



PRESS RELEASE

May 20, 2010, Kyiv, Ukraine

MHP S.A.

Unaudited Results for quarter ended 31 March 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 first quarter ended 31 March 2010.

Key operational highlights

Poultry

- 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.
- Chicken meat sales to third parties increased by more than 60% compared to the first quarter of 2009, reaching 83,000 tonnes (Q1 2009: 50,500 tonnes).
- Sunflower oil production volumes increased by 64% year-on-year and reached 48,600 tonnes (Q1 2009: 29,700 tonnes).

Grain Growing

- In line with the Management's plans to further expand the Grain Growing segment in the first quarter of 2010, the Company has been gradually increasing its land bank. At the end of the period the Company had close to 200,000 hectares of land under control.

Other Agricultural

- During the first quarter of 2010, sausage and cooked meat production volumes increased by 25% to 6,200 tonnes from 4,950 tonnes in the first quarter of 2009. The increase was a result of the Company continuing to improve the utilization rate of its Ukrainian Bacon production facility.

Key financial highlights

- Revenue in UAH terms increased by 54% to 1,598 million (Q1 2009: UAH1,039 million); in US dollar terms revenue increased by 48% to US\$200 million (Q1 2009: US\$135 million).

- EBITDA in UAH terms increased by 4% to 393 million (Q1 2009: UAH379 million); in US dollar terms EBITDA remained stable at US\$49 million.
- EBITDA margin decreased from 37% in Q1 2009 to 25% in Q1 2010 because poultry price sustained at Q4 2009 and Q1 2010 level whereas poultry production costs in Q1 2010 increased compared to Q1 2009.
- Net income in UAH terms decreased by 5% to 285 million (Q1 2009: UAH299 million); in US dollar terms net income decreased by 8% to US\$36 million (Q1 2009: US\$39 million).

Post period end

- MHP has successfully issued USD 330,000,000 10.25% Senior Notes due 2015 (the "New Notes") for an issue price of 101.452% of principal amount (effective coupon rate 9.875%) in addition to US\$254,767,000 10.25% Senior Notes of Exchange Notes which were issued to exchange 96.01% of the outstanding US\$250,000,000 Existing Notes.
- MHP intends to use the net proceeds from the New Notes to repay an estimated aggregate USD 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 Vinnytsya poultry complex and land expansion (including expansion of companies holding land) to increase its aggregate land holdings up to 300,000 hectares.
- With the launch and achievement of full capacity utilization at Starynska breeding farm the Company has become self-sufficient in hatchery eggs.
- Current average chicken meat sales prices to third parties is UAH 14.10 (excluding VAT) which is 14% higher compared to Q1 2010.

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

"We are pleased with the performance of the business over the first quarter of the year which was achieved in spite of the low chicken meat prices and high corn price compared to last year which affected many of our local competitors. We have continued to grow sales volumes and increase our market share. We expect our production costs to decrease through the next few months as MHP becomes self-sufficient in hatchery eggs as we reach full capacity at Starynska breeding farm and we benefit from effective sunflower purchase management. We also expect that the average chicken meat sales prices through the year to be higher than 2009 average. We are confident that consumer demands for chicken meat will remain high and that our full year financial results will be in line with management expectations".

-Ends-

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Financial overview

		Q1 2010	Q1 2009	Change		Q1 2010	Q1 2009	Change
Revenue	UAH, m	1,598	1,039	54%	US\$, m	200	135	48%
IFRS 41 standard gains		(32)	43	n/a		(4)	6	n/a
Gross profit	UAH, m	371	367	1%	US\$, m	46	48	-3%
Gross margin	%	23%	35%	-34%	%	23%	35%	-34%
EBITDA	UAH, m	393	379	4%	US\$, m	49	49	0%
EBITDA margin	%	25%	37%	-33%	%	25%	37%	-33%
Net income (con'ing operations)	UAH, m	285	299	-5%	US\$, m	36	39	-8%
Net income margin	%	18%	29%	-38%	%	18%	29%	-38%

In the first quarter of 2010, MHP's consolidated revenues in UAH terms increased by 54% to 1,598 million (Q1 2009: UAH1,039 million); in US dollar terms revenues increased by 48% to US\$200 million (Q1 2009: US\$135 million) as a result of the volume growth and stable average chicken meat prices.

EBITDA in UAH terms increased by 4% to 393 million (Q1 2009: UAH379 million); while in US dollar terms it remained stable at US\$49 million. EBITDA margins decreased year-on-year from 37% to 25% mostly as a result of 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 as well as due to the need to import hatchery eggs at Phase 2 of Myronivka poultry farm.

Net income for the first quarter decreased by 5% in UAH terms to 285 million (Q1 2009: UAH299 million) and by 8% in US dollar terms to US\$36 million (Q1 2009: US\$39 million).

Poultry and related operations

		Q1 2010	Q1 2009	Change
Revenue	US\$, m	177	109	62%
- poultry and other		136	90	52%
- sunflower oil		41	19	110%
IAS 41 standard gains		3	6	-55%
Gross profit	US\$, m	44	46	-4%
Gross margin	%	25%	43%	-41%
EBITDA	US\$, m	51	49	3%
EBITDA margin	%	29%	45%	-37%

During the first three months of 2010, the volume of chicken meat sales to third parties increased by more than 60% compared to the first quarter of 2009, reaching 83,000 tonnes (Q1 2009: 50,500 tonnes). The volume growth was primarily a result of the launch of the second phase of the Company's state-of-the-art Myronivka poultry farm. All the Company's poultry production facilities operated at their full production capacity during the first three months of 2010. Consumer demand for chicken remained high and the Company was able to sell close to 100% of the chicken meat produced. Average chicken meat sale prices to

third parties for the first three months of 2010 remained stable year-on-year at UAH 12.38 per kg. of adjusted weight (excluding VAT) (Q1 2009: UAH 12.43).

Sunflower oil production volumes increased by 64% year-on-year and reached 48,600 tonnes (Q1 2009: 29,700 tonnes) as a result of the launch of the new sunflower crushing plant at MHP's Katerynopilsky facility in Ukraine in September 2009. All the sunflower oil produced was sold to external customers at an average price of US\$850 per tonne (Q1 2009: US\$651 per tonne).

As a result of the volume growth, the segment's revenue in US dollar terms increased by 62% to US\$177 million in Q1 2010 (Q1 2009: US\$109 million).

MHP's poultry production costs in the first quarter of 2010 were higher in UAH terms compared to the first quarter of 2009 due to the increase in the market price of corn harvested in 2009 compared to the unusually low price of corn harvested in 2008, usage of imported eggs at Phase 2 of Myronivka poultry farm and less favorable correlation between price of sunflower seeds and sunflower oil, which resulted in a higher price for internally produced sunflower protein. Management expects the poultry production costs to improve through the upcoming months.

EBITDA in the first quarter of 2010 in US dollar terms increased by 3% from US\$49 million to US\$51 million while EBITDA margin decreased from 45% to 29% year-on-year, as detailed above.

Grain growing operations

		Q1 2010	Q1 2009
Revenue	US\$, m	2	6
IFRS 41 standard gains		(6)	1
Gross profit	US\$, m	0	0
EBITDA	US\$, m	0	0

Revenues from the grain segment only materialize in the second half of the year due to the harvest cycle and so Q1 2010 only contains the revenue from the sale of grain stocks, mainly wheat, that have already been revalued to market prices in 2009.

In line with the Management's plans to expand the Grain growing segment further in the first quarter of 2010, the Company has been gradually increasing its land bank. Currently the Company has close to 200,000 hectares of land under control.

Other agriculture operations

		Q1 2010	Q1 2009	change
Revenue	US\$, m	21	20	4%
- meat processing		16	13	24%
- other		5	7	-29%
IFRS 41 standard gains		(0)	(1)	-44%
Gross profit	US\$, m	1,6	1,2	29%
Gross margin	%	8%	6%	24%
EBITDA	US\$, m	2,3	1,6	49%
EBITDA margin	%	11%	8%	43%
Sausage volume	tonnes	6 200	4 950	25%

During the first quarter of 2010, sausage and cooked meat production volumes increased by 25% to 6,200 tonnes as compared to 4,950 tonnes in the first quarter of 2009. The increase was a result of the Company continuing to improve the utilization rate of its Ukrainian Bacon production facility.

MHP's average sausage and cooked meat prices during the first quarter of 2010 decreased by 2.9% to UAH 16.98 per kg, excluding VAT (Q1 2009: UAH 17.48 per kg.). The decrease in average prices was primarily due to Ukrainian Bacon producing sausage and cooked meat products aimed at the mass market and MHP shifting its product mix towards lower priced products in accordance with consumer demand.

As a result, the segment's revenue for the first quarter increased in US dollar terms by 4% year-on-year to US\$21 million (Q1 2009: US\$20 million).

The segment's EBITDA increased in US dollar terms by 49% from US\$1.6 million to US\$2.3 million year-on-year mostly as a result of an increase in meat processing weight in the segment's operations. EBITDA margin increased from 8% to 11%.

Current financial position, cash flows and liquidity

Cash Flows US\$, m	Q1 2010	Q1 2009	Growth rate
Cash from operations	48	42	13%
Change in working capital	(22)	(25)	-14%
Net Cash from operating activities	26	17	52%
Cash from investing activities	(18)	(34)	-46%
Non-cash investments	-	(5)	n/a
CAPEX	(18)	(39)	-53%
Cash from financing activities	(7)	(1)	n/a
Non-cash financing	-	5	n/a
Deposits	1	12	-93%
Total financial activities	(6)	16	n/a
Total change in cash	1	(6)	-125%

Cash flow from operations before working capital changes was US\$48 million in Q1 2010, compared to US\$42 million in Q1 2009. Net cash generated from operating activities increased to US\$26 million in Q1 2010, from US\$17 million in Q1 2009.

In Q1 2010 the main contributors to the change in working capital were the same as in Q1 2009 and were associated with 2010 season sowing.

Total CAPEX in Q1 2010 was US\$18 million including maintenance CAPEX, land bank increase and final completion of breeder farm construction as well as costs associated with planning stage of the Vinnytsya poultry complex.

Debt	31.03.2010	31.12.2009
Total Debt US\$, m	505	519
Cash and bank deposits	31	30
Net Debt	474	489
LTM EBITDA	271	271
Debt /LTM EBITDA	1,86	1,92
Net Debt /LTM EBITDA	1,75	1,81

As of the period end, the Company's total debt was US\$505 million with an average weighted cost of debt below 10%. The Company's total debt is mainly denominated in US

dollars. To hedge against the risk of currency fluctuations, USD revenue from sunflower oil exports is used offset the Company's UAH exposure this fully covers debt service expenses.

At the end of Q1 2010, MHP had US\$31 million in cash and deposits.

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 price of chicken meat is UAH 14.10 per kg. excluding VAT and we expect that the average chicken meat sales prices through the year to be higher than 2009 average. Management expects Q1 2010 represented a pick in production costs and that the costs environment will improve through the year as the Company becomes self-sufficient in hatchery egg and benefits from effective sunflower purchasing. The Company expects to continue to grow sausage and cooked meat production volumes as most of Ukrainian Bacon's products are positioned in the mass segment where consumer demand is still growing. Overall, MHP expects to meet management's expectations for the full year.

- 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 three months
ended 31 March 2010

MHP S.A. AND ITS SUBSIDIARIES

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MHP S.A. AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION****AS OF 31 MARCH 2010***(in US Dollars and in thousands)*

	Notes	31 March 2010	31 December 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net	3	630,787	627,678
Prepayments for property, plant and equipment		8,011	6,591
Deferred tax assets		10,411	10,183
Long-term VAT prepaid		24,905	20,670
Non-current biological assets		37,174	36,235
Other non-current assets		10,954	9,571
Total non-current assets		<u>722,242</u>	<u>710,928</u>
CURRENT ASSETS			
Inventories	5	107,635	92,260
Biological assets	6	125,820	112,978
Agricultural produce	5	46,670	66,227
Other current assets, net		20,307	15,297
Taxes recoverable and prepaid, net		70,902	66,958
Trade accounts receivable, net	7	44,244	43,377
Short-term bank deposits		6,869	7,632
Cash and cash equivalents		23,843	22,248
Total current assets		<u>446,290</u>	<u>426,977</u>
TOTAL ASSETS		<u>1,168,532</u>	<u>1,137,905</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital		284,505	284,505
Additional paid-in capital		178,815	178,815
Revaluation reserve		18,781	18,781
Cumulative translation differences		(234,841)	(238,521)
Retained earnings		266,416	231,044
		<u>513,676</u>	<u>474,624</u>
MINORITY INTEREST		<u>20,067</u>	<u>19,784</u>
Total equity		<u>533,743</u>	<u>494,408</u>
NON-CURRENT LIABILITIES			
Long-term bank borrowings	8	50,029	56,043
Bonds issued	9	248,291	248,046
Long-term finance lease and vendor financing obligations	10	39,158	44,546
Other long-term payables		336	310
Deferred tax liabilities		9,521	8,970
Total non-current liabilities		<u>347,335</u>	<u>357,915</u>
CURRENT LIABILITIES			
Trade accounts payable		72,505	72,380
Accounts payable for property, plant and equipment		4,504	6,340
Other current liabilities		39,741	39,088
Short-term bank borrowings and current portion of long-term bank borrowings	8	138,378	139,790
Interest accrued		9,757	3,526
Current portion of finance lease obligations	10	22,569	24,458
Total current liabilities		<u>287,454</u>	<u>285,582</u>
TOTAL LIABILITIES		<u>634,789</u>	<u>643,497</u>
CONTINGENCIES AND CONTRACTUAL COMMITMENTS	11		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,168,532</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 THREE MONTHS ENDED 31 MARCH 2010

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

		Three months ended 31 March	
	Notes	2010	2009
REVENUE		200,043	134,881
Net change in fair value of biological assets and agricultural produce		(4,066)	5,610
COST OF SALES		<u>(149,524)</u>	<u>(92,839)</u>
GROSS PROFIT		46,453	47,652
Selling, general and administrative expenses		(20,890)	(15,379)
Government grants recognized as income		11,606	8,596
Other operating expenses		(1,253)	(1,357)
Other operating income		<u>266</u>	<u>64</u>
OPERATING PROFIT		<u>36,182</u>	<u>39,576</u>
Finance income		516	1,922
Finance costs		(13,361)	(11,816)
Foreign exchange gains, net		11,652	9,561
Other expenses		(40)	(469)
Other income		<u>358</u>	<u>339</u>
OTHER EXPENSES, NET		<u>(875)</u>	<u>(463)</u>
PROFIT BEFORE TAX		35,307	39,113
Income tax expense		<u>348</u>	<u>(260)</u>
NET PROFIT FOR THE PERIOD	14	<u>35,655</u>	<u>38,853</u>
<i>Other comprehensive income</i>			
Cumulative translation difference		3,680	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>39,335</u>	<u>38,853</u>
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Parent		35,372	36,209
Minority interest		283	2,644
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent		39,052	36,209
Minority interest		283	2,644
EARNINGS PER SHARE			
Basic and diluted (USD per share):		0.32	0.33
On behalf of the Board			

Yuriy Kosyuk/Chief Executive Officer

Viktoriya 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 THREE MONTHS ENDED 31 MARCH 2010**

(in US Dollars and in thousands)

	Attributable to Equity Holders of the Parent					Total	Minority interest	Total equity
	Share capital	Additional paid-in capital	Revaluation reserve	Cumulative translation difference	Retained earnings			
1 January 2009	284,505	178,815	9,410	(222,699)	82,480	332,511	13,706	346,217
Profit for the period	-	-	-	-	36,209	36,209	2,644	38,853
Total comprehensive income for the period	-	-	-	-	36,209	36,209	2,644	38,853
31 March 2009	284,505	178,815	9,410	(222,699)	118,689	368,720	16,350	385,070
1 January 2010	284,505	178,815	18,781	(238,521)	231,044	474,624	19,784	494,408
Profit for the period	-	-	-	-	35,372	35,372	283	35,655
Other comprehensive income for the period	-	-	-	3,680	-	3,680	-	3,680
Total comprehensive income for the period	-	-	-	3,680	35,372	39,052	283	39,335
31 March 2010	284,505	178,815	18,781	(234,841)	266,416	513,676	20,067	533,743
On behalf of the Board								

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

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MHP S.A. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2010

(in US Dollars and in thousands)

	Three months ended 31 March	
	2010	2009
OPERATING ACTIVITIES		
Profit before income tax	35,307	39,113
Adjustments to reconcile profit to net cash provided by operations		
Depreciation of property, plant and equipment	13,024	9,662
Finance costs, net	13,361	11,816
Finance income	(516)	(1,922)
Net change in fair value of biological assets and agricultural produce	4,066	(5,610)
Non-operating foreign exchange gain, net	(11,652)	(9,561)
Change in allowance for irrecoverable amounts and direct write-offs	-	1,277
Loss on disposal of property, plant and equipment	152	9
Operating profit before working capital changes	<u>53,742</u>	<u>44,784</u>
Increase in inventories	(14,558)	(13,518)
Increase in biological assets	(8,393)	(13,915)
Decrease in agricultural produce	14,512	11,068
(Increase) / decrease in other current assets	(4,578)	935
Increase in taxes recoverable and prepaid	(7,457)	(7,377)
(Increase)/decrease in trade accounts receivable	(818)	1,161
Increase in other long-term payables	24	216
(Decrease)/increase in trade accounts payable	(1,398)	681
Increase/(decrease) in other current liabilities	1,048	(3,466)
Decrease in deferred income	-	(789)
Cash generated by operations	<u>32,124</u>	<u>19,780</u>
Finance costs paid	(6,003)	(4,434)
Interest received	509	2,193
Income tax paid	(427)	(296)
Net cash generated by operating activities	<u>26,203</u>	<u>17,243</u>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(16,344)	(31,996)
Purchases of other non-current assets	(1,300)	-
Proceeds from disposals of property, plant and equipment	88	35
Purchases of non-current biological assets	(659)	(1,929)
Withdrawals of short-term deposits	814	12,291
Loans (provided to)/repaid by employees, net	(174)	(166)
Net cash used in investing activities	<u>(17,575)</u>	<u>(21,765)</u>

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 THREE MONTHS ENDED 31 MARCH 2010

(in US Dollars and in thousands)

	Three months ended 31 March	
	2010	2009
FINANCING ACTIVITIES		
Proceeds from loans received	132,691	99,827
Repayment of bank loans	(135,377)	(94,726)
Repayment of other financing	-	(3,480)
Finance lease payments	(4,492)	(3,041)
	<u>(7,178)</u>	<u>(1,420)</u>
Net cash generated by financing activities		
	<u>(7,178)</u>	<u>(1,420)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	1,450	(5,942)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,248	54,072
Effect of translation to presentation currency and exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	145	41
	<u>145</u>	<u>41</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	23,843	48,171
	<u>23,843</u>	<u>48,171</u>

On behalf of the Board

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

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MHP S.A. AND ITS SUBSIDIARIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 31 March 2010 and 31 December 2009 were as follows:

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				31 March 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 Vygotovlennyyu 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
Zernoproduct	Ukraine	2005	Fodder grain	89.9	89.9

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				31 March 2010	31 December 2009
Katerynopilsky Elevator	Ukraine	2005	cultivation Fodder production and grain storage	99.9	99.9
Druzhba Narodiv ("Druzhba")	Ukraine	2006	Cattle breeding, plant cultivation	99.9	99.9
Crimean Fruit Company ("Crimean Fruit")	Ukraine	2006	Fruits 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

- 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 poultry and related operations, grain growing and other agricultural operations (producing beef and meat products ready for consumption and cultivation and selling fruits).

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 ("growout"), 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 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 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 31 March 2010	Average for 3 months ended 31 March 2010	Closing rate as of 31 December 2009	Average for 3 months ended 31 March 2009
UAH/USD	7.9250	7.9877	7.9850	7.7000
UAH/EUR	10.6845	11.0721	11.4489	10.0717

3. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2010, the Group continues investment mainly into its poultry operations. The main capital expenditures were incurred in connection with the reconstruction and improvement of the existing facilities and the final completion of breeding farm construction.

During the three months ended 31 March 2010, the Group’s additions to Property, plant and equipment amounted to USD 13,768 thousand.

There have been no significant disposals of Property, plant and equipment during the three months ended 31 March 2010.

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 31 March 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 three months ended 31 March 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 1,475 thousand as for the three months ended 31 March 2009 to USD 1,747 thousand for the three months ended 31 March 2010. The revenue for the three months ended 31 March 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 2,289 thousand and USD 3,176 thousand as of 31 March 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 1,410 thousand and USD 1,095 thousand for the three months ended 31 March 2010 and 2009, respectively.

5. CHANGES IN INVENTORIES AND AGRICULTURAL PRODUCE

Increase of inventories during the three months 2010 resulted mainly from accumulation of stocks of raw materials by grain growing entities.

Agricultural produce balances have decreased as compared to 31 December 2009 owing mainly to the seasonal reduction of grain stock.

6. CURRENT BIOLOGICAL ASSETS

The balances of current biological assets were as follows:

	31 March 2010	31 December 2009
Breeders held for hatchery eggs production	38,819	35,845
Broiler poultry	36,977	36,957
Hatchery eggs	6,101	6,310
Crops in fields	35,922	26,260
Cattle, pigs till 1 year and other consumable biological	8,001	7,606
Total	<u>125,820</u>	<u>112,978</u>

Increase of current biological assets balances during the three 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

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

	31 March 2010	31 December 2009
Agricultural operations	37,308	37,481
Sunflower oil sales	5,481	3,432
Due from related parties (Note 4)	2,289	3,176
Less: allowance for irrecoverable amounts	<u>(834)</u>	<u>(712)</u>
Total	<u>44,244</u>	<u>43,377</u>

8. BANK BORROWINGS

The following table summarizes bank loans and credit lines outstanding as of 31 March 2010 and 31 December 2009:

Bank	Currency	Weighted average interest rate	31 March 2010	Weighted average interest rate	31 December 2009
Foreign banks	EUR	3.44%	75,296	3.24%	81,873
Ukrainian banks	USD	8.72%	93,000	8.86%	94,000
Ukrainian banks	UAH	16.56%	20,111	23.82%	19,960
Total bank borrowings			188,407		195,833
<i>Less:</i>					
Short-term borrowings and current portion of long-term borrowings			(138,378)		(139,790)
Total long-term bank borrowings			50,029		56,043

The following table summarizes fixed and floating interest rates bank loans and credit lines held by the Group as of 31 March 2010 and 31 December 2009:

	31 March 2010	31 December 2009
Fixed interest rate	43,619	47,386
Floating interest rate	144,788	148,447
Total	188,407	195,833

Bank loans and credit lines outstanding as of 31 March 2010 were repayable as follows:

	31 March 2010		
	Foreign	Ukrainian	Total
Within one year	25,267	113,111	138,378
In the second year	23,355	-	23,355
In the third to fifth year inclusive	20,814	-	20,814
After five years	5,860	-	5,860
Total	75,296	113,111	188,407

Bank loans and credit lines outstanding 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
After five years	6,995	-	6,995
Total	81,873	113,960	195,833

As of 31 March 2010, the Group had borrowings of USD 9,385 thousand that were secured. These borrowings were secured by property, plant and equipment with the carrying amount of USD 5,711 thousand.

As of 31 March 2010, the Group had available borrowings on undrawn facilities of USD 13,488 thousand including USD 1,820 thousand of available overdraft facilities. These undrawn facilities expire until December 2016.

9. BONDS ISSUED

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

	31 March 2010	31 December 2009
10.25% Senior Notes due in 2011	250,000	250,000
Unamortized premium on bonds issued	-	-
Unamortized debt issue costs, net	(1,709)	(1,954)
Total	<u>248,291</u>	<u>248,046</u>

10. 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 31 March 2010:

	Minimum lease payments	Present value of minimum lease payments
Payable within one year	28,337	22,569
Payable in the second year	23,979	20,251
Payable in the third to fifth year inclusive	21,199	18,907
	<u>73,515</u>	<u>61,727</u>
<i>Less:</i>		
Future finance charges	(11,788)	-
Present value of lease obligations	<u>61,727</u>	<u>61,727</u>
<i>Less:</i>		
Current portion		<u>(22,569)</u>
Finance lease obligations, long-term portion		<u><u>39,158</u></u>

11. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

Ongoing global financial crisis – The financial markets, both globally and in Ukraine, have faced significant volatility and liquidity constraints since the onset of the global financial crisis, which began to unfold in the autumn of 2007 and worsened since August 2008. A side effect of those events was an increased concern about the stability of the financial markets generally and the strength of counterparties, and many lenders and institutional investors have reduced funding to borrowers, which has significantly reduced the liquidity in the global financial system.

Macroeconomic situation in the first quarter of 2010 can be characterized by increasing economic activity in the country. The industrial sector reported growth driven by improving internal economic situation and rebounding external demand for Ukrainian exports notwithstanding slight revaluation of national currency. Agricultural sector has demonstrated moderate growth. Liquidity of banking sector started to increase due to increased inflow of deposits as compared to low crediting level. Political risks decreased after election of the new president, making significant support to stabilization of national economy. As a result of above factors, credit ratings of Ukraine were slightly improved by international rating agencies.

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 first quarter of 2010 and 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 31 March 2010, purchase commitments on such contracts amounted to USD 2,555 thousand (31 December 2009: USD 2,307 thousand).

12. 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 31 March 2010 are as follows:

	USD- denominated	EUR- denominated
Assets		
Trade accounts receivable	6,146	-
Cash and cash equivalents	<u>12,254</u>	<u>84</u>
Total assets	<u>18,400</u>	<u>84</u>
Liabilities		
Trade accounts payable	51,617	4,606
Payables on other financing arrangements	6,496	-
Accounts payable for property, plant and equipment	6	2,909
Interest accrued	8,989	633
Long-term bank borrowings	-	50,029
Short-term bank borrowings	93,000	25,267
Bonds issued	250,000	-
Long-term finance lease and vendor financing obligations	14,884	24,260
Short-term finance lease and vendor financing obligations	<u>5,472</u>	<u>17,096</u>
Total liabilities	<u>430,464</u>	<u>124,800</u>

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 15%. 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 15% change in foreign currency rates.

	USD-denominated	EUR-denominated
Profit/(loss)	20,603/(61,810)	6,236/(18,707)

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

During the three months ended 31 March 2010, the official exchange rate of UAH to USD has not changed significantly, and the official exchange rate of UAH to EUR has increased by 6.7%.

13. 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:

	Three months ended 31 March 2010			Consolidated	Three months ended 31 March 2009			Consolidated
	Poultry and related operations	Other agricultural	Grain growing		Poultry and related operations	Other agricultural	Grain growing	
REVENUES								
Total revenue	181,956	21,072	23,917	226,945	112,438	20,033	10,454	142,925
Inter-segment eliminations	(5,166)	(189)	(21,547)	(26,902)	(3,400)	-	(4,644)	(8,044)
Sales to external customers	176,790	20,883	2,370	200,043	109,038	20,033	5,810	134,881
Segment results	39,195	990	528	40,713	41,270	108	91	41,469
Unallocated corporate expenses				(4,531)				(1,893)
Operating profit				36,182				39,576
Effect of fair value adjustments	2,548	(452)	(6,162)	(4,066)	5,702	(808)	716	5,610

14. NET PROFIT FOR THE PERIOD

The Group's net profit for the three months of 2010 slightly decreased compared to the three months of 2009. The main reason for such decrease is higher poultry costs. Poultry production costs in the first quarter of 2010 were higher as compared to the first quarter of 2009 due to the increase in the market price of corn harvested in 2009, compared to the unusually low price of corn harvested in 2008.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended 31 March	
	2010	2009
Additions of property, plant and equipment under finance leases and vendor financing arrangements	-	2,619
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor	-	2,438
Property, plant and equipment purchased for credit	4,504	6,304

16. SUBSEQUENT EVENTS

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. Due to issue price exceeding of par value of notes the real interest rate made 9.875%. Proceeds from the issues are intended to finance of short-term debt, a new green field project - fully-integrated chicken complex at Vinnytsa and extension of grain growing operations.

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. The exchange ratio was USD 1,062.5 to USD 1,000 for the early participation date and USD 1,032.5 to USD 1,000 for the late participation date. As a result of exchange new Notes were issued for the total par value USD 254,767 thousand.

17. 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 May 2010.