23 August 2018, Limassol, Cyprus

MHP SE

Unaudited Financial Results for the Second Quarter and Six Months Ended 30 June 2018

MHP SE (LSE:MHPC), one of the leading agro-industrial companies in Ukraine, focusing on the production of poultry and cultivation of grain, today announces its unaudited results for the six months and second quarter ended 30 June 2018.

OPERATIONAL HIGHLIGHTS

In Q2 2018, MHP has been launching the first production sites of Phase 2 of the Vinnytsia Poultry Complex ('Complex'):

- Since the end of May, two rearing sites (brigades) of the Complex commenced operations;
- At the beginning of July, the slaughterhouse commenced operations.

Q2 2018

- Poultry production volumes reached 155,725 tonnes, up by 7% (Q2 2017: 145,820 tonnes)
- The average chicken meat price increased by 20% year-on-year to UAH 39.38 per kg (Q2 2017: UAH 32.92 per kg) (excluding VAT)
- Chicken meat exports, at 70,145 tonnes, remained stable compared to Q2 2017 - 71,332 tonnes

H1 2018

- Poultry production volume reached 307,890 tonnes, up by 7% (H1 2017: 287,694 tonnes)
- The average chicken meat price increased by 21% year-on-year to UAH 39.17 per kg (H1 2017: UAH 32.35 per kg) (excluding VAT)
- Chicken meat exports increased by 9% to 133,564 tonnes (H1 2017: 123,042 tonnes) as a result of increased exports mainly to the countries in MENA and the EU.

FINANCIAL HIGHLIGHTS

Q2 2018

- Revenue of US$ 388 million, increased by 21% year-on-year (Q2 2017: US$ 321 million)
- Export revenue of US$ 223 million, 57% of total revenue (Q2 2017: US$ 185 million, 58% of total revenue)
- Operating profit of US$ 150 million remained stable year-on-year; operating margin was 39%
- Adjusted EBITDA margin decreased to 45% from 54%; adjusted EBITDA slightly increased to US$ 174 million from US$ 173 million
- Net profit is US$ 100 million, compared to US$ 153 million for Q2 2017

H1 2018

- Revenue of US$ 694 million, increased by 16% year-on-year (H1 2017: US$ 600 million)
- Export revenue of US$ 385 million, 55% of total revenue (H1 2017: US$ 349 million, 58% of total revenue)
- Operating profit of US$ 212 million decreased by 6% year-on-year; operating margin was 31%
- Adjusted EBITDA margin decreased to 38% from 44%; adjusted EBITDA slightly decreased to US$ 263 million from US$ 266 million
- Net profit reached US$ 190 million, down 10% compared to US$ 210 million for H1 2017 mainly due to reduction in government grants income (US$ 24 million) and due to one-off

transaction costs (US$ 33 million) related to new Eurobond issued in April 2018, partly offset by non-cash foreign exchange translation gain.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q2 2018**	**Q2 2017**	*% change**	**H1 2018**	**H1 2017**	*% change**
Revenue	**388**	**321**	**21%**	**694**	**600**	**16%**
IAS 41 standard gains	78	58	34%	73	68	7%
Gross profit	**181**	**153**	**18%**	**262**	**239**	**10%**
Gross profit margin	*47%*	*48%*	*-1 pps*	*38%*	*40%*	*-2 pps*
Operating profit	**150**	**152**	**-1%**	**212**	**226**	**-6%**
Operating profit margin	*39%*	*47%*	*-8 pps*	*31%*	*38%*	*-7 pps*
Adjusted EBITDA	**174**	**173**	**1%**	**263**	**266**	**-1%**
Adjusted EBITDA margin	*45%*	*54%*	*-9 pps*	*38%*	*44%*	*-6 pps*
Net profit before foreign exchange differences	**84**	**117**	**-29%**	**119**	**167**	**-29%**
Net profit margin before forex gain	*22%*	*36%*	*-14 pps*	*17%*	*28%*	*-11 pps*
Foreign exchange gain	16	36	-56%	71	43	65%
Net profit	**100**	**153**	**-35%**	**190**	**210**	**-10%**
Net profit margin	*26%*	*48%*	*-22 pps*	*27%*	*35%*	*-8 pps*

** pps – percentage points*
Average official FX rate for Q2: UAH/US$ 26.1784 in 2018 and UAH/US$ 26.4627 in 2017
Average official FX rate for H1: UAH/US$ 26.7462 in 2018 and UAH/US$ 26.7602 in 2017

DIVIDENDS

On 6 March 2018, the Board of Directors of MHP SE approved payment of an interim dividend of US$ 0.7492 per share, equivalent to approximately US$ 80 million, on 26 April 2018 to shareholders on the register as of 20 April 2018. 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) for dividends to be paid later than on the declared dividend payment date (but not later than 1 November 2018), with no interest accrued on the amount of dividend paid later.

During the six-month period ended 30 June 2018, MHP SE paid dividend to shareholders in amount of approximately US$ 60 million.

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:	07.00 New York / 12.00 London / 14.00 Kyiv
Title:	Financial results for Q2 and H1 2018
International/UK Dial in:	+44 2071943759
USA free call:	+1 6467224916
Conference ID	EV00077762
Participant PIN code	11109084#

In order to follow the presentation together with the management, please register using the following link: http://event.onlineseminarsolutions.com/r.htm?e=1809217&s=1&k=53F5382C4D55BE2D550DA4EB17C5E881

For Investor Relations enquiries, please contact:

Anastasia Sobotiuk (Kyiv) +38 044 207 99 58 a.sobotyuk@mhp.com.ua

For Analysts enquiries, please contact:

Iryna Bublyk (Kyiv) +38 044 207 00 04 i.bublik@mhp.com.ua

Segment Performance

Poultry and related operations

	Q2 2018	Q2 2017	% change*	H1 2018	H1 2017	% change*
Poultry						
Sales volume, third parties tonnes	153,137	157,245	-3%	288,437	283,972	2%
Incl. Export sales volume, tonnes	*70,145*	*71,332*	*-2%*	*133,564*	*123,042*	*9%*
Price per 1 kg net of VAT, UAH	39.38	32.92	20%	39.17	32.35	21%
Sunflower oil						
Sales volume, third parties tonnes	100,598	84,880	19%	148,104	167,015	-11%
Soybeans oil						
Sales volume, third parties tonnes	13,366	6,520	105%	31,621	14,300	121%

Chicken meat prices

Aggregate volume of chicken meat sold to third parties increased by 2% in H1 2018 and reached 288,437 tonnes (H1 2017: 283,972 tonnes) as a result of growth in exports. In Q2 2018 export sales totaled 70,145 tonnes and remained stable compared to the Q2 2017 export sales volume – 71,332 tonnes. In H1 2018 poultry exports increased by 9% and reached 133,564 tonnes (H1 2017: 123,042 tonnes), mainly driven by the growth of exports in Q1 2018. MHP continued to follow a strategy of both geographic diversification and in a product mix optimization building-up the export volumes of chicken meat across the MENA, the EU, Africa and Asia.

In H1 2018 the average chicken meat price constituted UAH 39.17, which is 21% higher than in H1 2017. The increase in price year-on-year is mainly driven by a price growth in H2 2017 compared to H1 2017. Chicken meat price during H1 2018 remained almost at the same level.

Vegetable oil

In Q2 2018, sunflower oil sales volume constituted 100,598 tonnes, which is 19% higher year-on-year. In H1 2018 MHP's sales of sunflower oil have decreased by 11% compared to H1 2017 and reached 148,104 tonnes. The changes in sales volumes in the periods are driven mainly by delivery terms change from DAP to FOB since the beginning of 2018, production volume of sunflower oil remained relatively stable year-on-year. Sales of soybean oil reached 13,366 tonnes in Q2 2018, 105% higher year-on-year and 31,621 tonnes in H1 2018, 121% higher year-on-year, mainly driven by an increase in global market price of soybean cake.

(in mln. US$, unless indicated otherwise)	Q2 2018	Q2 2017	% change*	H1 2018	H1 2017	% change*
Revenue	**348**	**281**	**24%**	**616**	**517**	**19%**
- Poultry and other	*261*	*214*	*22%*	*478*	*382*	*25%*
- Vegetable oil	*87*	*67*	*30%*	*138*	*135*	*2%*
IAS 41 standard gains/(losses)	**(10)**	**(8)**	**-25%**	**(8)**	**14**	**-157%**
Gross profit	**79**	**63**	**25%**	**152**	**141**	**8%**
Gross margin	*23%*	*22%*	*1 pps*	*25%*	*27%*	*-2 pps*
Adjusted EBITDA	**77**	**85**	**-9%**	**154**	**170**	**-9%**
Adjusted EBITDA margin	*22%*	*30%*	*-8 pps*	*25%*	*33%*	*-8 pps*
Adjusted EBITDA per 1 kg (net of IAS 41)	*0.57*	*0.59*	*-3%*	*0.56*	*0.55*	*2%*

** pps – percentage points*

As a result of the increase in sales volume and price of chicken meat, revenue has increased by 19% in H1 2018 compared to H1 2017.

IAS 41 standard loss in H1 2018 amounted to US$ 8 million mainly as a result of a relatively stable price of chicken meat during H1 2018 and a decrease in the fair value of a parent stock.

Gross profit of the poultry and related operations segment for Q2 2018 increased by 25% compared to Q2 2017 and amounted to US$ 79 million. An increase is mainly attributable to increase of meat prices, which was partly offset by increased production costs, reflecting higher prices of soybean and sunflower as a components of mixed fodder consumed as well as higher payroll costs.

Adjusted EBITDA has decreased by 9%, mainly related to a decrease in government grants income due to the Government has not allocated the budget for the subsidies for 2018 year, as well as an increase in administration, sales and distribution expenses mainly due to an increase in payroll cost, logistics costs and warehouse rent.

Grain growing operations

In 2018 in grain growing operations the Company is to harvest around 365,000 hectares of land.

The Company's harvesting campaign of winter rapeseeds, barley and wheat is complete, so that winter crops current (bunker) yields are as follows:

	2018		***2017***	
	MHP's average	***Ukraine's average***	***MHP's average***	***Ukraine's averag***[1]
	tonnes per hectare		*tonnes per hectare*	
Wheat	6.3	3.6	6.1	4.0
Rapeseed	3.8	2.7	3.7	2.9

(in mln. US unless indicated otherwise)	**H1 2018**	**H1 2017**	**% change**
Revenue	**13**	**28**	**-54%**
IAS 41 standard gains	78	51	53%
Gross profit	**100**	**86**	**16%**
Adjusted EBITDA	**110**	**95**	**16%**

Grain growing segment's revenue for 6M 2018 amounted to US$ 13 million compared to US$ 28 million in 6M 2017. The decrease was mainly attributable to the lower amount of crops in stock designated for sale as of 31 December 2017, compared to stock for sale as of 31 December 2016 mainly as a result of lower yields in 2017.

IAS 41 standard gain for 6M 2018 amounted to US$ 78 million compared with US$ 51 million in H1 2017 mainly as a result of the revaluation of crops in fields (biological assets) at the reporting date.

Other agricultural operations

Meat processing products	**Q2 2018**	**Q2 2017**	% change	**H1 2018**	**H1 2017**	**% change**
Sales volume, third parties tonnes	8,798	8,990	-2%	16,969	17,250	-2%
Price per 1 kg net VAT, UAH	61.09	46.26	32%	60.01	45.31	32%

Sales volume of meat processing products slightly decreased by 2% year-on-year and amounted to 8,798 tonnes in Q2 2018. The average processed meat price increased by 32% year-over-year to UAH 61.09 per kg in Q2 2018 in line with poultry price increase.

(in mln. US$, except margin data)	Q2 2018	Q2 2017	% change*	H1 2018	H1 2017	% change
Revenue	**34**	**30**	**13%**	**65**	**55**	**18%**
- Meat processing	*19*	*16*	*19%*	*36*	*29*	*24%*
*- Other***	*15*	*14*	*7%*	*29*	*26*	*12%*
IAS 41 standard gains/(losses)	**(1)**	**1**	**-200%**	**3**	**3**	**0%**
Gross profit	**3**	**6**	**-50%**	**10**	**12**	**-17%**
Gross margin	*9%*	*20%*	*-11 pps*	*15%*	*22%*	*-7 pps*
Adjusted EBITDA	**3**	**5**	**-40%**	**11**	**10**	**10%**
Adjusted EBITDA margin	*9%*	*17%*	*-8 pps*	*17%*	*18%*	*-1 pps*

** pps – percentage points*
*** includes convenience food products, milk, cattle, goose meat, foie gras and feed grains.*

Segment revenue of H1 2018 increased by 18% year-on-year to US$ 65 million mainly as a result of an increase in price of meat processing as well as price and sales volume of convenience food products. The segment's adjusted EBITDA increased mostly as a result of higher returns earned from meat processing, convenience food and milk operations.

Current Group cash flow

(in mln. US$)	Q2 2018	Q2 2017	H1 2018	H1 2017
Cash from operations	68	105	137	144
Change in working capital	(17)	(55)	(57)	(80)
Net Cash from operating activities	**51**	**50**	**80**	**64**
CAPEX	**(74)**	**(27)**	**(126)**	**(44)**
Net cash inflow on disposal of subsidiaries	-		-	76
Net cash used in investing activities	**(74)**	**(27)**	**(126)**	**32**
Cash from financing activities	58	(5)	93	(50)
Dividends	(60)	(25)	(60)	(78)
Total financial activities	**(2)**	**(30)**	**33**	**(128)**
Total change in cash*	**(25)**	**(7)**	**(13)**	**(32)**

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

Cash flow from operations before changes in working capital for H1 2018 amounted to US$ 137 million (H1 2017: US$ 144 million).

Use of funds in working capital during H1 2018 is mostly related to investments in crops in fields to be harvested in H2 2018.

In H1 2018 total CAPEX amounted to US$ 126 million mainly related to launching the production sites of Phase 2 of the Vinnytsia Poultry Complex.

Debt Structure and Liquidity

(in mln. US$)	**30 June 2018**	**31 December 2017**	**30 June 2017**
Total Debt	**1,289**	**1,157**	**1,203**
LT Debt	1,224	1,116	1,171
ST Debt	65	41	32
Cash and bank deposits	(109)	(126)	(130)
Net Debt	**1,180**	**1,031**	**1,073**
LTM EBITDA	455	459	440
Net Debt / LTM EBITDA	*2.59*	*2.25*	*2.44*

As of June 30, 2018, the share of long-term debt in the total outstanding debt slightly decreased to 95% of total debt (96% of total debt as of 31 December 2017). The weighted average interest rate is around 7%.

As of 30 June 2018, MHP's cash and cash equivalents amounted to US$ 109 million. Net debt increased to US$ 1,180 million, compared to US$ 1,031 million as at 31 December 2017.

The Net Debt / LTM EBITDA ratio was 2.59 as of 30 June 2018, well within the Eurobond covenant limit of 3.0.

As a hedge for currency risks, revenue from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in US Dollars, more than fully covering debt service expenses. Export revenue for H1 2018 amounted to US$ 385 million or 55% of total revenue (US$ 349 million or 58% of total sales in H1 2017).

Outlook

Recent launch of Phase 2 of the Vinnytsia Poultry Complex (2 brigades – May and June) and launch of additional two brigades by the end of 2018 will result in increase of poultry production volumes in the second half of the year to meet demand both in domestic and export markets.

Taking into account favorable weather conditions during summer time, we are expecting a good harvest of spring crops (corn, sunflower and soya), which will positively affect the overall financial result of MHP in 2018.

We are confident that we will continue to deliver strong financial results, supported by a significant and growing share of hard currency revenues from exports of chicken, oils and grains.

Notes to Editors:

About MHP

MHP is the leading producer of poultry products in Ukraine with the greatest market share and highest brand recognition for its products. MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale. To support its sales, MHP maintains a distribution network consisting of 15 distribution and logistical centres, within major Ukrainian cities. MHP uses its trucks for the distribution of its products, which Management believes reduces overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn to support the vertical integration of its chicken production and increasingly other grains, such as wheat and rape, for sale to third parties. MHP leases agricultural land located primarily in the highly fertile black soil regions of Ukraine.

Since May 15, 2008, MHP has traded on the London Stock Exchange under the ticker symbol MHPC.

Forward-Looking Statements

This press release might contain forward-looking statements that refer to future events or forecast financial indicators for MHP 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 six-month period ended 30 June 2018

CONTENTS

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 2018 to 30 June 2018 that are presented on pages 5 to 24:

i. were prepared in accordance with the International Financial Reporting Standards and in accordance with the provisions of Article 10 (4) of the Law, and

ii. 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.

22 August 2018

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	Raymond William Richards
Director	Christakis Taoushanis
Director	Roberto Banfi

MANAGEMENT REPORT

Key financial highlights

During the six-month period ended 30 June 2018 consolidated revenue increased by 16% and amounted to USD 693,762 thousand, compared to USD 599,830 thousand for the six-month period ended 30 June 2017. Export sales for the six-month period ended 30 June 2018 constituted 55% of total revenue and amounted to USD 385,001 thousand, compared to USD 349,034 thousand, 58% of total revenue for the six-month period ended 30 June 2017. Overall increase in revenue is mainly attributable to the increased price and volume exports of chicken meat.

Gross profit has increased by 10% and amounted to USD 262,359 thousand for the six-month period ended 30 June 2018 compared to USD 238,790 thousand for the six-month period ended 30 June 2017.

Operating profit decreased by 6% to USD 212,414 thousand for the six-month period ended 30 June 2018 compared to USD 226,138 thousand for the six-month period ended 30 June 2017, mainly as a result of a decrease in government grants income (Note 5).

Profit for the period from continuing operations for six-month period ended 30 June 2018 decreased by 9% and amounted to USD 190,479 thousand, compared to USD 210,101 thousand for the six-month period ended 30 June 2017.

Dividends

On 6 March 2018, the Board of Directors of MHP SE approved a payment of the interim dividends of USD 0.7492 per share, equivalent to approximately USD 80,000 thousand, on 26 April 2018 to shareholders on the register as of 20 April 2018. 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 2018), with no interest accrued on the amount of dividend paid later (Note 12).

During the six-month period ended 30 June 2018, MHP SE paid dividends to shareholders of approximately USD 60,044 thousand.

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 six 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 2017. A detailed explanation of the risks, and how the Group seeks to mitigate the risks, can be found on pages 148 to 153 of the annual report which is available at www.mhp.com.cy.

22 August 2018

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

Deloitte.

INVESTORS IN PEOPLE | Gold

Deloitte Limited
Maximos Plaza
Tower 1, 3rd Floor
213 Arch. Makariou III Avenue
CY-3030 Limassol, Cyprus
Mail: P.O. Box 58466
CY-3734 Limassol, Cyprus

Tel: +357 25 86 86 86
Fax: +357 25 86 86 00
infolimassol@deloitte.com
www.deloitte.com/cy

Review Report of interim condensed consolidated financial information

To MHP SE

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of MHP SE ("the Company") and its subsidiaries (together with the Company, the "Group") on pages 5 to 24 which comprises the interim condensed consolidated statement of financial position as at 30 June 2018 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information ("the interim condensed consolidated financial information").

Board of Directors' responsibilities

The Company's Board of Directors is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information for the six-month period ended 30 June 2018 is not prepared in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Comparative figures

The interim condensed consolidated financial information of the Company for the six-month period ended 30 June 2017 were reviewed by another auditor who expressed an unqualified conclusion on that interim condensed consolidated financial information on 16 August 2017.

Deloitte Limited

Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 22 August 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six-month period ended 30 June 2018

(in thousands of US dollars, unless otherwise indicated)

	Notes	*Six-month period ended 30 June 2018*	*Six-month period ended 30 June 2017*
Continuing operations			
Revenue	3	693,762	599,830
Net change in fair value of biological assets and agricultural produce	3, 4	72,547	68,250
Cost of sales		(503,950)	(429,290)
Gross profit		262,359	238,790
Selling, general and administrative expenses		(46,422)	(36,184)
Government grants income	5	-	23,791
Other operating expenses, net		(3,523)	(259)
Operating profit		212,414	226,138
Finance income		2,687	2,202
Finance costs	11	(85,197)	(59,328)
Foreign exchange gain, net	15	71,055	42,538
Other expenses, net		(3,542)	(2,701)
Other expenses, net		(14,997)	(17,289)
Profit before tax		197,417	208,849
Income tax (expense)/benefit		(6,938)	1,252
Profit for the period from continuing operations	4	190,479	210,101
Discontinued operations			
Loss for the period from discontinued operations		-	(25,864)
Profit for the period		190,479	184,237
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Cumulative translation difference	2	74,339	29,548
Other comprehensive income for the period		74,339	29,548
Total comprehensive income for the period		264,818	213,785
Profit attributable to:			
Equity holders of the Parent		190,766	181,362
Non-controlling interests		(287)	2,875
		190,479	184,237
Total comprehensive income attributable to:			
Equity holders of the Parent		262,475	210,582
Non-controlling interests		2,343	3,203
		264,818	213,785
Earnings per share from continuing and discontinued operations			
Basic and diluted earnings per share (USD per share)		1.79	1.70
Earnings per share from continuing operations			
Basic and diluted earnings per share (USD per share)		1.79	1.97

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

	Notes	30 June 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,540,609	1,383,102
Land lease rights		51,987	45,410
Deferred tax assets		130	121
Non-current biological assets		26,075	20,405
Long-term bank deposits		3,451	2,524
Other non-current assets		34,895	24,817
		1,657,147	1,476,379
Current assets			
Inventories	7	170,561	226,368
Biological assets	8	440,319	141,028
Agricultural produce	7	92,714	183,407
Other current assets, net		46,364	25,327
Taxes recoverable and prepaid, net		62,386	37,767
Trade accounts receivable, net		73,200	62,305
Cash and cash equivalents		109,458	125,554
		995,002	801,756
TOTAL ASSETS		2,652,149	2,278,135
EQUITY AND LIABILITIES			
Equity			
Share capital	9	284,505	284,505
Treasury shares		(48,503)	(48,503)
Additional paid-in capital		175,291	175,291
Revaluation reserve		674,840	661,454
Retained earnings		1,034,184	925,978
Translation reserve		(958,450)	(1,030,159)
Equity attributable to equity holders of the Parent		1,161,867	968,566
Non-controlling interests		19,484	17,141
Total equity		1,181,351	985,707
Non-current liabilities			
Bank borrowings	10	127,098	138,817
Bonds issued	11	1,089,210	970,088
Finance lease obligations		7,557	7,410
Deferred tax liabilities		24,701	23,730
		1,248,566	1,140,045
Current liabilities			
Trade accounts payable		48,622	43,175
Other current liabilities	12	89,078	50,296
Bank borrowings	10	60,799	36,917
Accrued interest	10,11	19,854	17,955
Finance lease obligations		3,879	4,040
		222,232	152,383
TOTAL LIABILITIES		1,470,798	1,292,428
TOTAL EQUITY AND LIABILITIES		2,652,149	2,278,135

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 31 December 2017	284,505	(48,503)	175,291	661,454	925,978	(1,030,159)	968,566	17,141	985,707
Effect of adoption IFRS 9 *(Note 2)*	-	-	-	-	10,826	-	10,826	-	10,826
Balance as of 1 January 2018	284,505	(48,503)	175,291	661,454	936,804	(1,030,159)	979,392	17,141	996,533
Profit for the period	-	-	-	-	190,766	-	190,766	(287)	190,479
Other comprehensive income	-	-	-	-	-	71,709	71,709	2,630	74,339
Total comprehensive income for the period	-	-	-	-	190,766	71,709	262,475	2,343	264,818
Transfer from revaluation reserve to retained earnings	-	-	-	(33,308)	33,308	-	-	-	-
Dividends declared by the Parent *(Note 16)*	-	-	-	-	(80,000)	-	(80,000)	-	(80,000)
Translation differences on revaluation reserve	-	-	-	46,694	(46,694)	-	-	-	-
Balance as of 30 June 2018	284,505	(48,503)	175,291	674,840	1,034,184	(958,450)	1,161,867	19,484	1,181,351

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2017
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2017	284,505	(48,503)	175,291	570,649	719,340	(1,024,916)	676,366	16,698	693,064
Profit for the period	-	-	-	-	181,362	-	181,362	2,875	184,237
Other comprehensive income	-	-	-	-	-	29,220	29,220	328	29,548
Total comprehensive income for the period	-	-	-	-	181,362	29,220	210,582	3,203	213,785
Transfer from revaluation reserve to retained earnings	-	-	-	(22,632)	22,632	-	-	-	-
Dividends declared by the Parent				-	(80,000)	-	(80,000)	-	(80,000)
Derecognition of interests in subsidiaries	-	-	-	(24,841)	24,841	17,800	17,800	(2,488)	15,312
Translation differences on revaluation reserve	-	-	-	22,803	(22,803)	-	-	-	-
Balance as of 30 June 2017	284,505	(48,503)	175,291	545,979	845,372	(977,896)	824,748	17,413	842,161

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

	Notes	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017
Operating activities			
Profit before tax		197,417	182,985
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	3	50,566	40,120
Loss on disposal of subsidiaries		-	25,864
Net change in fair value of biological assets and agricultural produce	3, 4	(72,547)	(68,250)
Change in allowance for irrecoverable amounts and direct write-offs		338	(166)
(Gain)/Loss on disposal of property, plant and equipment and other non-current assets		(52)	452
Finance income		(2,687)	(2,202)
Finance costs		85,197	59,328
Non-operating foreign exchange gain, net		(71,055)	(42,538)
Operating cash flows before movements in working capital		187,177	195,593
Working capital adjustments			
Change in inventories	7	78,847	66,605
Change in biological assets	8	(153,905)	(127,778)
Change in agricultural produce	7	73,321	65,508
Change in other current assets		(19,324)	(14,053)
Change in taxes recoverable and prepaid		(20,662)	(35,080)
Change in trade accounts receivable		(9,114)	(1,206)
Change in other liabilities		(3,896)	(9,697)
Change in trade accounts payable		(1,763)	(24,958)
Cash generated by operations		130,681	114,934
Interest received		2,689	2,135
Interest paid		(45,553)	(53,172)
Income taxes paid		(7,600)	(110)
Net cash flows from operating activities		80,217	63,787
Investing activities			
Purchases of property, plant and equipment	6	(105,148)	(31,539)
Purchases of other non-current assets		(11,162)	(8,316)
Purchase of land lease rights		(6,918)	(2,266)
Proceeds from disposals of property, plant and equipment		782	148
Purchases of non-current biological assets		(1,521)	(1,176)
Net cash inflow on disposal of subsidiaries		-	75,558
Investments in short-term deposits		(1,077)	(158)
Withdrawals of short-term deposits		-	193
Loans provided to employees, net		(490)	(1)
Loans provided to related parties, net		(86)	(19)
Net cash flows used in investing activities		(125,620)	32,424
Financing activities			
Proceeds from bank borrowings		73,384	56,764
Repayment of bank borrowings		(67,777)	(342,138)
Proceeds from bonds issued	11	550,000	500,000
Repayment of bonds issued	11	(416,183)	(245,200)
Repayment of finance lease obligations		(2,218)	(6,440)
Dividends paid	16	(60,044)	(77,697)
Transaction costs related to corporate bonds issued		(44,194)	(13,579)
Transaction costs related to bank loans received		(384)	(255)
Net cash flows from financing activities		32,584	(128,545)
Net decrease in cash and cash equivalents		(12,819)	(32,334)
Net foreign exchange difference		(3,277)	5,397
Cash and cash equivalents attributable to disposal group classified as held for sale		-	2,098
Cash and cash equivalents at 1 January		125,554	150,982
Cash and cash equivalents at 30 June		109,458	126,143

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Six-month period ended 30 June 2018*	*Six-month period ended 30 June 2017*
Non-cash transactions			
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor	*6*	8,430	-
Additions of property, plant and equipment under finance leases	*6*	1,927	4,384
Property, plant and equipment purchased for credit	*6*	-	353

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 24 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(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 59,8% 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 six-month period ended 30 June 2018 the Group employed about 28,226 people (31 December 2017: 27,589 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 30 June 2018 and 31 December 2017 were as follows:

Name	*Country of registration*	*Year established acquired*	*Principal activities*	*30 June 2018*	*31 December 2017*
Raftan Holding Limited	Cyprus	2006	Sub-holding Company	99.9%	99.9%
Larontas Limited	Cyprus	2015	Sub-holding Company	100.0%	100.0%
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	0.00%
Myronivsky Hliboprodukt	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%
Zernoprodukt 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	86.1%	86.1%
Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
AgroKryazh	Ukraine	2013	Grain cultivation	99.9%	99.9%
Zernovyi kray	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%

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 Khmelnitsk regions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(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 six-month period ended 30 June 2018 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 2017 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 the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers

In accordance with the transitional provisions, IFRS 9 was adopted without restating comparative information. The adjustments arising from the new requirements of recognition and measurement of financial liabilities are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognized in the opening balance sheet on 1 January 2018 *(Note 11).*

The adoption of these standards and the new accounting policies did not have any material effect on the financial position or performance of the Group. The other standards did not result in any changes to the Group's accounting policies and the amounts reported in the six-month period ended 30 June 2018 or prior periods.

For the Standards and Interpretations, as well as amendments to the Standards that were in issue but not yet effective management anticipates that their adoption will not have a material effect on the consolidated financial statements of the Group in future periods, except those disclosed in the Group's annual financial statements for the year ended 31 December 2017. The Management are currently assessing their potential impact. It is not practicable to provide a reasonable financial estimate of the effect until the detailed analysis is completed.

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"). 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;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(in thousands of US dollars, unless otherwise indicated)

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

***Functional and presentation currency** (continued)*

- 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.

The following exchange rates were used:

Currency	*Closing rate as of 30 June 2018*	*Average for six months ended 30 June 2018*	*Closing rate as of 31 December 2017*	*Average for six months ended 30 June 2017*
UAH/USD	26.1892	26.7462	28.0672	26.7602
UAH/EUR	30.5680	32.4092	33.4954	28.9372

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 2017, except those adopted starting from 1 January 2018 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

The loss for the period from discontinued operations as reflected in interim condensed consolidated financial statements for six-month period ended 30 June 2017 was revised by the Group in the consolidated financial statements as of 31 December 2017 and for the year then ended. Such revision was not significant to the Group consolidated financial statements. Comparative information for the interim condensed consolidated financial statements for six-month period ended 30 June 2018 was modified accordingly. Basic and diluted earnings per share from continuing and discontinued operations for six-month period ended 30 June 2017 were also modified to reflect this revision.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

3. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2018:

	Poultry and related operations	*Grain growing*	*Other agricultural operations*	*Eliminations*	*Consolidated*
External sales	615,997	13,288	64,477	-	693,762
Sales between business segments	21,465	95,018	168	(116,651)	-
Total revenue	637,462	108,306	64,645	(116,651)	693,762
Segment results	116,619	99,764	8,253	-	224,636
Unallocated corporate expenses					(12,222)
Other expenses, net [1)]					(14,997)
Profit before tax					197,417
Other information:					
Depreciation and amortization expense [2)]	37,788	9,862	2,667	-	50,317
Net change in fair value of biological assets and agricultural produce (Note 4)	(8,093)	78,137	2,503	-	72,547

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

[2)] Depreciation and amortization for the six-month period ended 30 June 2018 does not include unallocated depreciation and amortization in the amount of USD 249 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2017:

	Poultry and related operations	*Grain growing*	*Other agricultural operations*	*Eliminations*	*Consolidated*
External sales	516,688	28,271	54,871	-	599,830
Sales between business segments	13,385	74,498	141	(88,024)	-
Total revenue	530,073	102,769	55,012	(88,024)	599,830
Segment results	140,161	86,187	8,525	-	234,873
Unallocated corporate expenses					(8,735)
Other expenses, net [1)]					(17,289)
Profit before tax					208,849
Other information:					
Depreciation and amortization expense [2)]	29,452	8,577	1,512	-	39,541
Net change in fair value of biological assets and agricultural produce (Note 4)	13,959	51,084	3,207	-	68,250

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

[2)] Depreciation and amortization for the six-month period ended 30 June 2017 does not include unallocated depreciation and amortization in the amount of USD 579 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

4. Profit for the period

The Group's gross profit for the six-month period ended 30 June 2018 increased compared to the six-month period ended 30 June 2017 and amounted to USD 262,359 thousand and USD 238,790 thousand, respectively. The increase was primarily attributable to the increase export volumes and price of chicken meat.

Net change in fair value reflects IAS 41 adjustment relating to revaluation of crops in fields, poultry and breeder stock and other biological assets balances to the fair value as of 30 June 2018 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 reduction in government grants income (Note 5).

In line with the decrease in operating profit, the Group's profit for the period from continuing operations for the six-month period ended 30 June 2018 decreased compared to the six-month period ended 30 June 2017 from USD 210,101 thousand to USD 190,479 thousand, respectively.

5. Government grants income

On 30 December 2016, the President of Ukraine signed the Law No. 1791 "On Amendments to the Tax Code of Ukraine Regarding the Balancing of Budget Revenues in 2017" (the "Law No. 1791"). The Law No. 1791 introduced changes to VAT administration for agricultural companies which previously enjoyed a special VAT regime. In order to continue state support for agricultural companies, the Law No. 1791 introduced budget subsidies for agricultural companies. From 2017 onwards, budget subsidies were provided for five consecutive years until 1 January 2022. The agricultural producers eligible for the subsidies, include those, involved in poultry production and animal farming, as well as fruit and vegetable farmers. For each agricultural producer, the amount of the direct subsidy is not to exceed the amount of VAT tax paid by the producers, and was distributed on a monthly basis.

As of the date of the authorization of these interim condensed consolidated financial statements, the Government has not allocated the specific amount for the state subsidies for qualifying agricultural companies in 2018. Therefore, during the six-month period ended 30 June 2018 the Group was not able to receive state subsidies from the budget.

6. Property, plant and equipment

During the six-month period ended 30 June 2018, the Group's additions to property, plant and equipment amounted to USD 115,505 thousand (six-month period ended 30 June 2017: USD 36,276 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 six-month period ended 30 June 2018.

Remaining part of the movement mainly relates to translation difference into the presentation currency.

7. Inventories and agricultural produce

A decrease in inventory and agricultural produce balances for six-month period ended 30 June 2018 was mainly as a result of internal consumption of corn, sunflower and soya.

Changes of inventory balance apart from consumption of purchased grain stock have also occurred because as of 31 December 2017 expenses incurred in cultivating of fields which had to be planted in spring 2018 were capitalised in work in progress balance. As of 30 June 2018 those expenses were classified as crops in fields within biological assets, as the plants were already sown.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

8. Biological assets

Increase in current biological assets as compared to 31 December 2017 is primarily related to crops in fields balance. The increase in crops in fields balance mainly relates to spring crops seeded in the first half of 2018 classified as biological assets as well as due to IAS 41 revaluation adjustment.

9. Shareholders' equity

Share capital

As of 30 June 2018 and 31 December 2017 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	30 June 2018	*31 December 2017*
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	106,781,794	106,781,794

The authorized share capital as of 30 June 2018 and 31 December 2017 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.

10. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 June 2018 and 31 December 2017:

		30 June 2018		*31 December 2017*	
Bank	*Currency*	*WAIR [1)]*	*USD' 000*	*WAIR [1)]*	*USD' 000*
Non-current					
Foreign banks	USD	7.80%	87,536	7.72%	121,576
Foreign banks	EUR	4.22%	39,562	2.57%	17,241
			127,098		138,817
Current					
Ukrainian banks	UAH	-	-	13.00%	9,620
Ukrainian banks	EUR	2.25%	5,836	-	-
Current portion of long-term bank borrowings	USD, EUR		54,963		27,297
			60,799		36,917
Total bank borrowings			187,897		175,734

[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 30 June 2018 and 31 December 2017, all of the Group's bank term loans and credit lines bear floating and fixed interest rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

10. Bank borrowings *(continued)*

Bank borrowings and credit lines outstanding as of 30 June 2018 and 31 December 2017 were repayable as follows:

	30 June 2018	*31 December 2017*
Within one year	60,799	36,917
In the second year	81,592	72,950
In the third to fifth year inclusive	34,786	58,719
After five years	10,720	7,148
	187,897	175,734

As of 30 June 2018, the Group had available undrawn facilities of USD 128,100 thousand (31 December 2017: USD 264,895 thousand). These undrawn facilities expire during the period from October 2018 until August 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 30 June 2018 and 31 December 2017, the Group has complied with all covenants imposed by banks granted the loans.

As of 30 June 2018, the Group had borrowings of USD 5,836 that were secured. These borrowings were secured by inventories with a carrying amount of USD 7,295 thousand.

As of 30 June 2018, the deposit with carrying amount of USD 3,451 thousand (31 December 2017: USD 2,524 thousand) was restricted as collateral to secure bank borrowings.

As of 30 June 2018 and 31 December 2017, accrued interest on bank borrowings was USD 3,599 thousand and USD 2,578 thousand, respectively.

11. Bonds issued

Bonds issued and outstanding as of 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	*31 December 2017*
8.25% Senior Notes due in 2020	79,417	495,600
7.75% Senior Notes due in 2024	500,000	500,000
6.95% Senior Notes due in 2026	550,000	-
Unamortized debt issuance cost	(40,207)	(25,512)
Total long-term portion of bonds issued	1,089,210	970,088

As of 30 June 2018 and 31 December 2017 amount of accrued interest on bonds issued was USD 16,255 thousand and USD 15,377 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 amortized over the maturity period of the 6.95% Senior Notes due in 2026.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(in thousands of US dollars, unless otherwise indicated)

11. Bonds issued *(continued)*

6.95% Senior Notes (continued)

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 recognized as a gain in the amount of USD 4,733 thousand at the date of modification.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, PJSC “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.

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 amortized over the maturity period of the 7.75% Senior Notes due in 2024.

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 an 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 recognized 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 recognized 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 PJSC “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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(in thousands of US dollars, unless otherwise indicated)

11. Bonds issued *(continued)*

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 amortized over the maturity period of the 8.25% Senior Notes due in 2020.

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 an 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 recognized 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 recognized 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 PJSC “Myronivsky Hliboprodukt”, SE “Peremoga Nova”, PrJSC “Oril-Leader”, PJSC “Myronivsky Plant of Manufacturing Feeds and Groats”, PrJSC “Zernoproduct MHP”, PrJSC “Myronivska Pticefabrika”, “Starynska Ptakhofabryka” ALLC, Snyatynska 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 7 March 2016, the Group received consent from the Holders of the outstanding USD 750,000 thousand 8.25% Senior Notes for certain proposed amendments to the Indenture and the Notes. Consent was obtained before the Consent Expiration Date (7 March 2016). The Amendments were implemented by way of execution of the Supplemental Indenture on 8 March 2016, and became effective from the Consent Settlement Date (9 March 2016).

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

During the reporting periods ended 30 June 2018 and 31 December 2017 the Group has complied with all covenants defined by indebtedness agreement.

The weighted average effective interest rate on the Senior Notes is 8.84% per annum and 9.61% per annum for the six-months period ended 30 June 2018 and year ended 31 December 2017, respectively.

(in thousands of US dollars, unless otherwise indicated)

12. Related party balances and transactions

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

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

Transactions with related parties under common control

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

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

Transactions with related parties during the six-month periods ended 30 June 2018 and 2017 were as follows:

	2018	*2017*
Loans provided to key management personnel	405	295
Purchases from related parties	22	17

The balances owed to and due from related parties were as follows as of 30 June 2018 and 31 December 2017:

	30 June 2018	*31 December 2017*
Payables for dividends declared, included in *Other current liabilities (Note 16)*	19,957	-
Advances and finance aid receivable	3,508	3,188
Loans to key management personnel	929	956
Trade accounts receivable	117	109
Payables due to related parties	18	17

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 5,940 thousand and USD 3,838 thousand for the six-month periods ended 30 June 2018 and 30 June 2017, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

13. Contingencies and contractual commitments

Operating environment

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 2017-2018, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions.

For the six-month period ended 30 June 2018 inflation rate amounted to 4.4% comparing to 7.9% for the six-month period ended 30 June 2017. The Ukrainian economy proceeded recovery from the economic and political crisis of previous years that resulted in real GDP smooth growth of around 3.1% year on year for the six-month period ended 30 June 2018 and stabilization of national currency. From trading perspective, the economy was demonstrating refocusing on the European Union ("EU") market, which was a result of the signed Association Agreement with the EU in January 2016 that established the Deep and Comprehensive Free Trade Area ("DCFTA"). Under this agreement, Ukraine has committed to harmonize its national trade-related rules, norms, and standards with those of the EU, progressively reduce import customs duties for the goods originating from the EU member states, and abolish export customs duties during a 10-year transitional period. Implementation of DCFTA began on 1 January 2017. 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 terms of currency regulations, the National Bank of Ukraine ("NBU") decreased the required share of mandatory sale of foreign currency proceeds from 65% to 50% from April 2017, increased settlement period for export-import transactions in foreign currency from 120 to 180 days from May 2017, and allowed companies to pay the 2013 (and earlier) dividends with a limit of USD 2 million per month from November 2017 (from June 2016, companies were allowed to pay dividends for 2014-2016 to non-residents with a limit of USD 5 million per month).

In March 2015, Ukraine signed four-year Extended Fund Facility ("EFF") with the International Monetary Fund ("IMF") that will last until March 2019. The total program amounted to USD 17.5 billion, while Ukraine has so far received only USD 8.7 billion from the entire amount. In September 2017, Ukraine successfully issued USD 3 billion of Eurobonds, of which USD 1.3 billion is new financing, with the remaining amount aimed to refinance the bonds due in 2019. The NBU expects that Ukraine will receive another USD 3.5 billion from the IMF in 2018. To receive next tranches, the government of Ukraine has to implement certain key reforms, including in such areas as pension system, anti-corruption regulations, and privatization.

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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018

(in thousands of US dollars, unless otherwise indicated)

13. 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 2016 within the required deadline, and has prepared all necessary documentation on controlled transactions for the year ended 31 December 2017 as required by legislation and plans to submit report.

As of 30 June 2018, the Group's management assessed its possible exposure to tax risks for a total amount of USD 4,707 thousand related to corporate income tax (31 December 2017: USD 4,392 thousand). No provision was charged of such possible tax exposure.

As of 30 June 2018, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 2,254 (31 December 2017: USD 2,273 thousand), including USD 1,605 thousand (31 December 2017: USD 1,534 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 1,298 thousand as of 30 June 2018 (31 December 2017: USD 1,457 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 six-month period ended 30 June 2018, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for development of agricultural operations. As of 30 June 2018, purchase commitments on such contracts were primarily related to expansion of the Vinnytsya poultry complex and amounted to USD 25,686 thousand (31 December 2017: USD 17,412 thousand).

14. 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 defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

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

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

	Carrying amount		*Fair value*	
	30 June 2018	*31 December 2017*	*30 June 2018*	*31 December 2017*
Financial liabilities				
Bank borrowings *(Note 10)*	191,496	178,312	179,428	168,627
Senior Notes due in 2020, 2024, 2026 *(Note 11)*	1,105,465	985,465	1,101,332	1,085,693
Finance lease obligations	11,436	11,450	11,635	11,691

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

14. Fair value of financial instruments *(continued)*

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

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 2017: 7.7%) and for finance lease obligations 9.0% (31 December 2017: 9.3%), and is within Level 2 of the fair value hierarchy.

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

15. Risk management policy

During the six-month period ended 30 June 2018 there were no changes to objectives, policies and processes for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018		*31 December 2017*	
	USD	*EUR*	*USD*	*EUR*
Total assets	137,902	15,300	133,197	10,504
Total liabilities	1,270,385	68,706	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*
2018		
Increase in USD exchange rate	10%	(113,248)
Increase in EUR exchange rate	10%	(5,341)
Decrease in USD exchange rate	5%	56,624
Decrease in EUR exchange rate	5%	2,670
2017		
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 six-month period ended 30 June 2018, the Ukrainian Hryvnia appreciated against the EUR and USD by 9.6% and 7.2%, respectively (six-month period ended 30 June 2017: depreciated against the EUR by 4.6% and appreciated by 4.2% against the USD). As a result, during the six-month period ended 30 June 2018 the Group recognized net foreign exchange gain in the amount of USD 71,055 thousand (six-month period ended 30 June 2017: foreign exchange gain in the amount of USD 42,538 thousand) in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the six-month period ended 30 June 2018
(in thousands of US dollars, unless otherwise indicated)

16. Dividends

On 6 March 2018, the Board of Directors of MHP SE approved a payment of the interim dividend of USD 0.7492 per share, equivalent to approximately USD 80,000 thousand, on 26 April 2018 to shareholders on the register as of 20 April 2018. 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 dividends payment date (but not later than 1 November 2018), with no interest accrued on the amount of dividend paid later (Note 12).

During the six-month period ended 30 June 2018, MHP SE paid dividends to shareholders of approximately USD 60,044 thousand.

17. Subsequent events

There are no subsequent events to mention.

18. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 22 August 2018.