

PRESS RELEASE

17 August 2016, Kyiv, Ukraine

MHP S.A.

Unaudited Financial Results for the Second Quarter and Six Months Ended 30 June 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 six month and second quarter ended 30 June 2016.

OPERATIONAL HIGHLIGHTS

Q2 2016 highlights

- Poultry production volumes reached 149,935 tonnes, up by 9% (Q2 2015: 138,050 tonnes)
- The average chicken meat price increased by 5% year-on-year to UAH 29.2 per kg (Q2 2015: UAH 27.73 per kg) (excluding VAT)
- Chicken meat exports increased by 36% to 54,400 tonnes (Q2 2015: 39,960 tonnes) as a result of increased exports to the MENA countries, the EU and Africa

H1 2016 highlights

- Poultry production volumes reached 305,540 tonnes, up by 10% (H1 2015: 278,430 tonnes)
- The average chicken meat price increased by 10% year-on-year to UAH 29.43 per kg (H1 2015: UAH 26.65 per kg) (excluding VAT)
- Chicken meat exports increased by 31% to 86,370 tonnes (H1 2015: 66,020 tonnes) as a result of increased exports to the MENA countries, the EU and Africa
- The Company established a processing plant in the EU as part of its export strategy

FINANCIAL HIGHLIGHTS

Q2 2016 highlights

- Revenue of US\$ 286 million, a 7% decrease year-on-year (Q2 2015: US\$ 309 million) as a result of low sales of grains compared to the same period last year
- Export revenue amounted to US\$ 140 million, 49% of total revenue (Q2 2015: US\$ 139 million, 45% of total revenue)
- Operating profit of US\$ 123 million decreased by 3%; operating margin was 43% (Q2 2015: 41%)
- EBITDA margin increased to 51% from 48%; EBITDA slightly decreased to US\$ 146 million from US\$ 147 million
- Net profit for the period is US\$ 165 million, compared to US\$ 231 million for Q2 2015, including US\$ 70 million (Q2 2015: US\$ 140 million) of non-cash foreign exchange translation gains

H1 2016 highlights

- Revenue of US\$ 530 million, a 4% decrease year-on-year (H1 2015: US\$ 551 million) as a result of low sales of grains compared to the same period last year
- Export revenue amounted to US\$ 254 million, 48% of total revenue (H1 2015: US\$ 241 million, 44% of total revenue)
- Operating profit of US\$ 191 million decreased by 19%; operating margin was 36% (H1 2015: 43%)
- EBITDA margin decreased to 44% from 49%; EBITDA decreased to US\$ 235 million from US\$ 270 million
- Net profit for the period is US\$ 94 million, compared to a loss of US\$ 61 million for H1 2015, including US\$ 37 million (H1 2015: US\$ 254 million) of non-cash foreign exchange translation loss

FINANCIAL OVERVIEW

<i>(in mln. US\$, unless indicated otherwise)</i>	Q2 2016	Q2 2015	% change*	H1 2016	H1 2015	% change*
Revenue	286	309	-7%	530	551	-4%
IAS 41 standard gains	70	33	112%	96	50	92%
Gross profit	142	137	4%	223	245	-9%
Gross profit margin	50%	44%	6 pps	42%	44%	-2 pps
Operating profit	123	127	-3%	191	235	-19%
Operating profit margin	43%	41%	2 pps	36%	43%	-7 pps
EBITDA	146	147	-1%	235	270	-13%
EBITDA margin	51%	48%	3 pps	44%	49%	-5 pps
Net profit before foreign exchange	95	91	4%	131	193	-32%
Net profit margin before forex	33%	29%	4 pps	25%	35%	-10 pps
Foreign exchange gain/(loss)	70	140	n/a	(37)	(254)	n/a
Net profit	165	231	-29%	94	(61)	254%
Net profit margin	58%	75%	-17 pps	18%	-11%	29 pps

* pps – percentage points

** Operating profit before loss on impairment of property, plant and equipment

Average official FX rate for Q2: UAH/US\$ 25.2618 in 2016 and UAH/US\$ 21.6115 in 2015

Average official FX rate for H1: UAH/US\$ 25.4578 in 2016 and UAH/US\$ 21.3649 in 2015

Chief Executive Officer, Yuriy Kosyuk, commented:

“Despite the ongoing challenging situation in Ukraine, the Company gradually continues to develop as planned.

Our poultry division expanded as forecast totally in line with plans, and is expected to grow in volume further in the second half of the year.

As promised to our investors, as well as following its strategy of tight cost control, MHP once again became self-sufficient in hatching eggs replacing imports with internal production at our expanded and reconstructed breeding farms.

We are pleased that, due to the strong management team and “right” weather, our crop yields are stronger than previously and, as usual, significantly higher than Ukraine’s average.

We continue to increase our presence internationally building strong relationship with our partners overseas, at the same time growing both geographically and in volume.

I believe the delivery of these results in such difficult conditions provide further validation of MHP’s unique vertically integrated business model. This will continue to be a strong driver of the Company’s continuing growth and development, with strong operational and financial performance expected to continue in the second half of 2016 and beyond.”

DIVIDENDS

On 16 March 2016, the Board of Directors of MHP S.A. approved payment of the interim dividend for 2015. During the six month period ended 30 June 2016, MHP S.A. paid a dividend to shareholders of US\$ 0.7529 per share, equivalent to approximately US\$ 80 million.

CHAIRMAN RESIGNATION/APPOINTMENT

On 19 July, 2016, Mr. Charles Adriaenssen, Chairman of the Board of Directors of MHP S.A. and Chairman of the Nomination and Remuneration Committee, resigned for family reasons. Dr. John Rich has been named interim Chairman of the Board of Directors of MHP S.A. and Chairman of the Nomination and Remuneration Committee. The Board has begun a search for a permanent successor to Mr. Adriaenssen.

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

Time: 09.00 New York / 14.00 London / 16.00 Kyiv / 16.00 Moscow

Title: Financial Results for Q2 and H1 2016

International/UK Dial in: +44 (0) 1452 555566

USA free call: 1866 9669439

Russia free call 8108 002 097 2044

Conference ID **58972427**

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=42>

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Segment Performance
Poultry and related operations

	Q2 2016	Q2 2015	% change	H1 2016	H1 2015	% change
Poultry						
Sales volume, third parties tonnes	148,869	143,780	4%	266,585	257,420	4%
Price per 1 kg net of VAT, UAH	29.20	27.73	5%	29.43	26.65	10%
Sunflower oil						
Sales volume, third parties tonnes	81,685	79,030	3%	164,430	145,800	13%
Soybeans oil						
Sales volume, third parties tonnes	5,640	5,100	11%	14,030	5,100	175%

As a result of increased production, the aggregate volume of chicken meat sold to third parties increased by 4% in Q2 2016 and H1 2016. Export sales in Q2 2016 increased by 36% to 54,400 tonnes (Q2 2015: 39,960 tonnes). As a result of higher export share, domestic sales decreased slightly and constituted 94,469 tonnes in Q2 2016 (Q2 2015: 103,820 tonnes). In H1 2016 poultry exports increased by 31% to 86,370 tonnes (H1 2015: 66,020 tonnes). During H1 2016, in line with our export diversification strategy, sales to Middle East countries increased by 50%, to the EU by 26%, and to Africa by 6 times year-over-year.

Through Q2 2016 and H1 2016 the aggregate average chicken meat price was UAH 29.2 and UAH 29.43, respectively 5% and 10% higher compared to Q2 2015 and H1 2015 in Hryvnia terms. The increase is mainly attributable to depreciation of the local currency during the reporting period as well as a substantial part of sales being denominated in hard currencies. At the same time, the US\$ denominated export price for chicken meat decreased in H1 2016 by 17% compared to H1 2015, in line with global commodity trends.

During H1 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 increased by 7% compared to H1 2015 and reached 164,430 tonnes.

<i>(in mln. US\$, unless indicated otherwise)</i>	Q2 2016	Q2 2015	% change*	H1 2016	H1 2015	% change*
Revenue	256	257	0%	472	452	4%
- Poultry and other	188	196	-4%	332	338	-2%
- Vegetable oil	69	61	13%	140	114	23%
IAS 41 standard gains	(6)	(1)	500%	23	20	15%
Gross profit	56	79	29%	133	175	-24%
Gross margin	22%	31%	-9 pps	28%	39%	-11 pps
EBITDA	59	93	-37%	139	206	-33%
EBITDA margin	23%	36%	-13 pps	29%	46%	-17 pps
EBITDA per 1 kg (net of IAS 41)	0.44	0.65	-32%	0.44	0.72	-39%

* pps – percentage points

Despite a 4% increase in sales volumes of poultry, revenue decreased by 4% as a result of the decrease in export prices. Due to increased sales of vegetable oil, revenue from poultry and related operations segment for H1 2016 increased by 4% and remained flat in Q2 2016 year-on-year.

Gross profit of the poultry and related operations segment in H1 2016 decreased by 24% and amounted to US\$ 133 million. The decrease is mainly attributable to a one-off positive effect on cost of sales from significant Hryvnia devaluation included in and during Q2 2015 and H1 2015 as well as due to lower export prices.

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

Grain growing operations

In 2016, MHP is to harvest around 355,000 hectares of land in Ukraine.

The Company's harvesting campaign of rapeseeds, barley and wheat is fulfilled, so that winter crops are harvested with record harvest yields in crops both for MHP and Ukraine. Current (bunker) MHP's yields are as follows: rapeseeds 3.6 t/ha, barley 6.0 t/ha, winter wheat 6.6 t/ha.

Spring crops (corn, soybeans and sunflower) are in good condition.

<i>(in mln. US unless indicated otherwise)</i>	H1 2016	H1 2015	% change
Revenue	3	52	-94%
IAS 41 standard gains	76	31	145%
Gross profit	82	63	30%
EBITDA	90	62	45%

Grain growing segment's revenue for H1 2016 amounted to US\$ 3 million compared to US\$ 52 million in H1 2015. The decrease is mainly attributable to lower amount of crops in stock designated for sale as of 31 December 2015, compared to stock held for sale as of 31 December 2015, mainly as a result of lower yields in 2015.

IAS 41 standard gain for H1 2016 amounted to US\$ 76 million. This relates to the revaluation of crops in fields (biological assets) at the reporting date.

Other agricultural operations

Meat processing products	Q2 2016	Q2 2015	% change	H1 2016	H1 2015	% change
Sales volume, third parties tonnes	9,640	6,714	44%	17,980	11,990	50%
Price per 1 kg net VAT, UAH	46.13	44.44	4%	45.8	42.33	8%

Sales volume of meat processing products substantially increased by 44% year-on-year and amounted to 9,640 tonnes in Q2 2016 mainly as a result of a new product promotion strategy and advertising campaign not only for the product range, but also for the brand.

The average processed meat price increased by 4% year-over-year to UAH 46.13 per kg in Q2 2016 in line with the poultry price increase.

<i>(in mln. US\$, except margin data)</i>	Q2 2016	Q2 2015	% change*	H1 2016	H1 2015	% change
Revenue	29	28	4%	55	47	17%
- Meat processing	17	15	13%	31	26	19%
- Other	12	13	-8%	24	21	14%
IAS 41 standard gains	(1)	-	N/A	(3)	(1)	200%
Gross profit	4	4	0%	8	7	14%
<i>Gross margin</i>	14%	14%	0 pps	15%	15%	0 pps
EBITDA	4	5	-20%	9	7	29%
<i>EBITDA margin</i>	14%	18%	-4 pps	16%	15%	1 pps

* pps – percentage points

Segment revenue of H1 2016 increased by 17% year-on-year, in line with the increase in sales volume in meat processing and fruit businesses and amounted to US\$ 55 million. Gross profit and EBITDA increased mostly as a result of revenue growth.

Current Group financial position and cash flow

<i>(in mln. US\$)</i>	Q2 2016	Q2 2015	H1 2016	H1 2015
Cash from operations	39	67	86	167
Change in working capital	(9)	(60)	42	(103)
Net Cash from operating activities	30	7	128	64
Cash used in investing activities	(20)	(20)	(47)	(66)
Non-cash financing	(2)	1	(4)	(1)
CAPEX	(22)	(19)	(51)	(67)
<i>Cash from financing activities</i>	<i>(49)</i>	<i>(115)</i>	<i>(93)</i>	<i>(4)</i>
<i>Incl. Dividends</i>	<i>(20)</i>	<i>(50)</i>	<i>(80)</i>	<i>(50)</i>
Non-cash financing	2	(1)	4	1
Deposits	-	-	-	-
Total financial activities	(47)	(116)	(89)	(3)
Total change in cash	(39)	(128)	(12)	(6)

Cash flow from operations before changes in working capital for H1 2016 amounted to US\$ 86 million (H1 2015: US\$ 167 million).

Positive cash flow from changes in working capital during H1 2016 compared to H1 2015 is mostly related to higher investments in stock of crops (corn and sunflower) designated for internal consumption as of 31 December 2015 compared to 31 December 2014, and subsequently less investment required in inventory during H1 2016.

In H1 2016 total CAPEX amounted to US\$ 51 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			
<i>(in mln. US\$)</i>	30 June 2016	31 March 2016	31 December 2015
Total Debt	1,286	1,306	1,279
LT Debt	1,001	1,032	1,016
ST Debt	285	274	263
Cash and bank deposits	(47)	(81)	(59)
Net Debt	1,239	1,225	1,220
LTM EBITDA	423	423	459
<i>Net Debt / LTM EBITDA</i>	2.93	2.90	2.66

As of June 30, 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 78%. The weighted average interest rate is around 8%.

As of 30 June 2016, MHP's cash and cash equivalents amounted to US\$ 47 million. Net debt increased to US\$ 1,239 million, compared to US\$ 1,220 million as at 31 December 2015.

The Net Debt / LTM EBITDA ratio was 2.93 as of 30 June 2016, within the Eurobond covenant limit of 3.0.

As a hedge for currency risks, revenues 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 1H 2016 amounted to US\$ 254 million or 48% of total revenue (US\$ 241 million or 44% of total sales in Q2 2015).

Outlook

Winter crops are in good condition, providing a positive outlook for the company's 2016 harvest of spring crops.

Due to our vertically integrated business model, supported by the significant and growing share of hard currency revenues from our chicken, oils and grain export sales, we expect to deliver strong financial results, in line with management expectations, in the second half of 2016.

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.

Our main drivers in 2016 will be:

- An increase in production volume of chicken meat as a result of expansion at 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 170,000 tonnes of chicken meat (up to 30% of poultry production)
- An establishment of new partnerships overseas
- Tight control over production cost

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 13 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

As of and for the six-month period ended 30 June 2016

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STATEMENT OF MANAGEMENT RESPONSIBILITY

To the best of our knowledge, the unaudited interim condensed consolidated financial statements of MHP S.A. (the “Company”) and its subsidiaries (collectively the “Group”) as of and for the six month period ended 30 June 2016 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” give a true and fair view of the consolidated assets, consolidated liabilities, consolidated financial position and consolidated financial performance of the Group taken as a whole, and the management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

16 August 2016

On behalf of the Board:

Chief Executive Officer

Yuriy Kosyuk

Chief Financial Officer

Viktoria Kapelyushnaya

MANAGEMENT REPORT

Key financial highlights

During the six-month period ended 30 June 2016 consolidated revenue decreased by 4% and amounted to USD 529,535 thousand, compared to USD 550,995 thousand for the six-month period ended 30 June 2015. Revenue from both poultry and related operations and other agricultural operations have increased, however, revenue from grain growing segment has decreased due 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. Export sales for the six-month period ended 30 June 2016 constituted of total revenue and amounted to USD thousand, compared to USD 241,129 thousand or 44% of total revenue for the six-month period ended 30 June 2015.

Gross profit has decreased by 9% and amounted to USD 222,925 thousand for the six-month period ended 30 June 2016 compared to USD 245,006 thousand for the six-month period ended 30 June 2015. Decrease in gross profit is mostly related to domestic market of poultry segment as a result of UAH depreciation against USD.

In line with decrease in gross profit, operating profit decreased by 19% to USD 190,627 thousand for the six-month period ended 30 June 2016 compared to USD 234,521 thousand for the six-month period ended 30 June 2015. Decrease is mainly related to increase in selling expenses as a result of higher export sales on CIF terms, as well as due to 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 profit from operations for the six-month period ended 30 June 2016 amounted to USD 93,866 thousand including foreign exchange loss of USD 37,214 thousand compared to net loss of USD 61,196 thousand for the six-month period ended 30 June 2015. Unrealized foreign exchange loss is mainly related to bank borrowings and bonds issued in foreign currency as result of UAH depreciation against USD and EUR during the six-month period ended 30 June 2016.

Dividends

On 16 March 2016, the Board of Directors of MHP S.A. approved a payment of the interim dividends in amount of USD 0.7529 per share, equivalent to approximately USD 80,000 thousand, which were paid to shareholders during the six-month period ended 30 June 2016.

Internal control and risk management

During the six-month period ended 30 June 2016 there were no changes to objectives, policies and processes for risks inherent to the Group. The summary of key risks and their mitigation plans that Group faces are disclosed in the Director's report for the period ended 31 December 2015.

16 August 2016

On behalf of the Board:

Chief Executive Officer

Yuriy Kosyuk

Chief Financial Officer

Viktoriya Kapelyushnaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

	Notes	Six-month period ended 30 June 2016	Six-month period ended 30 June 2015
Revenue	3	529,535	550,995
Net change in fair value of biological assets and agricultural produce	3, 4	96,479	50,025
Cost of sales		(403,089)	(356,014)
Gross profit	4	222,925	245,006
Selling, general and administrative expenses		(42,433)	(36,691)
VAT refunds and other government grants income		11,009	23,695
Other operating income		569	2,511
Operating profit before loss on impairment of property, plant and equipment		192,070	234,521
Loss on impairment of property, plant and equipment		(1,443)	-
Operating profit		190,627	234,521
Finance income		1,725	656
Finance costs:			
Interests and other finance costs		(53,887)	(55,161)
Consent payment related to corporate bonds	10	(9,148)	-
Finance costs		(63,035)	(55,161)
Loss on disposal of subsidiaries		-	(4,725)
Foreign exchange loss, net	15	(37,214)	(254,489)
Other expenses, net		(2,388)	(1,396)
Other expenses, net		(100,912)	(315,115)
Profit/(Loss) before tax		89,715	(80,594)
Income tax benefit	5	4,151	19,398
Profit/(Loss) for the period	4	93,866	(61,196)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Effect of revaluation of property, plant and equipment	6	141,953	104,900
Deferred tax on property, plant and equipment charged directly to revaluation reserve		(16,143)	(16,334)
Items that may be reclassified to profit or loss:			
Cumulative translation difference		(673)	(190,086)
Other comprehensive income/(loss) for the period		125,137	(101,520)
Total comprehensive income/(loss) for the period		219,003	(162,716)
Income/(loss) attributable to:			
Equity holders of the Parent		92,398	(65,287)
Non-controlling interests		1,468	4,091
		93,866	(61,196)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		216,556	(163,445)
Non-controlling interests		2,447	729
		219,003	(162,716)
Earnings per share			
Basic and diluted income/(loss) per share (USD per share)		0.87	(0.62)
On behalf of the Board:			

Chief Executive Officer

Yuriy Kosyuk

Chief Financial Officer

Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**as of 30 June 2016***(in thousands of US dollars, unless otherwise indicated)*

	Notes	30 June 2016	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,380,000	1,249,672
Land lease rights		44,409	46,252
Deferred tax assets		179	5,740
Non-current biological assets		15,085	23,782
Long-term bank deposits		4,032	4,125
Other non-current assets		8,280	9,241
		<u>1,451,985</u>	<u>1,338,812</u>
Current assets			
Inventories	7	143,502	279,028
Biological assets	8	386,745	139,800
Agricultural produce	7	81,267	120,574
Other current assets, net		29,343	27,345
Taxes recoverable and prepaid, net		51,689	72,031
Trade accounts receivable, net		49,411	38,800
Cash and cash equivalents		47,279	59,343
		<u>789,236</u>	<u>736,921</u>
TOTAL ASSETS		<u>2,241,221</u>	<u>2,075,733</u>
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		657,687	567,525
Retained earnings		691,216	645,020
Translation reserve		(974,269)	(974,467)
Equity attributable to equity holders of the Parent		<u>781,278</u>	<u>644,722</u>
Non-controlling interests		30,574	28,127
Total equity		<u>811,852</u>	<u>672,849</u>
Non-current liabilities			
Bank borrowings	9	262,123	278,131
Bonds issued	10	730,673	728,530
Finance lease obligations		8,351	9,595
Deferred tax liabilities		20,368	13,227
		<u>1,021,515</u>	<u>1,029,483</u>
Current liabilities			
Trade accounts payable		36,056	47,669
Other current liabilities	11	62,014	39,320
Accrued interest		24,733	23,328
Bank borrowings	9	273,235	249,057
Finance lease obligations		11,816	14,027
		<u>407,854</u>	<u>373,401</u>
TOTAL LIABILITIES		<u>1,429,369</u>	<u>1,402,884</u>
TOTAL EQUITY AND LIABILITIES		<u>2,241,221</u>	<u>2,075,733</u>

On behalf of the Board:

Chief Executive Officer

Yuriy Kosyuk

Chief Financial Officer

Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**for the six-month period ended 30 June 2016***(in thousands of US dollars, unless otherwise indicated)*

	<i>Attributable to equity holders of the Parent</i>					
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Additional paid-in capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Translation reserve</i>
Balance as of 1 January 2016	284,505	(56,053)	178,192	567,525	645,020	(974,467)
Profit for the period	-	-	-	-	92,398	-
Other comprehensive income	-	-	-	123,960	-	198
Total comprehensive income for the period	-	-	-	123,960	92,398	198
Transfer from revaluation reserve to retained earnings	-	-	-	(20,473)	20,473	-
Dividends (<i>Note 16</i>)	-	-	-	-	(80,000)	-
Translation differences on revaluation reserve	-	-	-	(13,325)	13,325	-
Balance as of 30 June 2016	<u>284,505</u>	<u>(56,053)</u>	<u>178,192</u>	<u>657,687</u>	<u>691,216</u>	<u>(974,269)</u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2015
(in thousands of US dollars, unless otherwise indicated)

	<i>Attributable to equity holders of the Parent</i>					
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Additional paid-in capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Translation reserve</i>
Balance as of 1 January 2015 (Restated Note 2)	284,505	(67,741)	181,982	646,049	547,994	(710,372)
(Loss)/Profit for the period	-	-	-	-	(65,287)	-
Other comprehensive income/(loss)	-	-	-	85,914	-	(184,072)
Total comprehensive income/(loss) for the period	-	-	-	85,914	(65,287)	(184,072)
Dividends	-	-	-	-	(50,000)	-
Acquisition and changes in subsidiaries	-	-	-	(9,738)	9,738	3,266
Translation differences on revaluation reserve	-	-	-	(148,448)	148,448	-
Balance as of 30 June 2015 (Restated Note 2)	<u>284,505</u>	<u>(67,741)</u>	<u>181,982</u>	<u>573,777</u>	<u>590,893</u>	<u>(891,178)</u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**for the six-month period ended 30 June 2016***(in thousands of US dollars, unless otherwise indicated)*

	Notes	Six-month period ended 30 June 2016	Six-month period ended 30 June 2015
Operating activities			
Profit/(loss) before tax		89,715	(80,594)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	3	42,645	35,441
Net change in fair value of biological assets and agricultural produce	3, 4	(96,479)	(50,025)
Change in allowance for irrecoverable amounts and direct write-offs		(881)	375
Loss/(Gain) on disposal of property, plant and equipment and other non-current assets		213	(138)
Loss on impairment of property, plant and equipment	6	1,443	-
Finance income		(1,725)	(656)
Finance costs:			
Interests and other finance costs		53,887	55,161
Consent payment related to corporate bonds	10	9,148	-
Unrealised foreign exchange loss, net	15	37,214	254,489
Loss on disposal of subsidiaries		-	4,725
Operating cash flows before movements in working capital		135,180	218,778
<i>Working capital adjustments</i>			
Change in inventories	7	130,980	17,195
Change in biological assets	8	(126,575)	(136,301)
Change in agricultural produce	7	33,348	47,868
Change in other current assets		(3,222)	(12,066)
Change in taxes recoverable and prepaid		18,206	(35,461)
Change in trade accounts receivable		(9,692)	6,189
Change in other liabilities		14,508	16,420
Change in trade accounts payable		(15,671)	(6,353)
Cash generated by operations		177,062	116,269
Interest received		1,723	551
Interest paid		(51,046)	(51,562)
Income taxes paid		(76)	(1,063)
Net cash flows from operating activities		127,663	64,195
Investing activities			
Purchases of property, plant and equipment	6	(44,355)	(60,959)
Purchases of other non-current assets		(758)	(529)
Purchase of land lease rights		(1,442)	(1,189)
Purchase of subsidiaries		-	(2,190)
Proceeds from disposals of property, plant and equipment		412	(359)
Purchases of non-current biological assets		(2,265)	(576)
Withdrawals of short-term deposits		177	120
Loans repaid by/(provided to) employees		(96)	(302)
Loans repaid by/(provided to) related parties		901	-
Net cash flows used in investing activities		(47,426)	(65,984)
Financing activities			
Proceeds from bank borrowings		127,082	390,638
Repayment of bank borrowings		(122,344)	(116,645)
Repayment of bonds		(294)	(219,567)
Repayment of finance lease obligations		(7,972)	(8,718)
Dividends paid		(79,985)	(49,996)
Consent payment related to corporate bonds	10	(9,148)	-
Net cash flows used in financing activities		(92,661)	(4,288)
Net decrease in cash and cash equivalents		(12,424)	(6,077)
Net foreign exchange difference		360	(13,062)
Cash and cash equivalents at 1 January		59,343	99,628
Cash and cash equivalents at 30 June		47,279	80,489

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(continued)*
for the six-month period ended 30 June 2016
(in thousands of US dollars, unless otherwise indicated)

Non-cash transactions

Effect of revaluation of property, plant and equipment	141,953	104,900
Additions of property, plant and equipment under finance leases	3,610	84
Property, plant and equipment purchased for credit	341	1,342

On behalf of the Board:

Chief Executive Officer

Yuriy Kosyuk

Chief Financial Officer

Viktoriya Kapelyushnaya

The accompanying notes on the pages 11 to 22 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 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. serves 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 including 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 six-month period ended 30 June 2016 the Group employed about 31,899 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 30 June 2016 and 31 December 2015 were as follows:

Name	Country of registration	Year established/ acquired	Principal activities	30 June 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 Vygotovlennyyu 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%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 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, Khmelnytsk regions and Autonomous Republic of Crimea.

2. Basis of preparation and accounting policies***Basis of preparation***

The interim condensed consolidated financial statements for the six-month period ended 30 June 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 material 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 six-month period ended 30 June 2016 or prior periods.

Functional and presentation currencies

The functional currency of Ukrainian, Cyprus 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;
- All equity items, except for revaluation reserve, are translated at historical exchange rate. Revaluation reserve is translated at the closing rate as of the date of that statement of financial position.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**for the six-month period ended 30 June 2016***(in thousands of US dollars, unless otherwise indicated)***2. Basis of preparation and accounting policies** *(continued)*

The following exchange rates were used:

Currency	Closing rate as of 30 June 2016	Average for six- months ended 30 June 2016	Closing rate as of 31 December 2015	Average for six- months ended 30 June 2015	Closing rate as of 31 December 2014
UAH/USD	24.8544	25.4578	24.0007	21.3649	15.7686
UAH/EUR	27.5635	28.4150	26.2231	23.8303	19.2329
UAH/RUB	0.3868	0.3642	0.3293	0.3764	0.3030
RUB/USD	64.2575	70.5545	72.8827	57.9396	56.2584

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, except those adopted starting from 1 January 2016 as described previously in this note.

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 and revaluation model for Auxillary and other machinery and Utilities and infrastructure.

Revaluation reserve had previously been translated to presentation currency ("USD") using historical rates (the rate on the dates of respective revaluation). During 2015, 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 effect of the retrospective application of this policy on the consolidated statement of financial position was as follows:

	30 June 2015	1 January 2015
Revaluation reserve according to the old policy	760,360	684,184
Effect of the change in accounting policy	(186,583)	(38,135)
Revaluation reserve according to the new policy	573,777	646,049
Retained earnings according to the old policy	404,310	509,859
Effect of the change in accounting policy	186,583	38,135
Retained earnings according to the new policy	590,893	547,994

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.

During the six-month period ended 30 June 2016, the Group has changed its accounting policy regarding the determination of the carrying amount of assets group Auxillary and other machinery and Utilities and infrastructure from cost to revaluation model. The Group's management believes that there is a reliable market data representing the fair value of the Auxillary and other machinery and Utilities and infrastructure and such change in the accounting policy will result in the financial statements providing more relevant and reliable information about the carrying amount of property, plant and equipment (Note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2016
(in thousands of US dollars, unless otherwise indicated)

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

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.

3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2016:

	<i>Poultry and related operations</i>	<i>Grain growing</i>	<i>Other agricultural operations</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	471,522	3,037	54,976	-	529,535
Sales between business segments	11,459	53,836	165	(65,460)	-
Total revenue	482,981	56,873	55,141	(65,460)	529,535
Segment results	109,735	81,857	5,874	-	197,466
Unallocated corporate expenses					(5,396)
Loss on impairment of property, plant and equipment					(1,443)
Other expenses, net ¹⁾					(100,912)
Profit before tax					89,715
Other information:					
Depreciation and amortization expense ²⁾	29,312	8,579	3,411	-	41,302
Net change in fair value of biological assets and agricultural produce (Note 4)	23,237	76,475	(3,233)	-	96,479

¹⁾ Includes finance income, finance costs, foreign exchange loss (net) and other expenses (net).

²⁾ Depreciation and amortization for the six-month period ended 30 June 2016 does not include unallocated depreciation and amortization in the amount of USD 1,343 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2015:

	<i>Poultry and related operations</i>	<i>Grain growing</i>	<i>Other agricultural operations</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	451,918	52,196	46,881		550,995
Sales between business segments	11,081	42,580	910	(54,571)	-
Total revenue	462,999	94,776	47,791	(54,571)	550,995
Segment results	173,622	61,956	4,093	-	239,671
Unallocated corporate expenses					(5,150)
Other expenses, net ¹⁾					(315,115)
Loss before tax					(80,594)
Other information:					
Depreciation and amortization expense ²⁾	32,013	384	2,637	-	35,034
Net change in fair value of biological assets and agricultural produce	20,307	31,139	(1,421)	-	50,025

¹⁾ Includes finance income, finance costs, foreign exchange loss (net) and other expenses (net).

²⁾ Depreciation and amortization for the six-month period ended 30 June 2015 does not include unallocated depreciation and amortization in the amount of USD 407 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

4. Profit for the period

The Group's gross profit for the six-month period ended 30 June 2016 decreased compared to the six-month period ended 30 June 2015 and amounted to USD 222,925 thousand and USD 245,006 thousand respectively. Decrease is mainly attributed to poultry segment due to a positive effect on cost of sales from significant Hryvnia devaluation included in gross profit for the six-month period ended 30 June 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 crops in fields, poultry and breeder stock and other biological assets balances to the fair value as of 30 June.

The Group's net profit for the six-month period ended 30 June 2016 increased compared to the net loss for the six-month period ended 30 June 2015 and amounted to USD 93,866 thousand and USD 61,196 thousand respectively. Increase is mainly attributed to lower level of unrealized foreign exchange loss in amount of USD 37,214 for the six-month period ended 30 June 2016 compared to USD 254,489 thousand for the six-month period ended 30 June 2015. Unrealized foreign exchange loss mostly attributable to bonds and borrowings denominated in foreign currencies due to UAH depreciation against USD and EUR.

5. Income tax benefit

The Group has recognised income tax benefit in the amount of USD 4,151 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 in other comprehensive income.

6. Property, plant and equipment

During the six month period ended 30 June 2016 the Group engaged an independent appraiser to determine the 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 the 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 141,953 thousand was recognised in other comprehensive income. The excess of carrying value over fair value in the amount of USD 1,443 thousand was recognised in the statement of comprehensive income as a loss on impairment.

During the six-month period ended 30 June 2016, the Group's additions to property, plant and equipment amounted to USD 48,306 thousand (six-month period ended 30 June 2015: USD 58,704 thousand).

There were no significant disposals of property, plant and equipment during the six-month period ended 30 June 2016.

7. Inventories and agricultural produce

Decrease in inventory and agricultural produce balances as of 30 June 2016 compared to 31 December 2015 is mainly attributable to internal consumption of corn and sunflower for chicken feed.

Changes of inventory balance apart from consumption of purchased grain stock have also occurred because as of 31 December 2015 expenses incurred in cultivating of fields which had to be planted in spring 2016 were capitalised in work in progress balance. As of 30 June 2016 those expenses were classified as crops in fields within biological assets, as the plants were already sown.

8. Biological assets

Increase in current biological assets as compared to 31 December 2015 is primarily related to crops in fields balance. The increase in crops in fields balance mainly relates to spring crops seeded in the first half of 2016 classified as biological assets as well as due to IAS 41 revaluation adjustment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

9. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 June 2016 and 31 December 2015:

Bank	Currency	30 June 2016		31 December 2015	
		WAIR ¹⁾	USD' 000	WAIR ¹⁾	USD' 000
Non-current					
Foreign banks	USD	8.37%	231,648	7.87%	234,463
Foreign banks	EUR	1.40%	30,475	1.49%	43,668
			<u>262,123</u>		<u>278,131</u>
Current					
Ukrainian banks	USD	7.13%	76,722	7.03%	50,985
Foreign banks	USD	6.72%	90,000	6.43%	90,000
Current portion of long-term bank borrowings			<u>106,513</u>		<u>108,072</u>
			<u>273,235</u>		<u>249,057</u>
Total bank borrowings			<u>535,358</u>		<u>527,188</u>

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

As of 30 June 2016 and 31 December 2015 accrued interest on bank borrowings were USD 9,608 thousand and USD 8,203 thousand, respectively.

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 30 June 2016 and 31 December 2015 bear the floating interest rates.

Bank borrowings and credit lines outstanding as of 30 June 2016 and 31 December 2015 were repayable as follows:

	30 June 2016	31 December 2015
Within one year	273,235	249,057
In the second year	103,081	97,952
In the third to fifth year inclusive	144,590	164,979
After five years	14,452	15,200
	<u>535,358</u>	<u>527,188</u>

As of 30 June 2016, the Group had available undrawn facilities of USD 32,177 thousand (31 December 2015: USD 84,774 thousand). These undrawn facilities expire during the period from October 2016 until January 2020.

As of 30 June 2016, the Group had borrowings of USD 73,976 thousand (31 December 2015: USD 90,000 thousand) that were secured. These borrowings were secured by inventories with a carrying amount of USD 92,470 thousand (31 December 2015: USD 112,500 thousand).

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

10. Bonds issued

Bonds issued and outstanding as of 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016	31 December 2015
8.25% Senior Notes due in 2020	750,000	750,000
Unamortized debt issue cost	(19,327)	(21,470)
Total long-term bonds issued	730,673	728,530

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

Other 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 Vygotovlennyyu Krup i Kombikormiv, Oril-Leader, Katerynopilsky Elevator, Ptahofabryka Peremoga Nova, Zernoproduct, Myronivska Ptahofabryka, Starynska Ptahofabryka, 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).

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

During the reporting periods ended 30 June 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 9.92% per annum for the six-months ended 30 June 2016 and 2015, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

11. Other current liabilities

Other current liabilities include accrued payroll, liabilities under land lease agreements, advances received and other current liabilities. Increase in other current liabilities is mainly related to advances received for the grain to be harvested in 2016.

12. 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 six-month periods ended 30 June 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Sales of goods to related parties	-	290
Sales of services to related parties	-	2
Purchases from related parties	51	115

The balances owed to and due from related parties were as follows as of 30 June 2016 and 31 December 2015:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Trade accounts receivable	123	173
Payables due to related parties	17	10
Advances and finance aid	268	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 2,369 thousand and USD 4,717 thousand for the six-month periods ended 30 June 2016 and 2015, respectively.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2016**

(in thousands of US dollars, unless otherwise indicated)

13. 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 were traded had negative impact on devaluation of the Ukrainian Hryvnia against major foreign currencies. During the period ended 30 June 2016 Ukrainian hryvnia further devaluated at 3.6% against USD in comparison to the end of 2015. Nevertheless economy showed first signs of stabilization during reporting period with inflation rate slowing down to 4.6% for the six month ended 30 June 2016 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 30 June 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 six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

13. Contingencies and contractual commitments (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 30 June 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 30 June 2016 amounted to USD 11,362 thousand (31 December 2015: USD 13,479 thousand). Out of this amount, USD 3,239 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 the management believes that possible exposure relating to these court cases amounts to approximately USD 138 thousand as of 30 June 2016 (31 December 2015: USD 488 thousand).

Contractual commitments on purchase of property, plant and equipment

During the six-month period ended 30 June 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 30 June 2016, purchase commitments on such contracts were primarily related to the expansion of breeding farm as well as construction of new facilities at poultry rearing farms and amounted to USD 6,527 thousand (31 December 2015: USD 13,312 thousand).

14. Fair value of financial instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of International Financial Reporting Standards 7 "Financial Instruments: Disclosure" and 13 "Fair value measurement". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivables, and trade accounts payable due to the short-term nature of the financial instruments.

Set out below is the comparison by category of carrying amounts and fair values of all the Group's financial instruments, excluding those discussed above, that are carried in the consolidated statement of financial position:

	Carrying amount		Fair value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Financial liabilities				
Bank borrowings (Note 9)	544,966	535,391	531,965	522,469
Senior Notes due in 2020 (Note 10)	745,798	743,655	708,750	656,250
Finance lease obligations	20,167	23,622	20,900	23,654

The carrying amount of Bank borrowings and Senior Notes issued includes interest accrued at each of the respective dates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2016

(in thousands of US dollars, unless otherwise indicated)

14. Fair value of financial instruments (continued)

The fair value of bank borrowings and finance lease obligations was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings: market rate of interest for bank borrowings 8.2% (2015: 8.0%) and for finance lease obligations 7.8% (2015: 7.0%), and is within Level 2 of the fair value hierarchy.

The fair value of Senior Notes was estimated based on market quotations and is within Level 1 of the fair value hierarchy.

15. Risk management policy

During the six-month period ended 30 June 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 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016		31 December 2015	
	USD	EUR	USD	EUR
Total assets	46,921	6,354	53,211	9,961
Total liabilities	(1,249,887)	(73,738)	(1,223,408)	(90,012)
Net position	(1,202,966)	(67,384)	(1,170,197)	(80,051)

The table below details the Group's sensitivity to strengthening/weakening 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.

	Change in foreign currency exchange rates	Gain/(Loss)
<i>six-month period ended 30 June 2016</i>		
Increase in USD exchange rate	10%	(120,297)
Increase in EUR exchange rate	10%	(6,738)
Decrease in USD exchange rate	5%	60,148
Decrease in EUR exchange rate	5%	3,369
<i>six-month period ended 30 June 2015</i>		
Increase in USD exchange rate	10%	(112,824)
Increase in EUR exchange rate	10%	(9,435)
Decrease in USD exchange rate	5%	56,412
Decrease in EUR exchange rate	5%	4,717

The effect of foreign currency sensitivity would prompt a fluctuation in the equity and profit and loss account by the amounts shown above. There are no hedging activities in the other comprehensive income, so the statement of comprehensive income and the statement of changes in equity impacts are the same. This analysis assumes that all other variables, in particular interest rates, remain constant.

During the six-month period ended 30 June 2016, Ukrainian Hryvnia depreciated against the EUR and USD by 4.9% and 3.4%, respectively (six-month period ended 30 June 2015: EUR and USD appreciated by 18.3% and 25.0% relative to UAH, respectively). As a result, during the six-month period ended 30 June 2016 the Group recognised net foreign exchange loss in the amount of USD 37,214 thousand (six-month period ended 30 June 2015: foreign exchange loss in the amount of USD 254,489 thousand) in the consolidated statement of comprehensive income.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2016**

(in thousands of US dollars, unless otherwise indicated)

16. Dividends

On 16 March 2016, the Board of Directors of MHP S.A. approved a payment of the interim dividends in amount of USD 0.7529 per share, equivalent to approximately USD 80,000 thousand, which were paid to shareholders during the six-month period ended 30 June 2016.

17. Subsequent events

There are no subsequent events to mention.

18. 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 16 August 2016.