

26 August 2016

ROS AGRO financial results for 1H 2016 and Q2 2016

26 August 2016 – 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 2016.

1H 2016 Highlights

- Sales amounted to RR 38,210 million (US\$ 544 million¹), an increase of RR 5,621 million compared to 1H 2015;
- Adjusted EBITDA² amounted to RR 8,071 million (US\$ 115 million), a decrease of RR 2,626 million compared to 1H 2015;
- Adjusted EBITDA margin decreased from 33% in 1H 2015 to 21% in 1H 2016;
- Net profit for the period amounted to RR 2,033 million (US\$ 29 million);
- Net debt position³ as of 30 June 2016 was negative and amounted to RR -2,574 million (US\$ -40 million);
- Net Debt/ Adjusted EBITDA as of 30 June 2016 was -0.12x.

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

“Second quarter reflected weak performance of the season end. Oil & fat factories’ capacity utilization was low due to the deficit of raw material, consumer business suffered from weakness of CIS export markets and mayonnaise price war. Meat business was slowly improving from the market surplus shock. Sugar and agriculture divisions continue to perform well - the second quarter results include the SG&A costs of acquired Razgulyai assets. Net income was influenced by decrease of government subsidies.”

Key consolidated financial performance indicators

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales	38,210	32,589	5,621	17	20,472	18,466	2,006	11
Gross profit	8,118	12,612	(4,494)	(36)	4,469	6,624	(2,155)	(33)
<i>Gross margin, %</i>	<i>21%</i>	<i>39%</i>	<i>-17%</i>		<i>22%</i>	<i>36%</i>	<i>-14%</i>	
Adjusted EBITDA	8,071	10,697	(2,626)	(25)	3,207	5,597	(2,390)	(43)
<i>Adjusted EBITDA margin, %</i>	<i>21%</i>	<i>33%</i>	<i>-12%</i>		<i>16%</i>	<i>30%</i>	<i>-15%</i>	
Net profit for the period*	2,033	7,220	(5,187)	(72)	1,666	2,968	(1,303)	(44)
<i>Net profit margin %</i>	<i>5%</i>	<i>22%</i>	<i>-17%</i>		<i>8%</i>	<i>16%</i>	<i>-8%</i>	

*Net profit for the period is affected by non-cash loss on revaluation of biological assets and agricultural produce. See details in business-sections below. Net profit for the period excl. effect of biological assets and agricultural produce revaluation amounted to RR 5,384 million in 1H 2016 and RR 2,221 million in Q2 2016 (1H 2015: RR 7,748 million; Q2 2015: RR 3,031 million), a decrease of RR 2,364 million or 31% compared to 1H 2015 and RR 810 million or 27% compared to Q2 2015.

Key financial performance indicators by segments

in RR million	Year ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales, incl.	38,210	32,589	5,621	17	20,472	18,466	2,006	11
<i>Sugar</i>	15,219	14,258	961	7	9,342	9,459	(117)	(1)
<i>Meat</i>	7,858	8,476	(619)	(7)	4,243	4,524	(281)	(6)
<i>Agriculture</i>	4,546	2,230	2,316	104	1,184	657	528	80
<i>Oil and Fat</i>	11,649	8,193	3,456	42	5,901	4,114	1,788	43
<i>Other</i>	50	19	31	164	32	10	22	234
<i>Eliminations</i>	(1,112)	(588)	(524)	(89)	(231)	(297)	66	22
Gross profit, incl.	8,118	12,612	(4,494)	(36)	4,469	6,624	(2,155)	(33)
<i>Sugar</i>	5,345	5,090	255	5	2,562	2,871	(310)	(11)
<i>Meat</i>	229	4,115	(3,885)	(94)	1,003	2,448	(1,445)	(59)
<i>Agriculture</i>	725	919	(193)	(21)	170	258	(88)	(34)
<i>Oil and Fat</i>	1,754	2,366	(611)	(26)	682	952	(270)	(28)
<i>Other</i>	50	19	31	164	32	10	22	234
<i>Eliminations</i>	14	105	(90)	(86)	21	86	(65)	(76)
Adjusted EBITDA, incl.	8,071	10,697	(2,626)	(25)	3,207	5,597	(2,390)	(43)
<i>Sugar</i>	4,399	4,452	(53)	(1)	2,084	2,577	(493)	(19)
<i>Meat</i>	1,366	3,962	(2,596)	(66)	815	2,193	(1,378)	(63)
<i>Agriculture</i>	1,632	1,043	589	56	69	304	(235)	(77)
<i>Oil and Fat</i>	(70)	1,057	(1,127)	-	(283)	321	(605)	-
<i>Other</i>	(1,023)	(783)	(240)	(31)	(425)	(418)	(6)	(2)
<i>Eliminations</i>	1,767	965	802	83	948	621	327	53
Adjusted EBITDA	21%	33%	-12%		16%	30%	-15%	
<i>Sugar</i>	29%	31%	-2%		22%	27%	-5%	
<i>Meat</i>	17%	47%	-29%		19%	48%	-29%	
<i>Agriculture</i>	36%	47%	-11%		6%	46%	-40%	
<i>Oil and Fat</i>	-1%	13%	-14%		-5%	8%	-13%	

Sugar Segment

The financial results of the sugar segment for 1H 2016 and Q2 2016 compared to 1H 2015 and Q2 2015 respectively are presented in the table below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales	15,219	14,258	961	7	9,342	9,459	(117)	(1)
Cost of sales	(10,211)	(9,393)	(817)	(9)	(6,822)	(6,652)	(170)	(3)
Net gain/ (loss) from trading sugar derivatives	337	225	112	50	41	63	(23)	(36)
Gross profit	5,345	5,090	255	5	2,562	2,871	(310)	(11)
<i>Gross profit margin</i>	<i>35%</i>	<i>36%</i>	<i>-1%</i>		<i>27%</i>	<i>30%</i>	<i>-3%</i>	
Distribution and selling expenses, General and administrative expenses	(1,470)	(1,155)	(314)	(27)	(809)	(638)	(171)	(27)
Other operating income/ (expenses), net	107	266	(159)	(60)	136	218	(82)	(38)
Operating profit	3,983	4,201	(218)	(5)	1,889	2,451	(563)	(23)
Adjusted EBITDA	4,399	4,452	(53)	(1)	2,084	2,577	(493)	(19)
<i>Adjusted EBITDA margin</i>	<i>29%</i>	<i>31%</i>	<i>-2%</i>		<i>22%</i>	<i>27%</i>	<i>-5%</i>	

Growth in *sales* of the sugar segment in 1H 2016 compared to 1H 2015 was a result of higher sales prices, that was partly offset by a slight decrease in sales volume. Sales volumes in Q2 2016 decreased by 23% that led to 1% decrease in sales despite sales price growth.

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

	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sugar production volume (in thousand tons), incl.	68	183	(115)	(63)	68	96	(28)	(29)
beet sugar	6	-	6	-	6	-	6	-
cane sugar	63	183	(120)	(66)	63	96	(33)	(35)
Sales volume (in thousand tons)	344	353	(9)	(3)	219	242	(23)	(10)
Average sales price (roubles per kg, excl. VAT)	42.1	39.6	2.5	6	41.1	38.2	2.9	8

Meat Segment

The financial results of the meat segment for 1H 2016 and Q2 2016 compared to 1H 2015 and Q2 2015 respectively are presented in the table below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales	7,858	8,476	(619)	(7)	4,243	4,524	(281)	(6)
Net gain/ (loss) on revaluation of biological assets and agricultural produce*	(472)	600	(1,071)	-	541	596	(55)	(9)
Cost of sales*	(7,156)	(4,961)	(2,195)	(44)	(3,781)	(2,673)	(1,109)	(41)
Gross profit	229	4,115	(3,885)	(94)	1,003	2,448	(1,445)	(59)
<i>Gross profit margin</i>	<i>3%</i>	<i>49%</i>	<i>-46%</i>		<i>24%</i>	<i>54%</i>	<i>-30%</i>	
<i>Gross profit excl. effect of biological assets revaluation</i>	<i>701</i>	<i>3,515</i>	<i>(2,814)</i>	<i>(80)</i>	<i>462</i>	<i>1,852</i>	<i>(1,390)</i>	<i>(75)</i>
<i>Adjusted gross profit margin</i>	<i>9%</i>	<i>41%</i>	<i>-33%</i>		<i>11%</i>	<i>41%</i>	<i>-30%</i>	
Distribution and selling expenses, General and administrative expenses	(384)	(412)	29	7	(201)	(214)	13	6
Other operating income/ (expenses), net	229	298	(69)	(23)	55	229	(174)	(76)
<i>incl. reimbursement of operating costs (government grants)</i>	<i>108</i>	<i>247</i>	<i>(139)</i>	<i>(56)</i>	<i>10</i>	<i>202</i>	<i>(193)</i>	<i>(95)</i>
Operating profit	75	4,000	(3,925)	(98)	857	2,463	(1,606)	(65)
Adjusted EBITDA	1,366	3,962	(2,596)	(66)	815	2,193	(1,378)	(63)
<i>Adjusted EBITDA margin</i>	<i>17%</i>	<i>47%</i>	<i>-29%</i>		<i>19%</i>	<i>48%</i>	<i>-29%</i>	

(*) See appendix 1 for the disclosure of reclassification adjustments made to 1H and Q2 2015 figures.

A decrease in Sales was mainly caused by a decrease in pork sales prices.

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 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales volume (in thousand tonnes), incl.	74	82	(8)	(10)	38	41	(3)	(8)
livestock pigs	34	78	(44)	(57)	18	38	(20)	(53)
processed pork	40	4	36	830	20	3	17	613
Average sale prices (roubles per kg, excl.								
livestock pigs	85.5	101.1	(15.7)	(15)	88.2	107.6	(19.5)	(18)
processed pork	117.4	123.2	(5.8)	(5)	123.3	125.4	(2.1)	(2)

The decrease in sales volume is linked to change in product mix. In the middle of 2015 the Group launched the slaughter house, that led to movement from sales of livestock pigs to sales of processed pigs with related decrease in volumes due to wastage.

Net loss on revaluation of biological assets and agricultural produce in 1H 2016 resulted from a decrease in market prices for live pigs and an increase in cost of livestock, that in turn was caused by an increase in feed costs.

Agricultural Segment

As at 30 June 2016 the segment's area of controlled land stands at 610 thousand hectares, including 45 thousand hectares in the Far Eastern region. The financial results of the agricultural segment for 1H 2016 and Q2 2016 compared to 1H 2015 and Q2 2015 respectively are presented below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales	4,546	2,230	2,316	104	1,184	657	528	80
Net gain/ (loss) on revaluation of biological assets and agricultural produce*	(1,278)	(366)	(912)	(249)	(229)	(152)	(77)	(50)
Cost of sales*	(2,544)	(946)	(1,598)	(169)	(786)	(247)	(539)	(219)
Gross profit	725	919	(193)	(21)	170	258	(88)	(34)
<i>Gross profit margin</i>	<i>16%</i>	<i>41%</i>	<i>-25%</i>		<i>14%</i>	<i>39%</i>	<i>-25%</i>	
<i>Gross profit excl. effect of biological assets and agricultural produce revaluation</i>	<i>2,003</i>	<i>1,284</i>	<i>719</i>	<i>56</i>	<i>398</i>	<i>410</i>	<i>(11)</i>	<i>(3)</i>
<i>Adjusted gross profit margin</i>	<i>44%</i>	<i>58%</i>	<i>-14%</i>		<i>34%</i>	<i>62%</i>	<i>-29%</i>	
Distribution and selling expenses, General and administrative expenses	(900)	(553)	(347)	(63)	(465)	(232)	(233)	(100)
Other operating income/ (expenses), net	102	7	95	n/a	(48)	(61)	13	21
<i>incl. reimbursement of operating costs (government grants)</i>	<i>192</i>	<i>166</i>	<i>26</i>	<i>-</i>	<i>33</i>	<i>53</i>	<i>(20)</i>	<i>-</i>
Operating profit	(73)	373	(445)	-	(343)	(35)	(308)	(872)
Adjusted EBITDA	1,632	1,043	589	56	69	304	(235)	(77)
<i>Adjusted EBITDA margin</i>	<i>36%</i>	<i>47%</i>	<i>-11%</i>		<i>6%</i>	<i>46%</i>	<i>-40%</i>	

(*) See appendix 1 for the disclosure of reclassification adjustments made to 1H and Q2 2015 figures.

An increase in sales prices and volumes were the main drivers of an increase in *sales* in 1H 2016 and Q2 2016 compared to 1H 2015 and Q2 2015.

Sales volumes by product were as follows:

Thousand tonnes	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
grain	278	231	47	20	84	81	3	4
incl. sold to other segments	21	38	(17)	(45)	12	10	3	27
sunflower seeds	33	1	32	n/a	0.13	0.11	0.02	21
incl. sold to other segments	21	-	21	-	-	-	-	-

Sales volumes of grain include sales of wheat, barley, corn and peas.

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 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
wheat	8.8	8.4	0.4	5	8.5	7.4	1.2	16
barley	10.1	9.3	0.9	9	10.0	7.4	2.6	35
sunflower seeds	23.6	20.9	2.8	13	21.2	19.8	1.4	7
peas	0.0	11.1	(11.1)	(100)	0.0	9.2	(9.2)	(100)
corn	8.5	7.0	1.5	22	8.6	7.0	1.6	23

Net loss on revaluation of biological assets and agricultural produce in H1 2016 represents the realisation of gain from crops revaluation, recognised for harvest of 2015 in the financial statements of 2015 and remained unrealised as at 31 December 2015.

In IFRS financial statements of 2015 the Group recognised gain from all crops, harvested in 2015, including crops in stock at the year-end. Consequently, the crops in stock as at 31 December 2015 were measured at market prices prevailing at the time of harvest. In IFRS financial statements for 2016, as these crops are realised, the gain on revaluation is written off in the statement of comprehensive income decreasing the profit of the segment. The gain on revaluation of crops and its subsequent realisation do not affect the Adjusted EBITDA figure.

Other operating income, net is significantly higher in 1H 2016 as no loss from lost harvest write-off occurred in the current period compared to RR 117 million of expenses in 1H 2015. Lost harvest write-off is represented by damage of crops due to unfavourable weather conditions.

Oil and Fat segment

The financial results of the oil and fat segment for 1H 2016 and Q2 2016 compared to 1H 2015 and Q2 2015 respectively are presented below:

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales	11,649	8,193	3,456	42	5,901	4,114	1,788	43
Cost of sales	(9,894)	(5,827)	(4,067)	(70)	(5,220)	(3,161)	(2,058)	(65)
Gross profit	1,754	2,366	(611)	(26)	682	952	(270)	(28)
<i>Gross profit margin</i>	<i>15%</i>	<i>29%</i>	<i>-14%</i>		<i>12%</i>	<i>23%</i>	<i>-12%</i>	
Distribution and selling expenses, General and administrative expenses	(2,007)	(1,480)	(526)	(36)	(1,059)	(714)	(345)	(48)
Other operating income/(expenses), net	122	90	33	36	62	18	44	248
Operating profit	(130)	975	(1,105)	-	(316)	255	(571)	-
Adjusted EBITDA	(70)	1,057	(1,127)	-	(283)	321	(605)	-
<i>Adjusted EBITDA margin</i>	<i>-1%</i>	<i>13%</i>	<i>-14%</i>		<i>-5%</i>	<i>8%</i>	<i>-13%</i>	

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

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Sales, incl.	11,649	8,193	3,456	42	5,901	4,114	1,788	43
<i>Samara oil plant</i>	7,255	5,110	2,145	42	3,970	2,298	1,673	73
<i>Ekat. fat plant</i>	4,363	3,569	794	22	2,299	1,852	446	24
<i>Far East</i>	1,705	871	835	96	709	562	147	26
<i>Eliminations(*)</i>	(1,675)	(1,357)	(318)	23	(1,077)	(598)	(478)	80
Gross profit, incl.	1,754	2,366	(611)	(26)	682	952	(270)	(28)
<i>Samara oil plant</i>	701	1,274	(572)	(45)	190	410	(221)	(54)
<i>Ekat. fat plant</i>	972	1,052	(79)	(8)	522	504	19	4
<i>Far East</i>	191	131	60	46	50	73	(24)	(33)
<i>Eliminations(*)</i>	(110)	(90)	(20)	22	(80)	(35)	(44)	125
Adjusted EBITDA, incl.	(70)	1,057	(1,127)	(107)	(283)	321	(605)	(188)
<i>Samara oil plant</i>	202	802	(601)	(75)	(3)	224	(227)	(101)
<i>Ekat. fat plant</i>	(290)	211	(501)	(237)	(206)	75	(281)	(374)
<i>Far East</i>	59	64	(5)	(8)	(37)	27	(64)	(235)
<i>Eliminations(*)</i>	(41)	(20)	(21)	102	(38)	(5)	(33)	679
Adjusted EBITDA	-1%	13%	-14%		-5%	8%	-13%	
<i>Samara oil plant</i>	3%	16%	-13%		0%	10%	-10%	
<i>Ekat. fat plant</i>	-7%	6%	-13%		-9%	4%	-13%	
<i>Far East</i>	3%	7%	-4%		-5%	5%	-10%	

Intra-segment sales include sales of raw oil from Samara oil plant to Ekaterinburg fat plant.

Far East operations in 1H and Q2 2016 include results of operations of LLC Primorskaya soya, fat plant, acquired in Q4 2015 and engaged in soya bean oil extraction and processing. Far East operations in 1H 2015 included tolling operations with soya bean on the related party's production facilities.

Sales volumes by product were as follows:

thousand tons	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
mayonnaise	33.0	27.2	5.8	21	18.6	15.0	3.6	24
margarine	17.2	19.5	(2)	(12)	7.5	8.5	(1)	(12)
processed sunflower oil	5.3	2.2	3	139	2.2	1.8	0.3	18
sunflower oil, 3rd parties sales	86	58	28	47	47	28	19	69
sunflower oil, sales to Ekaterinburg fat plant	28	32	(4)	(12)	18	15	4	25
sunflower meal	86	87	(1)	(1)	42	43	(1)	(3)
soybean raw oil	-	2.6	n/a	n/a	-	-	-	-
soybean processed oil	5.8	0.7	5.1	718	3.4	0.7	2.7	377
soybean meal	40	27	13	49	14	19	(5)	(25)

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 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
mayonnaise	76.4	71.5	4.9	7	76.9	73.9	3.1	4
margarine	71.0	66.2	4.8	7	73.0	62.9	10.1	16
processed sunflower oil	75.4	53.0	22.5	42	75.6	52.4	23.2	44
sunflower raw oil, 3rd parties sales	54.5	45.1	9.4	21	51.9	42.0	9.9	24
sunflower meal	12.5	13.1	(0.6)	(5)	12.9	12.1	0.9	7
soybean raw oil	-	24.2	n/a	n/a	-	-	-	-
soybean processed oil	69.3	60.3	8.9	15	65.6	60.3	5.3	9
soybean meal	29.8	28.6	1.3	4	28.9	27.4	1.6	6

Significant increase in prices for sunflower seeds and sunflower raw oil that exceeded the growth of finished goods sale prices together with a continuing growth of advertising expenses in Ekaterinburg fat plant led to the decrease of profitability of the segment.

Key consolidated cash flow indicators (not IFRS presentation*)

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

in million Roubles	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Net cash from operating activities, incl.	8,487	9,762	(1,275)	(13)	7,631	7,332	299	4
<i>Operating cash flow before working capital changes</i>	7,828	10,233	(2,405)	(24)	3,690	5,391	(1,701)	(32)
<i>Working capital changes</i>	1,253	741	511	69	4,050	2,299	1,751	76
Net cash from investing activities, incl.	(12,324)	(3,825)	(8,498)	(222)	(11,014)	(2,525)	(8,489)	(336)
<i>Purchases of property, plant and equipment and inventories intended for construction</i>	(3,631)	(3,707)	76	2	(2,475)	(2,618)	143	5
Net cash from financing activities	9,865	(9,666)	19,530	0	9,654	(13,442)	23,096	0
Net increase/ (decrease) in cash and cash equivalents	6,064	(4,998)	11,062	0	6,719	(9,929)	16,648	0

(*) See Appendix 4

The main investments in property, plant and equipment and inventories intended for construction in 1H 2016 were made in the agro segment in the amount of RR 2,051 million (1H 2015: RR 1,392 million), related to purchases of machinery and equipment, and in the sugar division in the amount of RR 731 million (1H 2015: RR 1,286 million), related to the modernization of sugar plants.

Debt position and liquidity management

in RR million	30 June 2016	31 December 2015	Variance	
			Units	%
Gross debt	43,801	49,898	(6,097)	(12)
<i>Short-term borrowings</i>	18,896	25,860	(6,964)	(27)
<i>Long-term borrowings</i>	24,905	24,038	868	4
Net debt	(2,573)	15,147	(17,719)	-
<i>Short-term borrowings, net</i>	(10,697)	5,823	(16,521)	-
<i>Long-term borrowings, net</i>	8,124	9,323	(1,199)	(13)
Adjusted EBITDA	21,797	24,423	(2,626)	(11)
Net debt/ Adjusted EBITDA	(0.12)	0.62	(0.7)	

Net finance income/ (expense)

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Net interest expense	(1,902)	(1,034)	(868)	(84)	(591)	(445)	(146)	(33)
<i>Gross interest expense</i>	(2,594)	(1,650)	(944)	(57)	(1,174)	(926)	(248)	(27)
<i>Reimbursement of interest expense</i>	692	616	76	12	583	482	101	21
Interest income	2,033	466	1,567	336	1,076	210	866	413

in RR million	Six months ended		Variance		Three months ended		Variance	
	30 June 2016	30 June 2015	Units	%	30 June 2016	30 June 2015	Units	%
Net gain/ (loss) from bonds held for trading	(13)	637	(650)	-	(13)	142	(155)	-
Other financial income, net	(1,036)	(800)	(237)	(30)	(182)	(1,073)	891	83
<i>Net foreign exchange gain/ (loss)</i>	(1,021)	(813)	(208)	(26)	(182)	(1,108)	926	84
<i>Other financial income / (expenses), net</i>	(16)	14	(29)	-	(1)	34	(35)	-
Total net finance income	(919)	(730)	(188)	(26)	290	(1,166)	1,456	-

In 2016 the Group continued to enjoy benefits from the state agriculture subsidies programme. In 1H 2016 RR 692 million of subsidies received covered 27% of gross interest expense.

Other financial income, net relates mainly to net financial foreign exchange losses.

(1) 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.

(2) Adjusted EBITDA is defined as operating profit before taking into account (i) depreciation included in operating profit, (ii) other operating income/ (expenses), net (other than reimbursement of operating costs (government grants)), (iii) net gain/ (loss) on revaluation of biological assets and agricultural produce, (iv) provision/ (reversal of provision) for net realizable value of agricultural products in stock, (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. It should not be considered 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.

(3) The Group determines the net debt as short-term borrowings and long-term borrowings less cash and cash equivalents, bank deposits, bank promissory notes and bonds held for trading.

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 beet and raw cane sugar. We produce white cube sugar and white packaged sugar sold under the brands Chaikofsky, Russkii Sakhar and 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:

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 2015. 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 610 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 and Fat:

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 and Q2 2016 financial results for investors and analysts.

Details of call:

Date	26 August 2016
Time	4:00 PM (Moscow) /2:00 PM (London)
Subject	ROS AGRO PLC First half 2016 financial results
UK Toll Free	0800 279 4977
UK Local Line	+44 20 3427 1913
USA Toll Free	1877 280 2296
USA Local Line	+1 646 254 3364
Russia Toll Free	+7 495 213 0978
Conference ID	3722617

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Appendix 1. Unaudited consolidated statement of comprehensive income for the six months ended 30 June 2016 (in RR thousand)

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
Sales	38,209,790	32,588,701	20,472,026	18,466,451
Net gain on revaluation of biological assets and agricultural produce*	(3,350,542)	(528,176)	(555,442)	(43,255)
Cost of sales*	(27,078,097)	(19,673,098)	(15,488,607)	(11,862,317)
Net gain from trading derivatives	337,299	224,642	40,842	63,349
Gross profit	8,118,450	12,612,069	4,468,819	6,624,229
Distribution and selling expenses	(3,200,968)	(2,270,785)	(1,676,730)	(1,140,089)
General and administrative expenses	(2,491,463)	(2,073,982)	(1,228,524)	(1,055,234)
Other operating income/ (expenses), net	598,121	417,489	195,926	174,946
Operating profit	3,024,140	8,684,791	1,759,491	4,603,852
Interest expense	(1,902,230)	(1,033,962)	(591,110)	(444,675)
Interest income	2,032,885	466,162	1,076,286	210,210
Net gain/ (loss) from bonds held for trading	(12,907)	636,601	(12,907)	141,948
Other financial income/ (expenses), net	(1,036,480)	(799,522)	(182,493)	(1,094,727)
Profit before income tax	2,105,408	7,954,070	2,049,268	3,416,607
Income tax expense	(72,384)	(734,505)	(383,422)	(448,218)
Profit for the year	2,033,024	7,219,565	1,665,846	2,968,389
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
Change in value of available-for-sale financial assets	(189,757)	-	(173,438)	-
Income tax relating to other comprehensive income	37,951	-	34,688	-
Total comprehensive income for the period	1,881,219	7,219,565	1,527,095	2,968,389
Profit is attributable to:				
Owners of ROS AGRO PLC	2,034,063	7,221,020	1,669,691	2,968,782
Non-controlling interest	(1,039)	(1,455)	(3,845)	(393)
Profit for the period	2,033,024	7,219,565	1,665,846	2,968,389
Total comprehensive income is attributable to:				
Owners of ROS AGRO PLC	1,882,258	7,221,020	1,530,941	2,968,782
Non-controlling interest	(1,039)	(1,455)	(3,845)	(393)
Total comprehensive income for the period	1,881,219	7,219,565	1,527,095	2,968,389
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	86.34	306.53	70.88	126.02

(*In 2015 full-year financial statements the Group changed the way of presentation of gain/ loss on initial recognition of agricultural produce and gain/ loss on revaluation of biological assets in the consolidated statement of comprehensive income. In the interim financial statements for 2015 and in the financial statements for 2014 and earlier periods gain/ loss arising from initial recognition of biological assets and agricultural produce and from changes in fair-value-less-cost-to-sell of biological assets was included in statement of comprehensive income within a separate line "Gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line. In 1H 2015 and Q2 2015 "Gain/ (loss) on revaluation of biological assets and agricultural produce"

amounted to RR 4,178,852 thousand and RR 2,522,842 thousand respectively. Gain recorded on initial recognition of agricultural produce attributable to the realized agricultural produce and the result of revaluation of biological assets attributable to the realized biological assets was included within the line "Cost of sales" and amounted to RR 4,707,028 in 1H 2015 and RR 2,566,097 million in Q2 2015. Starting the full-year financial statements for 2015 these gains/ losses are included within "Net gain/ (loss) on revaluation of biological assets and agricultural produce" line above the gross profit line.

For further details refer to note 2 "Summary of significant accounting policies" of the audited consolidated financial statements for the year ended 31 December 2015.

Appendix 2. Unaudited segment information for the six months ended 30 June 2016 (in RR thousand)

1H 2016	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	15,219,196	7,857,591	4,546,268	11,648,661	49,898	(1,111,825)	38,209,789
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(471,733)	(1,277,856)	-	-	(1,600,953)	(3,350,542)
Cost of sales	(10,210,772)	(7,156,417)	(2,543,752)	(9,894,272)	-	2,727,116	(27,078,097)
<i>incl. Depreciation</i>	<i>(466,223)</i>	<i>(932,320)</i>	<i>(274,391)</i>	<i>(120,267)</i>	-	<i>(4,098)</i>	<i>(1,797,299)</i>
Net gain/ (loss) from trading derivatives	336,580	-	720	-	-	-	337,300
Gross profit	5,345,004	229,441	725,380	1,754,389	49,898	14,338	8,118,450
Distribution and Selling, General and administrative expenses	(1,469,537)	(383,546)	(900,378)	(2,006,839)	(1,083,252)	151,122	(5,692,430)
<i>incl. Depreciation</i>	<i>(57,045)</i>	<i>(7,837)</i>	<i>(62,260)</i>	<i>(62,318)</i>	<i>(10,710)</i>	<i>3,396</i>	<i>(196,774)</i>
Other operating income/(expenses), net	107,338	229,493	102,391	122,250	7,126,612	(7,089,963)	598,121
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>107,853</i>	<i>192,272</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>300,125</i>
Operating profit	3,982,805	75,388	(72,607)	(130,200)	6,093,258	(6,924,503)	3,024,141
Adjustments:							
Depreciation included in Operating Profit	523,268	940,157	336,651	182,585	10,710	702	1,994,073
Other operating (income) /expenses, net	(107,338)	(229,493)	(102,391)	(122,250)	(7,126,612)	7,089,963	(598,121)
Reimbursement of operating costs (government grants)	-	107,853	192,272	-	-	-	300,125
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	471,733	1,277,856	-	-	1,600,953	3,350,542
Adjusted EBITDA*	4,398,735	1,365,638	1,631,781	(69,865)	(1,022,644)	1,767,115	8,070,760

* Non-IFRS measure

Appendix 2 (continued). Unaudited segment information for the six months ended 30 June 2015 (in RR thousand)

1H 2015	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales	14,258,412	8,476,136	2,230,417	8,192,951	18,900	(588,115)	32,588,701
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	599,544	(365,824)	-	-	(761,896)	(528,176)
Cost of sales	(9,393,405)	(4,961,045)	(946,057)	(5,827,177)	-	1,454,585	(19,673,098)
<i>incl. Depreciation</i>	<i>(461,604)</i>	<i>(600,769)</i>	<i>(107,160)</i>	<i>(105,919)</i>	-	<i>(28,627)</i>	<i>(1,304,079)</i>
Net gain/ (loss) from trading derivatives	224,642	-	-	-	-	-	224,642
Gross profit	5,089,650	4,114,636	918,536	2,365,775	18,900	104,573	12,612,069
Distribution and Selling, General and administrative expenses	(1,155,123)	(412,426)	(553,247)	(1,480,342)	(814,027)	70,397	(4,344,767)
<i>incl. Depreciation</i>	<i>(55,807)</i>	<i>(11,550)</i>	<i>(38,767)</i>	<i>(66,135)</i>	<i>(12,391)</i>	<i>118</i>	<i>(184,532)</i>
Other operating income/(expenses), net	265,861	298,284	7,407	89,726	10,709,330	(10,953,120)	417,489
<i>incl. Reimbursement of operating costs (government grants)</i>	<i>-</i>	<i>246,895</i>	<i>166,227</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>413,122</i>
Operating profit	4,200,389	4,000,494	372,696	975,159	9,914,203	(10,778,150)	8,684,791
Adjustments:							
Depreciation included in Operating Profit	517,411	612,320	145,927	172,054	12,391	28,509	1,488,611
Other operating (income) /expenses, net	(265,861)	(298,284)	(7,407)	(89,726)	(10,709,330)	10,953,120	(417,489)
Reimbursement of operating costs (government grants)	-	246,895	166,227	-	-	-	413,122
Net gain/ (loss) on revaluation of biological assets and agricultural produce	-	(599,544)	365,824	-	-	761,896	528,176
Adjusted EBITDA*	4,451,938	3,961,880	1,043,267	1,057,487	(782,736)	965,375	10,697,211

* See appendix 1 for the disclosure of reclassification adjustments made to the 1H 2015 figures.

** Non-IFRS measure

**Appendix 3. Unaudited consolidated statement of financial position as at 30 June 2016
(in RR thousand)**

	30 June 2016	31 December 2015
ASSETS		
Current assets		
Cash and cash equivalents	10,465,662	4,401,703
Restricted cash	4,442	-
Short-term investments	22,454,106	30,129,049
Trade and other receivables	2,343,857	3,504,497
Prepayments	724,048	1,186,836
Current income tax receivable	197,765	41,816
Other taxes receivable	3,184,507	1,613,361
Inventories	16,778,376	22,569,821
Short-term biological assets	8,514,404	3,616,397
Total current assets	64,667,167	67,063,480
Non-current assets		
Property, plant and equipment	38,303,435	34,607,999
Inventories intended for construction	47,369	26,851
Goodwill	7,785,532	2,403,562
Advances paid for property, plant and equipment	5,895,952	5,392,600
Long-term biological assets	1,839,392	1,913,224
Long-term investments	17,893,192	15,378,412
Investments in associates	431,405	431,404
Deferred income tax assets	1,372,202	1,490,657
Other intangible assets	743,226	709,965
Long-term restricted cash	3,739	71,142
Total non-current assets	74,315,444	62,425,816
Total assets	138,982,611	129,489,296
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	18,896,082	25,860,464
Trade and other payables	6,286,076	3,736,755
Current income tax payable	51,435	383,535
Other taxes payable	2,824,089	2,359,135
Total current liabilities	28,057,682	32,339,889
Non-current liabilities		
Long-term borrowings	24,905,352	24,037,539
Government grants	2,438,824	2,043,667
Deferred income tax liability	602,068	496,235
Total non-current liabilities	27,946,244	26,577,441
Total liabilities	56,003,926	58,917,330
Equity		
Share capital	12,269	9,734
Treasury shares	(505,880)	(505,880)
Share premium	26,856,220	10,557,573
Share-based payment reserve	1,111,832	1,295,213
Retained earnings	55,457,208	59,188,050
Equity attributable to owners of ROS AGRO PLC	82,931,649	70,544,690
Non-controlling interest	47,036	27,276
Total equity	82,978,685	70,571,966
Total liabilities and equity	138,982,611	129,489,296

Appendix 4. Unaudited consolidated statement of cash flows for the six months ended 30 June 2016 (in RR thousand) – NOT IFRS PRESENTATION (*)

	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flows from operating activities		
Profit before income tax	2,105,407	7,954,070
Adjustments for:		
Depreciation and amortization	1,994,058	1,488,611
Interest expense	2,594,000	1,650,066
Government grants	(1,151,258)	(1,096,437)
Interest income	(2,032,885)	(466,162)
Loss/ (gain) on disposal of property, plant and equipment	49,778	36,350
Net loss on revaluation of biological assets and agricultural produce	3,350,542	528,176
Change in provision for net realisable value of inventory	119,345	(1,432)
Foreign exchange loss, net	999,023	579,680
Lost harvest write-off	-	117,056
Net loss/ (gain) from bonds held for trading	12,907	(636,601)
Change in provision for impairment of other taxes receivables	(259,953)	-
Other non-cash and non-operating expenses, net	47,111	80,093
Operating cash flow before working capital changes	7,828,075	10,233,470
Change in trade and other receivables and prepayments	1,035,671	(1,088,160)
Change in other taxes receivable	(1,040,258)	(980,955)
Change in inventories	5,236,906	4,767,771
Change in biological assets	(5,239,835)	(6,500,800)
Change in trade and other payables	853,780	3,916,916
Change in other taxes payable	406,352	626,417
Cash generated from operations	9,080,691	10,974,659
Income tax paid	(594,085)	(1,212,669)
Net cash from operating activities	8,486,606	9,761,990
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,615,816)	(3,707,244)
Purchases of other intangible assets	(115,215)	(59,252)
Proceeds from sales of property, plant and equipment	47,503	11,417
Purchases of inventories intended for construction	(15,289)	(141)
Investments in subsidiaries, net of cash acquired	(8,687,889)	4,845
Movement in restricted cash	63,010	(74,792)
Proceeds from sale of subsidiaries, net of cash disposed	-	(46)
Net cash from investing activities	(12,323,696)	(3,825,212)
Cash flows from financing activities		
Proceeds from borrowings	13,106,619	16,517,672
Repayment of borrowings	(20,656,158)	(13,831,811)
Interest paid	(2,143,766)	(1,427,132)
Change in cash on bank deposits*	(4,300,780)	(16,353,042)
Purchases of bonds*	(2,197,350)	-
Proceeds from sales of bonds*	3,318,378	7,567,628
Loans given*	(1,211,219)	(901,043)
Loans repaid*	9,211,522	314,450
Interest received*	2,024,388	296,981
Proceeds from government grants	1,546,414	925,797
Purchases of non-controlling interest	-	(4,105)
Proceeds from issue of own shares, net of transaction cost	16,301,181	-
Dividends paid to owners Ros Agro PLC	(5,149,286)	(2,760,324)
Other financial activities	14,585	(10,889)
Net cash from financing activities	9,864,528	(9,665,818)
Net effect of exchange rate changes on cash and cash equivalents	36,517	(1,269,255)
Net increase/ (decrease) in cash and cash equivalents	6,063,955	(4,998,295)
Cash and cash equivalents at the beginning of the period	4,401,703	10,316,314
Cash and cash equivalents at the end of the period	10,465,662	5,318,019

(*) 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.