PRESS RELEASE
19 May 2016, Kyiv, Ukraine

MHP S.A.

Unaudited Financial Results for the First Quarter Ended 31 March 2016

MHP S.A. (LSE:MHPC), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and cultivation of grain, today announces its unaudited results for the first quarter ended 31 March 2016.

OPERATIONAL HIGHLIGHTS

Q1 2016 highlights

- Poultry production volumes reached 155,610 tonnes, up by 11% (Q1 2015: 140,370 tonnes)
- The average chicken meat price increased by 17% year-on-year to UAH 29.60 per kg (Q1 2015: UAH 25.35 per kg) (excluding VAT) mainly due to the increased price on the domestic market
- The Company established processing plant in the EU as part of its export strategy
- Chicken meat exports increased by 23% to 31,970 tonnes (Q1 2015: 26,050 tonnes) as a result of increased exports to the MENA countries, the EU and Africa

FINANCIAL HIGHLIGHTS

Q1 2016 highlights

- Revenue of US$ 244 million, increase by 1% year-on-year (Q1 2015: 242 million)
- Export revenue amounted to US$ 115 million, 47% of total revenue (Q1 2015: US$ 102 million, 42% of total revenue)
- Operating profit of US$ 68 million decreased by 37%; operating margin was 28%
- EBITDA margin lowered to 36% from 51%; EBITDA decreased to US$ 89 million from US$ 123 million
- Net loss for the period is US$ 71 million, compared to loss US$ 292 million for Q1 2015, including US$ 107 million (Q1 2015: US$ 394 million) of non-cash foreign exchange translation losses

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q1 2016**	**Q1 2015**	*% change**
Revenue	**244**	**242**	**1%**
IAS 41 standard gains	26	17	53%
Gross profit	**81**	**108**	**-25%**
Gross profit margin	*33%*	*45%*	*-12 pps*
Operating profit**	**68**	**108**	**-37%**
Operating profit margin	*28%*	*45%*	*-17 pps*
EBITDA	**89**	**123**	**-28%**
EBITDA margin	*36%*	*51%*	*-15 pps*
Net loss	**(71)**	**(292)**	**-76%**
Net profit/(loss) margin	*-29%*	*-121%*	*92 pps*

** pps – percentage points*
*** Operating profit before loss on impairment of property, plant and equipment*
Average official FX rate for Q1 2016 UAH/US$25.6537 and for Q1 2015 UAH/US$ 21.1157

Chief Executive Officer, Yuriy Kosyuk, commented:

“In the first quarter MHP has continued to perform strongly despite historically low poultry prices worldwide with an EBITDA margin of 36%.

Since the beginning of the year, we have been developing in line with the Company’s export strategy and opened processing plant in the Netherlands (EU). This is a next logical step in deepening our vertical integration strategy, pursuing the main objective to have a tighter control over the quality of our products and services delivered to end customers.

In line with our production plans we have been launching new rearing sites at the Myronivka and Oril Leader poultry complexes, so that in 2016 MHP will produce around 40,000 tonnes more than in 2015.

We have a clear target to be self-sufficient in hatching eggs by the end of this year.

With our competitive cost base, strong market position in Ukraine and growing presence in export markets, I am optimistic about the Company and its prospects.

Despite the challenging situation in Ukraine, I am confident that we will continue to deliver healthy operational and financial results in 2016 and beyond.”

NEW OPPORTUNITIES

Following the strategy of improvement of export management, during the first quarter of 2016 the Company has established operations in the EU, the Netherlands. This new business approach will assist the Company to increase the level of export service to our distributors/customers as well as better control its export volumes.

The EU opportunities – MHP has established a processing plant in close cooperation with its long-term partner Jan Zandbergen BV in Veenendaal, the Netherlands. For the processing services of chicken products the Company has invested around US$ 3.5 million into two cutting production lines .The enterprise is working in a trial mode now. This cooperation is bringing MHP an opportunity to provide our European customers not only with commodity products, but also packaged ones for food service channels.

MHP’s management will host a conference call for investors and analysts followed by Q&A on the day of the results.

The dial-in details are:

Time:	09.00 New York / 14.00 London / 16.00 Kyiv / 16.00 Moscow
Title:	Financial Results for Q1 2016
International/UK Dial in:	+44 (0) 1452 541003
USA free call:	1866 2540808
Russia free call	8108 002 408 2044
Conference ID	**8851444**

In order to follow the presentation together with the management, please register using the following link:

http://engage.vevent.com/rt/mhp/index.jsp?seid=37

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Segment Performance
Poultry and related operations

	Q1 2016	Q1 2015	% change
Poultry			
Sales volume, third parties tonnes	117,716	113,640	4%
Price per 1 kg net of VAT, UAH	29.60	25.35	17%
Sunflower oil			
Sales volume, third parties tonnes	82,745	66,769	24%
Soybeans oil			
Sales volume, third parties tonnes	8,150	n/a	n/a

Aggregate volume of chicken meat sold to third parties in Q1 2016 increased by 4%. Domestic sales remained relatively flat and constituted 85,746 tonnes (Q1 2015: 87,590 tonnes).

Export sales of Q1 2016 increased by 23% to 31,970 tonnes (Q1 2015: 26,050 tonnes). During the reporting period, in line with export diversification strategy, sales to the MENA countries increased by 74% and by 38% to the EU, at the same time export sales to the CIS region decreased by 30% year-over-year. Since the beginning of 2016 MHP has been introducing its new strategy of control over export volumes, by establishing sales offices in the primary export markets. Sales offices are aimed to build local distribution networks that would build a basis for stable increasing export volumes.

Through the Q1 2016 the aggregate average chicken meat price was UAH 29.60, 17% higher in Hryvnia terms than the corresponding price for Q1 2015. Increase is mainly attributable to the depreciation of local currency during the reporting period as well as due to substantial part of sales denominated in hard currencies. At the same time US$ denominated export price for chicken meat has decreased by almost 13%, in line with global commodity trends.

During Q1 2016, mainly as a result of increase in oil stock as of 31 December 2015 and an increase in production of fodder for chicken, MHP's sales of sunflower oil have increased by 24% compared to Q1 2015 and reached 82,745 tonnes. Volume sales of soybean oil constituted 8,150 tonnes. Soybean extraction plant is working at 50% capacity, covering MHP's needs for fodder production.

(in mln. US$, unless indicated otherwise)	Q1 2016	Q1 2015	*% change**
Revenue	**216**	**195**	**11%**
- Poultry and other	*145*	*142*	*2%*
- Vegetable oil	*71*	*53*	*34%*
IAS 41 standard gains	**29**	**21**	**38%**
Gross profit	**77**	**96**	**-20%**
Gross margin	*36%*	*49%*	*-13 pps*
EBITDA	**80**	**113**	**-29%**
EBITDA margin	*37%*	*58%*	*-21 pps*
EBITDA per 1 kg (net of IAS 41)	*0.43*	*0.81*	*-47%*

** pps – percentage points*

Despite 4% increase in sales volumes of poultry, revenue has increased by 2% as a result of decrease in export prices. As a result of increase in sales of vegetable oil, revenue from poultry and related operations segment for Q1 2016 increased by 11% year-on-year.

Gross profit of the poultry and related operations segment for Q1 2016 decreased by 20% and amounted to US$ 77 million. A decrease is mainly attributable to one-off positive effect on cost of sales from significant Hryvnia devaluation included in and during Q1 2015 as well as due to lower export prices.

EBITDA for the period has decreased mostly in line with decrease in gross profit. Additional negative impact is attributable to the decrease in VAT refunds and other government grants income which have declined in line with overall decrease in gross profit, as well as due to changes in Tax Code of Ukraine that became effective on 1 January 2016.

Grain growing operations

(in mln. US$)	**Q1 2016**	**Q1 2015**	*% change*
Revenue	**2**	**28**	**-93%**
IAS 41 standard gains	(1)	(3)	-67%
Gross profit	-	**9**	-100%
EBITDA	**5**	**9**	**-44%**

Grain growing segment's revenue for Q1 2016 amounted to US$ 2 million compared to US$ 28 million in Q1 2015. Such decrease is attributable to lower amount of crops in stock designated for sale as of 31 December 2015, compared to stock for sale as of 31 December 2014 mainly as a result of lower yields in 2015.

IAS 41 standard loss for Q1 2016 amounted to US$ 1 million. The loss represents the net change in effect of revaluation as a result of decrease of grain in stock due to internal consumption as a result of the harvest cycle and seasonality.

MHP has around 97,000 ha under winter crops, of which 60% is sowed with winter wheat, 23% with winter rapeseeds and 16% with winter barley. The rest is triticale and rye.

Spring sowing campaign is finished with no significant changes in the crops structure.

Total land bank of MHP's grain growing segment constituted 370,000 hectares as of which around 360,000 hectares are going to be harvested in 2016.

Other agricultural operations

Meat processing products	**Q1 2016**	**Q1 2015**	% change
Sales volume, third parties tonnes	8,340	5,280	58%
Price per 1 kg net VAT, UAH	44.91	39.64	13%

Sales volume of meat processing products substantially increased by 58% year-on-year and amounted to 8,340 tonnes in Q1 2016 mainly as a result of new product promotion strategy and advertisement campaign not only for the product range, but also for the brand.

The average processed meat price increased by 13% year-over-year to UAH 44.91 per kg in Q1 2016 mostly due to poultry price increase.

(in mln. US$, except margin data)	Q1 2016	Q1 2015	% change*
Revenue	**26**	**19**	***37%***
- Meat processing	*14*	*11*	*27%*
- Other	*12*	*8*	*50%*
IAS 41 standard gains	**(2)**	**(1)**	***N/A***
Gross profit	**4**	**3**	***33%***
Gross margin	*15%*	*16%*	*-1 pps*
EBITDA	**5**	**2**	***150%***
EBITDA margin	*19%*	*11%*	*8 pps*

** pps – percentage points*

Segment revenue of Q1 2016 increased by 37% year-on-year, in line with the increase in sales volume in meat processing and fruit businesses and amounted to US$ 26 million. Gross profit and EBITDA increased mostly as a result of revenue growth.

Current Group financial position and cash flow

(in mln. US$)	**Q1 2016**	**Q1 2015**
Cash from operations	**47**	**100**
Change in working capital	51	(43)
Net Cash from operating activities	**98**	**57**
Cash used in investing activities	(27)	(46)
Non-cash financing	(2)	(2)
CAPEX	**(29)**	**(48)**
Cash from financing activities	*(44)*	*111*
Incl. Dividends	*(60)*	*-*
Non-cash financing	*2*	*2*
Deposits	-	-
Total financial activities	**(42)**	**113**
Total change in cash	**27**	**122**

Cash flow from operations before changes in working capital for Q1 2016 amounted to US$ 47 million (Q1 2015: US$ 100 million).

Cash from change in working capital during Q1 2016 is mostly related to decreased stock of crops (corn and sunflower) as a result of internal consumption, as well as due to decrease in amount of VAT receivable.

In Q1 2016 total CAPEX amounted to US$ 29 million mainly related to the expansion of Starynska breeding farm as well as rearing sites expansion at Myronivka and Oril Leader poultry complexes.

Debt Structure and Liquidity

(in mln. US$)	**31 March 2016**	**31 December 2015**	**31 March 2015**
Total Debt	**1,306**	**1,279**	**1,314**
LT Debt	1,032	1,016	953
ST Debt	274	263	361
Cash and bank deposits	(81)	(59)	(214)
Net Debt	**1,225**	**1,220**	**1,100**
LTM EBITDA	423	459	572
Net Debt / LTM EBITDA	*2.90*	*2.66*	1.92

As of March 31, 2016, the Company's debt structure remained relatively unchanged compared to 31 December 2015: the share of long-term debt in the total outstanding debt is about 79%. The weighted average interest rate is around 8%.

At the end of Q1 2016, MHP's cash and cash equivalents amounted to US$ 81 million. Net debt increased to US$ 1,225 million, compared to US$ 1,100 million as at 31 March 2015.

The Net Debt / LTM EBITDA ratio was 2.90 as of 31 March 2016, well within the Eurobond covenant limit of 3.0.

As a hedge for currency risks, revenue from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in US Dollars, covering debt service expenses in full. Export revenue for Q1 2016 amounted to US$ 115 million or 47%of total revenue (US$ 102 million or 42% of total sales in Q1 2015).

Dividends

On 16 March 2016, the Board of Directors of MHP S.A. approved a payment of the interim dividend for 2015. During the three-month period ended 31 March 2016, MHP S.A. paid dividend to shareholders in amount of USD 0.7529 per share, equivalent to approximately USD 80,000 thousand.

Outlook

Winter crops are in good conditions that provide the Company with a positive outlook for 2016 harvest of winter wheat and winter rapeseeds.

Our main drivers for the growth in 2016 will be:

- An increase in production volume of chicken meat by around 40,000 tonnes as a result of our capital investments into expansion of Myronivka and Oril Leader poultry complexes (additional rearing sites)
- An increase in export sales of chicken meat across all regions, which is expected to result in around 180,000 tonnes of chicken meat
- An achievement of 100% self-sufficiency in hatching eggs owing to internal production at a breeding farms

We are sure that due to our vertically integrated business model, we will deliver good financial results, supported by significant and growing share of hard currency revenues from our chicken, oils and grain export sales.

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 15 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

Interim condensed consolidated Financial Statements

For the three-month period ended 31 March 2016

CONTENT

MANAGEMENT STATEMENT

To the best of our knowledge, the unaudited interim condensed consolidated financial statements prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

18 May 2016

On behalf of the Board:

Chief Executive Officer	Yuriy Kosyuk
Chief Financial Officer	Viktoria Kapelyushnaya

MANAGEMENT REPORT

Key financial highlights

During the three-month period ended 31 March 2016 consolidated revenue increased slightly by 1% and amounted to USD 244,414 thousand, compared to USD 242,206 thousand for the three-month period ended 31 March 2015. Export sales for the three-month period ended 31 March 2016 constituted 47% of total revenue and amounted to USD 114,477 thousand, compared to USD 102,190 thousand, 42% of total revenue for the three-month period ended 31 March 2015.

Gross profit has decreased by 25% and amounted to USD 80,854 thousand for the three-month period ended 31 March 2016 compared to USD 107,539 thousand for the three-month period ended 31 March 2015. Decrease is mainly attributable to one-off positive effect on cost of sales from significant Hryvnia devaluation included in gross profit for the three-month period ended 31 March 2015.

Operating profit decreased by 37% to USD 67,857 thousand for the three-month period ended 31 March 2016 compared to USD 108,321 thousand for the three-month period ended 31 March 2015. Operating profit margin decreased from 45% for the three-month period ended 31 March 2015 to 27% for the three-month period ended 31 March 2016. Operating profit decreased at a higher rate compared to gross profit mainly as a result of decrease in VAT refunds and other government grants income, which have declined in line with overall decrease in gross profit, as well as due to changes in Tax Code of Ukraine that became effective on 1 January 2016. Government grants income decreased by 61% from USD 13,450 thousand for the three-month period ended 31 March 2015 to USD 5,225 thousand for the three-month period ended 31 March 2016.

Net loss from operations for three-month period ended 31 March 2016 amounted to USD 71,409 thousand compared to net loss of USD 291,692 thousand for the three-month period ended 31 March 2015. Loss is mainly related to unrealized foreign exchange loss on bank borrowings and bonds issued in foreign currency as result of UAH depreciation against USD and EUR during the period ended 31 March 2016.

Dividends

On 16 March 2016, the Board of Directors of MHP S.A. approved a payment of the interim dividend. During the three-month period ended 31 March 2016, MHP S.A. paid dividend to shareholders in amount of USD 0.7529 per share, equivalent to approximately USD 80,000 thousand.

18 May 2016

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Three-month period ended 31 March 2016*	*Three-month period ended 31 March 2015*
Revenue	*3*	244,414	242,206
Net change in fair value of biological assets and agricultural produce	*3, 4*	25,603	16,603
Cost of sales		(189,163)	(151,270)
Gross profit		80,854	107,539
Selling, general and administrative expenses		(18,340)	(16,194)
VAT refunds and other government grants income		5,225	13,450
Other operating expenses		(194)	(190)
Other operating income		312	3,716
Operating profit before loss on impairment of property, plant and equipment		67,857	108,321
Loss on impairment of property, plant and equipment	*6*	(1,336)	-
Operating profit		66,521	108,321
Finance income		178	548
Finance costs:			
Interests and other finance costs		(28,227)	(27,938)
Consent payment related to corporate bonds	*9*	(9,148)	-
Finance costs		(37,375)	(27,938)
Foreign exchange (loss)/gain, net	*12*	(106,876)	(394,474)
Other expenses, net		(1,315)	(585)
Other expenses, net		(145,388)	(422,449)
Loss before tax		(78,867)	(314,128)
Income tax benefit/(expense)	*5*	7,458	22,436
Loss for the period	*4*	(71,409)	(291,692)
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Cumulative translation difference		(36,102)	(263,093)
Effect of revaluation of property, plant and equipment	*6*	139,052	105,413
Items that may be reclassified to profit or loss:			
Deferred tax charged directly to revaluation reserve		(15,928)	(16,334)
Other comprehensive loss for the period		87,022	(174,014)
Total comprehensive loss for the period		15,613	(465,706)
(Loss)/income attributable to:			
Equity holders of the Parent		(72,018)	(292,989)
Non-controlling interests		609	1,297
		(71,409)	(291,692)
Total comprehensive income attributable to:			
Equity holders of the Parent		15,700	(462,456)
Non-controlling interests		(87)	(3,250)
		15,613	(465,706)
Earnings per share			
Basic and diluted loss per share (USD per share)		(0.68)	(2.78)

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 10 to 20 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 31 March 2016

(in thousands of US dollars, unless otherwise indicated)

	Notes	*31 March 2016*	*31 December 2015*
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	1,296,734	1,249,672
Land lease rights		42,328	46,252
Deferred tax assets		5,254	5,740
Non-current biological assets		23,646	23,782
Long-term bank deposits		4,275	4,125
Other non-current assets		6,440	9,241
		1,378,677	1,338,812
Current assets			
Inventories	*7*	241,688	279,028
Biological assets		155,443	139,800
Agricultural produce	*7*	113,704	120,574
Other current assets, net		16,028	27,345
Taxes recoverable and prepaid, net		43,531	72,031
Trade accounts receivable, net		35,869	38,800
Cash and cash equivalents		80,931	59,343
		687,194	736,921
TOTAL ASSETS		2,065,871	2,075,733
EQUITY AND LIABILITIES			
Equity			
Share capital		284,505	284,505
Treasury shares		(56,053)	(56,053)
Additional paid-in capital		178,192	178,192
Revaluation reserve		645,894	567,525
Retained earnings		535,847	645,020
Translation reserve		(1,007,962)	(974,467)
Equity attributable to equity holders of the Parent		580,423	644,722
Non-controlling interests		28,040	28,127
Total equity		608,463	672,849
Non-current liabilities			
Bank borrowings	*8*	295,119	278,131
Bonds issued	*9*	729,601	728,530
Finance lease obligations		7,097	9,595
Deferred tax liabilities		21,135	13,227
		1,052,952	1,029,483
Current liabilities			
Trade accounts payable		36,370	47,669
Other current liabilities		59,591	39,320
Bank borrowings	*8*	260,676	249,057
Accrued interest		34,488	23,328
Finance lease obligations		13,331	14,027
		404,456	373,401
TOTAL LIABILITIES		1,457,408	1,402,884
TOTAL EQUITY AND LIABILITIES		2,065,871	2,075,733

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 10 to 20 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2016	284,505	(56,053)	178,192	567,525	645,020	(974,467)	644,722	28,127	672,849
Profit for the period	-	-	-	-	(72,018)	-	(72,018)	609	(71,409)
Other comprehensive loss	-	-	-	121,213	-	(33,495)	87,718	(696)	87,022
Total comprehensive income for the period	-	-	-	121,213	(72,018)	(33,495)	15,700	(87)	15,613
Transfer from revaluation reserve to retained earnings	-	-	-	(8,868)	8,868	-	-	-	-
Dividends declared by the Parent *(Note 14)*	-	-	-	-	(79,999)	-	(79,999)	-	(79,999)
Translation differences on revaluation reserve *(Note 2)*	-	-	-	(33,976)	33,976	-	-	-	-
Balance as of 31 March 2016	284,505	(56,053)	178,192	645,894	535,847	(1,007,962)	580,423	28,040	608,463

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2015
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2015	284,505	(67,741)	181,982	684,184	509,859	(710,372)	882,417	63,105	945,522
Profit for the period	-	-	-	-	(292,989)	-	(292,989)	1,297	(291,692)
Other comprehensive loss	-	-	-	86,436	-	(255,903)	(169,467)	(4,547)	(174,014)
Total comprehensive income for the period	-	-	-	86,436	(292,989)	(255,903)	(462,456)	(3,250)	(465,706)
Balance as of 31 March 2015	284,505	(67,741)	181,982	770,620	216,870	(966,275)	419,961	59,855	479,816

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

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INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2016	Three-month period ended 31 March 2015
Operating activities			
Loss before tax		(78,867)	(314,128)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	3	20,782	14,916
Net change in fair value of biological assets and agricultural produce	3, 4	(25,603)	(16,603)
Change in allowance for irrecoverable amounts and direct write-offs		(461)	383
Loss/(Gain) on disposal of property, plant and equipment and other non-current assets		1,422	(66)
Loss on impairment of property, plant and equipment	6	1,336	-
Finance income		(178)	(548)
Finance costs:			
Interests and other finance costs		28,227	27,938
Consent payment related to corporate bonds	9	9,148	-
Unrealised foreign exchange loss/(gain), net		106,876	394,474
Operating cash flows before movements in working capital		62,682	106,366
Working capital adjustments			
Change in inventories	7	24,696	(31,156)
Change in biological assets		(15,986)	(20,255)
Change in agricultural produce	7	5,116	17,715
Change in other current assets		9,848	1,151
Change in taxes recoverable and prepaid		23,399	(24,874)
Change in trade accounts receivable		823	7,334
Change in other liabilities		13,685	9,523
Change in trade accounts payable		(11,070)	(2,888)
Cash generated by operations		113,193	62,916
Interest received		307	518
Interest paid		(15,600)	(5,641)
Income taxes paid		(41)	(1,025)
Net cash flows from operating activities		97,859	56,768
Investing activities			
Purchases of property, plant and equipment	6	(24,335)	(45,099)
Purchases of other non-current assets		(208)	(1,110)
Purchase of land lease rights		(665)	(641)
Proceeds from disposals of property, plant and equipment		191	82
Purchases of non-current biological assets		(1,916)	487
Withdrawals of short-term deposits		-	120
Loans (provided to)/repaid by employees and related parties, net		nsent22	(53)
Net cash flows used in investing activities		(26,911)	(46,214)
Financing activities			
Proceeds from bank borrowings		99,506	193,503
Repayment of bank borrowings		(71,346)	(78,086)
Repayment of finance lease obligations		(3,387)	(4,445)
Dividends paid		(60,045)	-
Consent payment related to corporate bonds	9	(9,148)	-
Net cash flows from financing activities		(44,420)	110,972
Net increase/(decrease) in cash and cash equivalents		26,528	121,526
Net foreign exchange difference		(4,940)	(6,856)
Cash and cash equivalents at 1 January		59,343	99,628
Cash and cash equivalents at 31 March		80,931	214,298

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(continued)*
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

Non-cash transactions		
Effect of revaluation of property, plant and equipment	139,052	105,413
Additions of property, plant and equipment under finance leases	-	84
Property, plant and equipment purchased for credit	2,496	1,909

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2016

(in thousands of US dollars, unless otherwise indicated)

1. Corporate information

MHP S.A. (the "Parent" or "MHP S.A."), a limited liability company (société anonyme) registered under the laws of Luxembourg, was formed on 30 May 2006. MHP S.A. 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-1882 Luxembourg.

The controlling shareholder of MHP S.A. is Mr. Yuriy Kosyuk ("Principal Shareholder"), who owns 100% of the shares of WTI Trading Limited ("WTI"), which is the immediate majority shareholder of MHP S.A.

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, vegetable 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 three-month period ended 31 March 2016 the Group employed about 31,500 people (31 December 2015: 30,900 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 31 March 2016 and 31 December 2015 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*31 March 2016*	*31 December 2015*
Raftan Holding Limited	Cyprus	2006	Sub-holding Company	100.0%	100.0%
Larontas Limited	Cyprus	2015	Sub-holding Company	100.0%	100.0%
MHP	Ukraine	1998	Management, marketing and sales	99.9%	99.9%
Myronivsky Zavod po Vygotovlennyu Krup i Kombikormiv	Ukraine	1998	Fodder and sunflower oil production	88.5%	88.5%
Vinnytska Ptahofabryka	Ukraine	2011	Chicken farm	99.9%	99.9%
Peremoga Nova	Ukraine	1999	Chicken farm	99.9%	99.9%
Druzhba Narodiv Nova	Ukraine	2002	Chicken farm	100.0%	100.0%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Tavriysky Kombikormovy Zavod	Ukraine	2004	Fodder production	99.9%	99.9%
Myronivska Ptahofabryka	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptahofabryka	Ukraine	2003	Breeder farm	95.0%	95.0%
Ptahofabryka Snyatynska Nova	Ukraine	2005	Geese breeder farm	99.9%	99.9%
Zernoproduct	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerynopilsky Elevator	Ukraine	2005	Fodder production and grain storage, sunflower oil production	99.9%	99.9%
Druzhba Narodiv	Ukraine	2006	Cattle breeding, plant cultivation	99.9%	99.9%
NPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	86.1%	86.1%
Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
AgroKryazh	Ukraine	2013	Grain cultivation	99.9%	99.9%
Baryshevka	Ukraine	2013	Grain cultivation	51.0%	51.0%
Scylla Capital Limited	British Virgin Islands	2014	Trading in sunflower oil and poultry meat	100.0%	100.0%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2016

(in thousands of US dollars, unless otherwise indicated)

1. Corporate information *(continued)*

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

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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 the results to be expected for the full year.

The 31 December 2015 statement of financial position was derived from the audited consolidated financial statements.

Adoption of new and revised International Financial Reporting Standards

The adoption of the new or revised Standards did not have any effect on the financial position or performance of the Group and did not result in any changes to the Group's accounting policies and the amounts reported in the three-month period ended 31 March 2016 or prior periods.

Functional and presentation currencies

The functional currency of Ukrainian, Cyprus, British Virgin Islands and Luxemburg companies of the Group is the Ukrainian Hryvnia ("UAH"); the functional currency of the Group companies located in the Russian Federation is the Russian Rouble ("RUB"). Transactions in currencies other than the functional currency of the entities concerned 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 reporting date. All realized and unrealized gains and losses arising on exchange differences are recognised in the consolidated statement of comprehensive income for the period.

These interim condensed 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.

For practical reasons, the Group translates items of income and expenses for each period presented in the financial statements using the quarterly average rates of exchange, if such translations reasonably approximate the results translated at exchange rates prevailing at the dates of the transactions.

The following exchange rates were used:

Currency	*Closing rate as of 31 March 2016*	*Average for three months ended 31 March 2016*	*Closing rate as of 31 December 2015*	*Average for three months ended 31 March 2015*	*Closing rate as of 31 December 2014*
UAH/USD	26.2181	25.6537	24.0007	21.1157	15.7686
UAH/EUR	29.6893	28.2764	26.2231	23.7893	19.2329
UAH/RUB	0.3878	0.3448	0.3293	0.3414	0.3030

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016
(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies *(continued)*

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

Change in accounting policy

During the year ended 31 December 2015 the Group voluntary changed its accounting policy regarding the translation of the revaluation reserve in the consolidated statement of financial position.

Revaluation reserve had previously been translated to presentation currency ("USD") using historical rates (the rate on the dates of respective revaluation). In the current reporting period, the Group decided to change it's accounting policy and revaluation reserve was translated into presentation currency using the closing rate as of reporting date. The effect of the translation difference on the revaluation reserve is recognised within retained earnings in equity component of the consolidated statement of financial position.

The Group's management believes that this change in the accounting policy will result in the financial statements providing more relevant and reliable information about the cumulative effect of revaluation on property, plant and equipment relative to the carrying amount of these assets which are also translated into presentation currency using closing rate.

The change in accounting policies had no effect on earnings per share and on consolidated statement of comprehensive income and on the consolidated statement of cash flows either in the current or previous periods.

As the Group moved to revaluation model for major groups of property, plant and equipment during the year ended 31 December 2014, the amount of the adjustment relating to periods before those presented was insignificant.

Seasonality of operations

Poultry and related operations as well as other agricultural operations are not significantly exposed to seasonal fluctuations.

Grain growing segment, due to seasonality and implications of IAS 41, in the first half of the year mainly reflects sales of carried forward agricultural produce and the effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and the effect of revaluation of agricultural produce harvested during the year. Also, grain growing segment has seasonal requirements for working capital increase during November – to May, due to the sowing campaign.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016
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3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2016:

	Poultry and related operations	*Grain growing*	*Other agricultural operations*	*Eliminations*	*Consolidated*
External sales	216,255	2,126	26,033	-	244,414
Sales between business segments	5,822	29,860	85	(35,767)	-
Total revenue	222,077	31,986	26,118	(35,767)	244,414
Segment results	66,795	(189)	3,286	-	69,892
Unallocated corporate expenses					(2,035)
Loss on impairment of property, plant and equipment (Note 6)					(1,336)
Other expenses, net					(145,388)
Profit before tax					(78,867)
Other information:					
Depreciation and amortization expense [1)]	13,445	5,008	1,646	-	20,099
Net change in fair value of biological assets and agricultural produce (Note 4)	29,321	(1,593)	(2,125)	-	25,603

[1)] Depreciation and amortization for the three-month period ended 31 March 2016 does not include unallocated depreciation and amortization in the amount of USD 683 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2015:

	Poultry and related operations	*Grain growing*	*Other agricultural operations*	*Eliminations*	*Consolidated*
External sales	195,039	28,036	19,131	-	242,206
Sales between business segments	4,632	18,198	571	(23,401)	-
Total revenue	199,671	46,234	19,702	(23,401)	242,206
Segment results	99,937	8,890	1,272	-	110,099
Unallocated corporate expenses					(1,778)
Other expenses, net					(422,449)
Profit before tax					(314,128)
Other information:					
Depreciation and amortization expense [1)]	13,337	202	1,170	-	14,709
Net change in fair value of biological assets and agricultural produce	20,955	(3,199)	(1,153)	-	16,603

[1)] Depreciation and amortization for the three-month period ended 31 March 2015 does not include unallocated depreciation and amortization in the amount of USD 207 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016
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4. Loss for the period

The Group's gross profit for the three-month period ended 31 March 2016 decreased compared to the three-month period ended 31 March 2015 and amounted to USD 80,854 thousand and USD 107,539 thousand respectively. Decrease is mainly attributed to one-off positive effect on cost of sales from significant Hryvnia devaluation included in gross profit for the three-month period ended 31 March 2015.

Operating profit decreased at a higher rate compared to decrease in gross profit mainly as a result of decrease in VAT refunds and other government grants income, which have declined in line with overall decrease in gross profit, as well as due to changes in Tax Code of Ukraine that became effective on 1 January 2016.

Net change in fair value, reflects IAS 41 adjustment relating to revaluation of poultry and breeder stock and other biological assets balances to the fair value as of 31 March 2016 as well as revaluation of agricultural produce to the fair value at the date of harvest.

The Group's net loss for the three-month period ended 31 March 2016 constituted USD 71,409 thousand mostly attributable to unrealized foreign exchange loss of USD 106,876 mainly attributable to bonds and bank borrowings as result of UAH depreciation against USD and EUR.

5. Income tax benefit/(expense)

The Group has recognised income tax benefit in the amount of USD 7,458 thousand mainly as a result of recognition of deferred tax assets arising from tax losses carried forward to the extent of deferred tax liabilities recognised on revaluation of property plant and equipment (Note 6). The effect of recognition of deferred tax liabilities on revaluation of property, plant and equipment was recognised as other comprehensive loss.

6. Property, plant and equipment

During the period ended 31 March 2016 the Group engaged independent appraiser to determine fair value of its Grain storage facilities, Vehicles and agricultural machinery, Utilities and infrastructure, Auxillary and other machinery as of 31 March 2016. The valuation, which conformed to the International Valuation Standards, was determined using market comparable approach adjusted based on age and condition of the machinery or for items of specialized nature replacement cost method. The excess of fair value over carrying value in the amount of USD 139,052 thousand was recognised in revaluation reserve. The excess of carrying value over fair value in the amount of USD 1,336 thousand was recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

During the three-month period ended 31 March 2016, the Group's additions to property, plant and equipment amounted to USD 26,831 thousand (three-month period ended 31 March 2015: USD 46,363 thousand).

There were no significant disposals of property, plant and equipment during the three-month period ended 31 March 2016.

7. Inventories and agricultural produce

Decrease in inventory and agricultural produce balances as of 31 March 2016 compared to 31 December 2015 is mainly attributable to internal consumption of corn and sunflower for chicken feed, partly offset by costs incurred by grain growing entities in respect of forthcoming spring sowing campaign.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

8. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 31 March 2016 and 31 December 2015:

		31 March 2016		*31 December 2015*	
Bank	*Currency*	*WAIR* [1)]	*USD' 000*	*WAIR* [1)]	*USD' 000*
Non-current					
Foreign banks	USD	8.20%	258,235	7.87%	234,463
Foreign banks	EUR	1.51%	36,884	1.49%	43,668
			295,119		278,131
Current					
Ukrainian banks	USD	7.09%	73,653	7.03%	50,985
Foreign banks	USD	6.69%	85,000	6.43%	90,000
Current portion of long-term bank borrowings			102,023		108,072
			260,676		249,057
Total bank borrowings			555,795		527,188

[1)] WAIR represents the weighted average interest rate on outstanding borrowings.

The Group's borrowings are drawn from various banks as term loans, credit line facilities and overdrafts. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. The interest on the borrowings drawn with the Ukrainian banks is payable on a monthly or quarterly basis. Interest on borrowings drawn with foreign banks is payable semi-annually.

All bank loans and credit lines held by the Group as of 31 March 2016 and 31 December 2015 bear the floating interest rates.

Bank borrowings and credit lines outstanding as of as of 31 March 2016 and 31 December 2015 were repayable as follows:

	31 March 2016	*31 December 2015*
Within one year	260,676	249,057
In the second year	95,411	97,952
In the third to fifth year inclusive	185,258	164,979
After five years	14,450	15,200
	555,795	527,188

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8. Bank borrowings *(continued)*

As of 31 March 2016, the Group had available undrawn facilities of USD 61,682 thousand (31 December 2015: USD 84,774 thousand). These undrawn facilities expire during the period from January 2016 until July 2020.

The Group, as well as particular subsidiaries of the Group have to comply with certain covenants imposed by the banks providing the loans. The main covenants which are to be complied with by the Group are liability to equity; net debt to EBITDA ratio; EBITDA to interest expenses ratio; and current ratio. The Group subsidiaries are also required to obtain approval from lenders regarding property to be used as collateral.

As of 31 March 2016 the Group had borrowings of USD 85,000 that were secured. These borrowings were secured by inventories with a carrying amount of USD 106,250 thousand.

9. Bonds issued

Bonds issued and outstanding as of 31 March 2016 and 31 December 2015 were as follows:

	31 March 2016	*31 December 2015*
8.25% Senior Notes due in 2020	750,000	750,000
Unamortized debt issue cost	(20,399)	(21,470)
Total long-term portion of bonds issued	729,601	728,530

As of 31 March 2016 and 31 December 2015 amount of accrued interest on bonds issued was USD 30,594 thousand and USD 15,125 thousand, respectively.

8.25% Senior Notes

On 8 April 2013, MHP S.A. issued USD 750,000 thousand 8.25% Senior Notes due in 2020 at an issue price of 100% of the principal amount. USD 350,000 thousand out of issued USD 750,000 thousand 8.25% Senior Notes were used to early redemption and exchange of its existed 10.25% Senior Notes due in 2015.

Early redemption of 10.25% Senior Notes due in 2015 out of issue of 8.25% Senior Notes due in 2020 placed with the same holders and the change in the net present value of the future cash flows was less than 10% is accounted as exchange and all the related expenses, including consent fees, were capitalized and will be amortized over the maturity period of the 8.25% Senior Notes due in 2020 in the amount of USD 28,293 thousand.

Otherwise related expenses, including consent fees, in the amount of USD 16,515 thousand were expensed as incurred.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP, Druzhba Narodiv, Druzhba Narodiv Nova, Myronivsky Zavod po Vygotovlennyu Krup i Kombikormiv, Oril-Leader, Katerynopilsky Elevator, Ptahofabryka Peremoga Nova, Zernoproduct, Myronivska Ptahofabryka, Starynska Ptahofabryka, Ptahofabryka Shahtarska Nova, Agrofort, NPF Urozhay, Vinnytska Ptahofabryka, Raftan Holding Limited, Scylla Capital Limited.

Interest on the Senior Notes is payable semi-annually in arrears. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indebtedness agreement, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, all outstanding Senior Notes will become due and payable without further action or notice. If a change of control occurs the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Consent solicitation

On 7 March 2016, the Group has received consent from the holders of the outstanding USD 750,000 thousand 8.25% Senior Notes for certain proposed amendments to the Indenture and the Notes. Amendments were obtained before the Consent Expiration Date (7 March 2016). The Amendments were implemented by way of execution of the Supplemental Indenture on March 8, 2016, and became effective from the Consent Settlement Date (9 March 2016).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

9. Bonds issued *(continued)*

Consent solicitation (continued)

In relation to the Notes, the Company has, on the Consent Settlement Date, paid to those Holders from whom valid Consents in favour of the Amendments were validly delivered and not revoked on or prior to the Consent Expiration Date and which Consents are accepted by the Company the Consent Payment of U.S.$12.50 for each U.S.$1,000 in principal amount of the Notes that were subject of the relevant Electronic Instructions.

During the periods ended 31 March 2016 and 31 December 2015 the Group has complied with all covenants defined by indebtedness agreement.

The weighted average effective interest rate on the Senior Notes is 9.29% per annum and 9.29% per annum for the three months ended 31 March 2016 and 2015, respectively.

10. 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 that are under common control of the Principal Shareholder of the Group (Note 1) in the ordinary course of business for the purchase and sale of goods and services.

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

Transactions with related parties during the three-month periods ended 31 March 2016 and 2015 were as follows:

	2016	*2015*
Sales of goods to related parties	-	127
Purchases from related parties	47	13

The balances owed to and due from related parties were as follows as of 31 March 2016 and 31 December 2015:

	31 March 2016	*31 December 2015*
Trade accounts receivable	117	173
Payables due to related party	41	10
Payables for dividends declared, included in *Other current liabilities*	15,155	-
Advances and finance aid	1,049	1,228

Compensation of key management personnel

Total compensation of the Group's key management personnel (including compensation to Mr. Yuriy Kosyuk), which consists of contractual salary and performance bonuses amounted to USD 953 thousand and USD 749 thousand for the three-month periods ended 31 March 2016 and 2015, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

11. Contingencies and contractual commitments

Operating environment

During 2015, the Ukrainian economy was going through a recession, an annual inflation rate reached 43.0%. Unfavorable conditions on markets where Ukraine's primary commodities where traded had negative impact on devaluation of the Ukrainian Hryvnia against major foreign currencies. During the period ended 31 March 2016 Ukrainian hryvnia further devaluated 12.5% in comparison to the end of 2015. Nevertheless economy showed first signs of stabilization during reporting period with inflation rate slowing down to 30.8% on annual basis and industrial production increasing in February for the first time since 2012.

The National Bank of Ukraine (the "NBU") maintained its range of measures aimed at limiting the outflow of foreign currency from the country, inter alia, a mandatory sale of foreign currency earnings, certain restrictions on purchases of foreign currencies on the interbank market and on usage of foreign currencies for settlement purposes, limitations on remittances abroad.

In 2015, the Government of Ukraine agreed with the IMF a four-year program for USD 17,500 million loan aimed at supporting the economic stabilization of Ukraine. The program defines economic reforms that must be undertaken by the Government of Ukraine to reinstate a sustainable economic growth in the mid-term perspective. During the reporting period cooperation with IMF effectively was put on hold since laws required by the program could not be passed in the Parliament due to break up of ruling coalition. IMF showed its readiness to continue the program with the appointment of new government.

During the period ended 31 March 2016, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions.

Political and economic relationships between Ukraine and the Russian Federation further deteriorated. On 1 January 2016, a free-trade element of Ukraine's association agreement with the European Union is coming into force. In late 2015, the Russian Federation denounced the free trade zone agreement with Ukraine and further trade and transit restrictions were announced by both countries. This led to a significant reduction in trade and economic cooperation between countries and undermined the ability to export goods from Ukraine to Central Asia countries.

Stabilization of the economic and political situation depends, to a large extent, upon the ability of the Ukrainian Government to continue reforms and the efforts of the NBU to further stabilize the banking sector, as well as upon the ability of the Ukrainian economy in general to respond adequately to changing markets. Nevertheless, further economic and political developments, as well as the impact of the above factors on the Group, its customers, and contractors are currently difficult to predict.

As of the date of this report, the Group's facilities throughout all regions of Ukraine continued to operate normally until the date of authorization of the report for issue.

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 fines. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and fines, 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.

On 24 December 2015, the Law "On amending the Tax Code of Ukraine and certain legislative acts of Ukraine in terms of ensuring the balanced budget receipts in 2016" was adopted effective 1 January 2016. In accordance with the new legislation, agricultural producers will be entitled to retain only a portion of VAT on agricultural operations. Producers of grain and industrial crops, cattle and dairy producers, poultry and other agriculture producers shall retain VAT in a portion of 15%, 80% and 50%, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

11. Contingencies and contractual commitments *(continued)*

Taxation *(continued)*

Management believes that the Group has been in compliance with all requirements of effective tax legislation and currently is assessing the possible impact of the introduced amendments.

Starting from 1 September 2013 the Tax Code of Ukraine introduced new, based on the OECD transfer pricing guidelines, rules for determining and applying fair market prices, which significantly changed transfer pricing ("TP") regulations in Ukraine.

The Group exports Vegetable oil, Chicken meat and related products, performs intercompany transactions, which may potentially be in the scope of the new Ukrainian TP regulations. The Group has submitted the controlled transaction report for the year ended 31 December 2015 within the required deadline, and has prepared all necessary documentation on controlled transactions for the year ended 31 December 2015 as required by legislation.

Legal issues

In the ordinary course of business, the Group is subject to legal actions and complaints. As of 31 March 2016, Group companies had ongoing litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. According to the assessment performed by the management of the Group on a case by case basis the maximum exposure of the Group to such risks as of 31 March 2016 amounted to USD 9,592 thousand (31 December 2015: USD 13,479 thousand). Out of this amount, USD 6,577 thousand (31 December 2015: USD 5,784 thousand) relates to cases where court hearings took place and where the court in either the first or second instance has already ruled in favour of the Group. Based on past history of court resolutions of similar lawsuits management believes that possible exposure relating to these court cases amounts to approximately USD 384 thousand as of 31 March 2016 (31 December 2015: USD 488 thousand).

Contractual commitments on purchase of property, plant and equipment

During the three-month period ended 31 March 2016, 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 2016, purchase commitments on such contracts were primarily related to the expansion of Starynska breeding farm as well as rearing sites expansion on Myronivka and Oril Leader poultry farms and amounted to USD 8,594 thousand (31 December 2015: USD 13,312 thousand).

12. Risk management policy

During the three-month period ended 31 March 2016 there were no changes to objectives, policies and processes for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure, Group management sets limits on the level of exposure to foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 31 March 2016 and 31 December 2015 were as follows:

	31 March 2016		*31 December 2015*	
	USD	*EUR*	*USD*	*EUR*
Total assets	72,793	8,032	53,211	9,961
Total liabilities	1,326,350	83,659	1,223,408	90,012

The table below details the Group's sensitivity to strengthening of the Ukrainian Hryvnia against USD and EUR. This sensitivity range 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 possible change in foreign currency rates.

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for the three-month period ended 31 March 2016
(in thousands of US dollars, unless otherwise indicated)

12. Risk management policy *(continued)*

	Change in foreign currency exchange rates	*Effect on profit before tax*
three-month period ended 31 March 2016		
Increase in USD exchange rate	10%	(125,356)
Increase in EUR exchange rate	10%	(7,563)
Decrease in USD exchange rate	5%	62,678
Decrease in EUR exchange rate	5%	3,781
three-month period ended 31 March 2015		
Increase in USD exchange rate	10%	(107,562)
Increase in EUR exchange rate	10%	(10,507)
Decrease in USD exchange rate	5%	53,781
Decrease in EUR exchange rate	5%	5,254

The effect of foreign currency sensitivity on shareholders' equity is equal to that reported in the interim condensed consolidated statement of comprehensive income.

During the three-month period ended 31 March 2016, the Ukrainian Hryvnia depreciated against the EUR and USD by 11.7% and 8.5% respectively (three-month period ended 31 March 2015: depreciated against the EUR by 24.4% and by 32.7% against the USD). As a result, during the three-month period ended 31 March 2016 the Group recognised net foreign exchange loss in the amount of USD 106,876 thousand (three-month period ended 31 March 2015: foreign exchange loss in the amount of USD 394,474 thousand) in the consolidated statement of comprehensive income.

13. Dividends

On 16 March 2016, the Board of Directors of MHP S.A. approved a payment of the interim dividend. During the three-month period ended 31 March 2016, MHP S.A. paid dividend to shareholders in amount of USD 0.7529 per share, equivalent to approximately USD 80,000 thousand.

14. Subsequent events

There are no subsequent events to mention.

15. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP S.A. on 18 May 2016.