



PRESS RELEASE

August 19, 2010, Kyiv, Ukraine

MHP S.A.

Unaudited Financial Results for the Second Quarter and Six Months Ended 30 June 2010

MHP S.A. ("MHP" or the "Company", LSE ticker: "MHPC"), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and the cultivation of grain, today announces its unaudited results for the second quarter and the six months ended 30 June 2010.

Key operational highlights

Poultry and related operations

- All the Company's chicken production facilities continued to operate at full capacity.
- Consumer demand for chicken remained high and the Company was able to sell close to 100% of the chicken meat produced.
- The Company's share of industrially produced chicken in Ukraine reached approximately 50% in H1 2010 as some of its competitors continued to downsize production
- Volume of chicken meat sales to external customers in H1 2010 increased by 45% year-on-year to 168,500 tonnes.
- The average chicken meat price through the second quarter of 2010 is, in line with seasonal trends, 12% higher compared to Q1 2010, and remained flat compared to Q2 2009.
- The Company has become self-sufficient in hatchery eggs following the launch and achievement of full utilisation at its Starynska breeding farm.

Grain growing

- Land bank increased to 220,000 hectares under control.
- MHP's current yields of wheat and rape are close to twice Ukraine's average.

Other agriculture

- Sausage and cooked meat production volumes in H1 2010 increased to 8,000 tonnes. The substantial volume growth was driven by increased production at "Ukrainian Bacon" and growing consumer demand in Ukraine.
- The Company's market share of Ukraine's sausage and cooked meat products in Ukraine has exceeded 10%.

Key financial highlights

Debt position and liquidity

- MHP has successfully issued U.S.\$330 million 10.25% Senior Notes due 2015 (the "New Notes") for an issue price of 101.452% of the principal amount (effective coupon rate of 9.875%). This issue was in addition to U.S.\$255 million 10.25% Senior Notes of Exchange Notes that were issued to exchange 96.01% of the outstanding U.S.\$250 million Existing Notes.
- MHP repaid approximately U.S.\$100 million of short-terms loan facilities provided by certain Ukrainian banks and the balance of Senior Notes proceeds being used for the expansion and diversification of its poultry and grain businesses, principally through the construction of the Vinnytsia poultry complex and land expansion (including expansion of companies holding land) to increase its aggregate land holdings.

Q2 2010 highlights

- Revenue increased in UAH terms by 36% to UAH 1,765 million (Q2 2009: UAH 1,298 million), in US dollar terms revenue increased by 32% to U.S.\$223 million (Q2 2009: U.S.\$169 million).
- EBITDA in UAH increased by 11% year-on-year to UAH 662 million (Q2 2009: UAH 596 million), in US dollar terms EBITDA increased by 7% to U.S.\$84 million (Q2 2009: U.S.\$78 million).
- Consolidated EBITDA margin increased quarter-by-quarter from 25% in Q1 2010 to 37% in Q2 2010, but decreased year-on-year (Q2 2009: 46%).
- Net income in UAH terms increased by 35% to UAH 527 million (Q2 2009: UAH 390 million) and in US dollar terms net income increased by 31% to U.S.\$67 million (Q2 2009: U.S.\$51 million) partially due to the foreign currency gains.

H1 2010 highlights

- Revenue increased by 44% in UAH terms to UAH 3,364 million (H1 2009: UAH 2,337 million), and in US dollar terms revenue increased by 39% to U.S.\$423 million (H1 2009: U.S.\$304 million).
- EBITDA in UAH terms increased by 8% year-on-year to UAH 1,055 million (H1 2009: UAH 976 million), in US dollar terms EBITDA increased by 4% to U.S.\$133 million (H1 2009: U.S.\$127 million)
- Consolidated EBITDA margin remains high, however it decreased to 31% (H1 2009: 42%).
- Net income in UAH terms increased by 18% to UAH 812 million (H1 2009: UAH 689 million) and in US dollar terms net income increased by 14% to U.S.\$102 million (H1 2009: U.S.\$90 million) partially due to the foreign currency gains.

Post period end

- Despite unfavorable weather conditions during July and August 2010, the Company's harvest of early grains is good. Whilst yields are weaker than last year, they are still significantly higher than Ukraine's average. The impact of weaker harvests is expected to be compensated by rising grain prices.
- Rapeseed harvesting has ended and the average yield based on 3,000 hectares is 3.3 tonne per hectare (2009: 2.7 tonne per hectare), which is close to twice Ukraine's average yield.
- The wheat harvest is almost finished and the current yield based on 37,000 hectares is averaging 4.8 tonne per hectare (2009: 5.8 tonne per hectare), which is close to double Ukraine's average yield.

Commenting on the results, Yuriy Kosiuk, Chief Executive Officer of MHP, said:

"We are pleased with our financial performance during the first half of the year with sales volumes and financial results continuing to grow and our market share increasing.

“The unpredictably hot weather that we have seen in Ukraine and across the region is having a significant growth on grain prices, which will impact all meat producers as grain is a principal component of animal fodder. Contrary to other meat producers, MHP is insulated from the rising grain price due to the vertically integrated business model, and therefore benefits from grain growing operations. Due to the high grain prices, prices for all kinds of meat will start growing in the forthcoming months. Poultry, however, will be less affected than pork and beef as they require twice and even more grain to their produce, and therefore it will be more affordable to the customers.

“We are confident that MHP’s vertically integrated business model and market leading position will ensure that we remain well placed during this turbulent period for grain and meat markets. We therefore expect to achieve a good set of financial results for the full year”.

- end -

MHP’s management will host a conference call for investors and analysts followed by a Q&A session. The dial-in details are:

Date:	Thursday, 19 August 2010
Time:	09.00 New York / 14.00 London / 16.00 Kyiv / 17.00 Moscow
Title:	MHP – Q2 and H1 2010 Financial Results
International/UK Dial in:	+44 (0) 1452 587 434
USA free call:	+1 866 597 3800
Russia free call	8108 002 439 1012
Conference ID	92948918

A live webcast of the presentation will be available at:

<https://webconnect.webex.com/webconnect/onstage/g.php?t=a&d=661615940>

Alternative URL:

<https://webconnect.webex.com/>

Click on “Unlisted Events”

Event number: 661 615 940

Event password: 92948918

For further information please contact:

For investor relations enquiries

Anastasiia Sobotiuk (Kyiv)

Kyiv: +38 044 207 99 58

a.sobotyuk@mhp.com.ua

For media enquiries

Ben Foster, Marc Cohen (London)

Leonid Solovyev (Moscow)

London: +44 20 7831 3113

Moscow: +7 495 795 06 23

Financial overview

In UAH		H1 2010	H1 2009	change	Q2 2010	Q2 2009	change
Revenue	UAH, m	3 364	2 337	44%	1 765	1 298	36%
IFRS 41 standard gains		78	171	-54%	111	128	-14%
Gross profit	UAH, m	992	950	4%	621	583	6%
Gross margin	%	30%	41%	-27%	35%	45%	-22%
Operation profit	UAH, m	833	820	2%	544	515	5%
Operation margin	%	25%	35%	-29%	31%	40%	-22%
EBITDA	UAH, m	1 055	976	8%	662	596	11%
EBITDA margin	%	31%	42%	-25%	37%	46%	-18%
Net income (con'ing operations)	UAH, m	812	689	18%	527	390	35%
Net income margin	%	24%	29%	-18%	30%	30%	-1%

In US\$		H1 2010	H1 2009	change	Q2 2010	Q2 2009	change
Revenue	US\$, m	423	304	39%	223	169	32%
IFRS 41 standard gains		10	22	-56%	14	17	-16%
Gross profit	US\$, m	125	124	1%	78	76	3%
Gross margin	%	30%	41%	-27%	35%	45%	-22%
Operation profit	US\$, m	105	107	-2%	69	67	2%
Operation margin	%	25%	35%	-29%	31%	40%	-22%
EBITDA	US\$, m	133	127	4%	84	78	7%
EBITDA margin	%	31%	42%	-25%	37%	46%	-18%
Net income (con'ing operations)	US\$, m	102	90	14%	67	51	31%
Net income margin	%	24%	29%	-18%	30%	30%	-1%

Q2 2010 Consolidated Financial Results

Consolidated revenue in UAH terms increased by 36% to UAH 1,765 million (Q2 2009: UAH 1,298 million), and in US dollar terms revenue increased by 32% to U.S.\$223 million (Q2 2009: U.S.\$169 million) largely due to chicken and sunflower oil production volumes growth.

EBITDA in UAH increased by 11% to UAH 662 million (Q2 2009: UAH 596 million) and in US dollar terms increased it by 7% to U.S.\$84 million as against the same period last year (Q2 2009: U.S.\$78 million). EBITDA margin remained high, but decreased year-on-year from 46% to 37%, although it increased by 12% from Q1 2010. The EBITDA margin decrease was driven by higher poultry production costs due to the increase in the market price of corn harvested in 2009 compared to the unusually low price of corn harvested in 2008. The corn that MHP produces is transferred from the grain growing segment to the poultry segment at market prices during the harvesting. The EBITDA margin decrease was also due to the use of imported hatchery eggs at phase two of the Myronivka poultry farm.

Net income for the second quarter of 2010 increased by 35% in UAH terms to UAH 527 million (Q2 2009: UAH 390 million) and by 31% in US dollar terms to U.S.\$67 million (Q2 2009: U.S.\$51 million) partially due to foreign currency gains. Net income margin remained stable at 30%.

H1 2010 Consolidated Financial Results

In the first half of 2010, MHP's consolidated revenues in UAH terms increased by 44% to UAH 3,364 million (H1 2010: UAH 2,337 million), and in US dollar terms it increased by 39% to U.S.\$423 million (H1 2009: U.S.\$304 million).

H1 2009 EBITDA in UAH terms increased by 8% to UAH 1,055 million (H1 2009: UAH 976 million), and in US dollar terms increased by 4% year-on-year to U.S.\$133 million (H1 2009: U.S.\$127 million) largely due to the growth in chicken meat sales volume. EBITDA margin remained at high although it decreased from 42% to 31% due to the usage of imported hatchery eggs and high corn prices.

Net income for the first half of the year increased by 18% in UAH terms to UAH 812 million (H1 2009: UAH 689 million) and by 14% in US dollar terms to U.S.\$102 million (H1 2009: U.S.\$90 million) partially due to the foreign currency gains. Net income margin decreased from 29% to 24%.

Poultry and related operations

		H1 2010	H1 2009	change	Q2 2010	Q2 2009	change
Revenue	US\$, m	375	255	47%	198	146	36%
- chicken meat, convenience food and other		296	216	37%	160	126	27%
- sunflower oil		79	39	100%	38	20	90%
IAS 41 standard gains		3	8	-65%	0	2	-88%
Gross profit	US\$, m	106	109	-3%	62	63	-2%
Gross margin	%	28%	43%	-34%	31%	43%	-28%
EBITDA	US\$, m	120	115	5%	70	66	6%
EBITDA margin	%	32%	45%	-29%	35%	45%	-22%

Q2 2010

During the second quarter of 2010, the volume of chicken meat sales to external consumers increased by 30% to 85,500 tonnes when compared to the second quarter of 2009. The increase was driven primarily by the launch and achievement of full production capacity at Myronivka phase two in H2 2009 at its full capacity utilization.

The average chicken meat price through the second quarter of 2010 has been increasing and is 12% higher compared to Q1 2010, despite food price deflation in Ukraine during that period, but remained flat at UAH 13.82 per kg of adjusted weight (excluding VAT) when compared to second quarter of 2009.

In the second quarter of 2010 MHP produced 47,300 tonnes of sunflower oil, compared to 29,700 tonnes in Q2 2009. The increase was primarily driven by the launch of MHP's new sunflower crushing plant at its Katerynopilsky facility in Ukraine in September 2009. In Q2 2010 sunflower oil was sold to external customers at an average price of U.S.\$811 (Q2 2009: U.S.\$661).

As a result, segment revenue in US dollar terms increased by 36% to U.S.\$198 million (Q2 2009: U.S.\$146 million).

MHP's poultry production costs in the second quarter of 2010 were higher in UAH terms compared to the same period last year mainly due to the market price of corn harvested in 2009 compared to the unusually low price of corn harvested in 2008. At the same time Q2 2010 production costs decreased compared to Q1 2010 due to both seasonal factors as well as due to the Company's reaching its full self-sufficiency in hatchery eggs and the production of protein from the sun flower seeds previously purchased previously by forward contracts.

Segment EBITDA in Q2 2010 increased by 6% to U.S.\$70 million (Q2 2009: U.S.\$66 million) as a result of sales volume growth. EBITDA margin, whilst remaining high, decreased from 45% to 35%.

H1 2010

During the first half of 2010, the volume of chicken meat sales to external consumers increased by 45% to 168,500 tonnes during the first six months of 2010. The increase was driven primarily by the launch and achievement of full production capacity at Myronivka phase two in H2 2009. Demand for chicken meat in Ukraine during the first half of 2010 remained high as consumers continued to substitute other meats for locally produced chicken. As a result, the Company was able to sell close to 100% of the chicken produced.

Despite Q1 and Q2 2010 prices remaining broadly flat year-on-year, H1 2010 prices for chicken meat, decreased slightly compared to H1 2009, from UAH 13.25 per kg to UAH 13.11 per kg. This was due to the Company producing similar volumes in Q1 and Q2 2010, whereas Q2 2009 volumes were higher than Q1 2009. Q2 2010 prices were 12% higher compared to Q1 2010 in line with seasonal trends.

In H1 2010 sunflower oil production volumes increased by 61% to 95,900 tonnes compared to 59,400 tonnes in H1 2009. The increase was driven primarily by the launch of MHP's new sunflower crushing plant at its Katerynopilsky facility in Ukraine in September 2009. During H1 2010 the average sunflower oil price increased by 27% to U.S.\$830 (H1 2009: U.S.\$656).

In line with management expectations and forecasts, MHP's poultry production costs in the first half of 2010 were higher year-on-year due to the increase in the market price of corn harvested in 2009 compared to the unusually low price of corn harvested in 2008. As described above, however, Q2 2010 production costs reduced compared to Q1 2010.

As a result, segment revenue in UAH terms increased by 52% to UAH 2,980 million (H1 2009: UAH 1,957 million) and by 47% in US dollar terms to U.S.\$375 million (H1 2009: U.S.\$255 million).

Segment EBITDA in H1 2010 increased by 5% to U.S.\$120 million (H1 2009: US \$115 million). EBITDA margin remained high, but decreased from 45% to 32%.

Grain growing

		H1 2010	H1 2009	change	Q2 2010	Q2 2009	change
Revenue	US\$, m	3	7	-56%	1	1	-41%
IFRS 41 standard gains		8	15	-49%	14	15	-4%
EBITDA	US\$, m	16	11	44%	16	11	40%

At the end of the period the Company held approximately 220,000 hectares of land under control with plans to gradually increase its land bank. At the same time, in 2010 the bulk of the Company's harvest will be gathered from the land and that was under the Company's control at the beginning of the year (total land bank as on December 31, 2010: 180,000 hectares, including 150,000 hectares in Grain Growing segment).

The Company's harvest is on track despite concerns over weather conditions and unfavorable preliminary forecasts across Ukraine and the wider region. In general, management expects yields to be significantly higher than Ukraine's average but lower compared to 2009 yields.

		MHP	Ukraine
Wheat	tonne/ha	4.8	2.4
Rape	tonne/ha	3.3	1.7

Revenues from the grain segment only materialize in the second half of the year due to the harvest cycle. The Q2 2010 financial results contain only revenue from the sale of certain grain stocks, mainly wheat, that have already been revalued to market prices in 2009, and also, in accordance with IAS 41, partial financial results from early grains that will be sold only in H2 2010.

Other agriculture operations

		H1 2010	H1 2009	change	Q2 2010	Q2 2009	change
Revenue	US\$, m	45	42	6%	24	22	8%
- meat processing		33	28	18%	18	16	13%
- other		12	14	-16%	7	6	-1%
IFRS 41 standard gains		(1)	(1)	-38%	(0)	(0)	-21%
EBITDA	US\$, m	3	5	-33%	1	3	-75%
EBITDA margin	%	7%	11%	-38%	3%	14%	-77%
Sausage volume	tonnes	14,200	10,800	31%	8,000	5,900	36%

Throughout the second quarter of 2010, sausage and cooked meat production volumes increased by 36% to 8,000 tonnes compared to 5,900 tonnes during the second quarter of 2009. H1 2010 sausage and cooked meat production volumes increased by 31% to 14,200 tonnes compared to 10,800 tonnes during H1 2009. The substantial volume growth was driven by the growth of production at “Ukrainian Bacon” and growing consumer demand in Ukraine.

Average sausage and cooked meat prices during the second quarter of 2010 decreased slightly by 2% to UAH 17.08 per kg excluding VAT (Q2 2009: UAH 17.45 per kg). In H1 2010 average prices decreased by 2% from UAH 17.45 per kg excluding VAT to UAH 17.03 per kg excluding VAT. MHP is a market leader in meat processing in Ukraine and management expects the Company’s market share to increase further.

As a result of production volume growth and a shift in the product portfolio mix the segment revenue in Q2 2010 increased by 8% from U.S.\$22 million to U.S.\$24 million. In H1 2010, revenue increased by 6% from U.S.\$42 million to U.S.\$45 million.

During the period the Company’s increased marketing investment in its meat products brands marketing leading to its market share increasing to more than 10%. Segment EBITDA in Q2 2010 decreased from U.S.\$3 million to U.S.\$1 million and in H1 2010 from U.S.\$5 million and U.S.\$3 million, mostly due to milk and cattle sales.

Current financial position, cash flow and liquidity

Cash Flows US\$, m	H1 2010	H1 2009	Q2 2010	Q2 2009
Cash from operations	106	88	59	45
Change in working capital	(42)	(42)	(21)	(16)
Net Cash from operating activities	64	46	38	29
Cash from investing activities	(58)	(71)	(40)	(37)
Non-cash investments	(2)	(8)	(2)	(3)
CAPEX	(60)	(79)	(42)	(40)
Cash from financing activities	179	(22)	186	(21)
incl. Treasury shares acquisition	(31)	-	(31)	-
Non-cash financing	2	8	2	3
Deposits	(163)	12	(164)	-
Total financial activities	18	(2)	24	(18)
Total change in cash	22	(35)	20	(29)

In Q2 2010, cash flow from operations before working capital changes was U.S.\$59 million (Q2 2009: U.S.\$45 million, Q1 2010: US \$48 million) and in H1 2010 it was U.S.\$106 million (H1 2009: U.S.\$88 million).

Net cash generated from operating activities in Q2 2010 increased by 30% from U.S.\$29 million to U.S.\$38 million, and by 38% in H1 2010 from U.S.\$46 million to U.S.\$64 million.

In H1 2010 the main contributors to the change in working capital were associated with 2010 season sowing and were the same as in H1 2009

Total CAPEX was U.S.\$42 million in Q2 2010 and U.S.\$60 million for the first six month of 2010, including:

- land bank increase
- costs associated with planning and preparing stage of the Vinnytsia poultry complex
- launch and achievement of full capacity utilization at Starynska breeding farm
- reconstruction and improvement of existing facilities

In the second quarter of 2010 the Company acquired 2,311,344 GDRs, with one GDR representing an interest in one ordinary share, which constitutes approximately 2% of the Company's issued shares.

MHP intends to use some of these purchased GDR for its compensation and incentive program and non-used GDR will be held in treasury until their resale within the next three years.

Debt	30.06.2010	31.12.2009
Total Debt US\$, m	736	519
Cash and bank deposits	215	30
Net Debt	521	489
LTM EBITDA	277	271
<i>Debt /LTM EBITDA</i>	2.66	1,92
<i>Net Debt /LTM EBITDA</i>	1,88	1,81

The Company's debt structure during the period has changed significantly following the successful completion of new Eurobond transaction in May 2010. MHP has successfully issued U.S.\$330 million 10.25% Senior Notes due 2015 (the "New Notes") for an issue price of 101.452% of the principal amount (effective coupon rate 9.875%). In addition to U.S.\$255 million 10.25% Senior Notes of Exchange Notes which were issued to exchange 96.01% of the outstanding U.S.\$250 million of Existing Notes.

As of June 30 2010, the Company's total debt was U.S.\$736 million and the average weighted cost of debt was maintained below 10%. The Net Debt/EBITDA ratio at the end of the period was 1.88 times (The main covenant of New Eurobond issue is Net Debt to EBITDA 2.5)

MHP repaid an estimated aggregate U.S.\$100 million of short-term loan facilities provided by certain Ukrainian banks with the balance of such proceeds being used for general corporate purposes and to finance the expansion and diversification of its poultry and grain businesses, principally through the construction of the Vinnytsia poultry complex and land expansion (including expansion of companies holding land) to increase its aggregate land holdings.

At the end of H1 2009 MHP had U.S.\$215 million in cash and deposits mostly denominated in USD including U.S.\$105 million short-term deposits and U.S.\$ 36 million of cash denominated in USD.

Current trading and outlook

Consumer demand for poultry meat continues to remain high and all the Company's production facilities are operating at full capacity.

The current chicken meat price is 8% higher than the same period last year and is expected to increase further through the following months as a result of the gradual growth in grain prices (current Ukraine's market average grain prices are approximately 30% higher than at the end of June).

MHP's poultry production costs will be positively affected by self-sufficiency in hatchery eggs as it reached full capacity at its Starynska breeding farm.

MHP's grain growing segment will also benefit for the growth of grain prices. Despite unpredictably bad weather conditions, the Company expects a relatively good harvest for corn and sunflower.

- End -

Notes to Editors:

Information on MHP

MHP is the leading producer of poultry products in Ukraine with the greatest market share and highest brand recognition for its products. MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale. To support its sales, MHP maintains a distribution network consisting of 11 distribution and logistical centers, within major Ukrainian cities. MHP uses its trucks for the distribution of its products, which Management believes reduces overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn to support the vertical integration of its chicken production and increasingly other grains, such as wheat and rape, for sale to third parties. MHP leases agricultural land located primarily in the highly fertile black soil regions of Ukraine.

Since May 15, 2008, MHP has traded on the London Stock Exchange under the ticker symbol MHPC.

Forward-Looking Statements

This press release might contain forward-looking statements that refer to future events or forecast financial indicators for MHP S.A. Such statements do not guarantee that these are actions to be taken by MHP S.A. in the future, and estimates can be inaccurate and uncertain. Actual final

indicators and results can considerably differ from those declared in any forward-looking statements. MHP S.A. does not intend to change these statements to reflect actual results.

**MHP S.A.
AND ITS SUBSIDIARIES**

Condensed Consolidated Interim Financial Statements

For the six months

ended 30 June 2010

MHP S.A. AND ITS SUBSIDIARIES

TABLE OF CONTENTS

	Page
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010	
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of comprehensive income	3
Condensed consolidated interim statement of changes in shareholders' equity	4
Condensed consolidated interim statement of cash flows	5-6
Notes to the condensed consolidated interim financial statements	7-17

MHP S.A. AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2010***(in US Dollars and in thousands)*

	Notes	30 June 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net	3	642,210	627,678
Prepayments for property, plant and equipment		11,852	6,591
Deferred tax assets		10,600	10,183
Long-term VAT recoverable, net		23,709	20,670
Non-current biological assets		39,288	36,235
Other non-current assets	3	19,842	9,571
Total non-current assets		<u>747,501</u>	<u>710,928</u>
CURRENT ASSETS			
Inventories	5	78,355	92,260
Biological assets	6	174,933	112,978
Agricultural produce	5	35,186	66,227
Other current assets, net		13,644	15,297
Taxes recoverable and prepaid, net		72,748	66,958
Trade accounts receivable, net	7	48,612	43,377
Short-term bank deposits		170,985	7,632
Cash and cash equivalents		43,630	22,248
Total current assets		<u>638,093</u>	<u>426,977</u>
TOTAL ASSETS		<u>1,385,594</u>	<u>1,137,905</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital		284,505	284,505
Treasury shares	8	(30,951)	-
Additional paid-in capital		178,815	178,815
Revaluation reserve		18,781	18,781
Cumulative translation differences		(233,784)	(238,521)
Retained earnings		329,686	231,044
		<u>547,052</u>	<u>474,624</u>
MINORITY INTEREST			
Total equity		<u>23,376</u>	<u>19,784</u>
Total equity		<u>570,428</u>	<u>494,408</u>
NON-CURRENT LIABILITIES			
Long-term bank borrowings	9	37,553	56,043
Bonds issued	10	572,227	248,046
Long-term finance lease and vendor financing obligations	11	34,880	44,546
Other long-term payables		1,133	310
Deferred tax liabilities		9,542	8,970
Total non-current liabilities		<u>655,335</u>	<u>357,915</u>
CURRENT LIABILITIES			
Trade accounts payable		53,576	72,380
Accounts payable for property, plant and equipment		3,925	6,340
Other current liabilities		23,146	39,088
Short-term bank borrowings and current portion of long-term bank borrowings	9	47,388	139,790
Interest accrued		10,732	3,526
Current portion of finance lease obligations	11	21,064	24,458
Total current liabilities		<u>159,831</u>	<u>285,582</u>
TOTAL LIABILITIES		<u>815,166</u>	<u>643,497</u>
CONTINGENCIES AND CONTRACTUAL COMMITMENTS			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12	<u>1,385,594</u>	<u>1,137,905</u>
On behalf of the Board			

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

MHP S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in US Dollars and in thousands, except per share data)

		Six months ended 30 June	
	Notes	2010	2009
REVENUE		422,945	304,330
Net change in fair value of biological assets and agricultural produce		9,897	22,327
COST OF SALES		<u>(308,004)</u>	<u>(202,834)</u>
GROSS PROFIT		124,838	123,823
Selling, general and administrative expenses		(43,696)	(34,377)
Government grants recognized as income		28,774	23,294
Other operating income and expenses		<u>(5,096)</u>	<u>(5,872)</u>
OPERATING PROFIT		<u>104,820</u>	<u>106,868</u>
Finance income		4,157	2,812
Finance costs, net		(30,675)	(23,467)
Foreign exchange gains, net		24,503	4,422
Other income and expenses		<u>(66)</u>	<u>(416)</u>
OTHER EXPENSES, NET		<u>(2,081)</u>	<u>(16,649)</u>
PROFIT BEFORE TAX		102,739	90,219
Income tax expense		<u>(505)</u>	<u>(492)</u>
PROFIT FOR THE PERIOD	15	<u>102,234</u>	<u>89,727</u>
Other comprehensive income			
Cumulative translation difference		4,737	3,714
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>106,971</u>	<u>93,441</u>
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Parent		98,642	84,558
Minority interest		3,592	5,169
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent		103,379	88,272
Minority interest		3,592	5,169
EARNINGS PER SHARE			
Basic and diluted (USD per share):		0.90	0.76

On behalf of the Board

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

MHP S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in US Dollars and in thousands)

	Attributable to Equity Holders of the Parent						Minority interest	Total equity	
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve	Cumulative translation difference	Retained earnings			Total
1 January 2009	284,505	-	178,815	9,410	(222,699)	82,480	332,511	13,706	346,217
Profit for the period	-	-	-	-	-	84,558	84,558	5,169	89,727
Cumulative translation difference					3,714		3,714		3,714
Total comprehensive income for the period	-	-	-	-	3,714	84,558	88,272	5,169	93,441
30 June 2009	284,505	-	178,815	9,410	(218,985)	167,038	420,783	18,875	439,658
1 January 2010	284,505	-	178,815	18,781	(238,521)	231,044	474,624	19,784	494,408
Profit for the period	-	-	-	-	-	98,642	98,642	3,592	102,234
Cumulative translation difference	-	-	-	-	4,737	-	4,737	-	4,737
Total comprehensive income for the period	-	-	-	-	4,737	98,642	103,379	3,592	106,971
Acquisition of treasury shares	-	(30,951)	-	-	-	-	(30,951)	-	(30,951)
30 June 2010	284,505	(30,951)	178,815	18,781	(233,784)	329,686	547,052	23,376	570,428
On behalf of the Board									

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

MHP S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in US Dollars and in thousands)

	Six months ended 30 June	
	2010	2009
OPERATING ACTIVITIES		
Profit before income tax	102,739	90,219
Adjustments to reconcile profit to net cash provided by operations	-	-
Depreciation of property, plant and equipment	27,919	20,237
Finance costs, net	30,675	23,467
Finance income	(4,157)	(2,812)
Net change in fair value of biological assets and agricultural produce	(9,897)	(22,327)
Non-operating foreign exchange gain, net	(24,503)	(4,422)
Change in allowance for irrecoverable amounts, direct write-offs and other	3,217	3,985
Operating profit before working capital changes	125,993	108,347
Decrease/(increase) in inventories	15,100	(3,933)
Increase in biological assets	(40,384)	(44,062)
Decrease in agricultural produce	25,583	21,544
Decrease in other current assets	3,293	4,586
Increase in taxes recoverable and prepaid	(11,382)	(9,773)
Increase in trade accounts receivable	(5,019)	(11,175)
Increase in other long-term payables	819	191
Increase/(decrease) in trade accounts payable	(20,769)	3,123
Decrease in other current liabilities	(9,465)	(1,032)
Decrease in deferred income	-	(792)
Cash generated by operations	83,769	67,024
Finance costs paid	(22,254)	(22,763)
Interest received	3,522	2,773
Income tax paid	(876)	(657)
Net cash generated by operating activities	64,161	46,377
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(44,977)	(67,493)
Purchases of other non-current assets	(10,146)	(1,867)
Purchases of non-current biological assets and other	(2,642)	(2,651)
Investments in short-term deposits	(164,801)	-
Withdrawals of short-term deposits	1,584	12,399
Loans (provided to)/repaid by employees and related parties, net	(886)	(334)
Net cash used in investing activities	(221,868)	(59,946)

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

MHP S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in US Dollars and in thousands)

	Six months ended 30 June	
	2010	2009
FINANCING ACTIVITIES		
Acquisition of treasury shares	(30,951)	-
Proceeds from loans received	196,059	171,930
Repayment of bank loans	(295,520)	(173,554)
Proceeds from corporate bonds issued, at par	330,000	-
Premium related to corporate bonds issued	4,792	-
Transaction costs related to corporate bonds issued	(10,087)	-
Finance lease payments	(8,675)	(7,483)
Repayment of other financing	(6,498)	(12,554)
	<u>179,120</u>	<u>(21,661)</u>
Net cash generated by financing activities		
	<u>179,120</u>	<u>(21,661)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>21,413</u>	<u>(35,230)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>22,248</u>	<u>54,072</u>
Effect of translation to presentation currency and exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(31)	(140)
	<u>(31)</u>	<u>(140)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>43,630</u>	<u>18,702</u>

On behalf of the Board

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

MHP S.A. AND ITS SUBSIDIARIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in US Dollars and in thousands)

1. DESCRIPTION OF FORMATION AND THE BUSINESS

Description of formation

MHP S.A. (the “Parent” or “MHP S.A.”), a limited liability company registered under the laws of Luxembourg, was formed on 30 May 2006. MHP S.A. was formed to serve as the ultimate holding company of OJSC “Myronivsky Hliboproduct” (“MHP”) and its subsidiaries (the “Group”). The registered address of MHP S.A. is 5, rue Guillaume Kroll, L-1822 Luxembourg.

The primary subsidiaries and the principal activities of the companies forming the Group as of 30 June 2010 and 31 December 2009 were as follows:

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				30 June 2010	31 December 2009
MHP S.A.	Luxembourg	2006	Holding company	Parent	Parent
RHL	Republic of Cyprus	2006	Sub-holding company	100	100
MHP	Ukraine	1998	Management, marketing and sales	99.9	99.9
Myronivsky Zavod po Vygotovlennyy Krup i Kombikormiv (“MZVKK”)	Ukraine	1998	Fodder and sunflower oil production	88.5	88.5
Peremoga Nova (“Peremoga”)	Ukraine	1999	Chicken farm	99.9	99.9
Druzhba Narodiv Nova (“Druzhba Nova”)	Ukraine	2002	Chicken farm	99.9	99.9
Oril-Leader (“Oril”)	Ukraine	2003	Chicken farm	99.9	99.9
Tavriysky Kombikormovy Zavod (“TKZ”)	Ukraine	2004	Fodder production	99.9	99.9
Ptahofabryka Shahtarska Nova (“Shahtarska”)	Ukraine	2003	Breeder farm	99.9	99.9
Myronivska Pticefabryka (“Myronivska”)	Ukraine	2004	Chicken farm	99.9	99.9
Starynska Ptahofabryka (“Starynska”)	Ukraine	2003	Breeder farm	94.9	94.9
Ptahofabryka Snyatynska Nova (“Snyatynska”)	Ukraine	2005	Geese breeder farm	99.9	99.9

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				30 June 2010	31 December 2009
Zernoproduct	Ukraine	2005	Fodder grain cultivation	89.9	89.9
Katerynopilsky Elevator	Ukraine	2005	Fodder production and grain storage	99.9	99.9
Druzhiba Narodiv ("Druzhiba")	Ukraine	2006	Cattle breeding, plant cultivation	99.9	99.9
Crimean Fruit Company ("Crimean Fruit")	Ukraine	2006	Fruits and fodder grain cultivation	81.9	81.9
NPF Urozhay ("Urozhay")	Ukraine	2006	Fodder grain cultivation	89.9	89.9
Agrofort ("AGF")	Ukraine	2006	Fodder grain cultivation	86.1	86.1
Zernoproduct-Lypivka ("ZPL")	Ukraine	2006	Fodder grain cultivation	63.0	63.0
Ukrainian Bacon PE ("Ukrainian Bacon")	Ukraine	2008	Meat processing	79.9	79.9
Urozhayna Kraina	Ukraine	2010	Fodder grain cultivation	99.9	-

* Effective voting rights in subsidiaries did not differ from effective ownership rights. Direct ownership interest in subsidiaries by the Parent differs from the effective ownership interest due to cross holdings between subsidiaries.

Description of the business

The principal business activities of the Group are agricultural operations (poultry and related operations), grain growing, as well as meat processing, cultivation and selling fruits and producing beef and meat products ready for consumption (other agricultural operations). The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, sunflower oil, mixed fodder and convenience food products. Grain growing comprises the production and sale of grains. Other agricultural operations comprise the production and sale of cooked meat, sausages, beef, goose meat, foie gras, fruits and feed grains.

The Group's operational facilities are located in different regions of Ukraine, including Kyiv, Cherkasy, Dnipropetrovsk, Donetsk, Ivano-Frankivsk, Vinnytsya, Kherson and Sumy regions and Autonomous Republic of Crimea.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared on the basis of accounting policies as set forth in the Group's consolidated financial statements as at and for the year ended 31 December 2009. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. However, such information reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of the Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of results to be expected for the full year. The 31 December 2009 statement of financial position was derived from the audited consolidated financial statements.

The functional currency of the Group is the Ukrainian Hryvnia ("UAH"). Transactions in currencies other than the functional currency of the Group are treated as transactions in foreign currencies. Such transactions are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. All realized and unrealized gains and losses arising on exchange differences are included in the consolidated statement of comprehensive income for the period.

These consolidated financial statements are presented in US Dollars ("USD"), which is the Group's presentation currency.

The results and financial position of the Group are translated into the presentation currency using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate as of the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of the transactions;
- All resulting exchange differences are recognized as a separate component of equity.

The following exchange rates were used:

Currency	Closing rate as of 30 June 2010	Average for 6 months ended 30 June 2010	Closing rate as of 31 December 2009	Average for 6 months ended 30 June 2009
UAH/USD	7.9070	7.9549	7.9850	7.6779
UAH/EUR	9.6450	10.0995	11.4489	10.2448

3. PROPERTY, PLANT AND EQUIPMENT, NET AND OTHER NON-CURRENT ASSETS

During the six months ended 30 June 2010, the Group continues investment into its poultry and grain operations. The main capital expenditures were incurred in connection with the expansion of grain growing facilities, comprising acquisition of land lease rights (included in Other non-current assets) and agricultural machinery. The expansion of grain growing facilities resulted in acquisition of the land lease right in Sumy region. Capital expenditure of poultry business segment comprised final completion of breeding farm construction, project and engineering works related to Vinnytsya poultry complex, maintenance capital expenditure of the existing facilities.

During the six months ended 30 June 2010, the Group's additions to Property, plant and equipment amounted to USD 40,494 thousand.

There have been no significant disposals of Property, plant and equipment during the six months ended 30 June 2010.

The increase of other non-current assets is mainly attributed to the acquisition of land lease rights.

4. RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related if one party controls, is controlled by, or is under common control with the other party, or exercises significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

The following companies and individuals are considered to be related parties to the Group as of 30 June 2010:

Name of the related party	Nature of relations with the Group
Mr. Yuriy Kosyuk	Chief Executive Officer of MHP S.A. and the Principal Shareholder of the Group
WTI	Immediate parent, company owned by Mr. Yuriy Kosyuk
Mrs. Olena Kosyuk	Wife of Mr. Yuriy Kosyuk
Allied Tech LLP (United Kingdom)	Companies owned or controlled by Mr. Yuriy Kosyuk
Allied Tech Commerce LLP (United Kingdom)	
ULL 15 (FÜNFZEHN) Beteiligungs und Management	
LLC Zolotoniske Zvirogospodarstvo	
Merkaba LLC	
Agrofirma Berezanska Ptahofabryka	Company owned by Merkaba LLC
Spector	

During the six months ended 30 June 2010, the Group has been engaged in transactions with its related parties within the normal course of business. The revenue from sales to related parties has increased from USD 3,182 thousand as for the six months ended 30 June 2009 to USD 3,292 thousand for the six months ended 30 June 2010. The revenue for the six months ended 30 June 2010 relates primarily to the sale of mixed fodder and its components to Agrofirma Berezanska Ptahofabryka.

The balances of trade accounts receivable due from related parties relate primarily to the mixed fodder sale and amounted to USD 4,047 thousand and USD 3,176 thousand as of 30 June 2010 and 31 December 2009, respectively.

The terms and conditions of sales to related parties are determined based on arrangements, specific to each contract or transaction. Management believes that the accounts receivable due from related parties do not require allowance for irrecoverable amounts and that the amounts payable to related parties will be settled at cost.

Compensation to key management personnel

Total compensation of the Group's key management personnel (including compensation to Mr. Yuriy Kosyuk), which consist of contractual salary and performance bonuses amounted to USD 3,260 thousand and USD 2,488 thousand for the six months ended 30 June 2010 and 2009, respectively.

5. CHANGES IN INVENTORIES AND AGRICULTURAL PRODUCE

The decrease of inventories and agricultural produce balances during the six months 2010 is attributable mainly due to the seasonal reduction of grain stock used in the poultry production.

6. CURRENT BIOLOGICAL ASSETS

The increase of current biological assets balances during the six months 2010 is primarily attributable to that of the crops balances. The increase refers to the costs incurred with respect to future harvest, reflecting seasonality element inherent in the grain growing segment.

7. TRADE ACCOUNTS RECEIVABLE, NET

The balances of trade accounts receivable were as follows as of 30 June 2010 and 31 December 2009:

	30 June 2010	31 December 2009
Agricultural operations	39,269	37,481
Sunflower oil sales	6,096	3,432
Due from related parties (Note 4)	4,047	3,176
Less: allowance for irrecoverable amounts	(800)	(712)
Total	48,612	43,377

8. TREASURY SHARES

In the second quarter 2010 the Group acquired 2,311,344 GDRs, with one GDR representing an interest in one ordinary share, which constitutes 2.1% of the Group's issued shares.

MHP intends to use some of these purchased GDRs for its compensation and incentive program and non-used GDRs will be held in treasury until their resale within the next three years.

9. BANK BORROWINGS

The following table summarizes bank loans and credit lines held by the Group as of 30 June 2010 and 31 December 2009:

Bank	Currency	Weighted average interest rate	30 June 2010	Weighted average interest rate	31 December 2009
Foreign banks	EUR	3.12%	59,941	3.24%	81,873
Ukrainian banks	USD	4.67%	25,000	8.86%	94,000
Ukrainian banks	UAH		-	23.82%	19,960
Total bank borrowings			84,941		195,833
<i>Less:</i>					
Short-term borrowings and current portion of long-term borrowings			(47,388)		(139,790)
Total long-term bank borrowings			37,553		56,043

The following table summarizes bank loans and credit lines with respect to the type of interests charged held by the Group as of 30 June 2010 and 31 December 2009:

	30 June 2010	31 December 2009
Fixed interest rate	17,799	47,386
Floating interest rate	<u>67,142</u>	<u>148,447</u>
Total	<u>84,941</u>	<u>195,833</u>

Bank loans and credit lines as of 30 June 2010 were repayable as follows:

	30 June 2010		
	Foreign	Ukrainian	Total
Within one year	22,388	25,000	47,388
In the second year	18,231	-	18,231
In the third to fifth year inclusive	14,790	-	14,790
With maturity over five years	<u>4,532</u>	<u>-</u>	<u>4,532</u>
Total	<u>59,941</u>	<u>25,000</u>	<u>84,941</u>

Bank loans and credit lines as of 31 December 2009 were repayable as follows:

	31 December 2009		
	Foreign	Ukrainian	Total
Within one year	25,830	113,960	139,790
In the second year	25,090	-	25,090
In the third to fifth year inclusive	23,958	-	23,958
With maturity over five years	<u>6,995</u>	<u>-</u>	<u>6,995</u>
Total	<u>81,873</u>	<u>113,960</u>	<u>195,833</u>

As of 30 June 2010, the Group had borrowings of USD 6,887 thousand that were secured. These borrowings were secured by property, plant and equipment with the carrying amount of USD 5,577 thousand.

As of 30 June 2010, the Group had available borrowings on undrawn facilities totaling USD 98,142 thousands, including new loan agreement dated 11 June 2010 with IFC for the amount of USD 50,000 thousand available until 2014 year to finance working capital requirements.

10. BONDS ISSUED

Long-term bonds outstanding as of 30 June 2010 and 31 December 2009 were as follows:

	30 June 2010	31 December 2009
10.25% Senior Notes due in 2011	9,967	250,000
10.25% Senior Notes due in 2015	584,767	-
Unamortized debt issue costs, net	<u>(22,507)</u>	<u>(1,954)</u>
Total	<u>572,227</u>	<u>248,046</u>

On 29 April 2010, MHP S.A. issued USD 330,000 thousand 10.25% Senior Notes due in 2015 for an issue price of 101.452% of principal amount.

In addition, as of 13 May 2010 the MHP S.A. exchanged 96.01% (USD 240,033 thousand) of USD 250,000 thousand of the existing 10.25% Senior Notes due in 2011 for the new Notes due 2015. As a result of exchange new Notes were issued for the total par value USD 254,767 thousand.

Proceeds from the issues are intended to finance short-term debt, a new green field project - fully-integrated chicken complex at Vinnytsa and extension of grain growing operations.

11. LONG-TERM FINANCE LEASE AND VENDOR FINANCING OBLIGATIONS

The finance lease obligations represent amounts due under agreements for lease of trucks, agricultural machinery and equipment with Ukrainian and foreign companies. The following are the minimum lease payments and present value of minimum lease payments under the finance lease agreements as of 30 June 2010:

	Minimum lease payments	Present value of minimum lease payments
Payable within one year	26,066	21,064
Payable in the second year	22,173	19,022
Payable in the third to fifth year inclusive	<u>17,590</u>	<u>15,858</u>
	65,829	55,944
<i>Less:</i>		
Future finance charges	<u>(9,885)</u>	<u>-</u>
Present value of lease obligations	<u>55,944</u>	<u>55,944</u>
<i>Less:</i>		
Current portion		<u>(21,064)</u>
Finance lease obligations, long-term portion		<u>34,880</u>

12. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

Continuation of economic growth – The macroeconomic situation in the six months of 2010 can be characterized by increasing economic activity in the country. Improving situation in external environment continued to favor Ukraine's economic recovery during the first six months 2010. The GDP and foreign trade turnover increased during the six months 2010 as compared to the same period 2009. Agricultural sector has demonstrated moderate growth.

The inflation rate for the period has decreased due to permanent deflation during the second quarter. Successfully resumed cooperation with IMF on new stand-by loan and gradual implementation of required measures has become a positive factor for Ukraine's attractiveness and solvency and led to rise of country's credit ratings.

Operating environment – The principal business activities of the Group are within Ukraine. Laws and regulations affecting businesses operating in Ukraine are subject to rapid changes and the Group's assets and operations could be at risk if there are any adverse changes in the political and business environment.

Taxation – Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. In respect of this, the local and national tax environment in Ukraine is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukraine laws and regulations can lead to the imposition of severe penalties and interest. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and interest, and these amounts could be material. While the Group believes it has complied with local tax legislation, there have been many new tax and foreign currency laws and related regulations introduced in recent years which are not always clearly written.

Legal issue – The Group is involved in litigations and other claims that are in the ordinary course of its business activities. Management believes that the resolution of such matters will not have a material impact on its financial position or operating results.

Contractual commitments on purchase of property, plant and equipment – During the six months of 2010 and the year ended 31 December 2009, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property plant and equipment for development of agricultural operations. As of 30 June 2010, purchase commitments on such contracts amounted to USD 26,630 thousand (31 December 2009: USD 2,307 thousand).

13. FOREIGN CURRENCY EXCHANGE RATE CHANGE

The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Group sets limits on the level of exposure by currencies.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities as of 30 June 2010 are as follows:

	USD- denominated	EUR- denominated
Assets		
Trade accounts receivable	6,184	-
Bank deposits with maturity over three months	105,000	-
Cash and cash equivalents	36,193	45
Total assets	147,377	45
Liabilities		
Trade accounts payable	38,309	3,300
Accounts payable for property, plant and equipment	12	2,530
Interest accrued	10,406	327
Long-term bank borrowings	-	37,553
Short-term bank borrowings	25,000	22,388
Bonds issued	594,734	-
Long-term finance lease and vendor financing obligations	15,260	19,620
Short-term finance lease and vendor financing obligations	5,819	15,245
Total liabilities	689,540	100,963

The below details the Group's sensitivity to strengthening of the Ukrainian Hryvnia against US Dollar and EUR by 5% and weakening of the Ukrainian Hryvnia against US Dollar and EUR by 10%. This sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% and 10% change in foreign currency rates.

	USD-denominated	EUR-denominated
Profit/(loss)	27,108/(54,216)	5,046/(10,092)

The effect of foreign currency sensitivity on shareholders' equity is equal to that on profit or loss.

During the six months ended 30 June 2010, the official exchange rate of UAH to USD has not changed significantly, and the official exchange rate of UAH to EUR has decreased by 15.7%.

14. SEGMENT INFORMATION

The following is an analysis of revenue, results for the period and gain/ (loss) arising on fair value recognition of biological assets and agricultural produce by the Group's primary basis of segmentation:

	Six months ended 30 June 2010			Consolidated	Six months ended 30 June 2009			Consolidated
	Poultry and related operations	Other agricultural	Grain growing		Poultry and related operations	Other agricultural	Grain growing	
REVENUES								
Total revenue	387,151	45,371	35,476	467,998	260,814	42,528	15,330	318,672
Inter-segment eliminations	(12,422)	(156)	(32,475)	(45,053)	(5,845)	(45)	(8,452)	(14,342)
Sales to external customers	374,729	45,215	3,001	422,945	254,969	42,483	6,878	304,330
Segment results	96,917	416	16,393	113,726	97,818	1,657	11,416	110,891
Unallocated corporate expenses				(8,906)				(4,023)
Operating profit				104,820				106,868
Effect of fair value adjustments	2,853	(700)	7,744	9,897	8,177	(1,121)	15,271	22,327

15. PROFIT FOR THE PERIOD

The Group's net profit for the six months of 2010 increased compared to the six months of 2009.

The Group's gross profit and operating profit remained relatively stable during the six months 2010 as compared to the same period of 2009.

The main reason for the increase of net profit is foreign exchange gain on revaluation of the Group's debt due to strengthening of Ukrainian hryvnia against both US Dollar and Euro.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Operating, investing and financing transactions that did not require the use of cash or cash equivalents were as follows:

	Six months ended 30 June 2010	2009
Additions of property, plant and equipment under finance leases and vendor financing arrangements	2,020	4,628
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor	-	3,400
Property, plant and equipment purchased for credit	3,925	19,669

17. SUBSEQUENT EVENTS

In July 2010 the Group has entered into the loan agreement with European Bank for Reconstruction and Development ("EBRD"). Under the Agreement, EBRD is providing a USD 50,000 thousand loan, which consists of a USD 35,000 thousand working capital loan and USD 15,000 thousand, which will be channeled to energy efficiency improvements.

In line with its Share Buy-Back Program, on 13 July 2010 the Board of Directors approved the award of a special bonus to the management. This bonus has been granted in the form of 455,000 GDRs (representing 0.4% of the share capital of the Group).

18. AUTHORIZATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of MHP S.A. on 18 August 2010.