



## **PRESS RELEASE**

November 17, 2011, Kyiv, Ukraine

**MHP S.A.**

**Unaudited Financial Results for the Third Quarter and Nine Months**

**Ended 30 September 2011**

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 third quarter and the nine months ended 30 September 2011.

### **Key operational highlights**

#### *Poultry and related operations*

- During the nine months of 2011 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 in 9M 2011 was around 50%.
- The volume of chicken meat sales to external customers in 9M 2011 increased by 13% year-on-year to 282,000 tonnes due to more effective use of existing capacity and decrease in stocks.
- The average chicken meat price for Q3 2011 was 15% higher compared to Q3 2010. In 9M 2011 the chicken meat price increased by 7% to UAH 14.39 compared to UAH 13.43 in 9M 2010.
- The average price of sunflower oil in 9M 2011 increased by 54% to US\$ 1,297 per tonne.

#### *Grain growing*

- As of the end of nine months 2011 the Company cultivated 280,000 hectares of land under control.

- MHP's crops yields are significantly higher than Ukraine's average and MHP's yields previous year.
- Current MHP's corn yield is 9.8 tonnes per 1 hectare, which is 25% higher than MHP's corn yield in 2010; corn harvesting is ongoing and over 80% is complete.

#### *Other agriculture*

- Sausage and cooked meat production volumes increased by 17% to 28,200 tonnes in 9M 2011 compared to 9M 2010. The substantial volume growth was driven by increased production at Ukrainian Bacon in accordance with the Company's strategy of growing its meat processing operations.
- The Company's market share of Ukraine's sausage and cooked meat products was around 10%.

#### *Vinnytsia – new green field expansion project*

- Construction work on the Vinnytsia project, which commenced as announced previously in May 2010, is running to schedule and on budget.
- In the beginning of September, 400,000 m<sup>3</sup> of silo launched (as a part of the Vinnytsia project).
- Mid 2012 is scheduled for a launch of a broiler farm in a testing mode.
- Production of Phase 1 is expected to be launched in the beginning of 2013 and reach its full capacity of 220,000 tonnes of poultry per annum in 2015.

### **Key financial highlights**

#### Q3 2011 highlights

- Revenue increased by 39% to US\$ 352 million.
- EBITDA increased by 44% to US\$ 143 million.
- Consolidated EBITDA margin increased to 41% in Q3 2011 from 39% in Q3 2010.
- Net income increased greatly by 105% to US\$ 115 million.

#### 9M 2011 highlights

- Revenue increased by 30% to US\$ 880 million (9M 2010: US\$ 676 million).
- EBITDA increased by 30% to US\$ 301 million (9M 2010: US\$ 232 million)
- Consolidated EBITDA margin remained high at 34%.
- Net income increased by 27% to US\$ 201 million (9M 2010: US\$ 158 million).

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

“Our financial results for the period have been very strong, with robust revenue and EBITDA growth and the maintenance of our sector-leading margins. Once again, we have reaped the benefits of our vertically integrated business model, which has served to mitigate the impact of grain price inflation.

We have seen a strong rise in the price of poultry in Ukraine during the period, in line with world poultry price dynamics, and we expect the price to steadily increase again as we look forward. Our expectations regarding grain segment results are favorable due to the significant land expansion in 2010 and strong grain prices.

I am also pleased to provide you today with an update on this year's harvests. The harvest of early crops, such as rape and wheat as well as sunflower, proceeded well and resulted in good yields, which, as usual, are much higher than the Ukrainian average. Meanwhile, initial observations indicate that our corn harvests will also produce good yields.

We are confident that we will be able to continue to implement our strategy and keep on delivering strong financial results cementing our position as one of the leading agro-industrial companies in Ukraine and the region.

- 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, 17 November 2011
Time:	09.00 New York / 14.00 London / 16.00 Kyiv / 18.00 Moscow
Title:	MHP – Q3 and 9M 2011 Financial Results
International/UK Dial in:	+44 (0) 1452 555 566
USA free call:	+1 866 966 9439
Russia free call	8108 002 097 2044
Conference ID	27134050

A live webcast of the presentation will be available at:  
<https://webconnect.webex.com/webconnect/onstage/g.php?t=a&d=660577006>

Alternative URL:  
<https://webconnect.webex.com/>  
Click on "Unlisted Events"

Event number: 660 577 006  
Event password: N/A

**For further information please contact:**

**For investor relations enquiries**  
Anastasiia Sobotiuk (Kyiv)

Kyiv: +38 044 207 99 58  
[a.sobotyuk@mhp.com.ua](mailto:a.sobotyuk@mhp.com.ua)

**For media enquiries**  
Oleg Leonov (Moscow)

Moscow: +7 495 795 06 23

## Financial overview

		Q3 2011	Q3 2010	% change*	9M 2011	9M 2010	% change*
<b>Revenue</b>	US\$, m	<b>352</b>	<b>253</b>	<b>39%</b>	<b>880</b>	<b>676</b>	<b>30%</b>
IAS 41 standard gains	US\$, m	42	20	110%	61	30	101%
<b>Gross profit</b>	US\$, m	<b>139</b>	<b>101</b>	<b>38%</b>	<b>295</b>	<b>226</b>	<b>31%</b>
<i>Gross margin</i>	%	39%	40%	-1%	34%	33%	1%
<b>Operating profit</b>	US\$, m	<b>126</b>	<b>84</b>	<b>50%</b>	<b>254</b>	<b>189</b>	<b>35%</b>
<i>Operating margin</i>	%	36%	33%	3%	29%	28%	1%
<b>EBITDA</b>	US\$, m	<b>143</b>	<b>99</b>	<b>44%</b>	<b>301</b>	<b>232</b>	<b>30%</b>
<i>EBITDA margin</i>	%	41%	39%	2%	34%	34%	-
<b>Net income</b>	US\$, m	<b>115</b>	<b>56</b>	<b>105%</b>	<b>201</b>	<b>158</b>	<b>27%</b>
<i>Net income margin</i>	%	33%	22%	11%	23%	23%	-

\* Delta in a percentage for ratios (% indicators) is calculated as a difference between the ratio in the current reporting period and the ratio in the previous reporting period

### Q3 2011 Consolidated Financial Results

Consolidated revenue totaled US\$ 352 million, by 39% greater than in Q3 2010 (US\$ 253 million). The main highlights of the quarter were the growth of chicken volume and chicken price. An increase of sunflower oil price as well as rise of processed meat volumes and price were additional drivers of revenue growth.

Q3 2011 EBITDA increased by 44% to US\$ 143 million (Q3 2010: US\$ 99 million). Grain and poultry prices growth stimulated consolidated EBITDA margin to increase from 39% in Q3 2010 to 41% in Q3 2011.

Net income from continuing operations increased greatly by 105% to US\$ 115 million (Q3 2010: US\$ 56 million) in line with EBITDA growth and also due to the net effect of non-cash foreign exchange losses of US\$ 12 million in Q3 2010 related to Euro/USD exchange rate. Net income margin increased from 22% to 33%.

### 9M 2011 Consolidated Financial Results

Due to the strong Q3 2011 financial results, the financial results of 9M 2011 increased greatly in comparison with 9M 2010, while margins remained stably high. Revenue increased by 30% to US\$ 880 million (9M 2010: US\$ 676 million). This reflected the growth of chicken volume and price, sunflower oil price, meat processing products volume and price.

EBITDA was US\$ 301 million, 30% higher year-to-year (9M 2010: US\$ 232 million) as a consequence of vigorous financial result in grain growing segment. Consolidated EBITDA margin remained unchangeable at 34% in 9M 2011 compared to 9M 2010.

Net income grew by 27% to US\$ 201 million (9M 2010: US\$ 158 million) as a result of EBITDA year-to-year improvement. Non-cash foreign exchange losses/gains negatively influenced on the net income change, as the Company had US\$ 3 million losses in 9M 2011 versus US\$ 12 million gains in 9M 2010. Net margin was 23%, same as in 9M 2010.

### Poultry and related operations

		Q3 2011	Q3 2010	% change	9M 2011	9M 2010	% change
<b>Revenue</b>	US\$, m	<b>273</b>	<b>204</b>	<b>34%</b>	<b>719</b>	<b>579</b>	<b>24%</b>
- Poultry and other	US\$, m	221	157	41%	557	453	23%
- Sunflower oil	US\$, m	52	47	11%	162	126	29%
<b>IAS 41 standard gains</b>	US\$, m	<b>-4</b>	<b>5</b>	<b>-183%</b>	<b>1</b>	<b>8</b>	<b>-83%</b>
<b>Gross profit</b>	US\$, m	<b>73</b>	<b>78</b>	<b>-6%</b>	<b>185</b>	<b>184</b>	<b>-</b>
Gross margin	%	27%	38%	-11%	26%	32%	-6%
<b>EBITDA</b>	US\$, m	<b>82</b>	<b>87</b>	<b>-6%</b>	<b>203</b>	<b>208</b>	<b>-2%</b>
EBITDA margin	%	30%	43%	-13%	28%	36%	-8%
EBITDA per 1 kg*	US\$	0.86	1.01	-15%	0.72	0.80	-11%

\* Net IAS 41 effect

### Q3 2011 Poultry and related operations segment financial results

	Q3 2011	Q3 2010	% change	9M 2011	9M 2010	% change
<b>Poultry</b>						
Sales volume, third parties tonnes	99,900	81,000	23%	282,000	249,500	13%
Price per 1 kg net VAT, UAH	16.11	14.05	15%	14.39	13.43	7%
<b>Sunflower oil</b>						
Sales volume, third parties tonnes	40,900	54,400	-25%	125,400	149,600	-16%
Price per 1 tonne net VAT, US\$	1,284	862	49%	1,297	841	54%

During the third quarter of 2011 the volume of chicken meat sales to external consumers on an adjusted-weight basis was 99,900 tonnes, 23% more than in the third quarter of the previous year (Q3 2010: 81,000 tonnes). Such dynamics is the reflection of more effective use of existing capacity and decrease in stocks.

The average chicken meat price increased by 15% to UAH 16.11 per kg of adjusted weight (net VAT) in Q3 2011 compared to Q3 2010. The price growth is a procrastinated result of the grain price increase in Ukraine and worldwide at the end of 2010 and following world

poultry price trends during the period in 2011. In Q3 2011, 40,900 tonnes of sunflower oil were sold mainly for export at an average price of US\$ 1,284 per tonne, 49% higher than in Q3 2010 (US\$ 862 per tonne).

The segment revenue increased by 34% to US\$ 273 million (Q3 2010: US\$ 204 million). Poultry export sales in Q3 2011 was 12% of total sales volume (constituting US\$ 25 million), which is 3 times higher than in the same period last year.

In line with our expectations, in Q3 2011 poultry production costs continued the rising dynamics of the previous quarter, and the growth compared to Q3 2010 was mostly due to the increase in the market price of grain and utilities, while less favorable correlation between sunflower seeds and sunflower oil prices increased production cost of sunflower protein and as consequences production cost of chicken meat compared to both Q3 2010 and Q2 2011.

Segment gross profit decreased by 6% to US\$ 73 million (Q3 2010: US\$ 78 million), as well as gross profit margin fall from 38% in Q3 2010 to 27% in Q3 2011. EBITDA decreased by 6% to US\$ 82 million (Q3 2010: US\$ 87 million). EBITDA margin decreased from 43% in Q3 2010 to 30% in Q3 2011.

In the same time due to the Company's vertically integrated business model lower financial results of poultry segment in Q3 2011 and for the full year 2011 are compensated by higher profitability of grain segment.

#### *9M 2011 Poultry and related operations segment financial results*

Chicken meat sales volumes to the third parties increased by 13% to 282,000 tonnes in 9M 2011 compared to 249,500 tonnes in 9M 2010. The average chicken meat price increased by 7% to UAH 14.39 per kg (9M 2010: UAH 13.43 per kg). Average sunflower oil prices were US\$ 1,297 per tonne, 54% more than in 9M 2010.

Segment revenue increased by 24% to US\$ 719 million compared to US\$ 579 million in 9M 2010. The growth of poultry production costs in 9M 2011 was approximately 20% year-to-year mainly driven by grain and utilities prices increase, as well as due to higher production cost of sunflower protein as a consequence of less favorable correlation between sunflower seeds and sunflower oil prices. Despite high rise of production costs, gross profit in 9 months of 2011 remained stable at US\$ 185 million (9M 2010: US\$ 184 million), while gross profit margin decreased from 32% in 9M 2010 to 26% in 9M 2011.

Poultry export sales in 9M 2011 was 9% of total sales volume (constituting US\$ 50 million), which is 2 times higher than in the same period last year.

During nine months of 2011 EBITDA fell slightly by 2% to US\$ 203 million (9M 2010: US\$ 208 million). EBITDA margin decreased from 36% in 9M 2010 to 28% in 9M 2011 as a result of almost flat chicken meat prices during the first half of 2011.

#### **Grain growing operations**

		Q3 2011	Q3 2010	% change	9M 2011	9M 2010	% change
<b>Revenue</b>	US\$, m	<b>38</b>	<b>19</b>	<b>102%</b>	<b>54</b>	<b>22</b>	<b>147%</b>
<b>IAS 41 standard gains</b>	US\$, m	<b>44</b>	<b>15</b>	<b>203%</b>	<b>59</b>	<b>22</b>	<b>164%</b>
<b>Gross profit</b>	US\$, m	<b>62</b>	<b>21</b>	<b>200%</b>	<b>101</b>	<b>37</b>	<b>171%</b>
<b>EBITDA</b>	US\$, m	<b>65</b>	<b>22</b>	<b>193%</b>	<b>104</b>	<b>39</b>	<b>169%</b>

Currently the Company cultivates approximately 280,000 hectares of land under control, including about 250,000 hectares in grain growing segment. The additional 100,000 hectares are being harvested in 2011 compared to 2010. The Company continues to focus on growing 4 main crops: corn, wheat, sunflower and rape.

	2011		2010* (for land under control as of 01.01.2010)	
	Production, tonnes	Cropped hectares*	Production, tonnes	Cropped hectares*
Corn	859,950***	87,750***	492,642	63,165
Wheat	267,250	52,210	183,785	39,360
Sunflower	73,530	27,000	65,455	25,630
Rapeseed	25,400	9,150	9,010	3,020
Other**	In process	In process	162,166	15,442
<b>Total:</b>	n/a	n/a	960,480	146,617

\* - Actual hectares under crop and excluding land left fallow as part of crop rotation

\*\* - Includes soybean, barley and sugar beet

\*\*\* - Based on 80% completed corn harvest

Favorable weather conditions during the 2010/2011 campaign and advanced technologies were resulted in strong crop yields, which are significantly higher than Ukraine's average and MHP's yields of 2010.

	2011		2010* (for land under control as of 01.01.2010)	
	MHP's average*	Ukraine's average*	MHP's average*	Ukraine's average*
Corn	9.8	6.3	7.8	4.3
Wheat	5.1	3.5	4.7	2.9
Sunflower	2.8	1.9	2.6	1.6
Rapeseed	2.8	1.8	3.0	1.7

\* - Tonnes per hectare

The Company has now completed its wheat, rapeseed, and sunflower harvests.

The Company's corn harvest is ongoing and as of today is over 80% complete. The current net yield is averaging about 9.8 tonnes per hectare (2010: 7.8 tonnes per hectare) compared to Ukraine's average of 6.3 tonnes per hectare (Source: Committee of Statistics).



Moreover, MHP has set a European record in corn yield this year, having harvested 19 tons per hectare from one of its grain growing enterprises due to the high level of technology and the quality of its application at all levels from soil preparation, planting, protection to harvesting.

From the total corn harvested this year, MHP not only will satisfy its internal needs for fodder production, but also export more than 400,000 tonnes of corn produce.

In 9M 2011 the grain growing segment revenue was US\$ 54 million, 147% more than in 9M 2010. High growth of the revenue is a consequence of the harvested land and yields increase, resulted in higher sales volume of wheat and rape, as well as significantly higher price of rape compared to the last year.

Significant part of the Q3 2011 financial results in grain segment are generated by the IAS 41 standard gains from revaluation of grains that will be sold or consumed during the next quarters. Grain growing operations segment EBITDA valued US\$ 104 million, 169% more than in 2010.

### Other agricultural operations

		Q3 2011	Q3 2010	% change	9M 2011	9M 2010	% change
<b>Revenue</b>	US\$, m	<b>41</b>	<b>30</b>	<b>36%</b>	<b>107</b>	<b>75</b>	<b>42%</b>
- Meat processing	US\$, m	30	24	24%	74	57	30%
- Other	US\$, m	11	6	81%	33	18	77%
<b>IAS 41 standard gains</b>	US\$, m	<b>3</b>	<b>0</b>	<b>n/a</b>	<b>1</b>	<b>0</b>	<b>n/a</b>
<b>Gross profit</b>	US\$, m	<b>4</b>	<b>2</b>	<b>68%</b>	<b>10</b>	<b>5</b>	<b>117%</b>
<i>Gross margin</i>	%	9%	8%	1%	9%	6%	3%
<b>EBITDA</b>	US\$, m	<b>3</b>	<b>2</b>	<b>71%</b>	<b>11</b>	<b>5</b>	<b>118%</b>
<i>EBITDA margin</i>	%	8%	6%	2%	10%	7%	3%
		<b>Q3 2011</b>	<b>Q3 2010</b>	<b>% change</b>	<b>9M 2011</b>	<b>9M 2010</b>	<b>% change</b>
<b>Meat processing products</b>							
Sales volume, third parties	tonnes	10,900	9,900	10%	28,200	24,100	17%
Price per 1 kg net VAT, UAH		20.60	17.57	17%	19.57	17.26	13%

The financial results of this segment continued to show stable positive dynamics. Revenue in Q3 2011 increased by 36% to US\$ 41 million compared to US\$ 30 million in Q3 2010, mostly driven by the growth of meat processing products revenue. Fruit and milk sales increase also was reflected in the segment revenue growth. In 9M 2011 other agricultural operations revenue was US\$ 107 million, 42% more than in 9M 2010.

During the nine months of 2011 the Company continued to increase the production of meat processing products and its market share currently constitutes about 10%. This reflected growth of sales volumes of sausage and cooked meat products by 10% to 10,900 tonnes in Q3 2011 compared to Q3 2010 and by 17% to 28,200 tonnes in 9M 2011 compared to 9M 2010. The main reasons of sales volume growth were the Ukrainian Bacon production rise and increasing consumer demand.

The average sausage and cooked meat prices dynamics in 9M 2011 and specifically in Q3 2011 is characterized by the positive trend. Prices increased by 17% in Q3 2011 (UAH 20.60 per kg excluding VAT in Q3 2011 compared to UAH 17.57 per kg in Q3 2010) and by 13% in 9M 2011 (UAH 19.57 per kg in 9M 2011 compared to UAH 17.26 per kg in 9M 2010).

The segment gross profit was US\$ 4 million in Q3 2011, 68% more than in Q3 2010, and US\$ 10 million in 9M 2011, 117% more than in 9M 2010. The growth of EBITDA was also considerable. EBITDA amounted US\$ 3 million in Q3 2011, 71% higher than in Q3 2010, and US\$ 11 million in 9M 2011, 118% higher than in 9M 2010. EBITDA margin moderately increased to 8% in Q3 2011 compared to 6% in Q3 2010 and to 10% in 9M 2011 compared to 7% in 9M 2010. Meat processing sub-segment EBITDA growth was the driver of good financial results of the whole other agricultural operations segment.

More than 50% of the meat required for the Company's meat processing operations is internally produced chicken meat.

### Current Group financial position, cash flow and liquidity

<b>Cash Flows US\$, m</b>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>9M 2011</b>	<b>9M 2010</b>
<b>Cash from operations</b>	<b>106</b>	<b>83</b>	<b>209</b>	<b>189</b>
Change in working capital	(11)	(39)	(39)	(81)
<b>Net Cash from operating activities</b>	<b>95</b>	<b>44</b>	<b>170</b>	<b>108</b>
Cash from investing activities	(76)	(54)	(182)	(112)
Non-cash investments	(22)	(12)	(54)	(14)
<b>CAPEX</b>	<b>(98)</b>	<b>(66)</b>	<b>(236)</b>	<b>(126)</b>
<i>Cash from financing activities</i>	34	(5)	(25)	174
<i>Non-cash financing</i>	22	12	54	14
Deposits	7	36	126	(127)
<b>Total financial activities</b>	<b>63</b>	<b>43</b>	<b>155</b>	<b>61</b>
<b>Total change in cash</b>	<b>60</b>	<b>21</b>	<b>89</b>	<b>43</b>

Cash flow from operations before working capital changes increased to US\$ 106 million in Q3 2011 (Q3 2010: US\$ 83 million) and US\$ 209 million in 9M 2011 (9M 2010: US\$ 189) as a result of EBITDA growth.

In 9M 2011 change in working capital was US\$ 39 million mainly related with:

- cultivation of additional 100,000 hectares of land in grain growing segment, resulted in more grains in the fields at the end of 9M 2011;
- Some technology changes in grain growing segment with increased proportion of fertilizers application in autumn in 2011/2012 sowing campaign;
- VAT tax recoverable increase due to intensive CAPEX program of the Vinnytsia project.

Total CAPEX was US\$ 98 million in Q3 2011 and US\$ 236 million in 9M 2011, and the most part of CAPEX was related to the capital intensive Vinnytsia project.

### **Vinnytsia – new green field project**

Construction work on the Vinnytsia project, which commenced as announced previously in May 2010, is running to schedule and on budget. Significant progress has already been made with the poultry farm, fodder complex and infrastructure at the Vinnytsia site. All equipment required for Phase 1 is already contracted and is being dispatched now.

#### *Poultry Farm*

- Construction of the hatchery is 90% complete
- 2 brigades (chicken rearing zones) with 38 chicken houses in each are 70% complete
- Construction of the slaughter house for Phase 1 (220,000 tonnes of poultry per annum) is 70% complete

Installation of the equipment commenced in September 2011.

#### *Fodder Plant and Grain Storage Facilities*

- Construction of the sunflower seeds silo (200,000 m<sup>3</sup>) is complete, installation of the equipment is 95% complete
- Construction of the grain silo (200,000 m<sup>3</sup>) is complete, installation of the equipment is 95% complete
- Construction of Fodder Plant and Sunflower Crushing Plant is in progress now

#### *Infrastructure and Social Responsibility*

The construction of electric power substation with a capacity of 110 mW is complete, the transmission networks are 80% complete, system of gas supply (45 km) is 80% complete. The construction of water supply systems (60 km) is 80% complete and water treatment station with a capacity of 15 thousand m<sup>3</sup> of water per day is 40% complete.

The construction of two independent electric power substations is complete. In addition, as part of the facility, MHP will be constructing 45 km of new roads (over 50% complete), 260 new residential apartments, a hostel with a capacity for 800 people and a kindergarten with a capacity for 260 children.

As announced earlier in June 2010, the Company is building additional sites at its Shakhtarska breeding farm for 300 million hatchery eggs production per annum to satisfy Vinnytsia poultry complex needs.

MHP has set up a section on its website dedicated to Project Vinnystia where regular updates will be provided, as well as photographs documenting the stages of the project: <http://www.mhp.com.ua/en/node/1082/>.

## Debt Structure

<b>Debt</b>	<b>30.09.2011</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>Total Debt US\$, m</b>	<b>869</b>	<b>818</b>	<b>832</b>
Cash and bank deposits	137	84	174
<b>Net Debt</b>	<b>732</b>	<b>734</b>	<b>658</b>
LTM EBITDA	<b>394</b>	<b>350</b>	<b>325</b>
<i>Net Debt /LTM EBITDA</i>	<i>1.86</i>	<i>2.10</i>	<i>2.03</i>

As of September 30, 2011, the Company's total debt was US\$ 869 million with an average weighted cost of debt around 9%. Approximately 70% of the Company's total debt is the Eurobond that matures in April 2015. The Company's total debt is mainly denominated in US dollars.

At the end of 9M 2011, MHP had US\$ 137 million in cash and short-term bank deposits. Net debt of the Company as of September 30, 2011 remained stable at US\$ 732 million comparable to the end of 1H 2011. While the Net Debt/EBITDA ratio at the end of the period decreased to 1.86 versus 2.10 at the end of 1H 2011 (Eurobond covenant: 2.5).

As a hedge for currency risks, revenue from the export of sunflower oil, sunflower husks and chicken meat are denominated in US Dollars, fully covering debt service expenses. During the nine months of 2011 the Company received about US\$ 244 million from export sales of sunflower oil, chicken meat and grains compared to US\$ 172 in the same period of 2010.

## Outlook

Consumer demand for poultry meat continues to remain high that will guarantee the total sales of the Company's chicken meat production. As usual the Company is operating at full capacity and current chicken prices are around 17% higher compared to the same period of the previous year.

Following the Company's strategy and objectives, MHP continues to develop export markets in order to establish and/or to build a reliable and a long-term relationship.

The considerable and impressive growth of MHP's grain production will be reflected in increase of grain production external sales volumes that will support the Company's robust financials growth in the current year.

We continue to increase production volumes of sausages and cooked meat that we produce, whilst also producing a wider range of value-added products at our meat processing plants. The production volumes growth in 2011 will be the consequence of the meat processing capacity increase at the Ukrainian Bacon plant.

The CAPEX program in 2011 is mostly related to the construction and the beginning of equipment installation on the new Vinnitsa poultry production complex, where the construction is to schedule and on budget.

We are confident that we will be able to continue to implement our strategy and keep on delivering strong financial results cementing our position as one of the leading agro-industrial companies in Ukraine and the region.

- End -

#### **Notes to Editors:**

#### **About 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 centres, 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 nine months  
ended 30 September 2011

# MHP S.A. AND ITS SUBSIDIARIES

## TABLE OF CONTENTS

---

	<b>Page</b>
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011	
Condensed consolidated interim balance sheet	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	7-16

**MHP S.A. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED INTERIM BALANCE SHEET****AS OF 30 SEPTEMBER 2011***(in US Dollars and in thousands)*

	Notes	30 September 2011	31 December 2010
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment, net	4	931,167	744,965
Land lease rights, net		26,433	23,216
Deferred tax assets		7,824	5,190
Long-term VAT recoverable, net		20,879	24,017
Non-current biological assets		45,862	43,288
Other non-current assets		16,577	14,251
Total non-current assets		<u>1,048,742</u>	<u>854,927</u>
<b>CURRENT ASSETS</b>			
Inventories		130,585	113,491
Biological assets	5	263,867	135,410
Agricultural produce		97,560	113,850
Other current assets, net		19,327	21,331
Taxes recoverable and prepaid, net		108,697	107,824
Trade accounts receivable, net		59,088	53,395
Short-term bank deposits		8,137	134,460
Cash and cash equivalents		128,492	39,321
Total current assets		<u>815,753</u>	<u>719,082</u>
<b>TOTAL ASSETS</b>		<u>1,864,495</u>	<u>1,574,009</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
Share capital		284,505	284,505
Treasury shares		(40,555)	(40,555)
Additional paid-in capital		179,565	179,565
Revaluation reserve		18,781	18,781
Cumulative translation differences		(238,775)	(237,751)
Retained earnings		622,684	436,439
		<u>826,205</u>	<u>640,984</u>
<b>NON-CONTROLLING INTEREST</b>		<u>43,371</u>	<u>29,384</u>
Total equity		<u>869,576</u>	<u>670,368</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term bank borrowings	6	80,078	58,426
Bonds issued	7	565,932	562,886
Long-term finance lease obligations	8	33,769	36,988
Other long-term payables		323	401
Deferred tax liabilities		5,889	2,502
Total non-current liabilities		<u>685,991</u>	<u>661,203</u>
<b>CURRENT LIABILITIES</b>			
Trade accounts payable		43,827	19,012
Other current liabilities		39,376	33,646
Accounts payable for property, plant and equipment		9,685	4,396
Short-term bank borrowings and current portion of long-term bank borrowings	6	155,918	140,092
Current portion of bonds issued	7	9,953	9,892
Interest accrued		26,604	11,573
Current portion of finance lease obligations	8	23,565	23,827
Total current liabilities		<u>308,928</u>	<u>242,438</u>
<b>TOTAL LIABILITIES</b>		<u>994,919</u>	<u>903,641</u>
<b>CONTINGENCIES AND CONTRACTUAL COMMITMENTS</b>			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,864,495</u>	<u>1,574,009</u>
On behalf of the Board			

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

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

		Nine months ended 30 September	
	Notes	2011	2010
REVENUE	11	879,662	676,101
Net change in fair value of biological assets and agricultural produce		60,534	30,143
COST OF SALES		<u>(644,749)</u>	<u>(480,662)</u>
GROSS PROFIT		295,447	225,582
Selling, general and administrative expenses		(75,311)	(76,191)
VAT refunds and other government grants income		47,011	47,916
Other operating expenses, net		<u>(12,826)</u>	<u>(8,558)</u>
OPERATING PROFIT		<u>254,321</u>	<u>188,749</u>
Finance income		5,391	9,095
Finance costs		(51,725)	(49,632)
Foreign exchange (losses)/gains, net		(2,530)	12,492
Other (expenses)/income		<u>(452)</u>	<u>(625)</u>
OTHER EXPENSES, NET		<u>(49,316)</u>	<u>(28,670)</u>
PROFIT BEFORE TAX		205,005	160,079
Income tax (expense)/benefit		<u>(4,171)</u>	<u>(2,059)</u>
PROFIT FOR THE PERIOD	12	<u>200,834</u>	<u>158,020</u>
<i>Other comprehensive income/(loss)</i>			
Cumulative translation differences		(1,024)	4,197
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>199,810</u>	<u>162,217</u>
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Parent		186,245	150,739
Minority interest		14,589	7,281
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent		185,221	154,936
Minority interest		14,589	7,281
EARNINGS PER SHARE			
Basic and diluted (USD per share):		1.73	1.38

On behalf of the Board

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

(in US Dollars and in thousands)

	Attributable to Equity Holders of the Parent						Total	Non-controlling interest	Total equity
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve	Cumulative translation differences	Retained earnings			
<b>1 January 2010</b>	<b>284,505</b>	<b>-</b>	<b>178,815</b>	<b>18,781</b>	<b>(238,521)</b>	<b>231,044</b>	<b>474,624</b>	<b>19,784</b>	<b>494,408</b>
Profit for the period	-	-	-	-	-	150,739	150,739	7,281	158,020
Other comprehensive income	-	-	-	-	4,197	-	4,197	-	4,197
Total comprehensive income for the period	-	-	-	-	4,197	150,739	154,936	7,281	162,217
Acquisition of treasury shares	-	(40,555)	739	-	-	-	(39,816)	-	(39,816)
<b>30 September 2010</b>	<b>284,505</b>	<b>(40,555)</b>	<b>179,554</b>	<b>18,781</b>	<b>(234,324)</b>	<b>381,783</b>	<b>589,744</b>	<b>27,065</b>	<b>616,809</b>
<b>1 January 2011</b>	<b>284,505</b>	<b>(40,555)</b>	<b>179,565</b>	<b>18,781</b>	<b>(237,751)</b>	<b>436,439</b>	<b>640,984</b>	<b>29,384</b>	<b>670,368</b>
Profit for the period	-	-	-	-	-	186,245	186,245	14,589	200,834
Other comprehensive loss	-	-	-	-	(1,024)	-	(1,024)	-	(1,024)
Total comprehensive income for the period	-	-	-	-	(1,024)	186,245	185,221	14,589	199,810
Dividends paid by subsidiary to non-controlling shareholders	-	-	-	-	-	-	-	(602)	(602)
<b>30 September 2011</b>	<b>284,505</b>	<b>(40,555)</b>	<b>179,565</b>	<b>18,781</b>	<b>(238,775)</b>	<b>622,684</b>	<b>826,205</b>	<b>43,371</b>	<b>869,576</b>

On behalf of the Board

Yuriy Kosyuk/Chief Executive Officer

Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

(in US Dollars and in thousands)

	Nine months ended 30 September	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	205,005	160,079
Adjustments to reconcile profit to net cash provided by operations		
Depreciation and amortization expense	46,510	43,075
Finance costs, net	51,725	49,632
Finance income	(5,391)	(9,095)
Net change in fair value of biological assets and agricultural produce	(60,534)	(30,143)
Foreign exchange losses/(gains), net	2,530	(12,492)
Change in allowance for irrecoverable amounts and direct write-offs	10,424	9,776
	<u>250,269</u>	<u>210,832</u>
Operating profit before working capital changes		
(Increase)/decrease in inventories	(17,342)	24,864
Increase in biological assets	(54,776)	(15,313)
Decrease/(increase) in agricultural produce	11,682	(5,194)
Decrease/(increase) in other current assets	2,856	(1,506)
Decrease/(increase) in taxes recoverable and prepaid	(5,755)	(23,271)
Increase in trade accounts receivable	(6,171)	(13,899)
Increase/(decrease) in other liabilities	5,755	(4,680)
Increase/ (decrease) in trade accounts payable	24,855	(41,856)
	<u>211,373</u>	<u>129,977</u>
Cash generated by operations		
Finance costs paid	(43,944)	(28,340)
Interest received	5,631	8,511
Income tax paid	(3,003)	(1,749)
	<u>170,057</u>	<u>108,399</u>
Net cash generated by operating activities		
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(172,812)	(91,726)
Purchases of other non-current assets	(2,348)	(11,209)
Purchase of land lease rights	(3,559)	-
Purchases of non-current biological assets	(2,213)	(4,054)
Investments in short-term deposits	(23,529)	(4,288)
Withdrawals of short-term deposits	149,602	127,187
Loans provided to employees, net	(717)	(1,040)
	<u>(55,576)</u>	<u>(239,504)</u>
Net cash generated by/(used in) investing activities		

The notes on pages 7 to 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

(in US Dollars and in thousands)

	Nine months ended 30 September	
	2011	2010
<b>FINANCING ACTIVITIES</b>		
Acquisition of treasury shares	-	(46,288)
Proceeds from loans received	91,080	265,742
Repayment of bank loans	(98,881)	(347,833)
Proceeds from corporate bonds issued, at par	-	323,018
Finance lease payments	(16,972)	(14,438)
Repayment of other financing	-	(6,165)
Dividends paid by subsidiary to non-controlling shareholders	(602)	-
	<u>(25,375)</u>	<u>174,036</u>
Net cash used in financing activities		
	<u>(25,375)</u>	<u>174,036</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>89,106</b>	<b>42,931</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>39,321</b>	<b>22,248</b>
	<u>39,321</u>	<u>22,248</u>
Effect of translation to presentation currency and exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	65	(193)
	<u>65</u>	<u>(193)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>128,492</b>	<b>64,986</b>
	<u>128,492</u>	<u>64,986</u>

On behalf of the Board

\_\_\_\_\_  
Yuriy Kosyuk/Chief Executive Officer

\_\_\_\_\_  
Viktoria Kapelyushnaya/Chief Financial Officer

The notes on pages 7 to 16 form an integral part of these condensed consolidated financial statements.

## MHP S.A. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

(in US Dollars and in thousands)

#### 1. DESCRIPTION OF THE BUSINESS

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 PJSC “Myronivsky Hliboproduct” (“MHP”) and its subsidiaries. Hereinafter, MHP S.A. and its subsidiaries are referred to as the “MHP S.A. Group” or the “Group”. The registered address of MHP S.A. is 5, rue Guillaume Kroll, L-1822 Luxembourg.

The principal business activities of the Group are poultry and related operations, grain growing, as well as other agricultural operations (meat processing, cultivation and selling fruits and producing beef and meat products ready for consumption). 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, milk, goose meat, foie gras, fruits and feed grains. During the nine months ended 30 September 2011, the Group employed over 23,000 people.

During the year ended 31 December 2010 the Group substantially increased its agricultural land bank as part of its vertical integration and diversification strategy through acquisitions of land lease rights.

During the year ended 31 December 2010 the Group also commenced construction of the greenfield Vinnytsya poultry complex.

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

The primary subsidiaries and the principal activities of the companies forming the Group as of 30 September 2011 and 31 December 2010 were as follows:

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				30 September 2011	31 December 2010
MHP S.A.	Luxembourg	2006	Holding company	Parent	Parent
Raftan Holding Limited (“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

Operating entity	Country of registration	Year established/ acquired	Principal activity	Effective ownership interest*, %	
				30 September 2011	31 December 2010
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 cultivation	89.9	89.9
Katerynopilsky Elevator	Ukraine	2005	Fodder production and grain storage, sunflower oil production	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 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
Urozhayna Krayina	Ukraine	2010	Fodder grain cultivation	99.9	99.9
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.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. 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 2010. 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 2010 balance sheet 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 condensed consolidated interim 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 September 2011	Average for 9 months ended 30 September 2011	Closing rate as of 31 December 2010	Average for 9 months ended 30 September 2010
UAH/USD	7.9727	7.9626	7.9617	7.9366
UAH/EUR	10.8548	11.2030	10.5731	10.4458

## 3. 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.

**Transactions with related parties under common control** – The Group enters into transactions with related parties in the ordinary course of business for the purchase and sale of goods and services and in relation to the provision of financing arrangements.

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. The terms of the payables and receivables related to trading activities of the Group do not vary significantly from the terms of similar transactions with third parties.

The transactions with the related parties during the nine months ended 30 September 2011 and 30 September 2010 were as follows:

	<b>30 September 2011</b>	<b>30 September 2010</b>
Sales of goods to related parties	7,961	5,195
Sales of services to related parties	58	37
Purchases from related parties	99	160

During the nine months ended 30 September 2011 the Group's sales to related parties mainly consisted of sales of poultry production related products.

The balances owed to and due from related parties were as follows as of 30 September 2011 and 31 December 2010:

	<b>30 September</b>	<b>31 December 2010</b>
Trade accounts receivable	12,391	7,756
Advances received	200	200
Short-term advances, finance aid and promissory notes	2,285	2,304

#### **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 7,202 thousand and USD 13,631 thousand for the nine months ended 30 September 2011 and 2010, respectively.

Total compensation for the nine months ended 30 September 2010 included USD 7,628 thousand (USD 6,484 thousand after-tax value) of bonus paid to one of the key manager of the Group. This bonus has been paid in the form of 455,000 Global Depositary Receipts ("GDRs") representing 0.4% of the issued shares of MHP S.A.

#### **4. PROPERTY, PLANT AND EQUIPMENT, NET**

Capital expenditure during the nine months ended 30 September 2011 related mostly to the construction of Vinnytsya poultry complex. The construction of Vinnytsya poultry complex commenced in 2010 and is being constructed according to the schedule.

During the nine months ended 30 September 2011, the Group's additions to property, plant and equipment amounted to USD 202,936 thousand.

There have been no significant disposals of property, plant and equipment during the nine months ended 30 September 2011.



## 5. BIOLOGICAL ASSETS

Increase in current biological assets is attributable to the increase in crops which was majorly, due to costs incurred in respect to future harvest, reflecting seasonality element inherent in the grain growing segment.

## 6. BANK BORROWINGS

The following table summarizes bank loans and credit lines held by the Group as of 30 September 2011 and 31 December 2010:

Bank	Currency	Weighted average interest rate	30 September 2011	Weighted average interest rate	31 December 2010
Foreign banks	USD	4.90%	60,814	5.52%	78,642
Foreign banks	EUR	3.23%	85,682	3.12%	56,712
Ukrainian banks	USD	5.08%	89,500	6.25%	36,750
Ukrainian banks	UAH		-	7.75%	26,414
<b>Total bank borrowings</b>			<b>235,996</b>		<b>198,518</b>
<i>Less:</i>					
Short-term borrowings and current portion of long-term borrowings			(155,918)		(140,092)
<b>Total long-term bank borrowings</b>			<b>80,078</b>		<b>58,426</b>

The following table summarizes bank loans and credit lines with respect to the type of interests charged held by the Group as of 30 September 2011 and 31 December 2010:

	30 September 2011	31 December 2010
Fixed interest rate	6,009	39,768
Floating interest rate	229,987	158,750
<b>Total</b>	<b>235,996</b>	<b>198,518</b>

Bank loans and credit lines as of 30 September 2011 were repayable as follows:

	30 September 2011		
	Foreign	Ukrainian	Total
Within one year	66,418	89,500	155,918
In the second year	24,645	-	24,645
In the third to fifth year inclusive	41,220	-	41,220
With maturity over five years	14,213	-	14,213
<b>Total</b>	<b>146,496</b>	<b>89,500</b>	<b>235,996</b>

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

	<b>31 December 2010</b>		
	<b>Foreign</b>	<b>Ukrainian</b>	<b>Total</b>
Within one year	76,928	63,164	140,092
In the second year	22,001	-	22,001
In the third to fifth year inclusive	31,377	-	31,377
With maturity over five years	5,048	-	5,048
<b>Total</b>	<b>135,354</b>	<b>63,164</b>	<b>198,518</b>

As of 30 September 2011, the Group had borrowings of USD 39,105 thousand that were secured (31 December 2010: USD 55,751 thousand). These borrowings were secured by property, plant and equipment with the carrying amount of USD 4,803 thousand (31 December 2010: USD 5,247 thousand) and inventories with the carrying amount of USD 48,149 thousand (31 December 2010: USD 62,500 thousand).

As of 30 September 2011, the Group had available borrowings on undrawn facilities totaling USD 262,201 thousand (31 December 2010: USD 168,323 thousand). These undrawn facilities expire until June 2020.

## 7. BONDS ISSUED

Bonds issued and outstanding as of 30 September 2011 and 31 December 2010 were as follows:

	<b>30 September 2011</b>	<b>31 December 2010</b>
10.25% Senior Notes due in 2011	9,967	9,967
10.25% Senior Notes due in 2015	584,767	584,767
Unamortized premium on bonds issued	3,983	4,640
Unamortized debt issue cost	(22,832)	(26,596)
<b>Total</b>	<b>575,885</b>	<b>572,778</b>
Less: Current portion of bonds issued	(9,953)	(9,892)
<b>Total long-term portion of bonds issued</b>	<b>565,932</b>	<b>562,886</b>

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 Vinnytsya and extension of grain growing operations.

## 8. FINANCE LEASE 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 September 2011:

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>30 September 2011</b>	<b>31 December 2010</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
Payable within one year	27,240	28,350	23,565	23,827
Payable in the second year	17,619	18,775	15,569	16,304
Payable in the third to fifth year inclusive	19,575	22,353	18,200	20,684
	<u>64,434</u>	<u>69,478</u>	<u>57,334</u>	<u>60,815</u>
<i>Less:</i>				
Future finance charges	<u>(7,100)</u>	<u>(8,663)</u>	<u>-</u>	
<b>Present value of finance lease obligations</b>	<u><b>57,334</b></u>	<u><b>60,815</b></u>	<u><b>57,334</b></u>	<u><b>60,815</b></u>
<i>Less:</i>				
Current portion			<u>(23,565)</u>	<u>(23,827)</u>
<b>Finance lease obligations, long-term</b>			<u><b>33,769</b></u>	<u><b>36,988</b></u>

## 9. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

**Operating environment** – The principal business activities of the Group are within Ukraine. Emerging markets such as Ukraine are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Ukraine and the Ukraine's economy in general.

Improving situation in external environment and recovering domestic consumption continued to favor Ukraine's economic recovery during the nine months ended 30 September 2011. Industrial production growth has been driven mainly by machine building, with food-processing sector demonstrating moderate growth. Ukrainian economy experienced a 4,2% GDP growth in 2010 and further growth is expected in 2011.

The Ukrainian Hryvnia has been relatively stable during the nine months 2011. During the nine months ended 30 September 2011 EUR strengthened against Ukrainian Hryvnia reflecting global strengthening of EUR against USD.

**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 Ukrainian 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.

In December 2010, the Tax Code of Ukraine was officially published. In its entirety, the Tax Code of Ukraine became effective on 1 January 2011, while some of its provisions took effect

later (such as, Section III dealing with corporate income tax, came into force from 1 April 2011). Apart from changes in CIT rates from 1 April 2011 and planned abandonment of VAT refunds for agricultural industry from 1 January 2018, the Tax Code also changes various other taxation rules.

The Group's management believes the enactment of the Tax Code of Ukraine will not have a significant negative impact on the Group's financial results in the foreseeable future.

**Legal issues** – 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 nine months ended 30 September 2011 and the year ended 31 December 2010, 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 September 2011, purchase commitments on such contracts were primarily related to construction of Vinnytsya poultry complex and amounted to USD 77,142 thousand (31 December 2010: USD 79,746 thousand).

## 10. 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 September 2011 and 31 December 2010 were as follows:

	30 September 2011		31 December 2010	
	USD denominated	EUR denominated	USD denominated	EUR denominated
Total assets	101,314	6,961	104,557	128
Total liabilities	818,286	117,343	754,892	91,083

During the nine months ended 30 September 2011, the official exchange rate of UAH to USD has not changed significantly, and the official exchange rate of UAH to EUR has increased by 2,7%.

## 11. 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:

	Nine months ended 30 September 2011			Consolidated	Nine months ended 30 September 2010			Consolidated
	Poultry and related operations	Grain growing	Other agricultural		Poultry and related operations	Grain growing	Other agricultural	
<b>REVENUES</b>								
Total revenue	746,141	140,824	109,987	996,952	599,216	68,330	75,984	743,530
Inter-segment eliminations	(27,147)	(87,200)	(2,943)	(117,290)	(20,288)	(46,586)	(555)	(67,429)
<b>Sales to external customers</b>	<b>718,994</b>	<b>53,624</b>	<b>107,044</b>	<b>879,662</b>	<b>578,928</b>	<b>21,744</b>	<b>75,429</b>	<b>676,101</b>
<b>Segment results</b>	<b>166,626</b>	<b>101,121</b>	<b>5,696</b>	<b>273,443</b>	<b>172,165</b>	<b>37,538</b>	<b>777</b>	<b>210,480</b>
Unallocated corporate expenses				(19,122)				(21,731)
Other expenses, net				(49,316)				(28,670)
<b>Profit before tax</b>				<b>205,005</b>				<b>160,079</b>
Depreciation and amortization*	36,015	3,037	5,041	<b>44,093</b>	35,355	1,115	4,148	<b>40,618</b>
Effect of fair value adjustments	1,383	58,642	509	<b>60,534</b>	8,239	22,255	(351)	<b>30,143</b>

\*Depreciation and amortization attributable to grain segment for the nine months ended 30 September 2011 amount USD 9,342 thousand (nine months ended 30 September 2010: USD 5,729 thousand).

\*Depreciation and amortization for the nine months ended 30 September 2011 includes unallocated depreciation and amortization in the amount of USD 2,417 thousand (nine months ended 30 September 2010: USD 2,457 thousand).

## 12. PROFIT FOR THE PERIOD

Increase in profit for the period is majorly attributable to the increase in sales prices and sales volume of chicken meet sold during 9 month period ended 30 September 2011.

During 9 month period ended 30 September 2011 Group recognised USD 2,530 thousand of unrealised foreign exchange loss which has adverse effect on profit for the period (9 month period ended 30 September 2010: foreign exchange gain in amount of USD 12,492 thousand). The foreign exchange loss principally arose on EUR-denominated outstanding borrowings, as a result of UAH has depreciated against EUR during the nine month period ended 30 September 2011.

### 13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Nine months ended 30 September	
	2011	2010
Additions of property, plant and equipment under finance leases and vendor financing arrangements	10,401	13,202
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor	43,868	-
Property, plant and equipment purchased for credit	9,685	7,337
Bonuses to key management in form of GDRs	-	6,484

### 14. 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 14 November 2011.