sales	-	(186,672)	20,617	-	-	-	(166,055)
Provision/ (Reversal of provision) for net realisable value	(30,090)	1,083	-	-	-	-	(29,006)
<b>Adjusted EBITDA*</b>	<b>292,072</b>	<b>454,693</b>	<b>379,804</b>	<b>249,065</b>	<b>(147,618)</b>	<b>352,280</b>	<b>1,580,296</b>

\* Non-IFRS measure

**Appendix 3. Consolidated statement of financial position as at 30 June 2014 (in RR thousand)**

	30 June 2014	31 December 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,627,146	2,672,764
Short-term investments	6,753,015	15,266,560
Trade and other receivables	2,448,026	1,771,235
Prepayments	487,236	824,622
Current income tax receivable	58,458	45,434
Other taxes receivable	1,464,789	1,487,408
Inventories	8,787,897	13,865,425
Short-term biological assets	8,236,182	2,212,805
<b>Total current assets</b>	<b>30,862,750</b>	<b>38,146,253</b>
<b>Non-current assets</b>		
Property, plant and equipment	27,938,193	28,365,118
Inventories intended for construction	33,433	36,600
Goodwill	1,175,578	1,175,578
Advances paid for property, plant and equipment	3,217,652	2,334,610
Advances paid for intangible assets	-	2,580
Long-term biological assets	1,578,777	1,553,595
Long-term investments	6,132,075	870,815
Investments in associates	24,748	-
Deferred income tax assets	336,288	353,674
Other intangible assets	287,906	289,056
Restricted cash	43,665	2,404
<b>Total non-current assets</b>	<b>40,768,315</b>	<b>34,984,030</b>
<b>Total assets</b>	<b>71,631,064</b>	<b>73,130,283</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term borrowings	13,054,166	18,144,254
Trade and other payables	3,913,701	2,352,775
Current income tax payable	74,603	346,981
Other taxes payable	1,565,662	1,327,263
<b>Total current liabilities</b>	<b>18,608,132</b>	<b>22,171,273</b>
<b>Non-current liabilities</b>		
Long-term borrowings	11,365,005	14,368,799
Government grants	1,593,194	1,735,150
Deferred income tax liability	204,340	290,028
<b>Total non-current liabilities</b>	<b>13,162,540</b>	<b>16,393,977</b>
<b>Total liabilities</b>	<b>31,770,672</b>	<b>38,565,250</b>
<b>Equity</b>		
Share capital	9,734	9,734
Treasury shares	(505,880)	(461,847)
Share premium	10,557,573	10,557,573
Share-based payment reserve	1,289,174	1,236,775
Retained earnings	28,504,135	23,214,347
<b>Equity attributable to owners of ROS AGRO PLC</b>	<b>39,854,737</b>	<b>34,556,583</b>
Non-controlling interest	5,656	8,451
<b>Total equity</b>	<b>39,860,393</b>	<b>34,565,033</b>
<b>Total liabilities and equity</b>	<b>71,631,064</b>	<b>73,130,283</b>

**Appendix 4. Consolidated statement of cash flows for the six months ended 30 June 2014 according to the Group's management accounts (in RR thousand) – NOT IFRS PRESENTATION**

	Six months ended 30 June 2014	Six months ended 30 June 2013
<b>Cash flows from operating activities</b>		
Profit/ (loss) before taxation	6,278,368	(241,598)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	1,475,890	1,063,521
Interest expense	1,208,110	1,903,463
Government grants	(1,420,479)	(1,207,686)
Interest income	(462,481)	(1,160,340)
Loss/ (gain) on initial recognition of agricultural produce, net	594,438	652,157
Change in provision for net realisable value of inventory	172,732	(29,006)
Share of profit of investments accounted for using the equity method	(1,147)	-
Revaluation of biological assets, net	(1,721,073)	(107,941)
Change in provision for impairment of receivables and prepayments	28,511	121,121
Unrealised foreign exchange loss/(gain)	231,815	(22,201)
Share based remuneration	52,399	125,773
Lost harvest write-off	4,446	13,798
Change in provision for impairment of advances paid for property, plant and equipment	3,711	18,806
Other non-cash and non-operating (income)/expenses, net	(14,637)	23,428
<b>Operating cash flow before working capital changes</b>	<b>6,430,603</b>	<b>1,153,295</b>
Change in trade and other receivables and prepayments	(468,781)	109,096
Change in other taxes receivable	(34,222)	1,260,529
Change in inventories	4,754,078	6,204,710
Change in biological assets	(4,329,848)	(4,753,757)
Change in trade and other payables	1,558,018	(80,035)
Change in other taxes payable	164,130	(257,434)
<b>Cash generated from operations</b>	<b>8,073,977</b>	<b>3,636,404</b>
Income tax paid	(616,837)	(164,599)
<b>Net cash from operating activities</b>	<b>7,457,141</b>	<b>3,471,804</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,221,396)	(1,671,141)
Purchases of other intangible assets	(58,176)	(7,023)
Proceeds from sales of property, plant and equipment	23,050	39,477
Purchases of inventories intended for construction	(934)	(22,240)
Purchases of associates	(23,601)	-
Loans given	(867,046)	(37,500)
Loans repaid	482,928	5,906
Movement in restricted cash	(41,261)	39,527
Dividends received	1,146	-
<b>Net cash used in investing activities</b>	<b>(2,705,289)</b>	<b>(1,652,994)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	6,725,256	4,161,443
Repayment of borrowings	(14,635,896)	(13,734,516)
Interest paid	(1,126,520)	(2,172,356)
Change in cash on bank deposits*	8,804,541	7,467,954
Purchases of bonds*	(5,244,138)	-
Interest received*	599,495	973,279
Proceeds from government grants	1,278,523	1,415,939
Sale of non-controlling interest	6,758	-
Purchases of non-controlling interest	(6,758)	(11,084)
Purchases of treasury shares	(44,033)	-
Dividends paid	(1,000,000)	(107)
<b>Net cash used in financing activities</b>	<b>(4,642,772)</b>	<b>(1,899,448)</b>
Net effect of exchange rate changes on cash and cash equivalents	(154,697)	15,810
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(45,618)</b>	<b>(64,830)</b>
Cash and cash equivalents at the beginning of the period	2,672,764	2,019,867
<b>Cash and cash equivalents at the end of the period</b>	<b>2,627,146</b>	<b>1,955,038</b>

*(\*) 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.*