

**MHP S.A.**

Société Anonyme

Annual accounts as of and for the financial year ended  
December 31, 2016 and report of the réviseur d'entreprises agréé

5, rue Guillaume Kroll  
L-1882 Luxembourg  
**RCS Luxembourg: B 116838**

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**STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE ANNUAL ACCOUNTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

The Board of Directors is responsible for the preparation of stand-alone annual accounts of MHP S.A. ("the Company") as of and for the year ended December 31, 2016 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

In preparing the annual accounts, the Board of Directors is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in Luxembourg legal and regulatory requirements are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- making an assessment of the Company's ability to continue as a going concern.

The Board of Directors, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that annual accounts of the Company comply with Luxembourg legal and regulatory requirements;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The annual accounts of the Company for the year ended December 31, 2016 were authorized for issue by the Board of Directors on March 14, 2017.

**Board of Directors' responsibility statement**

We confirm that to the best of our knowledge, the annual accounts as of and for the year ended December 2016 have been prepared in accordance with Luxembourg legal and regulatory requirements and give a true and fair view of the assets, liabilities, financial position and result of the Company. We also confirm that, to the best of our knowledge, the Directors Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces.

On behalf of the Board of Directors:

Chief Executive Officer

Yuriy Kosyuk

Director

Viktoria Kapelushna

To the Shareholders of  
MHP S.A.  
5, rue Guillaume Kroll  
L- 1882 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying annual accounts of MHP S.A., which comprise the balance sheet as of December 31, 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Responsibility of the Board of Directors' for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the Réviseur d'Entreprises Agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *Réviseur d'Entreprises Agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *Réviseur d'Entreprises Agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of MHP S.A. as of December 31, 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the annual accounts of the parent company, and our reports of *Réviseur d'Entreprises Agréé* thereon.


Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Report on other legal and regulatory requirements**

The director's report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

For Deloitte Audit, *Cabinet de Révision Agréé*



John Psaila, *Réviseur d'Entreprises Agréé*  
Partner

March 14, 2017

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email :  
centralesbilans@statec.etat.lu

RCSL Nr. : B116838

Matricule : 20062213508

## BALANCE SHEET

Financial year from <sup>01</sup> 01/01/2016 to <sup>02</sup> 31/12/2016 (in <sup>03</sup> EUR)

MHP S.A.  
5 Rue Guillaume Kroll  
L-1882 Luxembourg

### ASSETS

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
<b>B. Formation expenses</b>	1107	107	108
	2.2.1	0.00	0.00
<b>C. Fixed assets</b>	1109	109	110
		885,876,929.40	880,279,173.25
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

The notes in the annex form an integral part of the annual accounts

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	Reference(s)		Current year		Previous year	
3. Other fixtures and fittings, tools and equipment	1131	131		132	0.00	
4. Payments on account and tangible assets in the course of construction	1133	133		134		
<b>III. Financial assets</b>	1135	2.2.2,3	135	885,876,929.40	136	880,279,173.25
1. Shares in affiliated undertakings	1137	3.1	137	304,496,033.43	138	298,898,277.28
2. Loans to affiliated undertakings	1139	3.2	139	581,380,895.97	140	581,380,895.97
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
<b>D. Current assets</b>	1151		151	115,200,461.08	152	131,822,168.69
<b>I. Stocks</b>	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
<b>II. Debtors</b>	1163	2.2.3,4	163	77,554,954.22	164	89,242,896.97
1. Trade debtors	1165		165	94,123.95	166	
a) becoming due and payable within one year	1167		167	94,123.95	168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	4.1	171	77,285,806.17	172	89,079,248.57
a) becoming due and payable within one year	1173	4.1.1	173	77,285,806.17	174	89,079,248.57
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	175,024.10	184	163,648.40
a) becoming due and payable within one year	1185		185	175,024.10	186	163,648.40
b) becoming due and payable after more than one year	1187		187		188	

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	Reference(s)		Current year		Previous year
III. Investments	1189 2.2.4,5	189	33,307,019.84	190	38,535,202.83
1. Shares in affiliated undertakings	1191	191		192	
2. Own shares	1209 5.1	209	33,307,019.84	210	38,535,202.83
3. Other investments	1195	195		196	
IV. Cash at bank and in hand	1197	197	4,338,487.02	198	4,044,068.89
<b>E. Prepayments</b>	1199 2.2.7,6	199	14,977,222.92	200	10,840,217.01
<b>TOTAL (ASSETS)</b>		201	1,016,054,613.40	202	1,022,941,558.95



## CAPITAL, RESERVES AND LIABILITIES

	Reference(s)		Current year		Previous year	
<b>A. Capital and reserves</b>	1301	<u>7</u>	301	<u>359,978,262.52</u>	302	<u>388,956,654.14</u>
I. Subscribed capital	1303	<u>7.1</u>	303	<u>221,540,000.00</u>	304	<u>221,540,000.00</u>
II. Share premium account	1305	<u>7.2</u>	305	<u>64,113,593.87</u>	306	<u>58,885,410.88</u>
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	<u>47,211,308.59</u>	310	<u>48,442,717.21</u>
1. Legal reserve	1311	<u>7.3</u>	311	<u>13,904,288.75</u>	312	<u>9,907,514.38</u>
2. Reserve for own shares	1313	<u>7.4</u>	313	<u>33,307,019.84</u>	314	<u>38,535,202.83</u>
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	<u>56,091,751.68</u>	320	<u>24,533,850.81</u>
VI. Profit or loss for the financial year	1321		321	<u>41,664,424.88</u>	322	<u>79,935,487.46</u>
VII. Interim dividends	1323	<u>7.6</u>	323	<u>-70,642,816.50</u>	324	<u>-44,380,812.22</u>
VIII. Capital investment subsidies	1325		325		326	
<b>B. Provisions</b>	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
<b>C. Creditors</b>	1435	<u>2.2.6,8</u>	435	<u>656,076,350.88</u>	436	<u>633,984,904.81</u>
1. Debenture loans	1437		437	<u>598,068,109.88</u>	438	<u>597,669,497.38</u>
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445	<u>8.1</u>	445	<u>598,068,109.88</u>	446	<u>597,669,497.38</u>
i) becoming due and payable within one year	1447		447	<u>13,955,960.35</u>	448	<u>13,557,347.85</u>
ii) becoming due and payable after more than one year	1449		449	<u>584,112,149.53</u>	450	<u>584,112,149.53</u>
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	

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	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362
a) becoming due and payable within one year	1363		363		364
b) becoming due and payable after more than one year	1365		365		366
4. Trade creditors	1367		367	101,250.17	368 35,108.89
a) becoming due and payable within one year	1369		369	17,250.17	370 35,108.89
b) becoming due and payable after more than one year	1371		371	84,000.00	372
5. Bills of exchange payable	1373		373		374
a) becoming due and payable within one year	1375		375		376
b) becoming due and payable after more than one year	1377		377		378
6. Amounts owed to affiliated undertakings	1379	8.2	379	57,385,472.39	380 35,748,387.81
a) becoming due and payable within one year	1381	8.2.1	381	14,195,535.59	382 35,748,387.81
b) becoming due and payable after more than one year	1383	8.2.2	383	43,189,936.80	384 0.00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386
a) becoming due and payable within one year	1387		387		388
b) becoming due and payable after more than one year	1389		389		390
8. Other creditors	1451		451	521,518.44	452 531,910.73
a) Tax authorities	1393	2.2.6.1,13	393	451,528.61	394 495,281.24
b) Social security authorities	1395		395		396
c) Other creditors	1397		397	69,989.83	398 36,629.49
i) becoming due and payable within one year	1399		399	69,989.83	400 36,629.49
ii) becoming due and payable after more than one year	1401		401		402
<b>D. Deferred income</b>	1403		403		404 0.00
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>			405	1,016,054,613.40	406 1,022,941,558.95

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email :

centralesbilans@statec.etat.lu

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## PROFIT AND LOSS ACCOUNT

Financial year from <sup>01</sup> 01/01/2016 to <sup>02</sup> 31/12/2016 (in <sup>03</sup> EUR)

MHP S.A.

5 Rue Guillaume Kroll

L-1882 Luxembourg

## PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1701 _____	701 _____	702 _____
<b>2. Variation in stocks of finished goods and in work in progress</b>	1703 _____	703 _____	704 _____
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	1705 _____	705 _____	706 _____
<b>4. Other operating income</b>	1713 _____	713 _____	714 <u>72,045.09</u>
<b>5. Raw materials and consumables and other external expenses</b>	1671 _____	671 <u>-1,054,775.80</u>	672 <u>-929,227.33</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 <u>9</u>	603 <u>-1,054,775.80</u>	604 <u>-929,227.33</u>
<b>6. Staff costs</b>	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
<b>7. Value adjustments</b>	1657 _____	657 <u>649,618.85</u>	658 <u>7,464,551.29</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>0.00</u>	660 <u>0.00</u>
b) in respect of current assets	1661 _____	661 <u>649,618.85</u>	662 <u>7,464,551.29</u>
<b>8. Other operating expenses</b>	1621 <u>11</u>	621 <u>-323,580.59</u>	622 <u>-396,437.64</u>

The notes in the annex form an integral part of the annual accounts

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	Reference(s)		Current year		Previous year
<b>9. Income from participating interests</b>		1715	<u>42,384,685.89</u>	716	<u>67,613,375.79</u>
a) derived from affiliated undertakings	1717 3.1	717	<u>42,384,685.89</u>	718	<u>67,613,375.79</u>
b) other income from participating interests	1719	719		720	
<b>10. Income from other investments and loans forming part of the fixed assets</b>		1721	<u>65,932,421.69</u>	722	<u>72,200,049.90</u>
a) derived from affiliated undertakings	1723 3.2	723	<u>65,932,421.69</u>	724	<u>72,200,049.90</u>
b) other income not included under a)	1725	725		726	
<b>11. Other interest receivable and similar income</b>		1727	<u>3,390,841.14</u>	728	<u>44,344,758.57</u>
a) derived from affiliated undertakings	1729	729		730	
b) other interest and similar income	1731 12	731	<u>3,390,841.14</u>	732	<u>44,344,758.57</u>
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>		1663		664	
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>		1665	<u>0.00</u>	666	<u>0.00</u>
<b>14. Interest payable and similar expenses</b>		1627	<u>-69,030,616.39</u>	628	<u>-110,287,027.61</u>
a) concerning affiliated undertakings	1629 8.2.1,8.2.2	629	<u>-2,442,115.98</u>	630	<u>-1,292,367.60</u>
b) other interest and similar expenses	1631 6.8.1	631	<u>-66,588,500.41</u>	632	<u>-108,994,660.01</u>
<b>15. Tax on profit or loss</b>		1635 13	<u>-80,712.91</u>	636	<u>-92,595.60</u>
<b>16. Profit or loss after taxation</b>		1667	<u>41,867,881.88</u>	668	<u>79,989,492.46</u>
<b>17. Other taxes not shown under items 1 to 16</b>		1637 13	<u>-203,457.00</u>	638	<u>-54,005.00</u>
<b>18. Profit or loss for the financial year</b>		1669	<u>41,664,424.88</u>	670	<u>79,935,487.46</u>

## **MHP S.A.**

### **Notes to the annual accounts as of and for the year ended December 31, 2016**

#### **1. General information**

MHP S.A. (hereafter the "**Company**") was incorporated on May 30, 2006 and is organised under the laws of Luxembourg as a Société Anonyme for an unlimited period.

The registered office of the Company is established at 5, rue Guillaume Kroll, L-1882 Luxembourg.

The Company's financial period starts on January 1st and ends on December 31st of each year.

The main activity of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, entering into leases, including financial leases, dealing in commodities that are not securities, acquisition of assets generally, selling assets generally, giving security, giving and receiving indemnities and security.

The Company may participate in the establishment and development of any financial, industrial or commercial enterprises, including trusts and unincorporated associations, and may render any assistance by way of loans, guarantees, security or otherwise to subsidiaries, affiliated companies or parent companies.

The Company may borrow in any form and proceed to the issuance of bonds, preferred equity certificates, debentures, notes, commercial paper, guarantees, and entering into credit agreements, note purchase agreements, underwriting agreements, indentures, trust agreements or any other type of financing instrument or document or any hedge, swap or derivative related thereto.

In general, the Company may carry on any business or activity whatsoever, which it may consider expedient with a view to rendering profitable or enhancing directly or indirectly the value of the Company's undertaking in any of its properties or assets.

In general, it may take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purpose.

The Global Depositary Receipts ("**GDRs**") and the Senior Notes are listed on the London Stock Exchange.

On October 7, 2014, the National Securities and Stock Market Commission approved the transfer of 250,000 GDRs on the Ukrainian Stock Exchange.

The Company also prepares consolidated accounts, which are subject to publication as prescribed by the Luxembourg law and are available at company's registered office.

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended December 31, 2015. As a consequence and in order to ensure adequate comparability across both financial years, certain comparative figures in respect of the financial year ended December 31, 2015 have been reclassified.

## **2. Summary of significant accounting policies and valuation methods**

### **2.1. General principles**

The annual accounts are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **2.2. Significant accounting and valuation policies**

The significant accounting and valuation policies of the Company can be summarised as follows:

#### **2.2.1. Formation expenses**

The formation expenses are amortised on a straight-line basis over a period of 5 years.

#### **2.2.2. Financial assets**

Financial assets such as shares in affiliated undertakings, participating interests, investments held as fixed assets are valued at their historical acquisition cost. Loans granted to affiliated undertakings or other companies and defined as financial fixed assets are valued at their nominal value.

If the Board of Directors determines that a durable impairment has occurred in the value of a financial fixed asset, a value adjustment is made in order to reflect that loss. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### **2.2.3. Debtors**

Debtors are recorded at their nominal value. A value adjustment is made when their recovery is partly or completely in doubt. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

### **2.2.4. Current assets – investments in transferable securities**

At the date of acquisition, the transferable securities are recorded at purchase price (acquisition cost).

Subsequently, transferable securities are recorded at the lower of their purchase price, including incidental costs, and calculated on the basis of "first in - first out (FIFO)" similar method to specify or market value, translated in EUR valued at the exchange rate applicable at the end of the closing period. A value adjustment is made when their purchase price is higher than their market value. These value adjustments are not be continued if the reasons for which they were made have ceased to apply.

The market value corresponds to:

- The latest available quoted price for transferable securities listed on a stock exchange or trade on another regulated market:
- The probable market value estimated with due care and in good faith by Board of Directors for investments in transferable securities that are not traded on an active market, for investments traded on an active market where the latest quote is not representative.

### **2.2.5. Foreign currency translation**

The Company maintains its books and records in EUR.

All transactions expressed in currency other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial fixed assets and expressed in another currency than EUR are translated in EUR at the exchange rate prevailing at the date of their acquisition. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash is translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted for in the profit and loss account for the year.

Other assets and liabilities are translated separately respectively at the lower (assets) or at the higher (liabilities) of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

**MHP S.A.**

**Notes to the annual accounts as of and for the year ended December 31, 2016**

In the case there is an economic link between an asset and a liability, they are translated in total and only the unrealised net exchange losses are accounted for in the profit and loss account.

As at December 31, 2016, the applicable exchange rate was 0.9501 USD/EUR (source: OANDA).

**2.2.6. Creditors**

Creditors are recorded at their repayment value. When the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

**2.2.6.1. Other creditors - Tax**

This item includes the tax liability estimated by the Company for the financial years for which the Company has not been assessed yet. The advance payments are disclosed in the assets of the balance sheet under "Other debtors".

**2.2.7. Prepayments**

This item includes charges disbursed during the financial year or in previous years but attributable to subsequent financial years. Certain payments linked with the debenture loans are included within this item and amortised to the profit and loss account over the term of the underlying debenture loans.



**MHP S.A.****Notes to the annual accounts as of and for the year ended December 31, 2016****3. Financial assets****3.1. Shares in affiliated undertakings**

The shares in affiliated undertakings are as follows:

Name of the company	Registered office	Percentage of ownership	Closing date of last financial year	Shareholder's equity (EUR) (*)	Results of last financial year (EUR) (*)	Net Investment amount as at 31/12/2015 (EUR)	Acquisition of the year (EUR)	Transfer of the year (EUR)	Net Investment amount as at 31/12/2016 (EUR)
Eledem Investments Limited	16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus	100.00%	31.12.2016	7,579,172.91	6,537,628.09	1,000.00	0.00	0.00	1,000.00
Raftan Holding Limited	16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus	99.99%	31.12.2016	284,909,401.81	147,447,141.18	295,791,858.67	0.00	3,843,821.32	299,635,679.99
RPC Urozhay	4 Shkilna Street, Kirove village, Korsun-Shevchenkivsky region, 19421 - Cherkaska Obl., Ukraine	0.50%	31.12.2016	92,517,078.40	22,775,415.40	1.00	0.00	0.00	1.00
MHP B.V.	Rietlandpark, 125, 1019, DT Amsterdam, Netherlands	100.00%	31.12.2016	2,291,890.96	(1,411,339.41)	2,600,000.00	1,135,000.00	0.00	3,735,000.00
Zernoproduct MHP	08800 Kyiv region, Myronivka, 1 Elevatorna Street	0.64%	31.12.2016	155,553,849.60	19,053,528.00	505,417.61	0.00	0.00	505,417.61
Starynska Ptahofabryka	08361 Kyiv region, Boryspil district, Myrne village, 1 Tsentralna Street	0.25%	31.12.2016	215,275,682.40	45,082,554.40	0.00	4,462,756.15	(3,843,821.32)	618,934.83
<b>Total</b>						<b>298,898,277.28</b>	<b>5,597,756.15</b>	<b>0.00</b>	<b>304,496,033.43</b>

(\*) Unaudited accounts

## MHP S.A.

### Notes to the annual accounts as of and for the year ended December 31, 2016

As an indication, the Shareholder's equity and the Results of the last financial year of the financial investments whose financial statements were expressed in a currency other than EUR were translated into EUR with the exchange rate prevailing at the balance sheet date.

The figures mentioned in the Shareholder's equity and the Results of the last financial year are based on the last unaudited annual accounts available (for the year ended December 31, 2016).

On March 9, 2016, the Company decided to make a Share Premium contribution for an amount of EUR 1,135,000.00 to MHP B.V.

On December 27, 2016, the Company became the legal and beneficial owner of 1,000,370 shares of Starynska Ptahofabryka for an amount of EUR 4,462,756.15, representing 5.00 % of its issued share capital through the transfer of 531,395 GDRs held by the Company, which represent 0.48% of the Company's outstanding GDR-share capital. At the date of this transaction, fully owned subsidiaries of Raftan held the remaining 95.00 % in Starynska Ptahofabryka.

In the context of an internal restructuring held during the period between the acquisition date and the end of the year, Raftan increased its indirect investment in Starynska Ptahofabryka to 99,75% whilst the direct ownership of the Company was reduced to 0.25%. The Board of Directors hence transferred EUR 3,843,821.32 of the initial acquisition cost in Starynska Ptahofabryka to the Company's investment in Raftan.

The Board of Directors considered the valuation of the subsidiaries and therefore decided that no value adjustment is recorded on those financial assets in the accounts of the Company.

Dividends from shares in affiliated undertakings in a total amount of EUR 42,384,685.89 is composed of:

- dividend received from Raftan Holding Limited for a total amount of EUR 36,699,880.72 (USD 39,999,200.00) (2015: EUR 64,517,400.56 equivalent to USD 73,000,000.00);
- dividend received from Eledem Investments Limited for a total amount of EUR 5,505,092.21 (USD 6,000,000.00) (2015: EUR 3,095,975.23 equivalent to USD 3,500,000.00); and
- dividend received from RPC Urozhay for a total amount of EUR 179,712.96 (UAH 5,019,915.00) (2015: 0.00).

### 3.2. Loans to affiliated undertakings

Loan to affiliated undertakings can be summarized in the following table:

Nature	Borrower	Maturity date	Interest Rate	Nominal Value 31.12.2015 (original currency)	Nominal Value 31.12.2015 (EUR)	Loan / (Reimbursement) (EUR)	Nominal Value 31.12.2016 (EUR)	Interest income (EUR)	Accrued interests (EUR)
New Proceed Loan	Eledem Investments Limited	02/04/2020	9.70%	USD 750,000,000.00	581,380,895.97	0.00	581,380,895.97	65,932,421.69	19,510,156.96
Total					581,380,895.97	0.00	581,380,895.97	65,932,421.69	19,510,156.96

The Board of Directors considered the valuation of the loan and therefore decided that no value adjustment is recorded on this financial asset in the accounts of the Company.

#### **4. Debtors**

##### **4.1. Amounts owed by affiliated undertakings**

###### **4.1.1. becoming due and payable within one year**

This item, in a total amount of EUR 77,285,806.17, is composed of:

- interests on the long term loan granted to Eledem Investments Limited, described under the note 4.2, for a total amount of EUR 19,510,156.96 as at December 31, 2016 (2015: EUR 37,018,840.69);
- others receivables from affiliated companies for a total amount of EUR 105,376.18 (2015: EUR 96,293.46);
- remaining amount of accrued interest due from Eledem Investments Limited on a repaid loan for an amount of EUR 378,286.71 (2015: EUR 378,286.71); and
- dividends receivable for an amount of EUR 57,291,986.32 (2015: EUR 51,289,613.67).

#### **5. Investments**

##### **5.1. Own shares or corporate units**

On October 5, 2009, during an Extraordinary General Meeting, the shareholders of the Company agreed to enter into a Share Buy Back Programme (the "**SBBP**"). This SBBP consists in the repurchase of up to 2,769,250 GDRs (the total of GDRs cannot represent more than 2.5% of the issued share capital of the Company) on the market for a market price between USD 1.00 and USD 15.00.

On June 3, 2010, during an Extraordinary General Meeting, it was decided to amend the terms and conditions of the SBBP (the "**SBBP Amendment**"). This SBBP Amendment has increased the numbers of GDRs to be purchased to 5,538,500 and has acknowledged that the repurchased GDRs will be in compliance with the limit of 10% of the issued share capital as indicated in the Luxembourg Law.

Following the implementation of the SBBP, on May 18, 2010, the Company entered into an agreement with Renaissance Securities (Cyprus) Limited in order to provide, on behalf of the Company, services with respect to the management of the GDRs.

On October 19, 2011, the Company decided to approve the purchase of up to 11,077,000 fully paid up ordinary shares in the form of GDRs of the Company. These purchases may be carried at any time during a period of up to five years after the date of approval.

**MHP S.A.****Notes to the annual accounts as of and for the year ended December 31, 2016**

On May 23, 2014, the Company transferred the management of the GDRs to UBS AG.

On September 12, 2014, the Company transferred the management of 250,000 GDRs from UBS AG to Dragon Capital for their issuance on the Ukrainian Stock Exchange.

On November 9, 2015, the Company has transferred 830,511 GDRs to Tansy Holdings Ltd, in exchange of 1,000,000 shares in Zernoproduct, realising a loss of EUR 1,521,413.38.

On December 27, 2016, the Company has transferred 531,395 GDRs to Serama Holdings Ltd, in exchange 1,000,370 shares of Starynska Ptahofabryka (see note 3.1), realising a loss of EUR 1,415,045.69.

Taken into account the fair market value of the GDRs and the EUR/USD exchange rate at year-end, a reversal of value adjustment is recorded for an amount of EUR 649,618.85.

As at December 31, 2016, the Company owns 3,988,206 GDRs for a total amount of EUR 33,307,019.84 (USD 35,056,330.74) and the movements of the accounting period on the GDRs can be detailed as follows:

Number of GDRs as at 31.12.2015	Number of GDRs purchased during the period ending 31.12.2016	Sale of GDRs during the period ending 31.12.2016	Number of GDRs as at 31.12.2016
4,519,601	-	531,395	3,988,206

Balance of GDRs as at 31.12.2015 (EUR)	Reversal of impairment on 01.01.2016 (EUR)	Number of GDRs purchased during the period ending 31.12.2016 (EUR)	Sale of GDRs during the period ending 31.12.2016 (EUR)	Impairment booked as at 31.12.2016 (EUR)	Balance of GDRs as at 31.12.2016 (EUR)
38,535,202.83	5,294,209.88	-	(5,877,801.84)	(4,644,591.03)	33,307,019.84

**6. Prepayments**

This item consists of issuance costs and consent fees borne on non-convertible loan. As these costs can be related to more than one financial year, the decision has been taken to amortize these costs over the life of the non-convertible loans.

**MHP S.A.****Notes to the annual accounts as of and for the year ended December 31, 2016**

As of December 31, 2016, these costs can be detailed as follows:

	2016 (EUR)	2015 (EUR)
Net book value at the beginning of the year	10,840,217.01	13,697,739.95
Consent fees paid (1)	8,302,180.58	-
Charge for the year (2)	(4,165,174.67)	(2,857,522.94)
Net book value at the end of the year	<u>14,977,222.92</u>	<u>10,840,217.01</u>

(1) Consent fees paid during the year related to the non-convertible loan.

(2) The charge for the year is included in “Other interest and similar charges” (see note 8.1).

**7. Capital and reserves****7.1. Subscribed capital**

The subscribed capital, amounting to EUR 221,540,000.00, is represented by 110,770,000 shares with a nominal value of EUR 2.00, fully paid up.

**7.2. Share premium account**

There is a share premium for a total amount of EUR 64,113,593.87 (see note 7.5).

**7.3. Legal reserve**

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

**7.4. Reserve for own shares**

There is a reserve for own shares for a total amount of EUR 33,307,019.84, which has been reduced from last year for an amount of EUR 5,228,182.99 (2015: EUR 38,535,202.83) to correspond to the book value of the GDRs as of December 31, 2016 (see note 5.1).

The amount of EUR 5,228,182.99 transferred back to the share premium is subject of ratification by the annual general meeting held on June 6, 2017.

**MHP S.A.****Notes to the annual accounts as of and for the year ended December 31, 2016****7.5. Movements for the period on the capital and reserves**

	Subscribed Capital EUR	Legal reserve EUR	Result brought forward EUR	Profit / (Loss) for the financial year EUR	Share premium EUR	Reserve for own shares EUR	Interim dividend EUR
At January 1, 2016	221,540,000.00	9,907,514.38	24,533,850.81	79,935,487.46	58,885,410.88	38,535,202.83	(44,380,812.22)
Allocation of result	-	3,996,774.37	31,557,900.87	(79,935,487.46)	-	-	44,380,812.22
Allocation of the share premium	-	-	-	-	5,228,182.99	(5,228,182.99)	-
Profit of the financial year	-	-	-	41,664,424.88	-	-	-
Interim dividend payment	-	-	-	-	-	-	(70,642,816.50)
<b>At December 31, 2016</b>	<b>221,540,000.00</b>	<b>13,904,288.75</b>	<b>56,091,751.68</b>	<b>41,664,424.88</b>	<b>64,113,593.87</b>	<b>33,307,019.84</b>	<b>(70,642,816.50)</b>

**7.6. Interim dividends**

The payment of an interim dividend of gross amount of USD 79,995,925.41, representing EUR 70,642,816.50 has been decided by the Board of Directors on March 15, 2016 on the basis of an interim accounting situation dated on January 31, 2016.

**8. Creditors****8.1. Non-convertible loans**

The non convertible debenture loan can be summarized in the following table:

	Subscriber	Maturity date	Interest Rate	Nominal Value (original currency)	Nominal Value 31.12.2015 (EUR)	Borrowing/ (Reimbursement) EUR	Nominal Value 31.12.2016 EUR	Interest expenses EUR	Accrued interest EUR
Senior Notes	Listed on the Irish Stock Exchange	02/04/2020	8.25%	USD 750,000,000.00	584,112,149.53	0.00	584,112,149.53	56,075,667.66	14,370,262.50
Total					584,112,149.53	0.00	584,112,149.53	56,075,667.66	14,370,262.50

These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness, 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 covenants imposed, all outstanding Senior Notes will become due and payable without further action or notice. If change of control occurs the Group shall make an offer to each holder of Senior Notes to purchase such Senior Notes at a purchase price

## MHP S.A.

### Notes to the annual accounts as of and for the year ended December 31, 2016

in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

On April 29, 2010, MHP S.A. issued USD 330,000,000.00 10.25% Senior Notes 1 due in 2015 for an issue price of 101.452% of principal amount.

As of May 13, 2010, MHP S.A. exchanged 96.01% (USD 240,033,000.00) of USD 250,000,000.00 of the existing 10.25% Senior Notes due in 2011 for the Senior Notes 2 due 2015. As a result of the exchange, the Senior Notes 2 were issued for the total par value of USD 254,767,000.00.

Senior Notes 1 and Senior Notes 2 due in 2015 are both referred as the "**Previous Notes**".

On April 2, 2013, MHP S.A. issued USD 750,000,000.00 Senior Notes due in 2020 at a rate of 8.25% following the repurchase of USD 350,000,000.00 at par plus a premium and accrued interest of a portion of USD 16,524,383.39 of the Previous Notes.

On April 30, 2015, the Senior Notes 2 and the accrued interests were fully reimbursed through several payments made in April 2015. Due to an overpayment of the accrued interest, an amount of EUR 414,302.15 will be reimbursed by the Company.

This item, in a total amount of EUR 10,512,832.75, is also composed of:

- loss on acquisition of Starynska Ptahofabryka for an amount of EUR 1,415,045.69;
- banking interests on current accounts for a total amount of EUR 55.89;
- realised exchange loss for a total amount of EUR 1,337,185.67;
- unrealised exchange loss for a total amount of EUR 3,593,522.81;
- writte off receivables for a total amount of EUR 1,848.02; and
- charge for the year on the loan issuance cost and consent fees for a total amount of EUR 4,165,174.67 (see note 6).

## 8.2. Amounts owed to affiliated undertakings

### 8.2.1. becoming due and payable within one year

The loan can be summarized in the following table:

Nature	Issuer	Maturity date	Interest Rate	Nominal Value (original currency)	Nominal Value 31.12.2015 (EUR)	Borrowing/ (Reimbursement) (EUR)	Nominal Value 31.12.2016 (EUR)	Interest expenses (EUR)	Accrued interests (EUR)
Intra-Group Loan 1	Eledem Investment Limited	25/06/2017	5.5%	USD 50,000,000.00	0.00	10,281,826.81	10,281,826.81	248,984.46	258,043.76
Total					0.00	10,281,826.81	10,281,826.81	248,984.46	258,043.76

On June 25, 2012, the Company entered into a new loan agreement with Eledem Investments Limited for an amount up to USD 5,000,000.00 (the "**Intra-Group Loan 1**").

## MHP S.A.

### Notes to the annual accounts as of and for the year ended December 31, 2016

On December 24, 2014, the Company entered into a new loan agreement with Scylla Capital Ltd for an amount up to USD 28,000,000.00 (the "**Intra-Group Loan 3**").

On April 1, 2015, the Company entered into an additional agreement on the Intra-Group Loan 3 to extend the limitation to an amount up to USD 40,000,000.00.

On December 11, 2015, the Company entered into an additional agreement on the Intra-Group Loan 3 to extend the maturity date to December 24, 2016.

On July 1, 2016, the Company entered into an additional agreement on the Intra-Group Loan 1 to extend the limitation to an amount up to USD 50,000,000.00.

As at December 20, 2016, the Company entered into an additional agreement on the Intra-Group Loan 3 to extend the maturity date to December 12, 2019. Therefore, the Intra-Group Loan 3 has been reclassified as long-term loan.

As at December 31, 2016, USD 13,544,706.28 were drawdown by the Company on the Intra-Group Loan 3.

As at December 31, 2016, USD 10,821,836.45 were drawdown by the Company on the Intra-Group Loan 1.

This item is also composed of:

- the remaining Share Premium payable to MHP B.V. for a total amount of EUR 37,143.56 (see note 3.1);
- accrued interest due to Raftan Holding Limited on a repaid loan for a total amount of EUR 15,883.77;
- accrued interest due on the Intra-Group Loan 4 for a total amount of EUR 1,054,310.83 (see note 8.2.2); and
- accrued interest due on the Intra-Group Loan 3 for a total amount of EUR 2,548,326.86 (see note 8.2.2).

#### 8.2.2. becoming due and payable after more than one year

The long term loans can be summarized in the following table:

	Subscriber	Maturity date	Interest Rate	Nominal Value (original currency)	Nominal Value 31.12.2015 (EUR)	Borrowing/ (Reimbursement) (EUR)	Nominal Value 31.12.2016 (EUR)	Interest expenses (EUR)	Accrued interests (EUR)
Intra-Group Loan 3	Scylla Capital Ltd	15/12/2019	5.00%	USD 40,000,000.00	33,337,945.95	(20,469,120.51)	12,868,825.44	1,188,096.41	2,548,326.86
Intra-Group Loan 4	Scylla Capital Ltd	14/03/2021	4.5%	USD 50,000,000.00	0.00	30,321,111.36	30,321,111.36	1,005,035.11	1,054,310.83
Total					33,337,945.95	9,851,990.85	43,189,936.80	2,193,131.52	3,602,637.69

On March 14, 2016, the Company entered into a new loan agreement with Scylla Capital Ltd for an amount up to USD 50,000,000.00 (the "**Intra-Group Loan 4**").



## **MHP S.A.**

### **Notes to the annual accounts as of and for the year ended December 31, 2016**

As at December 31, 2016, USD 31,913,600.00 were drawdown by the Company on the Intra-Group Loan 4.

#### **9. Other external charges**

This item is composed of:

- Rental fees:  
EUR 2,324.54 (2015: EUR 2,324.47)
- Fees for securities:  
EUR 33,817.39 (2015: EUR 58,667.27)
- Commissions and loans' issuance expenses:  
EUR 228,31 (2015: EUR 0.00)
- Bank fees:  
EUR 36,162.52 (2015: EUR 66,539.11)
- Legal fees:  
EUR 128,750.91 (2015: EUR 321,514.82)
- Accountant fees:  
EUR 104,904.50 (2015: EUR 100,253.43)
- Auditor fees:  
EUR 202,366.64 (2015: EUR 127,579.88)
- Other fees:  
EUR 394,478.99 (2015: EUR 134,196.38)
- Recruitment fees:  
EUR 111,100.64 (2015: EUR 0.00)
- Travel expenses:  
EUR 664.65 (2015: EUR 3,146.42)
- Receptions and representation fees:  
EUR 27,985.05 (2015: EUR 10,369.61)
- Telephone and other telecommunication costs:  
EUR 4,141.66 (2015: EUR 2,993.92)
- Subscription Chamber of commerce:  
EUR 350.00 (2015: EUR 350.00)
- CSSF annual fees:  
EUR 7,500.00 (2015: EUR 4,500.00)

**TOTAL: EUR 1,054,775.80**

#### **10. Staff costs**

The Company does not have any employees.

#### **11. Other operating expenses**

The Company paid a net amount of EUR 322,849.99 (2015: EUR 357,540.00) to members of the Board of Directors during the year 2016.

**12. Other interest and other financial income****12.1. Other interest and similar income**

This item is mainly composed of the following realised exchange gains on:

- the repayment of loan of note for a total amount of EUR 465,032.93;
- the payment of invoices for a total amount of EUR 17,530.83;
- the payment of interests for a total amount of EUR 1,141,650.67;
- the payment of prolongation fees for a total amount of EUR 38,739.02;
- the payment of dividends for a total amount of EUR 492,878.68; and
- the year-end bank revaluation for a total amount of EUR 67.68.

This item is also composed of reimbursement of expenses in relation with the depositary of the GDRs for an amount of EUR 1,234,941.33.

**13. Tax status**

The Company is subject in Luxembourg to the applicable general tax regulations.

The tax expenses can be detailed as follows:

Corporate Income Tax 2016 (EUR)	Net Wealth Tax 2016 (EUR)	Withholding tax on directors' fees (EUR)
0.00	203,410.00	80,712.91

**14. Off-balance sheet Commitments**

The Senior Notes are secured by a first-ranking assignment of the Company's right under the Proceeds Loan with its subsidiary Eledem.

The Company opened Reserve Accounts with ING Bank N.V. in accordance with Loan Agreement dated 22 March 2011 and Loan Agreements dated 9 March 2011 and Coöperatieve Rabobank U.A. in accordance with Loan Agreement dated March 22, 2011, Loan Agreement dated February 11, 2011, and Loan Agreements dated December 24, 2010 and made respectively between PJSC "Myronivsky Hliboproduct" as Borrower and ING Bank N.V. as Lender, and between PJSC "Myronivsky Hliboproduct" as Borrower and Coöperatieve Rabobank U.A. as Lender.

At the end of the period, the Company entered into guarantees in relation to the following outstanding indebtedness under the Loan Agreements entered into by the Company's subsidiaries:

- Rabobank for an amount of EUR 16,318,056.08;
- Deutsche Bank AG for an amount of EUR 4,963,239.37;
- Ing Bank N.V. for an amount of EUR 7,294,504.91;

## **MHP S.A.**

### **Notes to the annual accounts as of and for the year ended December 31, 2016**

- LandesBank Berlin AG for an amount of EUR 12,042,005.36;
- IFC for an amount of USD 168,750,000.00;
- Ukrsibbank for an amount of USD 14,736,019.11;
- EBRD for an amount up to USD 119,380,952.38;
- Ing Bank N.V. for an amount of USD 65,500,000.00;
- Credit Agricole Bank for an amount of USD 15,016,000.00; and
- EIB for an amount of USD 29,176,000.00.

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, Ptahofabryka Shahtarska Nova, Agrofort, NPF Urozhay, Vinnytska Ptahofabryka, Raftan Holding Limited, Merique Holding Limited and Scylla Capital Limited.

#### **15. Contingencies**

In the recent years, Ukraine has been in a political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. In 2016, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions. These events resulted in higher inflation, devaluation of the national currency against major foreign currencies, illiquidity and volatility of financial markets. In January 2016, the agreement on the free trade area between Ukraine and the EU came into force. As a result, the Russian Federation implemented a trade embargo or import duties on key Ukrainian export products. In response, Ukraine implemented similar measures against Russian products.

In 2016, average inflation amounted to 13.9% comparing to 48.7% in 2015. Despite the fact that the cumulative inflation in Ukraine for the three latest years slightly exceeded 100%, management believes that the Ukrainian economy is not hyperinflationary due to slowing down of inflation during 2016 and lack of qualitative characteristics of the hyperinflationary economic environment.

The economic situation began to stabilize in 2016, which resulted in GDP growth around 1% and stabilization of Ukrainian Hryvnia. This allowed the National Bank of Ukraine to ease some foreign exchange restrictions imposed during 2014-2015, including decrease of the required share of foreign currency proceeds sale to 65% and permission of dividends remittance. However, certain other restrictions were prolonged. Significant external financing is required to support the economy. During 2015 and 2016, Ukraine received the first tranches of extended fund facilities (EFF) agreed with the IMF. Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts, yet further economic and political developments are currently difficult to predict.

#### **16. Subsequent events**

On January 31, 2017, Raftan Holding Limited and Eledem Investments Limited decided to distribute dividends to the Company for a total amount of respectively USD 69,998,600.00 and USD 6,000,000.00.

**MHP S.A.**  
*Société Anonyme*  
registered office:  
5, rue Guillaume Kroll  
L-1882 Luxembourg

R.C.S. LUXEMBOURG B 116838

(the "Company")

## **DIRECTORS REPORT**

Dear All,

In accordance with the statutory and legal measures in force in Luxembourg, we hereby present you the Directors Report for the financial year of the Company ending on December 31, 2016, and we are pleased to submit to you the annual accounts as of and for the year ended December 31, 2016 which are attached to the present report.

MHP S.A., is a limited liability company (société anonyme) registered under the laws of Luxembourg. MHP S.A. was formed as the ultimate holding company of PJSC “Myronivsky Hliboproduct” and its subsidiaries (“the MHP Group”) through Raftan acting as sub-holding company. Primary business activity of the MHP Group is placed in Ukraine.

The Company was incorporated on May 30, 2006 with a share capital of EUR 40,000 and an authorized capital of EUR 340,000,000. On June 15, 2006, EUR 200,000,000 out of the EUR 340,000,000 authorized capital was used to increase the share capital of the Company, paid-up in kind through the contribution of 100 % of the share capital of Raftan Holding Ltd, a Cyprus company. On April 9, 2013, the Company sold one share in Raftan Holding Limited to Monova Investments Limited for an amount of EUR 1. As of December 31, 2016, the Company has a total investment amount in this entity of EUR 299,635,679.99.

The Company still had this investment as of December 31, 2016.

As of December 31, 2016, the Company has a total investment of 0.50% in Scientific and Production Firm Urozhay (“RPC Urozhay”), an affiliated company engaged in grain growing, for an amount of EUR 1.00.

On March 9, 2016, the Company decided to make a Share Premium contribution for an amount of EUR 1,135,000.00 to MHP B.V.

As of December 31, 2016, the Company has a total investment of 100.00% in MHP B.V. for an amount of EUR 3,735,000.00.

As of December 31, 2016, the Company has a total investment of 0.64% in Zernoproduct MHP for an amount of EUR 505,417.61.

On December 27, 2016, the Company became the legal and beneficial owner of 1,000,370 shares of Starynska Ptahofabryka for an amount of EUR 4,462,756.15, representing 5.00 % of its issued share capital through the transfer of 531,395 GDRs held by the Company, which represent 0.48% of the Company's outstanding GDR-share capital. At the date of this transaction, fully owned subsidiaries of Raftan held the remaining 95.00 % in Starynska Ptahofabryka.

In the context of an internal restructuring held during the period between the acquisition date and the end of the year, Raftan increased its indirect investment in Starynska Ptahofabryka to 99,75% whilst the direct ownership of the Company was reduced to 0.25%. The Board of Directors hence transferred EUR 3,843,821.32 of the initial acquisition cost in Starynska Ptahofabryka to the Company's investment in Raftan.

The Management considered the valuation of the subsidiaries and therefore decided that no value adjustment is recorded on the financial assets in the accounts of the Company.

The Company does not have branches.

On April 2, 2013, MHP S.A. issued USD 750,000,000 8.25% Senior Notes due in 2020 at an issue price of 100% of the principal amount. USD 350,000,000 out of issued USD 750,000,000 8.25% Senior Notes were used to facilitate the early redemption and exchange of its existed 10.25% Senior Notes due in 2015. A loan amounting to USD 744,800,000 has been granted to Eledem, bearing an interest at the rate equalled 10.50% per annum until April 5, 2013 and 9.70% per annum as from April 5, 2013.

On December 27, 2016, the Company has transferred 531,395 Global Depositary Receipts ("GDR") to Serama Holdings Ltd, in exchange of 1,000,370 shares in Starynska breeding farm, realising a loss of EUR 1,415,045.69.

As at December 31, 2016, the Company owns 3,988,206 GDRs for a total amount of EUR 33,307,019.84 (USD 35,056,330.74).

### ***Share capital***

The subscribed capital, amounting to EUR 221,540,000, is represented by 110,770,000 shares with a nominal value of EUR 2.00, fully paid up. Since the authority of the Board of Directors has not been extended, as from May 9, 2013, the Board of Directors is not authorized anymore to issue shares and grant options to subscribe shares.

All shares are freely transferable, have equal voting rights and rights to receive dividends, which are payable at the discretion of the Company.

### ***Research and Development***

MHP S.A. has not had any activities in research and development.

### ***Corporate Governance***

MHP S.A. is registered in Luxembourg, and its shares are listed on the London Stock Exchange. Accordingly, the Company complies with the non-binding principles on corporate governance contained in "Ten principles of corporate governance of the Luxembourg stock exchange" and voluntary corporate governance regime under the UK Corporate Governance Code. The Company has a clear and transparent corporate governance framework; the Company's corporate governance policies and procedures are detailed in the annual report which is available at <http://www.mhp.com.ua>.

The Board of Directors ("the Board") is responsible for the overall conduct of the Company's business and has the powers, authorities and duties vested in it by and pursuant to the relevant Luxembourg law and the articles of association of the Company. Members of the Board are elected by a majority vote of shareholders at the Annual General Meeting (AGM), may be elected for a six-year period and may be re-elected an unlimited number of times. Of the Board's six directors, three are independent.

The term of office of each member of the Board of Directors will expire at the Annual General Shareholders Meeting to be held in 2019 except the term of office of Mr. John Grant that will expire at the Annual General Shareholders Meeting to be held in 2017. Each Director has signed a letter of appointment with the Company which applies for as long as he or she remains a Director. The letters do not provide for any benefits on termination of directorship.

The Audit Committee, comprised of three independent Directors, is authorised to carry out its functions as may, from time to time, be delegated to it by the Board of Directors, relating to the oversight of internal audit function, review the Company's risk management process and the effectiveness of the risk assurance process, and the appointment, compensation, retention and oversight of the Company's independent auditors.

The amount of remuneration and benefits of all members of the Board of Directors, including the Chief Executive Officer, regardless of whether such remuneration is paid by the Company or by any of its subsidiaries, is established by the Nominations and Remuneration Committee, which is comprised of three independent Directors. Nominations and Remuneration Committee is also responsible for, among other things, reviewing the composition of the Board, making recommendations to the Board with regard to any changes, and is also authorised to carry out any other functions that may, from time to time, be delegated to it by the Board.

In 2016, 2015, 2014, 2013 and 2012, the Board conducted an annual effectiveness review in order to evaluate its performance, as well as that of its committees and individual Directors. The evaluation process was initiated by a questionnaire and then supplemented by individual interviews by the Chairman with each of the Directors. The conclusions were analysed by the Board to further strengthen its composition and performance.

#### ***Internal control/risk management***

The Board of Directors is ultimately responsible for the Company's governance, risk management and internal control environment and processes and formally reviews their effectiveness at least annually. There is a continuous process for identifying, evaluating and managing the significant risks the Company faces and the Board regularly monitors exposure to key business risks.

The Company has an independent internal audit function whose activities are overseen by the Audit Committee.

#### ***Financial reporting process***

MHP has in place a comprehensive financial review cycle, which includes an annual budgeting process. Major commercial and financial risks are assessed as part of the business planning process. There is a comprehensive system of financial reporting, with quarterly performance reports. Management monitors the publication of the new reporting standards and works closely with the external auditors in evaluating in advance the potential impact of these standards.

#### ***Financial Review***

The charges are mainly composed by interest on Senior Notes, exchange losses and other operating expenses.

Other operating and external expenses mainly include director's fees, auditors, legal and bank fees.

The interest charges on the non-convertible debenture loan amounting to EUR 56,075,667.66 for 2016.

The charges for the year on the loan issuance cost and consent fees amounting to EUR 4,165,174.67.

The realised and unrealised exchange losses are amounting to EUR 4,930,708.48.

The income is mainly composed by dividends received from Raftan Holding Limited, Eledem Investments Limited and RPC Urozhay for a total amount of EUR 42,384,685.89, interest accrued on the loan granted to Eledem Investments Limited for EUR 65,932,421.69 and realised exchange gains for EUR 2,155,899.81.

Amount of interim dividend paid in 2016 of gross amount of USD 79,995,925.41 (EUR 70,642,816.50), representing USD 75,209,941.59 (EUR 66,416,409.03) net of withholding tax has been decided by the Board of Directors on March 15, 2016 on the basis of an interim accounting situation dated on January 31, 2016.

The total balance sheet as of December 31, 2016, amounts to EUR 1,016,054,613.40. The financial year ends with a profit of EUR 41,664,424.88.

On December 31, 2016, EUR 5,228,182.99 have been allocated from the reserve for own shares to the share premium account so that there is a reserve for own shares for a total amount of EUR 33,307,019.84 corresponding to the book value of the GDRs as of December 31, 2016.

We propose that you approve the balance sheet as well as the profit and loss account in the form they are submitted to you and to allocate the result as follows:

Allocation of the results as at 31.12.2016		
Result brought forward as of December 31, 2015	EUR	56,091,751.68
Result of the financial year ending December 31, 2016	EUR	41,664,424.88
Interim dividends of the financial year ending December 31, 2016	EUR	(70,642,816.50)
<b>Result to be allocated</b>	<b>EUR</b>	<b>27,113,360.06</b>
Allocation to the legal reserve 2016	EUR	(2,083,221.24)
<b>Result to be carried forward</b>	<b>EUR</b>	<b>25,030,138.82</b>

Variation between reserve for own shares and share premium for current year		
<b>Reserve for own shares as of December 31, 2015</b>	<b>EUR</b>	<b>38,535,202.83</b>
Transfer to the share premium	EUR	(5,228,182.99)
<b>Reserve for own shares as of December 31, 2016</b>	<b>EUR</b>	<b>33,307,019.84</b>
<b>Share premium as of December 31, 2015</b>	<b>EUR</b>	<b>58,885,410.88</b>
Transfer from the reserve for own shares	EUR	5,228,182.99
<b>Share premium as of December 31, 2016</b>	<b>EUR</b>	<b>64,113,593.87</b>

### *Take overs*

The Company's Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of Luxembourg law and in accordance with the applicable principles for good corporate governance.

Yuriy Kosyuk, the MHP S.A. Chief Executive Officer, owns 100% of the shares of WTI Trading Limited, which is the immediate majority shareholder of the Company.

56.4% of share capital is represented by GDRs, including 3.6% of shares that are in treasury.

## *Contingencies*

In the recent years, Ukraine has been in a political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. In 2016, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions. These events resulted in higher inflation, devaluation of the national currency against major foreign currencies, illiquidity and volatility of financial markets. In January 2016, the agreement on the free trade area between Ukraine and the EU came into force. As a result, the Russian Federation implemented a trade embargo or import duties on key Ukrainian export products. In response, Ukraine implemented similar measures against Russian products.

In 2016, average inflation amounted to 13.9% comparing to 48.7% in 2015. Despite the fact that the cumulative inflation in Ukraine for the three latest years slightly exceeded 100%, management believes that the Ukrainian economy is not hyperinflationary due to slowing down of inflation during 2016 and lack of qualitative characteristics of the hyperinflationary economic environment.

The economic situation began to stabilize in 2016, which resulted in GDP growth around 1% and stabilization of Ukrainian Hryvnia. This allowed the National Bank of Ukraine to ease some foreign exchange restrictions imposed during 2014-2015, including decrease of the required share of foreign currency proceeds sale to 65% and permission of dividends remittance. However, certain other restrictions were prolonged. Significant external financing is required to support the economy. During 2015 and 2016, Ukraine received the first tranches of extended fund facilities (EFF) agreed with the IMF. Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts, yet further economic and political developments are currently difficult to predict.

MHP Group operations extend throughout all regions of Ukraine with wide regional diversification. Deep vertical integration and internally developed supply chains allow our operations located in potentially distressed regions of Ukraine to remain self-sufficient with both production needs and markets, even in the case of temporary regional isolation.

The MHP Group earned around 56% of total revenue in US Dollars through the sale of vegetable oil, sunflower husk, chicken meat and grain. The amount of exports sales will continue to increase with further expansion of production facilities and strengthening of positions on export markets. This will allow the MHP Group to service all its dollar-denominated loans and payments for operational purchases.

We kindly remind you that on June 16, 2016, the following mandates of the members of the Board of Directors have been renewed until the Annual General Meeting reporting on the annual accounts as of December 31, 2018:

- **Mrs. Victoriya B. Kapelushna**, private employee, residing at 125, Peremogy avenue, ap. 69, Kyiv, Ukraine, director;
- **Mr. Philippe Lamarche**, private employee, residing at 2, Boulevard Emmanuel Servais, L-2535 Luxembourg, director;
- **Mr. Yuriy Melnyk**, private employee, residing at 158, AK, Zabolotnogo, 03143 Kiev, Ukraine, director;
- **Mr. John Clifford Rich**, private employee, residing at Zekeriyakoy Yaprak Mahallesi 12 Cadde No:12 Sariyer 34450 Istanbul, Turkey, director;
- **Mr. Yuriy A. Kosyuk**, chief executive officer, residing at 5, Parkova str., village of Khotiv, Kyiv-Svyatoshynsky distr., Kyiv region, Ukraine chief executive officer,
- **Mr. Charles Adriaenssen**, private employee, residing at the Malthouse, Manor Lane, CV358NH Claverdon, Warwickshire, Great Britain, director.



We kindly remind you that on June 16, 2016, the following mandate of the member of the Board of Directors has been renewed until the Annual General Meeting reporting on the annual accounts as of December 31, 2016:

- **Mr. John Grant**, private employee, residing at The Malthouse, Manor Lane, CV35 8NH Claverdon, Warwickshire, Great Britain, director,

We kindly remind you that on July 15, 2016, Mr. Charles Adriaenssen resigned from his mandate of member of the Board of Directors with effect as of July 18, 2016. His resignation will be acknowledged during the Annual General Meeting reporting on the annual accounts as of December 31, 2016.

We kindly ask you to renew the mandate of **Deloitte Audit**, Société à responsabilité limitée, established and having its registered office at 560, rue de Neudorf, L-2220 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 67895, in its independent auditor's functions until the Annual General Meeting approving the annual accounts as of December 31, 2016.

Signed on March 14, 2017

On behalf of the Board of Directors



**Yuriy A. Kosyuk**

Chief Executive Officer



**Victoriya B. Kapelushna**

Director