



MHP SE

Unaudited Financial Results for the First Quarter ended 31 March 2019

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, focusing primarily on the production of poultry and cultivation of grain, as well as other agricultural operations (meat processing and meat products ready for consumption), today announces its unaudited results for the first quarter ended 31 March 2019. Hereinafter, MHP SE and its subsidiaries are referred to as “MHP”, “The Company” or “The Group”.

EVENTS DURING AND POST REPORTING PERIOD

On 21 February 2019, MHP completed the acquisition of 90.69% of Perutnina Ptuj (PPJ), the largest producer of poultry meat and poultry meat products in the Balkans southeast Europe (<https://www.mhp.com.ua/library/file/mhp-closes-pp-deal-final-final-docx.pdf>).

On 26 April 2019, MHP announced that it had agreed a final settlement price of 22.34 EUR per share for the acquisition, representing a total enterprise value, for 100% of PPJ, of EUR 273 million, including net debt of EUR 34.5 million and a normalized value of working capital. The final purchase price for 90.69% of the equity was EUR 221 million (<https://www.mhp.com.ua/library/file/pppricepr-extended-final-docx.pdf>).

NOTE: MHP SE's financial results for the first quarter 2019 include the results of PPJ from 21 February 2019 when the acquisition was completed. Due to not significant impact on the MHP results for Q1 2019, operating results and trends explanation were presented without PPJ impact.

OPERATIONAL HIGHLIGHTS

- MHP completed the transition into live operations of two additional rearing sites (brigades) as part of Phase 2 of the Vinnytsia Poultry Complex and is currently growing chickens at five brigades
- Poultry production volumes increased by 13% to 171,272 tonnes year-on-year (Q1 2018: 152,167 tonnes)
- The average chicken meat price remained stable and constituted UAH 38.63 per kg (Q1 2018: UAH 38.78 per kg) (excluding VAT)
- Chicken meat exports increased by 47% to 93,045 tonnes (Q1 2018: 63,144 tonnes)

FINANCIAL HIGHLIGHTS

- Revenue increased by 42% year-on-year to US\$ 436 million (Q1 2018: US\$ 306 million)
- Export revenue increased by 65% to US\$ 268 million, representing 61% of total revenue (Q1 2018: US\$ 162 million, 53% of total revenue)
- Gross profit remained relatively stable and amounted to US\$ 81 million; gross profit margin declined to 19% (Q1 2018: 26%)
- Adjusted EBITDA decreased to US\$ 83 million from US\$ 89 million, as a result of decrease in margin for all segments; adjusted EBITDA margin declined to 19% (Q1 2018: 29%)
- Net profit was US\$ 33 million, compared to US\$ 90 million for Q1 2018; decrease was mainly due to the impact of a non-cash foreign exchange translation gain and increase in finance costs affected by the application of IFRS 16, as well as higher depreciation charges related to the expansion of Vinnytsia Poultry Complex

Dr John Rich, Chairman of MHP SE, commented: "MHP has continued to deliver its growth strategy, with on-time and on-budget delivery of the latest phase of expansion in production capacity at Vinnytsia Poultry Complex and completion of an important strategic step with the acquisition of Perutnina Ptuj. PPJ is an excellent company with strong management and a well-established presence in its major markets in the Balkans and southeast Europe. We see good opportunities to work with PPJ team to further develop their business as part of the MHP Group.

Our financial results in the first quarter reflect significant growth in revenue as new production facilities have come on stream and include PPJ's revenue since completion of the acquisition. Operating margins for the first quarter were adversely affected by the higher labour costs experienced since the second quarter of last year. Nonetheless, we remain confident in the prospects for the Group, and our expectations for the full year remain unchanged.

FINANCIAL OVERVIEW

<i>(in mln. US\$, unless indicated otherwise)</i>			
	Q1 2019	Q1 2018	% change*
Revenue	436	306	42%
IAS 41 standard gains	(6)	(5)	20%
Gross profit	81	81	0%
Gross profit margin	19%	26%	-7pps
Operating profit	50	62	-19%
Operating profit margin	11%	20%	-9 pps
Adjusted EBITDA	83	89	-7%
Adjusted EBITDA margin	19%	29%	-10 pps
Finance costs	(36)	(24)	50%
Foreign exchange gain	21	55	-62%
Net profit	33	90	-63%
Net profit margin	8%	29%	-21 pps

* pps – percentage points

Average official FX rate for Q1: UAH/US\$ 27.3058 in 2019 and UAH/US\$ 27.3203 in 2018

DIVIDENDS

On 21 March 2019, the Board of Directors of MHP SE approved an interim dividend of US\$ 0.7474 per share, equivalent to approximately US\$ 80 million, payable on 4 April 2019 to shareholders on the register as of 29 March 2019. No dividend will be paid on the Company's shares held in treasury.

The Board of Directors of MHP SE acknowledged the consent of WTI Trading Limited (the Company's major shareholder) for its dividends to be paid later than on the declared dividend payment date (but not later than 1 November 2019), with no interest accrued on the amount of dividend paid later.

DIAL-IN DETAILS

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

The dial-in details are:

Time:	14.00 London / 16.00 Kyiv / 16.00 Moscow/ 9.00 New York
Title:	Financial results for Q1 2019
International/UK Dial in:	+44 2071943759
USA free call:	+1 6467224916
Conference ID:	EV00091161
Participant PIN code	74492966#

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

<https://event.onlineseminarsolutions.com/wcc/r/2019621-1/0CD5B7B7E2F3328A24570F7D4C02AAD6?partnerref=rss-events>

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Segment Performance

Poultry and related operations

	Q1 2019	Q1 2018	% change*
Poultry			
Sales volume, third parties tonnes*	164,004	135,307	21%
<i>Incl. Export sales volume, tonnes</i>	93,045	63,144	47%
Price per 1 kg net of VAT, UAH	38.63	38.78	0%
Sunflower oil			
Sales volume, third parties tonnes	99,826	47,506	110%
Soybeans oil			
Sales volume, third parties tonnes	15,152	18,255	-17%

* not included sales volume of Perutnina Ptuj d.d for Q1 2019 in the amount of 5,206 tonnes

Chicken meat

Aggregated volume of chicken meat sold to third parties increased by 21% in Q1 2019 to 164,004 tonnes (Q1 2018: 135,307 tonnes), with particularly strong growth in exports. In Q1 2019, export sales volumes were 93,045 tonnes, up 47% compared to Q1 2018. MHP continued to follow a strategy of both geographic diversification and product mix optimization, with increased sales to both MENA (KSA, Iraq and UAE predominantly) and the EU.

The average chicken meat price remained almost at the same level year-on-year. Poultry export prices decreased by 5% and prices on the domestic market were up on average by 2% year-on-year in USD term.

Vegetable oil

In Q1 2019, sunflower oil sales were 99,826 tonnes, 110% higher year-on-year mainly as a result of a change in delivery terms in addition to an increase in production. Sales of soybean oil decreased by 17% compared to Q1 2018 to 15,152 tonnes.

<i>(in mln. US\$, unless indicated otherwise)</i>	Q1 2019	Q1 2018	% change*
Revenue	342	268	28%
- Poultry and other	267	218	22%
- Vegetable oil	75	50	50%
IAS 41 standard gains/(losses)	11	2	450%
Gross profit	69	72	-4%
<i>Gross margin</i>	20%	27%	-7 pps
Adjusted EBITDA	72	77	-6%
<i>Adjusted EBITDA margin</i>	21%	29%	-8 pps
<i>Adjusted EBITDA per 1 kg (net of IAS 41)</i>	0.36	0.55	-35%

* pps – percentage points

As a result of the increased sales of chicken meat and vegetable oil, revenue increased by 28% in Q1 2019 compared to Q1 2018.

IAS 41 standard gain in Q1 2019 amounted to US\$ 11 million mainly as a result of an increase in broiler chicken stock due to the launch of new rearing sites.

The Gross profit of the poultry and related operations segment for Q1 2019 decreased by 4% compared to Q1 2018 to US\$ 69 million. The EBITDA margin decreased correspondingly from 29% to 21%, which was in line with management expectations for the 2019. This has arisen due to increase of production costs, reflecting higher cost of mixed fodder protein components as well as higher payroll costs experienced since the Q2 2018. While the dip in margin is large, poultry production costs for Q1 2019 remained almost at the same level compared to Q4 2018 with the exception of seasonal influence of utilities costs.

Adjusted EBITDA per 1 kg decreased to US\$ 0.36 as a result of an increase in production and delivery costs.

Grain growing operations

<i>(in mln. US unless indicated otherwise)</i>	Q1 2019	Q1 2018	% change
Revenue	52	7	643%
IAS 41 standard loss	(17)	(11)	55%
Gross profit	4	1	300%
Adjusted EBITDA	11	6	83%

Grain growing revenue for Q1 2019 amounted to US\$ 52 million compared to US\$ 7 million in Q1 2018. The increase was mainly attributable to the higher amount of crops in stock designated for sale as of 31 December 2018, compared to stock for sale as of 31 December 2017, mainly as a result of higher yields in 2018.

IAS 41 standard loss for Q1 2019 amounted to US\$ 17 million compared with US\$ 11 million in Q1 2018. The loss represents the net change in the effect of revaluation of agricultural produce (sunflower, corn, wheat and soya) as a result of lower levels of grain in stock due to internal consumption as a result of the harvest cycle and seasonality.

Other agricultural operations

Meat processing products	Q1 2019	Q1 2018	% change
Sales volume, third parties tonnes*	7,572	8,162	-7%
Price per 1 kg net VAT, UAH	65.73	58.66	12%

* not included sales volume of Perutnina Ptuj d.d for Q1 2019 in the amount of 2,662 tones

Sales volume of meat processing products decreased by 7% year-on-year and amounted to 7,572 tonnes in Q1 2019. The average processed meat price increased by 12% year-over-year to UAH 65.73 per kg in Q1 2019.

Convenience food	Q1 2019	Q1 2018	% change
Sales volume, third parties tonnes	4,067	3,835	6%
Price per 1 kg net VAT, UAH	43.43	46.51	-7%

Sales volumes of convenience food in Q1 2019 increased by 6% to 4,067 tonnes. The average price in Q1 2019 decreased by 7% to UAH 43.43 per kg (excluding VAT), mainly due to product mix changes.

<i>(in mln. US\$, except margin data)</i>	Q1 2019	Q1 2018	% change*
Revenue	42	31	35%
- Meat processing and convenience food	33	23	41%
- Other**	9	8	20%
IAS 41 standard gains/(losses)	(1)	4	-125%
Gross profit	8	7	14%
Gross margin	19%	23%	-4 pps
Adjusted EBITDA	6	8	-25%
Adjusted EBITDA margin	14%	26%	-12 pps

* pps – percentage points

** includes milk, cattle, goose meat, foie gras and feed grains.

Segment revenue in 1Q 2019 increased by 35% compared to Q1 2018 to US\$ 42 million, mainly as a result of higher prices of meat processing products as well as the inclusion of Perutnina Ptuj d.d. results after acquisition date. Adjusted EBITDA decreased to US\$ 6 million mainly due to lower returns earned from milk operations partly offset by higher meat processing results.

Group cash flow

<i>(in mln. US\$)</i>	Q1 2019	Q1 2018
Cash from operations	80	69
Change in working capital	62	(40)
Net Cash from operating activities	142	29
Cash used in investing activities	(189)	(52)
Net cash outflow on acquisition of subsidiaries	(156)	-
CAPEX	(33)	(52)
Cash used in financing activities	113	35
Total change in cash*	66	12

*Calculated as Net Cash from operating activities plus Cash used in investing activities plus Cash used in financing activities

Cash flow from operations before changes in working capital for Q1 2019 amounted to US\$ 80 million (Q1 2018: US\$ 69 million).

Positive cash flow from changes in working capital during Q1 2019 compared to Q1 2018 is mostly related to lower investments in inventory during Q1 2019 due to higher stocks of crops (sunflower and soya) designated for internal consumption as of 31 December 2018 compared to 31 December 2017, as well as an increase in amounts payable for seeds and plant protection products required for the forthcoming spring sowing campaign .

In Q1 2019 total CAPEX amounted to US\$ 33 million mainly related to the launch of production sites of Phase 2 of the Vinnytsia Poultry Complex.

Debt Structure and Liquidity

<i>(in mln. US\$)</i>	31 March 2019	31 December 2018	31 March 2018
Total Debt*	1,521	1,343	1,194
LT Debt*	1,255	1,206	1,094
ST Debt *	266	137	100
Cash and bank deposits	(282)	(212)	(136)
Net Debt*	1,239	1,131	1,058
LTM Adjusted EBITDA**	476	450	455
<i>Net Debt / LTM Adjusted EBITDA</i>	2.60	2.51	2.33

*Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IFRS as in effect before the 1 January 2019, is treated as an operating lease for purposes of this calculation

** Calculated as if acquisitions of subsidiaries had occurred on the first day of the four-quarter reference period. LTM adjusted EBITDA of Perutnina Ptuj d.d amounted to US\$ 36 million for Q1 2019

As of 31 March 2019, the share of long-term debt decreased to 83% of total debt compared to 90% of total debt as of 31 December 2018. The weighted average interest rate remains around 7%.

Cash and cash equivalents amounted to US\$ 282 million. Net debt increased to US\$ 1,239 million, compared to US\$ 1,131 million as at 31 December 2018.

The Net Debt / LTM EBITDA ratio was 2.60 as of 31 March 2019, within the Eurobond covenant limit of 3.0.

As a hedge for currency risks, revenues from exports of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in hard currency, more than fully covering debt service expenses. Export revenue for Q1 2019 amounted to US\$ 268 million or 61% of total revenue (US\$ 162 million or 53% of total sales in Q1 2018).

OUTLOOK

The main drivers for growth in 2019 will be:

- An increase in production volume of chicken meat by around 100,000 tonnes as a result of the expansion of the Vinnytsia poultry complex (Phase 2) in Ukraine, mostly sent for exports (forecasted at around 380,000 tonnes of chicken meat), will be supported by growth in local and export prices based on current price trends
- An increase in production volume of chicken meat by around 80,000 tonnes following the acquisition of Perutnina Ptuj with expected higher financial results y/y due to cost optimization
- Gradual launch of an alternative energy biogas project of 12MW capacity (Phase 1) at Vinnytsia Poultry Complex (launched in the middle of 2019)
- Expected strong yields of crops will positively affect the overall financial result of MHP in 2019

The financial results for the first quarter reflect a significant growth in revenue as new production facilities have come on stream and include PPJ since completion of the acquisition. Operating margins for the first quarter were adversely affected by higher labour costs since the second quarter of 2018 and have also been diluted by PPJ's structurally lower margins. Nonetheless, we remain confident in the prospects for the Group, and our expectations for the full year remain unchanged.

Notes to Editors:

About MHP

MHP, an international company headquartered in Ukraine, is a vertically integrated, leading agro-industrial group. It is the leading domestic producer of poultry products with the highest market share and strongest domestic brand recognition for its products.

The Company's vision is to be a world-leading protein agri-business through steady financial, economic and operational growth and continuous business efficiencies.

MHP trades 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 SE. Such statements do not guarantee that these are actions to be taken by MHP SE 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 SE does not intend to change these statements to reflect actual results.

MHP SE AND ITS SUBSIDIARIES

Interim condensed consolidated Financial
Statements

As of and for the three-month period ended 31 March 2019

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STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with Article 10 of the Transparency Requirements (Securities for Trading on Regulated Market) Law 190(I)/2007 ("Law"), we the members of the Board of Directors of MHP SE confirm that to the best of our knowledge:

- (a) The interim condensed consolidated financial statements for the period from 1 January 2019 to 31 March 2019 that are presented on pages 5 to 24:
- were prepared in accordance with the International Financial Reporting Standards and in accordance with the provisions of Article 10 (4) of the Law, and
 - give a true and fair view of the assets and liabilities, the financial position and the profits of MHP SE and the businesses that are included in the interim condensed consolidated financial statements as a total, and
- (b) the interim management report gives a fair review of the information required under Article 10 (6) of the Law.

11 June 2019

Members of the Board of Directors:

Chief Executive Officer



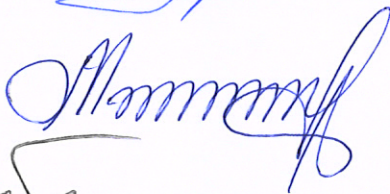
Yuriy Kosyuk

Chief Financial Officer



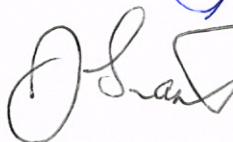
Viktoria Kapelyushnaya

Director



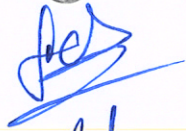
Yuriy Melnyk

Director



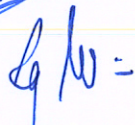
John Grant

Director



John Clifford Rich

Director



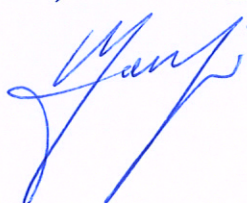
Roger Wills

Director



Christakis Taoushanis

Director



Roberto Banfi

MANAGEMENT REPORT**Key financial highlights**

During the three-month period ended 31 March 2019 consolidated revenue increased by 43% and amounted to USD 436,324 thousand, compared to USD 305,576 thousand for the three-month period ended 31 March 2018. Export sales for the three-month period ended 31 March 2019 constituted 61% of total revenue and amounted to USD 268,071 thousand, compared to USD 162,338 thousand, 53% of total revenue for the three-month period ended 31 March 2018. Overall increase in revenue is mainly attributable to the increased sales volume exports of chicken meat.

Gross profit remained relatively stable and amounted to USD 80,647 thousand for the three-month period ended 31 March 2019 compared to USD 81,039 thousand for the three-month period ended 31 March 2018.

Operating profit decreased by 19% to USD 49,996 thousand for the three-month period ended 31 March 2019 compared to USD 61,954 thousand for the three-month period ended 31 March 2018, mainly as a result of an increase in administration, sales and distribution expenses mainly due to increased in payroll cost, logistics costs and consulting services.

Profit for the period from continuing operations for three-month period ended 31 March 2019 decreased by 63% and amounted to USD 33,347 thousand, compared to USD 89,784 thousand for the three-month period ended 31 March 2018 including foreign exchange gain of USD 20,859 thousand for three-month period ended 31 March 2019 compared to USD 54,633 thousand for the three-month period ended 31 March 2018.

Dividends

On 21 March 2019, the Board of Directors of MHP SE approved a payment of the interim dividends of USD 0.7474 per share, equivalent to approximately USD 80,000 thousand, on 4 April 2019 to shareholders on the register as of 29 March 2019. The Board of Directors approved that no dividend will be paid on the Company's shares held in treasury.

The Board of Directors of MHP SE also acknowledged the consent of WTI Trading Limited (the Company's major shareholder) to be paid later than on the declared dividend payment date (but not later than 1 November 2019), with no interest accrued on the amount of dividend paid later (Note 17).

Risks and uncertainties


There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining three months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2018. A detailed explanation of the risks, and how the Group seeks to mitigate the risks, can be found on pages 162 to 167 of the annual report which is available at www.mhp.com.cy.

11 June 2019

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk



Viktoria Kapelyushnaya

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2019	Three-month period ended 31 March 2018
Continuing operations			
Revenue	4	436,324	305,576
Net change in fair value of biological assets and agricultural produce	4, 5	(6,261)	(5,385)
Cost of sales		(349,416)	(219,152)
Gross profit		80,647	81,039
Selling, general and administrative expenses		(30,493)	(19,026)
Other operating expenses, net		(158)	(59)
Operating profit		49,996	61,954
Finance income		1,482	516
Finance costs	11, 12	(35,656)	(23,740)
Foreign exchange gain, net	16	20,859	54,633
Other expenses, net		(1,274)	(4,030)
Other (expenses)/income, net		(14,589)	27,379
Profit before tax		35,407	89,333
Income tax (expense)/benefit		(2,060)	451
Profit for the period	5	33,347	89,784
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Cumulative translation difference	2	13,299	59,571
Other comprehensive income for the period		13,299	59,571
Total comprehensive income for the period		46,646	149,355
Profit attributable to:			
Equity holders of the Parent		34,050	89,777
Non-controlling interests		(703)	7
		33,347	89,784
Total comprehensive income attributable to:			
Equity holders of the Parent		47,336	146,981
Non-controlling interests		(690)	2,374
		46,646	149,355
Earnings per share			
Basic and diluted earnings per share (USD per share)		0.32	0.84

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer

Yuriy Kosyuk

Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	31 March 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,674,427	1,498,530
Right-of-use asset	2	175,573	-
Goodwill	3	90,120	2,509
Land lease rights		51,036	48,809
Non-current biological assets		24,118	23,392
Long-term bank deposits		3,317	3,387
Deferred tax assets	3	3,361	-
Other non-current assets		66,560	57,360
		<u>2,088,512</u>	<u>1,633,987</u>
Current assets			
Inventories	8	303,860	273,522
Biological assets	9	216,935	179,290
Agricultural produce	8	165,179	224,789
Other current assets, net		50,494	32,858
Taxes recoverable and prepaid, net		45,317	45,146
Trade accounts receivable, net		113,298	69,305
Cash and cash equivalents		281,602	211,768
		<u>1,176,685</u>	<u>1,036,678</u>
TOTAL ASSETS		<u><u>3,265,197</u></u>	<u><u>2,670,665</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		635,088	642,800
Retained earnings		1,002,089	1,040,327
Translation reserve		(1,002,305)	(1,015,591)
Equity attributable to equity holders of the Parent		<u>1,048,806</u>	<u>1,081,470</u>
Non-controlling interests	3	32,575	16,536
Total equity		<u>1,081,381</u>	<u>1,098,006</u>
Non-current liabilities			
Bank borrowings	11	152,886	105,783
Bonds issued	12	1,092,650	1,090,935
Lease liability	2	143,227	9,087
Deferred revenues	6	37,871	34,578
Deferred tax liabilities	3	25,831	12,953
		<u>1,452,465</u>	<u>1,253,336</u>
Current liabilities			
Trade accounts payable		140,380	66,398
Other current liabilities	13	234,185	96,383
Bank borrowings	11	260,493	132,715
Accrued interest	11,12	39,510	19,472
Lease liability	2	56,783	4,355
		<u>731,351</u>	<u>319,323</u>
TOTAL LIABILITIES		<u>2,183,816</u>	<u>1,572,659</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,265,197</u></u>	<u><u>2,670,665</u></u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer

Yuriy Kosyuk

Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

	<i>Attributable to equity holders of the Parent</i>						<i>Non-controlling interests</i>	<i>Total equity</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 2019	284,505	(44,593)	174,022	642,800	1,040,327	(1,015,591)	16,536	1,098,006
Profit for the period	-	-	-	-	34,050	-	(703)	33,347
Other comprehensive income	-	-	-	-	-	13,286	13	13,299
Total comprehensive income for the period	-	-	-	-	34,050	13,286	(690)	46,646
Transfer from revaluation reserve to retained earnings	-	-	-	(17,805)	17,805	-	-	-
Dividends declared by the Parent (Note 17)	-	-	-	-	(80,000)	-	-	(80,000)
Non-controlling interests acquired (Note 3)	-	-	-	-	-	-	16,729	16,729
Translation differences on revaluation reserve	-	-	-	10,093	(10,093)	-	-	-
Balance as of 31 March 2019	<u>284,505</u>	<u>(44,593)</u>	<u>174,022</u>	<u>635,088</u>	<u>1,002,089</u>	<u>(1,002,305)</u>	<u>32,575</u>	<u>1,081,381</u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer





Yuriy Kosyuk

Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2018
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Treasury shares	Additional paid-in capital	Revaluation reserve	Retained earnings	Translation reserve		
Balance as of 31 December 2017	284,505	(48,503)	175,291	661,454	934,630	(1,030,159)	17,141	994,359
Effect of adoption IFRS 9	-	-	-	-	2,904	-	-	2,904
Balance as of 1 January 2018	284,505	(48,503)	175,291	661,454	928,882	(1,030,159)	17,141	988,611
Profit for the period	-	-	-	-	89,777	-	7	89,784
Other comprehensive income	-	-	-	-	-	57,204	2,367	59,571
Total comprehensive income for the period	-	-	-	-	89,777	57,204	2,374	149,355
Transfer from revaluation reserve to retained earnings	-	-	-	(17,954)	17,954	-	-	-
Dividends declared by the Parent	-	-	-	-	(80,000)	-	-	(80,000)
Translation differences on revaluation reserve	-	-	-	37,445	(37,445)	-	-	-
Balance as of 31 March 2018	<u>284,505</u>	<u>(48,503)</u>	<u>175,291</u>	<u>680,945</u>	<u>927,820</u>	<u>(972,955)</u>	<u>19,515</u>	<u>1,066,618</u>

On behalf of the Board:

Chief Executive Officer

Chief Financial Officer



Yuriy Kosyuk

Viktoria Kapelyushnaya

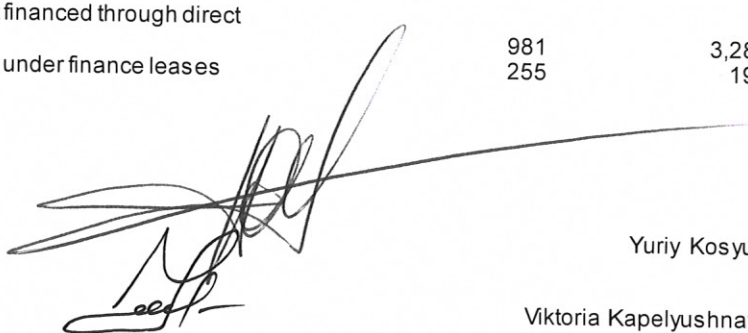
The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2019	Three-month period ended 31 March 2018
Operating activities			
Profit before tax		35,407	89,333
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	4	33,059	27,285
Net change in fair value of biological assets and agricultural produce	4, 5	6,261	5,385
Change in allowance for irrecoverable amounts and direct write-offs		(311)	(31)
Gain on disposal of property, plant and equipment and other non-current assets		(211)	(85)
Finance income		(1,482)	(516)
Finance costs		35,656	23,740
Withholding tax related to interest and payment of dividends		-	3,086
Non-operating foreign exchange gain, net		(20,859)	(54,633)
Operating cash flows before movements in working capital		87,520	93,564
<i>Working capital adjustments</i>			
Change in inventories	8	(7,524)	(58,639)
Change in biological assets	9	(17,487)	(17,796)
Change in agricultural produce	8	48,998	37,001
Change in other current assets		(12,747)	(4,677)
Change in taxes recoverable and prepaid		807	(20,985)
Change in trade accounts receivable		(6,500)	(1,717)
Change in other liabilities		3,464	23,495
Change in trade accounts payable		52,721	3,648
Cash generated by operations		149,252	53,894
Interest received		1,482	479
Interest paid		(7,176)	(25,088)
Income taxes paid		(1,402)	(112)
Net cash flows from operating activities		142,156	29,173
Investing activities			
Purchases of property, plant and equipment	7	(28,578)	(42,568)
Purchases of other non-current assets		(655)	(3,956)
Purchase of land lease rights		(2,532)	(4,133)
Proceeds from disposals of property, plant and equipment		365	145
Purchases of non-current biological assets		(385)	(800)
Acquisition of subsidiaries, net of cash acquired	3	(155,955)	-
Investments in short-term deposits		-	(1,053)
Loans provided to employees, net		(1,156)	(149)
Loans provided to related parties, net		(27)	(26)
Net cash flows used in investing activities		(188,923)	(52,540)
Financing activities			
Proceeds from bank borrowings		171,652	98,335
Repayment of bank borrowings		(56,492)	(57,842)
Repayment of lease liability		(1,292)	(1,287)
Transaction costs related to bank loans received		(697)	(835)
Withholding tax related to dividends paid		-	(3,086)
Net cash flows from financing activities		113,171	35,285
Net decrease in cash and cash equivalents		66,404	11,918
Net foreign exchange difference		3,430	(1,230)
Cash and cash equivalents at 1 January		211,768	125,554
Cash and cash equivalents at 31 March		281,602	136,242

The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	Three-month period ended 31 March 2019	Three-month period ended 31 March 2018
Non-cash transactions			
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor		981	3,287
Additions of property, plant and equipment under finance leases		255	195
On behalf of the Board:			
Chief Executive Officer			
Chief Financial Officer			
			Yuriy Kosyuk
			Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 25 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the three-month period ended 31 March 2019

(in thousands of US dollars, unless otherwise indicated)

1. Corporate information

MHP SE (the "Parent" or "MHP SE"), a limited liability company (Societas Europaea) registered under the laws of Cyprus, was formed on 30 May 2006. MHP SE serves as the ultimate holding company of PJSC "Myronivsky Hliboproduct" ("MHP") and its subsidiaries. Hereinafter, MHP SE and its subsidiaries are referred to as the "MHP SE Group" or the "Group". The registered address of MHP SE is 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

The controlling shareholder of MHP SE 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 SE, which in turn directly owns of 59,7% of the total outstanding share capital of MHP SE.

The principal business activities of the Group are poultry and related operations, grain growing, as well as other agricultural operations (meat processing and meat products ready for consumption). The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, vegetable oil, mixed fodder. Grain growing comprises the production and sale of grains. Other agricultural operations comprise the production and sale of cooked meat, sausages, convenience food products, milk, goose meat, foie gras and feed grains. During the three-month period ended 31 March 2019 the Group employed about 29,042 people (31 December 2018: 28,575 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 31 March 2019 and 31 December 2018 were as follows:

Name	Country of registration	Year established acquired	Principal activities	31 March 2019	31 December 2018
Raftan Holding Limited	Cyprus	2006	Sub-holding Company	100.0%	99.9%
Larontas Limited	Cyprus	2015	Sub-holding Company	100.0%	100.0%
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.00%
Myronivsky Hliboproduct	Ukraine	1998	Management, marketing and sales	99.9%	99.9%
Myronivsky Plant of Manufacturing Feeds and Groats	Ukraine	1998	Fodder and vegetable oil production	88.5%	88.5%
Vinnytska Ptakhofabryka	Ukraine	2011	Chicken farm	99.9%	99.9%
Peremoga Nova	Ukraine	1999	Breeder farm	99.9%	99.9%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Myronivska Pticefabrika	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptakhofabryka	Ukraine	2003	Breeder farm	100.0%	100.0%
Ptakhofabryka Snyatynska Nova	Ukraine	2005	Geese breeder farm	99.9%	99.9%
Zernoproduct MHP	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerinopilskiy Elevator	Ukraine	2005	Fodder production and grain storage, vegetable oil production	99.9%	99.9%
SPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	99.9%	99.9%
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	51.0%	51.0%
Agro-S	Ukraine	2013	Grain cultivation	51.0%	51.0%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%
Scylla Capital Limited	British Virgin Islands	2014	Trading in sunflower oil and poultry meat	100.0%	100.0%
Perutnina Ptuj d.d.	Slovenia	2019	Chicken farm	90.69%	0.0%

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2019 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.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The 31 December 2018 statement of financial position was derived from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

Adoption of new and revised International Financial Reporting Standards

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting IFRS 16 Leases.

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but did not result in any changes to the Group's accounting policies and the amounts reported in the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 changes how the Group accounts for leases previously classified as operating lease under IAS 17, which were off-balance-sheet.

Applying IFRS 16, the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases. The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16:

<i>Impact on profit (loss) for the period:</i>	<i>2019</i>
Increase in finance costs	(7,993)
Decrease in profit for the period	(7,993)

<i>Impact on assets, liabilities and equity as at 1 January 2019</i>	<i>As if IAS 17 still applied</i>	<i>IFRS 16 adjustments</i>	<i>As presented</i>
Right-of-use assets, net	-	163,993	163,993
Other non-current assets	57,360	(6,092)	51,268
Other current assets	32,858	(69)	32,789
Net impact on total assets	90,218	157,832	248,050
Lease liability	9,087	114,042	123,129
Current portion of lease liability	4,355	49,609	53,964
Other current liabilities	96,383	(5,819)	90,564
Net impact on total liabilities	109,825	157,832	267,657
Retained earnings	1,040,327	-	1,040,327

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

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

Adoption of new and revised International Financial Reporting Standards *(continued)*

IFRS 16 Leases *(continued)*

<i>Impact on assets, liabilities and equity as at 31 March 2019</i>	<i>As if IAS 17 still applied</i>	<i>IFRS 16 adjustments</i>	<i>As presented</i>
Right-of-use assets, net	-	175,573	175,573
Other non-current assets	73,003	(6,443)	66,560
Inventories	310,624	(6,764)	303,860
Other current assets, net	50,564	(70)	50,494
Net impact on total assets	434,191	162,296	596,487
Lease liability	9,182	134,045	143,227
Current portion of lease liability	5,558	51,225	56,783
Other current liabilities	249,166	(14,981)	234,185
Net impact on total liabilities	263,906	170,289	434,195
Retained earnings	1,009,226	(7,993)	1,001,233

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 20%. The difference between operating lease commitments disclosed as at 31 December 2018 and lease liability recognized as at 1 January 2019 arises from the effect of discounting lease payments and adjustments as a result of a different treatment of liability and advances for land lease.

Functional and presentation currencies

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia ("UAH"); the functional currency of the Cyprus companies and Luxembourg company of the Group is US Dollars ("USD"), the functional currency of the Slovenian companies of the Group is EURO ("EUR"). 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 at 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 recognized in the consolidated statement of profit or loss and other comprehensive income for the period.

These consolidated financial statements are presented in US Dollars ("USD"), which is the Group's presentation currency.

The results and financial position of the Group are translated into the presentation currency using the following procedures:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as of the reporting date of that statement of financial position;
- Income and expenses for each consolidated statement of profit or loss and other 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 the revaluation reserve, are translated at the historical exchange rate. The revaluation reserve is translated at the closing rate as of the date of the 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 exchange rates, if such translations reasonably approximate the results translated at exchange rates prevailing at the dates of the transactions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

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

Functional and presentation currencies *(continued)*

The following exchange rates were used:

<i>Currency</i>	<i>Closing rate as of 31 March 2019</i>	<i>Average for three months ended 31 March 2019</i>	<i>Closing rate as of 31 December 2018</i>	<i>Average for three months ended 31 March 2018</i>
UAH/USD	27.2488	27.3058	27.6883	27.3203
UAH/EUR	30.5677	31.0293	31.7141	33.5633

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 2018, except those adopted starting from 1 January 2019 as described above in this note.

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.

Reclassifications and revisions

Certain comparative information presented in the interim condensed consolidated financial statements for the three-month period ended 31 March 2018 has been revised in order to achieve comparability with the presentation used in the interim condensed consolidated financial statements for the three-month period ended 31 March 2019. Such reclassifications and revisions were not significant to the Group financial statements.

3. Changes in the group structure

Acquisitions

On 21 February 2019, the Group acquired 90.69 per cent of the issued share capital and thereby obtaining control of Perutnina Ptuj d.d., a Slovenian based international meat-processing company and the most important and largest producer of poultry meat and poultry meat products in Southeast Europe. Perutnina Ptuj d.d. together with its subsidiaries has production capacity of 55,000 tonnes per annum of poultry meat and more than 35,000 tonnes per annum of value-added meat. Perutnina Ptuj d.d. was acquired in line with MHP strategy and will provide a platform for further development and opportunities in the EU with further capacity expansion planned over the next 3 to 5 years.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

3. Changes in the group structure (continued)

Acquisitions (continued)

	<i>21 February 2019</i>
Inventory	26,728
Biological assets	8,775
Agricultural produce	8,196
Other current assets less other current liabilities	10,011
Property, plant and equipment	160,468
Right-of-use asset	15,432
Identifiable intangible assets	36,805
Other non-current liabilities less other non-current assets	(10,014)
Bank borrowings and lease liability ¹⁾	(76,714)
Total identifiable net assets	179,687
Goodwill	88,727
Non-controlling interest of 9,31 % of Perutnina Ptuj d.d.	(16,729)
Total consideration due and payable	251,685
Net cash outflow arising on acquisition:	
Cash consideration paid	200,243
Less: cash and cash equivalent balances acquired	(20,986)
	179,257

¹⁾ includes USD 15,392 thousand of lease liability recognised in accordance with the adoption of IAS 16 (Note 2).

The initial accounting for the acquisition of Perutnina Ptuj d.d. has only been provisionally determined at the end of the reporting period. At the date of finalisation of these interim condensed consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely market values.

The fair value of the other current assets includes trade receivables with a fair value of USD 36,354 thousand and a gross contractual value of USD 36,500 thousand. The best estimate at acquisition date of the contractual cash flows not to be collected are USD 146 thousand.

The goodwill of USD 88,727 thousand arising from the acquisition attributed to the expected synergies and other benefits from combining the assets and activities of Perutnina Ptuj d.d. with those of the Group. None of the goodwill is expected to be deductible for income tax purposes.

The non-controlling interest (9.31% ownership interest Perutnina Ptuj d.d.) recognised at the acquisition date was measured as proportionate share of the acquired entity's net identifiable assets and amounted to USD 16,729 thousand.

Acquisition-related costs amounted to USD 2,581 thousand.

Perutnina Ptuj d.d. contributed USD 25,683 thousand revenue and USD 2,112 thousand to the Group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of Perutnina Ptuj d.d. had been completed on the first day of the financial year, Group revenues for the year would have been USD 483,690 thousand and Group profit would have been USD 35,572 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

4. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2019:

	<i>Poultry and related operations</i>	<i>Grain growing</i>	<i>Other agricultural operations</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	342,121	52,510	41,693	-	436,324
Sales between business segments	15,077	40,547	91	(55,715)	-
Total revenue	357,198	93,057	41,784	(55,715)	436,324
Segment results	49,022	3,775	3,763	-	56,560
Unallocated corporate expenses					(6,564)
Other expenses, net ¹⁾					(14,589)
Profit before tax					35,407
Other information:					
Depreciation and amortization expense ²⁾	23,465	7,484	1,927	-	32,876
Net change in fair value of biological assets and agricultural produce (Note 5)	11,102	(16,822)	(541)	-	(6,261)

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

²⁾ Depreciation and amortization for the three-month period ended 31 March 2019 does not include unallocated depreciation and amortization in the amount of USD 183 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2018:

	<i>Poultry and related operations</i>	<i>Grain growing</i>	<i>Other agricultural operations</i>	<i>Eliminations</i>	<i>Consolidated</i>
External sales	267,547	7,461	30,568	-	305,576
Sales between business segments	10,039	46,032	53	(56,124)	-
Total revenue	277,586	53,493	30,621	(56,124)	305,576
Segment results	56,503	1,225	6,727	-	64,455
Unallocated corporate expenses					(2,501)
Other income, net ¹⁾					27,379
Profit before tax					89,333
Other information:					
Depreciation and amortization expense ²⁾	20,409	5,070	1,305	-	26,784
Net change in fair value of biological assets and agricultural produce (Note 5)	2,301	(11,110)	3,424	-	(5,385)

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

²⁾ Depreciation and amortization for the three-month period ended 31 March 2018 does not include unallocated depreciation and amortization in the amount of USD 501 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the three-month period ended 31 March 2019

(in thousands of US dollars, unless otherwise indicated)

5. Profit for the period

The Group's gross profit for the three-month period ended 31 March 2019 decreased compared to the three-month period ended 31 March 2018 and amounted to USD 80,647 thousand and USD 81,039 thousand, respectively.

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 31 March 2019 as well as revaluation of agricultural produce to the fair value at the date of harvest.

The Group's operating profit decreased mainly due to an increase in administration, sales and distribution expenses primarily attributable to the increase in payroll cost, logistics costs and consulting services.

In line with the decrease in operating profit, the Group's profit for the period from continuing operations for the three-month period ended 31 March 2019 decreased compared to the three-month period ended 31 March 2018 from USD 89,784 thousand to USD 33,347 thousand, respectively. An additional negative impact was attributable to a decrease of an unrealized foreign exchange gain amounted to USD 20,859 thousand for the three-month period ended 31 March 2019 compared to USD 54,633 thousand for the three-month period ended 31 March 2018. Unrealized foreign exchange gain mostly attributable to bonds and bank borrowings denominated in foreign currencies due to UAH appreciation against USD and EUR.

6. Deferred revenues

Ukrainian Government supports domestic agri producers and attract investments into agricultural sector. According to the Law "On the State Budget for 2019", UAH 5,709 million were allocated to support agricultural sector in 2019 via compensation program, including UAH 3,500 million to support livestock sector and up to UAH 900 million to purchase agricultural machinery produced in Ukraine. During the year ended 31 December 2018, the Group received government grants in accordance to the compensation program for construction and reconstruction of livestock farms in an amount of UAH 960,666 thousand (USD 34,371 thousand). During the three-month period ended 31 March 2019, the Group has not yet received government grants in accordance with this program.

Government grants are presented in the statement of the financial position as deferred revenues, which is recognised in profit or loss on a systematic basis over the useful life of the related assets.

7. Property, plant and equipment

During the three-month period ended 31 March 2019, the Group's additions to property, plant and equipment amounted to USD 29,814 thousand (three-month period ended 31 March 2018: USD 46,050 thousand) mainly related to construction works for Phase 2 of the Vinnytsia poultry project.

There were no significant disposals of property, plant and equipment during the three-month period ended 31 March 2019.

8. Inventories and agricultural produce

An increase in inventory balance as of 31 March 2019 compared to 31 December 2018 is mainly attributable to costs incurred by grain growing entities in respect of forthcoming spring sowing campaign, partly offset by internal consumption of sunflower for chicken feed.

A decrease of agricultural produce for three-month period ended 31 March 2019 was mainly as a result of internal consumption of corn, wheat and sunflower.

9. Biological assets

Increase in current biological assets as compared to 31 December 2018 is primarily related to crops in fields balance mainly relates to spring crops seeded in the first half of 2019 classified as biological assets as well as by increase in broiler chickens stock due to the launch of new rearing sites.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the three-month period ended 31 March 2019
(in thousands of US dollars, unless otherwise indicated)

10. Share capital

As of 31 March 2019 and 31 December 2018 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	<u>31 March 2019</u>	<u>31 December 2018</u>
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

The authorized share capital as of 31 March 2019 and 31 December 2018 was EUR 221,540 thousand represented by 110,770,000 shares with par value of EUR 2 each.

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

11. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 31 March 2019 and 31 December 2018:

		31 March 2019		31 December 2018	
Bank	Currency	WAIR ¹⁾	USD' 000	WAIR ¹⁾	USD' 000
Non-current					
Foreign banks	USD	7.78%	18,066	7.99%	56,718
Foreign banks	EUR	4.57%	134,820	4.72%	49,065
			152,886		105,783
Current					
Ukrainian banks	EUR	3.65%	12,788	3.76%	12,943
Ukrainian banks	USD	4.62%	89,650	4.50%	48,000
Foreign banks	USD	4.21%	68,522	-	-
Current portion of long-term bank borrowings	USD, EUR		89,533		71,772
			260,493		132,715
Total bank borrowings			413,379		238,498

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

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

As of 31 March 2019 and 31 December 2018, all of the Group's bank term loans and credit lines bear floating and fixed interest rates.

Bank borrowings and credit lines outstanding as of 31 March 2019 and 31 December 2018 were repayable as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
Within one year	260,493	36,917
In the second year	50,741	72,950
In the third to fifth year inclusive	98,522	58,719
After five years	3,623	7,148
	413,379	175,734

As of 31 March 2019, the Group had available undrawn facilities of USD 144,094 thousand (31 December 2018: USD 316,429 thousand). These undrawn facilities expire during the period from October 2019 until October 2020.

The Group, as well as particular subsidiaries of the Group have to comply with certain covenants imposed by the banks providing the loans. The main covenants which are to be complied 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, plant and equipment to be used as collateral. As of 31 March 2019 and 31 December 2018, the Group has complied with all covenants imposed by banks providing the borrowings.

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11. Bank borrowings (continued)

As of 31 March 2019, the Group had borrowings of USD 96,007 that were secured. These borrowings were secured by inventories and property, plant and equipment with a carrying amount of USD 140,957 thousand.

As of 31 March 2019, the Group had borrowings of USD 112,180 that were secured by the pledge of 100% of the share capital of Hemiak Investments Limited holding circa 90.69% of Shares of Perutnina Ptuj D.D (Note 3).

As of 31 March 2019, the deposit with carrying amount of USD 3,317 thousand (31 December 2018: USD 3,387 thousand) was restricted as collateral to secure bank borrowings

As of 31 March 2019 and 31 December 2018, accrued interest on bank borrowings was USD 2,306 thousand and USD 3,150 thousand, respectively.

12. Bonds issued

Bonds issued and outstanding as of 31 March 2019 and 31 December 2018 were as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
8.25% Senior Notes due in 2020	79,417	79,417
7.75% Senior Notes due in 2024	500,000	500,000
6.95% Senior Notes due in 2026	550,000	550,000
Unamortized debt issuance cost	(36,767)	(38,482)
Total long-term portion of bonds issued	<u>1,092,650</u>	<u>1,090,935</u>

As of 31 March 2019 and 31 December 2018 amount of accrued interest on bonds issued was USD 37,204 thousand and USD 16,322 thousand, respectively.

6.95% Senior Notes

On 3 April 2018, MHP Lux S.A., a public company with limited liability (société anonyme) incorporated in 2018 under the laws of the Grand Duchy of Luxembourg, issued USD 550,000 thousand 6.95% Senior Notes due in 2026 at par value. Out of the total issue amount USD 416,183 thousand were designated for redemption and exchange of existing 8.25% Senior Notes due in 2020.

Early redemption of 8.25% Senior Notes due in 2020 out of issue of 6.95% Senior Notes due in 2026, which were placed with the same holders and where the change in the net present value of the future cash flows discounted using the original effective interest rate was less than 10% was accounted as an exchange and thus, all the related expenses, including part of consent fees, were capitalized and will be amortised over the maturity period of the 6.95% Senior Notes due in 2026.

The part of expenses, connected with placement of 6,95% Senior Notes amounted to USD 11,564 thousand and were capitalized, including USD 10,413 thousands related to the exchange. All other related expenses in the amount of USD 32,915 thousand were expensed as incurred.

As a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate was recognised as a gain in the amount of USD 4,733 thousand at the date of modification in the consolidated statement of profit or loss.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, PrJSC "Myronivsky Hliboprodukt", PJSC "Myronivsky Plant of Manufacturing Feeds and Groats", PrJSC "Zernoprodukt MHP", PrJSC "Agrofort", PrJSC "Oril-Leader", PrJSC "Myronivska Pticefabrika", "SPF "Urozhay" LLC, "Starynska Ptakhofabryka" ALLC, "Vinnytska Ptakhofabryka" LLC, "Peremoga Nova" SE, "Katerinopolskiy Elevator" LLC, Scylla Capital Limited and Raftan Holding 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 indenture, 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, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. 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.

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12. Bonds issued (continued)

7.75% Senior Notes

On 10 May 2017, MHP SE issued USD 500,000 thousand 7.75% Senior Notes due in 2024 at par value. Out of the total issue amount USD 245,200 thousand were designated for redemption and exchange of existing 8.25% Senior Notes due in 2020.

Early redemption of 8.25% Senior Notes due in 2020 out of issue of 7.75% Senior Notes due in 2024, which were placed with the same holders and where the change in the net present value of the future cash flows discounted using the original effective interest rate was less than 10% was accounted as an exchange and thus, all the related expenses, including part of consent fees, were capitalized and will be amortised over the maturity period of the 7.75% Senior Notes due in 2024.

The part of expenses, connected with placement of 7.75% Senior Notes amounted to USD 9,830 thousand were capitalized, including USD 7,318 thousands related to the exchange. All other related expenses, including part of consent fees, in the amount of USD 4,599 thousand were expensed as incurred.

The carrying amount of the Senior Notes was adjusted on transition to IFRS 9. Under IFRS 9, as a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate should be recognised as a gain at the date of modification. The difference between the carrying amount of the Senior Notes under IAS 39 and IFRS 9 was recognised in opening retained earnings in the amount of USD 7,566 thousand.

The Senior Notes are jointly and severally guaranteed on a senior basis by PrJSC "Myronivsky Hliboprodukt", PJSC "Myronivsky Plant of Manufacturing Feeds and Groats", PrJSC "Zernoprodukt MHP", PrJSC "Agrofort", PrJSC "Oril-Leader", PrJSC "Myronivska Pticefabrika", "SPF "Urozhay" LLC, "Starynska Ptakhofabryka" ALLC, Vinnytska Ptakhofabryka LLC, SE "Peremoga Nova", "Katerinopolskiy Elevator" LLC, Scylla Capital Limited, Raftan Holding 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 indenture, 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, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. 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.

8.25% Senior Notes

On 8 April 2013, MHP SE 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, which were placed with the same holders and where the change in the net present value of the future cash flows discounted using the original effective interest rate was less than 10% was accounted as an exchange and thus all the related expenses, including consent fees, were capitalized and will be amortised over the maturity period of the 8.25% Senior Notes due in 2020.

The part of expenses, connected with placement of 8.25% Senior Notes amounted to USD 28,293 thousand were capitalized, including USD 22,813 thousands related to the exchange. All other related expenses, including part of consent fees, in the amount of USD 16,515 thousand were expensed as incurred.

The carrying amount of the Senior Notes was adjusted on transition to IFRS 9. Under IFRS 9, as a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate should be recognised as a gain at the date of modification. The difference between the carrying amount of the Senior Notes under IAS 39 and IFRS 9 was recognised in opening retained earnings in the amount of USD 3,260 thousand.

The Senior Notes are jointly and severally guaranteed on a senior basis by PrJSC "Myronivsky Hliboprodukt", SE "Peremoga Nova", PrJSC "Oril-Leader", PJSC "Myronivsky Plant of Manufacturing Feeds and Groats", PrJSC "Zernoprodukt MHP", PrJSC "Myronivska Pticefabrika", "Starynska Ptakhofabryka" ALLC, Snyatynska

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12. Bonds issued (continued)

8.25% Senior Notes (continued)

Ptakhofabryka, "Katerinopolskiy Elevator" LLC, PrJSC "Agrofort", "SPF "Urozhay" LLC, Vinnytska Ptakhofabryka LLC, Scylla Capital Limited, Raftan Holding Limited, Merique Holding 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, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. 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 12 October 2018, the Group received consent from the Holders of the outstanding USD 79,417 thousand 8.25% Senior Notes for certain proposed amendments to the Indenture and the Notes. The Amendments were implemented by way of execution of the Supplemental Indenture on 15 October 2018, and became effective from the Consent Settlement Date (17 October 2018).

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 were accepted by the Company the Consent Payment of USD 10.00 for each USD 1 thousand in principal amount of the Notes that were subject of the relevant Electronic Instructions.

During the reporting periods ended 31 March 2019 and 31 December 2018 the Group has complied with all covenants defined by indebtedness agreement.

The weighted average effective interest rate on the Senior Notes is 8.43% per annum and 8.60% per annum for the three-month ended 31 March 2019 and year ended 31 December 2018, respectively.

13. Related party balances and transactions

For the purposes of these financial statements, parties are considered to be related if one party controls, is controlled by, or is under common control with the other party, or exercises significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

Transactions with related parties under common control

The Group enters into transactions with related parties that are under common control of the Principal Shareholder of the Group (Note 1) in the ordinary course of business for the purchase and sale of goods and services.

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

Transactions with related parties during the three-month periods ended 31 March 2019 and 31 March 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Loans and finance aid provided	27	-
Loans provided to key management personnel	1,178	185
Purchases from related parties	6	13

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13. Related party balances and transactions (continued)

The balances owed to and due from related parties were as follows as of 31 March 2019 and 31 December 2018:

	<u>31 March 2019</u>	<u>31 December 2018</u>
Payables for dividends declared, included in <i>Other current liabilities</i>	47,759	-
Loans and finance aid receivable	6,033	5,950
Loans to key management personnel	2,080	971
Trade accounts receivable	111	111
Payables due to related parties	-	19

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 2,335 thousand and USD 2,848 thousand for the three-month period ended 31 March 2019 and 31 March 2018, respectively.

14. Contingencies and contractual commitments

Operating environment

The Ukrainian economy proceeded recovery from the economic and political crisis of previous years and demonstrated sound real GDP growth of around 3.5% year on year for the three-month periods ended 31 March 2019 (2018: 2.8%), modest annual inflation of 8.6% (2018: 13.2%), and stabilization of national currency.

Also Ukraine continued to limit its political and economic ties with Russia, given annexation of Crimea, an autonomous republic of Ukraine, and a frozen armed conflict with separatists in certain parts of Luhanska and Donetsk regions. Amid such events, the Ukrainian economy demonstrated further refocusing on the European Union ("EU") market realizing all potentials of established Deep and Comprehensive Free Trade Area with EU, in such a way effectively reacting to mutual trading restrictions imposed between Ukraine and Russia. As a result, the weight of the Russian's export and import substantially fell from 18.2% and 23.3% in 2014 to around 7.7% and 14.2% in 2018, respectively.

In terms of currency regulations, the new currency law was adopted in 2018 and came into force on 7 February 2019. It purports to enable the NBU to promulgate more liberal currency regulation and soften a number of currency restrictions, such as: requirement to register loans obtained from non-residents with the NBU, 180-day term for making payments in foreign economic transactions, required 50% share of mandatory sale of foreign currency proceeds, etc.

Further economic growth depends, to a large extent, upon success of the Ukrainian government in realization of planned reforms, cooperation with the International Monetary Fund ("IMF"), and smooth transition through parliamentary elections, due in October 2019.

The management of the Group believes that the negative impact of the political and economic turmoil at the Group's entities is reasonably limited due to the Group's significant portion of export sales, its access to the international financial markets and the significant distance of its main production sites from any conflict zones.

Taxation and legal issues

Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. The local and national tax environment 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.

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.

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14. Contingencies and contractual commitments *(continued)*

Taxation and legal issues *(continued)*

The Group exports vegetable oil, chicken meat and related products, and performs intercompany transactions, which may potentially be in the scope of the Ukrainian transfer pricing ("TP") regulations. The Group has submitted the controlled transaction report for the year ended 31 December 2017 within the required deadline, and has prepared all necessary documentation on controlled transactions for the years ended 31 December 2018 as required by legislation and plans to submit reports.

As of 31 March 2019, the Group's management assessed its possible exposure to tax risks for a total amount of USD 4,463 thousand related to corporate income tax (31 December 2018: USD 4,452 thousand). No provision was charged of such possible tax exposure.

As of 31 March 2019, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 3,054 (31 December 2018: USD 2,831 thousand), including USD 2,216 thousand (31 December 2018: USD 2,108 thousand) of litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. Out of this amount, USD 1,248 thousand as of 31 March 2019 (31 December 2018: USD 1,228 thousand) relates to cases where court hearings have taken place and where the court in either the first or second instance has already ruled in favour of the Group.

Management believes that based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significant settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of the reporting date.

Contractual commitments on purchase of property, plant and equipment

During the three-month period ended 31 March 2019, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for development of agricultural operations. As of 31 March 2019, purchase commitments on such contracts were primarily related to expansion of the Vinnytsya poultry complex and amounted to USD 11,982 thousand (31 December 2018: USD 16,826 thousand).

15. Fair value of financial instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair value measurement". Fair value is the price that would be expected to be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that Group could realise in the normal course of business.

The fair value is estimated to approximate the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivable, and trade accounts payable, other financial assets and other financial liabilities 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:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>31 March 2019</i>	<i>31 December 2018</i>	<i>31 March 2019</i>	<i>31 December 2018</i>
<i>Financial liabilities</i>				
Bank borrowings (Note 11)	415,685	241,648	397,579	233,898
Senior Notes due in 2020, 2024, 2026 (Note 12)	1,129,854	1,107,257	1,100,083	1,027,226
Lease liability	200,010	13,442	200,059	13,726

The carrying amount of Bank borrowings and Senior Notes issued includes interest accrued at each of the respective dates. The carrying amount of Finance lease obligations as at 31 March 2019 includes USD 185,270 thousand of finance land lease obligations recognised in accordance with the adoption of IAS 16 (Note 2).

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15. 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 7.8% (31 December 2018: 8.0%) and for finance lease obligations 19.1% (31 December 2018: 8.2%), and is within Level 2 of the fair value hierarchy. The market rate applied to the finance land lease obligations is 20%.

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

16. Risk management policy

During the three-month period ended 31 March 2019 there were no changes to objectives, policies and processes for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies.

The Group does not use any derivatives to manage foreign currency risk exposure, Group management sets limits on the level of exposure to foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 31 March 2019 and 31 December 2018 were as follows:

	31 March 2019		31 December 2018	
	USD	EUR	USD	EUR
Total assets	295,339	11,505	133,197	10,504
Total liabilities	1,395,052	246,775	1,132,935	44,411

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	Effect on profit before tax
2019		
Increase in USD exchange rate	10%	(109,971)
Increase in EUR exchange rate	10%	(18,508)
Decrease in USD exchange rate	5%	54,986
Decrease in EUR exchange rate	5%	9,254
2018		
Increase in USD exchange rate	10%	(99,974)
Increase in EUR exchange rate	10%	(3,391)
Decrease in USD exchange rate	5%	49,987
Decrease in EUR exchange rate	5%	1,695

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

During the three-month period ended 31 March 2019, the Ukrainian Hryvnia appreciated against the EUR by 3.8% and against the USD by 1.6% (three-month period ended 31 March 2018: appreciated against the EUR and USD by 2.4% and 5.7% respectively). As a result, during the three-month period ended 31 March 2019 the Group recognized net foreign exchange gain in the amount of USD 20,593 thousand (three-month period ended 31 March 2018: foreign exchange gain in the amount of USD 54,633 thousand) in the consolidated statement of profit or loss and other comprehensive income.

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17. Dividends

On 21 March 2019, the Board of Directors of MHP SE approved a payment of the interim dividends of USD 0.7474 per share, equivalent to approximately USD 80,000 thousand, on 4 April 2019 to shareholders on the register as of 29 March 2019. The Board of Directors approved that no dividend will be paid on the Company's shares held in treasury.

The Board of Directors of MHP SE also acknowledged the consent of WTI Trading Limited (the Company's major shareholder) to be paid later than on the declared dividend payment date (but not later than 1 November 2019), with no interest accrued on the amount of dividend paid later (Note 13).

18. Subsequent events

There are no subsequent events to mention.

19. 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 SE on 11 June 2019.