06 September 2019, Limassol, Cyprus

MHP SE

Financial Results for the Second Quarter and Six Months Ended 30 June 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, today announces its results for the second quarter and six months ended 30 June 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 (PP), the largest producer of poultry meat and poultry meat products in the Balkans region of 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 EUR 22.34 per share for the acquisition, representing a total enterprise value, for 100% of PP, of EUR 273 million, including net debt of EUR 34.5 million and a normalized value of working capital. The final purchase price for the 90.69% of the equity acquired was EUR 221 million (https://www.mhp.com.ua/library/file/pppricepr-extended-final-docx.pdf).

In June 2019, MHP increased its effective ownership in PP to 97.38%. PP is now reported separately as the “Europe operating segment”.

OPERATIONAL HIGHLIGHTS

In 2019, MHP has continued to launch additional production sites as part of Phase 2 of the Vinnytsia Poultry Complex (‘Complex’). Between January and September 2019, another three rearing sites (brigades) became operational, bringing the total to six. MHP is planning to launch an additional brigade in Q1 2020.

Q2 2019 highlights

- Poultry production volume reached 182,306 tonnes, up 17% year-on-year (Q2 2018: 155,725 tonnes). Poultry production volumes of the Europe operating segment (PP) amounted to 15,631 in Q2 2019 tonnes
- The average chicken meat price remained relatively stable year-on-year at UAH 40.06 per kg (excluding VAT) (Q2 2018: UAH 39.38 per kg). The average price of chicken meat produced by PP during Q2 2019 was EUR 2.67 per kg
- Chicken meat exports increased by 39% to 97,439 tonnes (excluding PP’s 2,194 tonnes), compared with 70,145 tonnes in Q2 2018

H1 2019 highlights

- Poultry production volume reached 353,578 tonnes, up 15% year-on-year (H1 2018: 307,890 tonnes). Poultry production volumes of the Europe operating segment (PP) amounted to 20,587 tonnes
- The average chicken meat price remained relatively stable year-on-year at UAH 39.63 per kg (excluding VAT) (H1 2018: UAH 39.17 per kg). The average price of chicken meat produced by PP during H1 2019 was EUR 2.65 per kg

- Chicken meat exports increased by 43% to 190,484 tonnes (excluding PP's 3,562 tonnes) compared with 133,564 tonnes in H1 2018 as a result of increased exports mainly to MENA, the EU, Africa and Asia

FINANCIAL HIGHLIGHTS

Q2 2019 highlights

- Revenue of US$ 510 million, increased by 31% year-on-year (Q2 2018: US$ 388 million)
- Export revenue of US$ 284 million, comprising 56% of total revenue compared with US$ 223 million and 57% of total revenue in Q2 2018
- Operating profit of US$ 127 million was down 15% year-on-year from US$ 150 million and operating margin declined from 39% to 25%
- Adjusted EBITDA margin declined correspondingly from 45% to 32%, with adjusted EBITDA down from US$ 174 million to US$ 164 million
- Net profit was US$ 138 million compared to US$ 100 million for Q2 2018, including foreign exchange gains of US$ 52 million compared with US$ 16 million in Q2 2018

H1 2019 highlights

- Revenue of US$ 946 million, increased by 36% year-on-year (H1 2018: US$ 694 million)
- Export revenue of US$ 552 million, comprising 58% of total revenue compared with US$ 385 million and 55% of total revenue in H1 2018
- Operating profit of US$ 177 million was down 17% year-on-year from US$ 212 million and operating margin declined from 31% to 19%
- Adjusted EBITDA margin declined correspondingly from 38% to 26%, with adjusted EBITDA down from US$ 263 million to US$ 247 million
- Net profit was US$ 171 million, down 10% from US$ 190 million in H1 2018, including foreign exchange gains of US$ 72 million, similar to US$ 73 million in H1 2018

FINANCIAL OVERVIEW

(in US$ millions, unless indicated otherwise)	**Q2 2019**	**Q2 2018**	*% change**	**H1 2019**	**H1 2018**	*% change**
Revenue	**510**	**388**	**31%**	**946**	**694**	**36%**
IAS 41 standard gains	47	78	-40%	41	73	-44%
Gross profit	**170**	**181**	**-6%**	**251**	**262**	**-4%**
Gross profit margin	33%	47%	-14pps	27%	38%	-11 pps
Operating profit	**127**	**150**	**-15%**	**177**	**212**	**-17%**
Operating profit margin	25%	39%	-14 pps	19%	31%	-12 pps
Adjusted EBITDA	**164**	**174**	**-6%**	**247**	**263**	**-6%**
Adjusted EBITDA margin	32%	45%	-13 pps	26%	38%	-12 pps
Net profit before foreign exchange differences	**87**	**84**	**4%**	**99**	**119**	**-17%**
Net profit margin before forex gain	17%	22%	-5 pps	10%	17%	-7 pps
Foreign exchange gain	52	16	225%	73	71	3%
Net profit	**138**	**100**	**38%**	**171**	**190**	**-10%**
Net profit margin	27%	26%	1 pps	18%	27%	-9 pps

** pps – percentage points*
Average official FX rate for Q2 2019 UAH/US$ 26.56 and for Q2 2018 UAH/US$ 26.18
Average official FX rate for H1 2019 UAH/US$ 26.93 and for H1 2018 UAH/US$ 26.75

DIVIDENDS

On 21 March 2019, the Board of Directors of MHP SE approved the payment of an interim dividend of US$ 0.7474 per share, equivalent to approximately US$ 80 million, this dividend was paid to shareholders in Q2 2019.

OUTLOOK

A number of external factors are likely to impact the Group's performance in the second half of 2019 and beyond. In particular, although market conditions in Europe are currently challenging, we expect the impact of African Swine Fever in China and other Far Eastern markets to have a positive impact on meat prices over the coming months. Strong crop yields are expected in Ukraine, which should have a positive impact on MHP's financial results for the year.

MHP's production of chicken meat in Ukraine will increase by around 100,000 tonnes in the 2019 full year following expansion of Phase 2 of the Vinnytsia poultry complex. This is mostly destined for export, with total exports of chicken meat forecast at around 380,000 tonnes.

Perutnina Ptuj has performed ahead of our expectations since its acquisition in February 2019. Perutnina's production of chicken meat is projected to be around 80,000 tonnes and its financial performance is now expected to exceed pre-acquisition estimates, mainly as a result of cost optimization achieved under the management of MHP.

Overall, we remain confident in delivering full year results in line with the board's expectations.

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 / 09.00 New York
Title:	Financial results for Q2 and H1 2019
UK:	+44 2071943759
Ukraine:	+38 0893239877
USA:	+1 6467224916
Conference ID	EV00094359
PIN code	17903874#

In order to follow the presentation together with the management, please register using the following link: https://event.onlineseminarsolutions.com/wcc/r/2073145-1/A20DD7B64DEF176DF710E76E2EE74E16?partnerref=rss-events

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Segment Performance

Poultry and related operations

	Q2 2019	Q2 2018	% change	H1 2019	H1 2018	% change
Poultry						
Sales volume, third parties tonnes	181,273	153,137	18%	345,278	288,437	20%
Incl. Export sales volume, tonnes	*97,439*	*70,145*	*39%*	*190,484*	*133,564*	*43%*
Price per 1 kg net of VAT, UAH	40.06	39.38	2%	39.63	39.17	1%
Sunflower oil						
Sales volume, third parties tonnes	86,661	100,598	-14%	186,487	148,104	26%
Soybeans oil						
Sales volume, third parties tonnes	9,097	13,366	-32%	24,249	31,621	-23%

Chicken meat prices

The total volume of chicken meat sold to third parties in H1 2019 increased by 20% to 345,278 tonnes (H1 2018: 288,437 tonnes) as a result of growth in exports. In Q2 2019 export sales totaled 97,439 tonnes and increased by 39% compared to Q2 2018 export sales volume of 70,145 tonnes. In H1 2019 poultry exports increased by 43% to 190,484 tonnes (H1 2018: 133,564 tonnes). MHP continued to follow a strategy of both geographic diversification and product mix optimization, building-up export volumes of chicken meat in MENA countries (KSA, Iraq and UAE predominantly) and the EU.

The average chicken meat price remained almost at the same level year-on-year.

Vegetable oil

In Q2 2019, sunflower oil sales volume amounted to 86,661 tonnes, down 14% year-on-year. However, for the full period of H1 2019, MHP's sales of sunflower oil increased by 26% compared to H1 2018 to 186,487 tonnes. The increase in volumes in H1 2019 was driven mainly by an increase in production and by delivery terms changing from DAP (Delivered at Place) to FOB (Free on Board).

Sales of soybean oil were 9,097 tonnes in Q2 2019, 32% lower year-on-year, and 24,249 tonnes in H1 2019, 23% lower year-on-year, mainly reflecting high bases in the comparable periods in 2018. MHP also sells soybean cake to third parties.

(in US$ millions, unless indicated otherwise)	Q2 2019	Q2 2018	*% change**	H1 2019	H1 2018	*% change**
Revenue	**360**	**348**	**4%**	**688**	**616**	**12%**
- Poultry and other	*296*	*261*	*13%*	*549*	*479*	*15%*
- Vegetable oil	*64*	*87*	*-26%*	*139*	*137*	*1%*
IAS 41 standard gains/(losses)	**6**	**(10)**	**160%**	**17**	**(8)**	**313%**
Gross profit	**89**	**81**	**10%**	**158**	**153**	**3%**
Gross margin	*25%*	*23%*	*2 pps*	*23%*	*25%*	*-2 pps*
Adjusted EBITDA	**89**	**77**	**16%**	**161**	**154**	**5%**
Adjusted EBITDA margin	*25%*	*22%*	*3 pps*	*23%*	*25%*	*-2 pps*
Adjusted EBITDA per 1 kg (net of IAS 41)	*0.46*	*0.57*	*-19%*	*0.42*	*0.56*	*-25%*

** pps – percentage points*

As a result of the increase in sales volumes of chicken meat and sunflower oil, revenue increased by 12% in H1 2019 compared to H1 2018.

The IAS 41 standard gain in Q2 2019 amounted to US$ 6 million (compared with a US$ 10 million loss in Q2 2018) mainly as a result of an increase in broiler chicken stocks due to the launch of new rearing sites.

Gross profit of the poultry and related operations segment for Q2 2019 increased by 10% compared to Q2 2018 to US$ 89 million. This was due to the increase in sales volume and an IAS 41 standard gain partly offset by increased production costs, reflecting higher cost of mixed fodder protein components as well as the higher payroll costs incurred since mid-2018. Poultry production costs in Q2 2019 remained almost at the same level as in Q1 2019 with the exception of the seasonal variance of utility costs.

Adjusted EBITDA per kilogram of chicken meat decreased by 19% to US$ 0.46 as a result of the year-on-year increase in production and delivery costs.

Grain growing operations

In 2019 the Company expects to harvest around 360,000 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:

	2019		***2018***	
	MHP's average	***Ukrainian average***	***MHP's average***	***Ukrainian average***
	tonnes per hectare		*tonnes per hectare*	
Wheat	6.5	4.2	6.3	3.6
Rapeseed	3.2	2.5	3.8	2.7

(in US$ millions, unless indicated otherwise)	**H1 2019**	**H1 2018**	**% change**
Revenue	**83**	**13**	**538%**
IAS 41 standard gains	26	78	-67%
Gross profit	**61**	**100**	**-39%**
Adjusted EBITDA	**74**	**110**	**-33%**

Grain growing segment's revenue for H1 2019 amounted to US$ 83 million compared to US$ 13 million in H1 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, driven by the higher yields in 2018.

IAS 41 standard gain for H1 2019 amounted to US$ 26 million compared with US$ 78 million in H1 2018 mainly as a result of the revaluation of crops in fields (biological assets) at the reporting date. The decrease is driven mainly by expected slightly lower yields of spring crops in 2019 compared to 2018.

Meat processing and other agricultural operations segment

Meat processing products	**Q2 2019**	**Q2 2018**	% change	**H1 2019**	**H1 2018**	**% change**
Sales volume, third parties tonnes	9,094	8,798	3%	16,666	16,969	-2%
Price per 1 kg net VAT, UAH	66.75	61.09	9%	66.29	60.01	10%

Sales volume of meat processing products slightly increased by 3% year-on-year and amounted to 9,094 tonnes in Q2 2019. The average processed meat price increased by 9% year-on-year to UAH 66.75 per kg in Q2 2019.

Convenience food	**Q2 2019**	**Q2 2018**	% change	**H1 2019**	**H1 2018**	**% change**
Sales volume, third parties tonnes	4,400	4,283	3%	8,467	8,126	4%
Price per 1 kg net VAT, UAH	40.61	44.09	-8%	40.67	45.30	-10%

Sales volumes of convenience food in Q2 2019 increased by 3% to 4,400 tonnes. The average price in Q2 2019 decreased by 8% to UAH 40.61 per kg (excluding VAT), mainly due to product mix changes.

(in US$ millions, except margin data)	**Q2 2019**	**Q2 2018**	*% change**	**H1 2019**	**H1 2018**	*% change*
Revenue	**38**	**33**	**14%**	**68**	**64**	**6%**
- Meat processing	*28*	*27*	*6%*	*52*	*50*	*4%*
*- Other***	*9*	*6*	*48%*	*16*	*14*	*13%*
IAS 41 standard gains/(losses)	**-**	**(1)**	**-100%**	**(1)**	**3**	**-133%**
Gross profit	**3**	**3**	**1%**	**5**	**10**	**-50%**
Gross margin	*8%*	*9%*	*-1 pps*	*7%*	*16%*	*-9 pps*
Adjusted EBITDA	**5**	**3**	**71%**	**8**	**11**	**-27%**
Adjusted EBITDA margin	*14%*	*9%*	*5 pps*	*12%*	*17%*	*-5 pps*

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

Segment revenue of H1 2019 increased by 6% year-on-year to US$ 68 million mainly as a result of an increase in the price of processed meats as well as sales volume of processed meat and convenience food products. The segment's adjusted EBITDA decreased mainly due to lower returns earned from milk operations partly offset by higher meat processing results.

Europe operating segment

Poultry	**Q2 2019**	**H1 2019** *(4 months)**
Sales volume, third parties tonnes	15,835	21,014
Price per 1 kg net VAT, EUR	2.67	2.65

** results of PP from 21 February 2019 when the acquisition was completed*

In Q2 2019 poultry sales of the newly-established Europe operating segment, which comprises the operations of Perutnina Ptuj, were 15,835 tonnes with an average price of EUR 2.67. In H1 2019 sales amounted to 21,014 tonnes with an average price of EUR 2.65.

Meat processing products*	**Q2 2019**	**H1 2019** *(4 months)***
Sales volume, third parties tonnes	8,430	11,092
Price per 1 kg net VAT, EUR	2.70	2.70

** includes sausages and convenience foods*
*** results of PPJ from 21 February 2019 when the acquisition was completed*

In Q2 2019 meat processing products sales constituted 8,430 tonnes with an average price of EUR 2.70, while in H1 2019 sales amounted to 11,092 tonnes with an average price of EUR 2.70.

(in mln. US unless indicated otherwise)	**Q2 2019**	**H1 2019** *(4 months)**
Revenue	**82**	**107**
IAS 41 standard gains	(1)	(1)
Gross profit	**22**	**27**
Gross margin	*27%*	*25%*
Adjusted EBITDA	**12**	**16**
Adjusted EBITDA margin	*15%*	*15%*

** results of PPJ from 21 February 2019 when the acquisition was completed*

Europe operating segment's revenue in Q2 2019 amounted to US$ 82 million, and US$ 107 million in H1 2019. Adjusted EBITDA was US$ 12 million and US$ 16 million for these periods, respectively. Adjusted EBITDA margin was 15% for both periods.

Current Group cash flow

(in US$ millions)	**Q2 2019**	**Q2 2018**	**H1 2019**	**H1 2018**
Cash from operations	58	68	138	137
Change in working capital	24	(17)	86	(57)
Net Cash from operating activities	**82**	**51**	**224**	**80**
CAPEX	**(26)**	**(74)**	**(59)**	**(126)**
Net cash outflow on acquisition of subsidiaries	(50)	-	(206)	-
Net cash used in investing activities	**(76)**	**(74)**	**(265)**	**(126)**
Cash from financing activities	(50)	58	63	93
Dividends	(80)	(60)	(80)	(60)
Total financial activities	**(130)**	**(2)**	**(17)**	**33**
Total change in cash*	**(124)**	**(25)**	**(58)**	**(13)**

** 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 2019 amounted to US$ 138 million (H1 2018: US$ 137 million).

Positive cash flow from changes in working capital during H1 2019 compared to H1 2018 is mostly related to lower spending on inventory levels during H1 2019 due to higher opening levels of 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 agricultural chemicals to be paid in Q3 2019.

In H1 2019 total CAPEX amounted to US$ 59 million mainly related to the launch of production sites of Phase 2 of the Vinnytsia Poultry Complex.

Debt Structure and Liquidity

(in US$ millions)	**30 June 2019**	**31 December 2018**	**30 June 2018**
Total Debt [1]	**1,498**	**1,343**	**1,289**
LT Debt [1]	1,163	1,206	1,224
ST Debt [1]	335	137	65
Cash and bank deposits	(157)	(212)	(109)
Net Debt[1]	**1,341**	**1,131**	**1,180**
LTM EBITDA [1], [2]	460	450	455
Net Debt / LTM EBITDA[1], [2]	*2.92*	*2.51*	*2.59*

[1] Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IFRS and was in effect before the 1 January 2019, is treated as an operating lease for purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS16 on accounting for operating leases.

[2] 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$ 42 million for H1 2019

As of June 30, 2019, the share of long-term debt in the total outstanding debt decreased to 78% of total debt (90% of total debt as of 31 December 2018). The weighted average interest rate is around 7%.

As of 30 June 2019, MHP's cash and cash equivalents amounted to US$ 157 million. Net debt increased to US$ 1,341 million, compared to US$ 1,131 million as at 31 December 2018.

The Net Debt / LTM EBITDA ratio was 2.92 as of 30 June 2019, within the Eurobond covenant limit of 3.0.

As a hedge for currency risks, revenues from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat are denominated in US Dollars and Euros, more than fully covering debt service. Export revenue for H1 2019 amounted to US$ 552 million or 58% of total revenue (US$ 385 million or 55% of total sales in H1 2018).

Notes to Editors:

About MHP

MHP is the leading producer of poultry products not only in Ukraine, but also in the Balkans (Perutnina Ptuj Group).

Ukraine: MHP has the largest market share (around 57% of industrial production) and highest brand recognition for its products. MHP owns and operates each of the key stages of its 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). Complete vertical integration practically eliminates MHP's exposure to raw material price fluctuations since its grain production exceeds internal consumption requirements, allowing the Company to be an important player in the international commodity trade. In addition to cost efficiency, vertical integration also enables MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products all the way to the point of sale. To support its sales, MHP maintains a distribution network consisting of nine distribution and logistical centres within major Ukrainian cities. MHP uses its own truck fleet to distribute its products, reducing overall transportation costs and delivery times.

MHP also has a leading grain cultivation business growing corn, soya and sunflower 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.

The Balkans: Perutnina Ptuj (PPJ) is a leading poultry and meat-processing producer in the Balkans, with production sites in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina. PPJ owns distribution companies in Austria, Macedonia and Romania and supplies products to 15 countries in Europe. PPJ is vertically integrated across all stages of chicken meat production - feed, hatching egg production, hatching, breeding, slaughtering, sausage production and further poultry processing.

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 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 30 June 2019 that are presented on pages 5 to 29:

i. were prepared in accordance with 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, and

(b) the interim management report gives a fair review of the information required under Article 10 (6) of the Law.

5 September 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

On 21 February 2019, the Group acquired 90.69% of the issued share capital and thereby obtained control of Perutnina Ptuj, a Slovenian based international meat-processing company and the most important and largest producer of poultry meat and poultry meat products in Southeast Europe (Note 3). Group financial results for the six-month period ended 30 June 2019 include the results of Perutnina Ptuj from 21 February 2019 when the acquisition was completed.

During the six-month period ended 30 June 2019 consolidated revenue increased by 36% and amounted to USD 946,033 thousand, compared to USD 693,762 thousand for the six-month period ended 30 June 2018. Export sales for the six-month period ended 30 June 2019 constituted 58% of total revenue and amounted to USD 552,418 thousand, compared to USD 385,001 thousand, 55% of total revenue for the six-month period ended 30 June 2018. The overall increase in revenue was mainly attributable to the acquisition of operations in Europe (Perutnina Ptuj) as well as increased Ukrainian export sales volume of chicken meat.

Gross profit decreased by 4% and amounted to USD 250,828 thousand for the six-month period ended 30 June 2019 compared to USD 262,359 thousand for the six-month period ended 30 June 2018. The decrease was driven mainly by decrease of the gross profit in grain growing operations segment, partly offset by increase in poultry and related operations and the new Europe operating segment.

Operating profit decreased by 17% to USD 176,991 thousand for the six-month period ended 30 June 2019 compared to USD 212,414 thousand for the six-month period ended 30 June 2018, in higher rate compared to gross profit mainly as a result of an increase in selling, general and administrative expenses primarily due to the inclusion of additional expenses of Perutnina Ptuj as well as increased consulting services, advertising expense and representative costs.

Profit for the six-month period ended 30 June 2019 decreased by 10% and amounted to USD 171,481 thousand, compared to USD 190,479 thousand for the six-month period ended 30 June 2018, mainly due to an increase in administration, sales and distribution expenses partly offset by higher finance costs for the six-month period ended 30 June 2018 due to transaction related to the Eurobond issued in April 2018.

Dividends

On 21 March 2019, the Board of Directors of MHP SE approved the payment of an interim dividend of USD 0.7474 per share, equivalent to approximately USD 80,000 thousand, which was paid to shareholders during the six-month period ended 30 June 2019.

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 2018. A detailed explanation of these 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.

Correction of prior period disclosure errors

Subsequent to issuance of the consolidated financial statements as of and for the year ended 31 December 2018, the management of Group identified the errors in the disclosure of operating land lease commitments due to the fact that not all constructive obligations were captured in calculation. In addition, the management of the Group identified errors in disclosure of the impact on the amounts of the right of use asset and lease liability on initial application of IFRS 16 as of 1 January 2019. Issues identified in the underlying data were still under evaluation by management at the point of issuing these interim condensed consolidated financial statements and are planned to be addressed by the end of the year.

The effect of the restatement on the disclosure provided in the consolidated financial statements as of and for the year ended 31 December 2018 is disclosed in Note 2 to the interim condensed consolidated financial statements for the six-month period ended 30 June 2019. These restatements have no impact on the consolidated statement of financial position as of 31 December 2018, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per share for the year then ended.

5 September 2019

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

Deloitte.

INVESTORS IN PEOPLE | Platinum Until 2020

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Report on Review 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 29 which comprises the interim condensed consolidated statement of financial position as at 30 June 2019 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

Except as explained in the *Basis for Qualified Conclusion* section of our report, 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 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.

Deloitte.

Basis for Qualified Conclusion

We were not able to complete our review procedures on the underlying data used for the purpose of measuring and recognizing a right-of-use asset in the amount of USD 219,202 thousand and the associated lease liability in the amount of USD 224,969 thousand (of which USD 162,399 thousand is reported within non-current liabilities and USD 62,570 thousand is reported within current liabilities) in the statement of financial position as at 30 June 2019, and the respective adjustments recognized on transition to IFRS 16 as at 1 January 2019 as presented at Note 2, due to issues identified in the underlying data which, as of the date of authorisation of this interim condensed consolidated financial information, were still under evaluation by management. In addition, we were unable to complete our review of restatement adjustments in respect of land lease commitments under IAS 17 as at 31 December 2018 and 2017 as presented in Note 2 for the same reasons. Had we been able to complete our procedures in respect of these areas, matters might have come to our attention indicating that adjustments might be necessary to the interim financial information.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described in the *Basis for Qualified Conclusion* section of our report, 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 2019 is not prepared in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Deloitte Limited

Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 5 September 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six-month period ended 30 June 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018	Three-month period ended 30 June (unreviewed) 2019	Three-month period ended 30 June (unreviewed) 2018
Revenue	4	946,033	693,762	509,709	388,186
Net change in fair value of biological assets and agricultural produce	4	41,145	72,547	47,406	77,932
Cost of sales		(736,350)	(503,950)	(386,934)	(284,798)
Gross profit		250,828	262,359	170,181	181,320
Selling, general and administrative expenses	5	(73,928)	(46,422)	(43,435)	(27,396)
Other operating income/(expenses), net		91	(3,523)	249	(3,464)
Operating profit		176,991	212,414	126,995	150,460
Finance income		4,213	2,687	2,731	2,171
Finance costs	12, 13	(73,546)	(85,197)	(37,890)	(61,457)
Foreign exchange gain, net	17	72,696	71,055	51,837	16,422
Other expenses, net		(3,783)	(3,542)	(2,509)	488
Profit before tax		176,571	197,417	141,164	108,084
Income tax expenses		(5,090)	(6,938)	(3,030)	(7,389)
Profit for the period	5	171,481	190,479	138,134	100,695
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Deferred tax on revaluation of property, plant and equipment charged directly to other comprehensive income		3,515	-	3,515	-
Items that may be reclassified to profit or loss:					
Cumulative translation difference		54,799	74,339	41,500	14,768
Other comprehensive income for the period		58,314	74,339	45,015	14,768
Total comprehensive income for the period		229,795	264,818	183,149	115,463
Profit/(loss) attributable to:					
Equity holders of the Parent		169,369	190,766	135,319	100,989
Non-controlling interests		2,112	(287)	2,815	(294)
		171,481	190,479	138,134	100,695
Total comprehensive income/(loss) attributable to:					
Equity holders of the Parent		226,482	262,475	179,146	115,494
Non-controlling interests		3,313	2,343	4,003	(31)
		229,795	264,818	183,149	115,463
Earnings per share					
Basic and diluted earnings per share (USD per share)		1.58	1.79	1.27	0.95

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 29 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 30 June 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,724,944	1,498,530
Right-of-use asset	2	219,202	-
Goodwill	3	74,978	2,509
Land lease rights		48,293	48,809
Non-current biological assets		24,912	23,392
Long-term bank deposits		3,360	3,387
Deferred tax assets		3,566	-
Intangible assets	3	40,312	-
Other non-current assets		24,297	57,360
		2,163,864	1,633,987
Current assets			
Inventories	8	194,278	273,522
Biological assets	9	482,230	179,290
Agricultural produce	8	111,825	224,789
Other current assets, net		30,381	32,858
Taxes recoverable and prepaid, net		44,108	45,146
Trade accounts receivable, net	10	128,772	69,305
Cash and cash equivalents		156,866	211,768
		1,148,460	1,036,678
TOTAL ASSETS		3,312,324	2,670,665
EQUITY AND LIABILITIES			
Equity			
Share capital	11	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		646,227	642,800
Retained earnings		1,124,832	1,040,327
Translation reserve		(961,993)	(1,015,591)
Equity attributable to equity holders of the Parent		1,223,000	1,081,470
Non-controlling interests	3	16,678	16,536
Total equity		1,239,678	1,098,006
Non-current liabilities			
Bank borrowings	12	137,583	105,783
Bonds issued	13	1,016,286	1,090,935
Lease liabilities	2	162,399	9,087
Deferred revenues	6	44,689	34,578
Deferred tax liabilities		27,252	12,953
Other non-current liabilities		5,240	-
		1,393,449	1,253,336
Current liabilities			
Trade accounts payable	10	155,109	66,398
Other current liabilities		111,127	96,383
Bank borrowings	12	252,230	132,715
Bonds issued	13	78,078	-
Accrued interest	12,13	20,083	19,472
Lease liabilities	2	62,570	4,355
		679,197	319,323
TOTAL LIABILITIES		2,072,646	1,572,659
TOTAL EQUITY AND LIABILITIES		3,312,324	2,670,665

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 29 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 2019
(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 2019	284,505	(44,593)	174,022	642,800	1,040,327	(1,015,591)	1,081,470	16,536	1,098,006
Profit for the period	-	-	-	-	169,369	-	169,369	2,112	171,481
Other comprehensive income	-	-	-	3,515	-	53,598	57,113	1,201	58,314
Total comprehensive income for the period	-	-	-	3,515	169,369	53,598	226,482	3,313	229,795
Transfer from revaluation reserve to retained earnings	-	-	-	(36,325)	36,325	-	-	-	-
Dividends declared by the Parent *(Note 18)*	-	-	-	-	(80,000)	-	(80,000)	-	(80,000)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(4,658)	(4,658)
Non-controlling interests acquired *(Note 3)*	-	-	-	-	-	-	-	14,758	14,758
Disposal of non-controlling interest (Note 3)	-	-	-	-	(4,952)	-	(4,952)	(13,271)	(18,223)
Translation differences on revaluation reserve	-	-	-	36,237	(36,237)	-	-	-	-
Balance as of 30 June 2019	284,505	(44,593)	174,022	646,227	1,124,832	(961,993)	1,223,000	16,678	1,239,678

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 11 to 29 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	-	-	-	-	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	-	-	-	-	(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 29 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 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018
Operating activities			
Profit before tax		176,571	197,417
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expense	4	70,074	50,566
Net change in fair value of biological assets and agricultural produce	4	(41,145)	(72,547)
Change in allowance for irrecoverable amounts and direct write-offs		(188)	338
Loss/(gain) on disposal of property, plant and equipment and other non-current assets		62	(52)
Finance income		(4,213)	(2,687)
Finance costs		73,546	85,197
Released deferred revenue		(848)	-
Non-operating foreign exchange gain, net		(72,696)	(71,055)
Operating cash flows before movements in working capital		201,163	187,177
Working capital adjustments			
Change in inventories	8	99,352	78,847
Change in biological assets	9	(161,003)	(153,905)
Change in agricultural produce	8	85,090	73,321
Change in other current assets		6,568	(19,324)
Change in taxes recoverable and prepaid		4,795	(20,662)
Change in trade accounts receivable		(19,215)	(9,114)
Change in other liabilities		1,626	(3,896)
Change in trade accounts payable		68,935	(1,763)
Cash generated by operations		287,311	130,681
Interest received		4,213	2,689
Interest paid		(63,483)	(45,553)
Income taxes paid		(3,846)	(7,600)
Net cash flows from operating activities		224,195	80,217
Investing activities			
Purchases of property, plant and equipment	7	(61,212)	(105,148)
Purchases of other non-current assets		(839)	(11,162)
Payments for renewal of lease agreements		(3,990)	(6,918)
Proceeds from disposals of property, plant and equipment		902	782
Purchases of non-current biological assets		(603)	(1,521)
Government grants received	6	5,996	-
Acquisition of subsidiaries, net of cash acquired	3	(205,724)	-
Investments in short-term deposits		-	(1,077)
Loans provided to employees, net		(1,512)	(490)
Loans provided to related parties		(7,886)	(86)
Loans repaid by related parties		10,115	-
Net cash flows used in investing activities		(264,753)	(125,620)
Financing activities			
Proceeds from bank borrowings		200,534	73,384
Repayment of bank borrowings		(111,539)	(67,777)
Proceeds from bonds issued		-	550,000
Repayment of bonds issued		-	(416,183)
Repayment of lease liabilities		(6,943)	(2,218)
Dividends paid	18	(80,000)	(60,044)
Dividends paid by subsidiaries to non-controlling shareholders		(200)	-
Acquisition of non-controlling interest	3	(18,223)	-
Transaction costs related to corporate bonds issued		-	(44,194)
Transaction costs related to bank loans received		(697)	(384)
Net cash flows (used in)/from financing activities		(17,068)	32,584
Net decrease in cash and cash equivalents		(57,626)	(12,819)
Net foreign exchange difference on cash and cash equivalents		2,724	(3,277)
Cash and cash equivalents at 1 January		211,768	125,554
Cash and cash equivalents at 30 June		156,866	109,458

The accompanying notes on the pages 11 to 29 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 2019
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Six-month period ended 30 June 2019*	*Six-month period ended 30 June 2018*
Non-cash transactions			
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor		1,318	8,430
Additions of property, plant and equipment under finance leases		-	1,927
Additions of right-of-use assets		21,753	-

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six-month period ended 30 June 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 PrJSC "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 owning 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 and 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 2019 the Group employed 31,964 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 30 June 2019 and 31 December 2018 were as follows:

Name	*Country of registration*	*Year established acquired*	*Principal activities*	*30 June 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%
Hemiak Investments Limited	Cyprus	2018	Sub-holding Company	100.0%	100.0%
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.0%
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	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	Slovenia	2019	Poultry production	99.2%	-

The Group's primary operational facilities are located in different regions of Ukraine as well as in Southeast Europe, including Slovenia, Serbia, Croatia and Bosnia and Herzegovina.

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

Correction of prior period disclosure errors

Subsequent to the issuance of the consolidated financial statements as of and for the year ended 31 December 2018, the management of the Group identified errors in disclosure of operating land lease commitments due to the fact that not all constructive obligations were captured in the calculation and proceeded with a disclosure restatement to correct this disclosure error in these financial statements.

The effect of restatement of the disclosure provided in the consolidated financial statements as of and for the year ended 31 December 2018 is summarized below.

Contractual and constructive obligations in respect of agricultural land operating leases as of 31 December 2018:

	As previously reported	*Effect of restatement*	*As restated*
Within one year	31,330	17,837	49,167
In the second to the fifth year inclusive	104,346	57,994	162,340
After fifth year	112,078	39,278	151,356
Total commitments on land operating leases	**247,754**	**115,109**	**362,863**

Contractual and constructive obligations in respect of agricultural land operating leases as of 31 December 2017:

	As previously reported	*Effect of restatement*	*As restated*
Within one year	20,833	15,562	36,395
In the second to the fifth year inclusive	69,896	50,061	119,957
After fifth year	60,933	35,126	96,059
Total commitments on land operating leases	**151,662**	**100,749**	**252,411**

In addition, the Company disclosed in the consolidated financial statements as of and for the year ended 31 December 2018 that the analysis conducted by the Group in relation to the initial application of IFRS 16 indicated a probable recognition of right of use of asset and lease liability in the amount not higher than USD 103,933 thousand. The preliminary assessment was underestimated due to the fact that not all constructive obligations were captured in the calculation.

The corrected amounts for the right of use assets and lease liabilities are disclosed in "IFRS 16 leases" section of Note 2 below and amounted to USD 185,442 thousand and USD 177,093 thousand, respectively.

The restatements had no impact on the consolidated statement of financial position as of 31 December 2018 and as of 31 December 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per share for the years then ended.

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

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

Lease mainly represents rent of land from individuals (Ukrainian citizens) for agricultural purposes.

Accounting policies under IFRS 16

The Group has adopted new accounting policies in relation to leases following the adoption of IFRS 16 on 1 January 2019, as follows:

The Group assesses whether a contract is or contains a lease, at inception of the contract.

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. The Group does not apply the short term and low-value lease exemptions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group recognises interest on lease liabilities based on incremental borrowing rate, presented within interest expenses in the consolidated statement of profit or loss.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or market rate, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated over the period of lease term. The depreciation starts at the commencement date of the lease. The Group recognises depreciation of right-of-use assets based on the contract term, presented within cost of goods sold in the consolidated statement of profit or loss.

In the statement of cash flows the Group separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities).

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

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

The Group applied the modified retrospective approach. Under this approach, the Group did not restate prior year amounts reported and applied the practical expedient to retain the classification of existing contracts as leases under the previous accounting standard (IAS 17) instead of reassessing whether existing contracts contain a lease at the date of initial application.

Impact on transition

The Group has elected to apply the following other transitional reliefs permitted by the standard:

- The application of a single discount rate for portfolio of leases with reasonably similar characteristic;
- The exclusion of initial direct costs of obtaining a lease from the measurement of right-of-use assets at the date of initial application.
- Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The table below shows the amount of adjustment for each financial statement line item affected by the application of IFRS 16:

Impact on assets, liabilities and equity as at 1 January 2019	*As if IAS 17 still applied*	*IFRS 16 adjustments*	*As presented*
Property, plant and equipment	1,498,530	(21,449)	1,477,081
Right-of-use assets, net	-	185,442	185,442
Other non-current assets[1)]	57,360	(6,092)	51,268
Other current assets[1)]	32,858	(69)	32,789
Net impact on total assets	**1,588,748**	**157,832**	**1,746,580**
Lease liabilities	9,087	114,042	123,129
Current portion of lease liabilities	4,355	49,609	53,964
Other current liabilities[2)]	96,383	(5,819)	90,564
Net impact on total labilities	**109,825**	**157,832**	**267,657**
Retained earnings	**1,040,327**	**-**	**1,040,327**

[1)] consists of prepayments for land lease
[2)] accrued payable for land lease

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 future lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. Future lease payments consist of:

- fixed payments (including in-substance fixed payments);
- variable lease payment that are based on a market index or a rate, initially measured using the index or rate as at the commencement date. Regardless of the lease payments stated in the lease contracts, customary business practices complement the contractual terms in a way that at each particular date the rate is a market rate. Since the entire market operates on the basis of expectations of a periodic revision of rates (based on current market rates), management has concluded that the rates are determined by the market mechanism. In substance non-contractual changes in lease payments are driven by the competitive forces and payments change is based on the average changes of lease payments in the region.

The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 20%. Incremental borrowing rate was determined as the rate of interest that the Group would have to pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Majority of Group’s leases are denominated in UAH.

The average maturity of lease agreements is 7 years.

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

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

IFRS 16 Leases *(continued)*

The reconciliation between the operating lease commitments as of 31 December and the opening balance for the lease liabilities as of 1 January 2019 is as follows:

	Thousand US dollars
Land lease commitments as of 31 December 2018 (as restated)	362,863
Discounted lease commitments as of 31 December 2018	157,832
Add: accrued payable for land lease as of 31 December 2018	5,819
Add: finance lease liabilities as of 31 December 2018	13,442
Lease liabilities as of 1 January 2019	177,093

Amount of interest expense on lease liabilities for the six-month period ended 30 June 2019 was USD 18,802 thousand. The total cash outflow for leases for the six-month period ended 30 June 2019 was USD 17,929 thousand.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	*01 January 2019*
Land	198,157	163,993
Property, plant and equipment	21,045	21,449
Total right-of-use assets	**219,202**	**185,442**

Property, plant and equipment held under finance lease arrangements previously presented within property, plant and equipment is now presented within the line item right-of-use assets. There has been no change in the amount recognised.

Amount of depreciation charge for right-of-use assets and additions to right-of-use assets for the six-month period ended 30 June 2019 was USD 15,071 thousand and USD 25,743 respectively.

Adoption of IFRS 16 has no impact on the Group’s land lease rights acquired in a business combination and capitalized costs for renewal of contracts recognised before 1 January 2019.

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 recognised 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 using the average exchange rate for the quarter;
- all resulting exchange differences are recognised 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.

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

Functional and presentation currencies *(continued)*

The following exchange rates were used:

Currency	*Closing rate as of 30 June 2019*	*Average for six months ended 30 June 2019*	*Closing rate as of 31 December 2018*	*Average for six months ended 30 June 2018*
UAH/USD	26.1664	26.9316	27.6883	26.7462
UAH/EUR	29.7302	30.4277	31.7141	32.4092

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 grain and the effect of revaluation of agricultural produce harvested during the year. Also, the grain growing segment has seasonal requirements for working capital increase during November to May, due to the sowing campaign.

3. Changes in the group structure

Acquisitions

On 21 February 2019, the Group acquired 90.69% of the issued share capital and thereby obtaining control of Perutnina Ptuj, 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 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 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 preliminary fair values of identifiable assets acquired and liabilities assumed and any non-controlling interests are as set out in the table below.

	21 February 2019
Inventories	25,442
Biological assets	10,598
Agricultural produce	8,196
Trade accounts receivable, net	36,313
Cash and cash equivalent	20,986
Other current liabilities less other current assets	(6,738)
Property, plant and equipment	178,918
Right-of-use asset	14,588
Identifiable intangible assets	34,689
Trade accounts payable	(36,127)
Deferred tax liabilities net of deferred tax assets (of USD thousand 3,535)	(11,762)
Other non-current liabilities less other non-current assets	(5,555)
Bank borrowings and lease liabilities [1)]	(75,615)
Total identifiable assets	**193,933**
Goodwill	70,837
Non-controlling interest of in 7.61 % of Perutnina Ptuj	(14,758)
Total consideration due and payable	**250,012**

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3. Changes in the group structure *(continued)*

Acquisitions *(continued)*

Net cash outflow arising on acquisition:	
Cash consideration paid	250,012
Less: amount paid in 2018	(23,302)
Less: cash and cash equivalent balances acquired	(20,986)
	205,724

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

The consideration was paid as follows: USD 23,302 thousand in 2018 as prepayment and USD 226,710 thousand in 2019. Acquisition-related costs amounted to USD 2,689 thousand.

The initial accounting for the acquisition of Perutnina Ptuj 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 trade receivables is USD 36,313 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 187 thousand.

The goodwill of USD 70,837 thousand arising from the acquisition attributed to the expected synergies and other benefits from combining the assets and activities of Perutnina Ptuj with those of the Group:

- the acquisition was in line with the Group's strategy to extend a presence on EU market. Perutnina Ptuj has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, Macedonia and Romania and supplies products to 15 countries in Europe. Perutnina has strong brand and customers base;
- Perutnina Ptuj has the ability to increase production of poultry products using existing production capacities. As a cost leading poultry producer, the Group has solid expertise in cost optimization and the management expects to improve the profitability of Perutnina Ptuj;
- Perutnina Ptuj will provide for the Group a platform for further production capacity expansion in Europe.

None of the goodwill is expected to be deductible for income tax purposes.

The non-controlling interest (7.61% ownership interest Perutnina Ptuj) recognised at the acquisition date was measured as a proportionate share of the acquired entity's net identifiable assets and amounted to USD 14,758 thousand.

Perutnina Ptuj contributed USD 107,304 thousand revenue and USD 7,214 thousand to the Group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of Perutnina Ptuj had been completed on the first day of the financial year, the Group revenues for the six-months period ended 30 June 2019 would have been USD 993,399 thousand and the Group profit would have been USD 173,712 thousand (unaudited figures).

Changes in non-controlling interests in subsidiaries

In May 2019 the Group increased its effective ownership interest in Perutnina Ptuj to 99.2% through the purchase of a non-controlling interest for the amount USD 18,223 thousand. The difference between the carrying value of the net assets acquired and consideration paid was recognised as an adjustment to retained earnings in the amount of USD 4,952 thousand.

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4. Segment information

In 2019, following the acquisition of operations in Europe (Perutnina Ptuj), the Group's chief operating decision maker ("CODM") reviews the results and operations of the Europe operating segment separately from the other segments of the group. This is a new operating segment and therefore this change has not impacted the composition of the other operating segments. Respective comparative information for the six-month period ended 30 June 2018 has been presented in order to achieve comparability with the presentation used in interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

The Group's business is managed on a worldwide basis, but operates manufacturing facilities and sales offices primarily in Ukraine and Europe.

Reportable segments are presented in a manner consistent with the internal reporting to the chief operating decision maker.

Segment information is analysed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are as follows:

Poultry and related operations segment:	• sales of chicken meat • sales of vegetable oil and related products • other poultry related sales
Grain growing operations segment:	• sales of grain
Meat processing and other agricultural operations segment:	• sales of meat processing products and convenience foods • other agricultural operations (milk, cattle, and other)
Europe operating segment	• sales of meat processing and chicken meat products in Southeast Europe (Note 3)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Sales between segments are carried out at market prices. The segment result represents operating profit under IFRS before unallocated corporate expenses and loss on impairment of property, plant and equipment. Unallocated corporate expenses include management remuneration, representative expenses, and expenses incurred in respect of the maintenance of office premises. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Europe operating segment includes primarily sales of chicken meat and meat processing products, produced in the facilities of Perutnina Ptuj. However, CODM manages this as a single segment, because research, development, manufacture, distribution and selling of chicken meat and meat processing products requires single marketing strategies.

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4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2019:

	Poultry and related operations	*Grain growing*	*Meat processing and other agricultural operations segment*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	687,762	83,160	67,807	107,304	946,033	-	946,033
Sales between business segments	20,532	96,424	138	-	117,094	(117,094)	-
Total revenue	708,294	179,584	67,945	107,304	1,063,127	(117,094)	946,033
Segment results	115,256	61,352	3,764	8,984	189,356	-	189,356
Unallocated corporate expenses							(12,365)
Other expenses, net [1)]							(420)
Profit before tax							176,571
Other information:							
Depreciation and amortization expense [2)]	45,837	12,999	3,952	6,884	69,672	-	69,672
Net change in fair value of biological assets and agricultural produce	16,787	25,971	(910)	(703)	41,145	-	41,145

[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 2019 does not include unallocated depreciation and amortization in the amount of USD 402 thousand.

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*	*Meat processing and other agricultural operations segment*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	615,997	13,288	64,477	-	693,762	-	693,762
Sales between business segments	21,465	95,018	168	-	116,651	(116,651)	-
Total revenue	637,462	108,306	64,645	-	810,413	(116,651)	693,762
Segment results	116,619	99,764	8,253	-	224,636	-	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	-	50,317
Net change in fair value of biological assets and agricultural produce	(8,093)	78,137	2,503	-	72,547	-	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.

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4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 June 2019 (unreviewed):

	Poultry and related operations	*Grain growing*	*Meat processing and other agricultural operations segment*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	360,085	30,650	37,352	81,622	509,709	-	509,709
Sales between business segments	5,455	55,827	47	-	61,329	(61,329)	-
Total revenue	365,540	86,477	37,399	81,622	571,038	(61,329)	509,709
Segment results	66,279	57,577	2,818	6,123	132,797	-	132,797
Unallocated corporate expenses							(5,802)
Other expenses, net [1)]							14,169
Profit before tax							141,164
Other information:							
Depreciation and amortization expense [2)]	23,256	5,515	2,025	6,001	36,797	-	36,797
Net change in fair value of biological assets and agricultural produce	6,267	42,793	(369)	(1,286)	47,405	-	47,405

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

[2)] Depreciation and amortization for the three-month period ended 30 June 2019 does not include unallocated depreciation and amortization in the amount of USD 218 thousand.

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

	Poultry and related operations	*Grain growing*	*Meat processing and other agricultural operations segment*	*Europe operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	348,450	5,827	33,909	-	388,186	-	388,186
Sales between business segments	11,426	48,986	115	-	60,527	(60,527)	-
Total revenue	359,876	54,813	34,024	-	448,713	(60,527)	388,186
Segment results	60,116	98,539	1,527	-	160,182	-	160,182
Unallocated corporate expenses							(9,722)
Other expenses, net [1)]							(42,376)
Profit before tax							108,084
Other information:							
Depreciation and amortization expense [2)]	17,380	4,792	1,363	-	23,535	-	23,535
Net change in fair value of biological assets and agricultural produce	(10,392)	89,246	(922)	-	77,932	-	77,932

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

[2)] Depreciation and amortization for the three-month period ended 30 June 2018 does not include unallocated depreciation and amortization in the amount of USD 124 thousand.

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4. Segment information *(continued)*

Non-current assets based on the geographic location of the manufacturing facilities were as follows as of 30 June 2019 and 31 December 2018:

	2019	*2018*
Ukraine	1,912,478	1,613,243
Europe	226,548	-
	2,139,026	1,613,243

Non-current assets excluding deferred tax assets and non-current financial assets.

As of 31 December 2018 and for the year then ended the Group's manufacturing facilities were located mainly within Ukraine.

5. Profit for the period

The Group's gross profit for the six-month period ended 30 June 2019 decreased compared to the six-month period ended 30 June 2018 and amounted to USD 250,828 thousand and USD 262,359 thousand, respectively. The decrease was driven mainly by decrease of the gross profit in the grain growing operations segment, partly offset by increase in the poultry and related operations and Europe operating segment.

The Group's operating profit decreased at a higher rate compared to gross profit mainly due to the inclusion of additional expenses of Perutnina Ptuj as well as an increase in administration, sales and distribution expenses primarily attributable to the increase in consulting services, advertising expense and representative costs.

The Group's profit for the six-month period ended 30 June 2019 decreased compared to the six-month period ended 30 June 2018 and amounted to USD 171,481 thousand and USD 190,479 thousand, respectively. The decrease is driven mainly by increase in selling, general and administrative expenses partly offset by higher finance costs for the six-month period ended 30 June 2018 due to transaction costs related to Eurobond issued in April 2018.

6. Deferred revenues

The Ukrainian Government supports domestic agri producers and attracts investments into the agricultural sector. According to the Law "On the State Budget for 2019", UAH 5,709 million were allocated to support the agricultural sector in 2019 via a compensation program, including UAH 3,500 million to support the 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 six-month period ended 30 June 2019, the Group received government grants in accordance with this program in an amount of UAH 158,132 thousand (USD 5,996 thousand).

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

7. Property, plant and equipment

During the six-month period ended 30 June 2019, the Group's additions to property, plant and equipment amounted to USD 62,530 thousand (six-month period ended 30 June 2018: USD 115,505 thousand) mainly related to construction works for Phase 2 of the Vinnytsia poultry project. Additional increase relates to an acquisition of Perutnina Ptuj (Note 3).

There were no significant disposals of property, plant and equipment during the six-month period ended 30 June 2019.

8. Inventories and agricultural produce

A decrease in inventory and agricultural produce balances for six-month period ended 30 June 2019 was mainly as a result of internal consumption of corn, sunflower and soya.

Changes of inventory balances apart from consumption of purchased grain stock have also occurred because as of 31 December 2018 expenses incurred in cultivating of fields which had to be planted in spring 2019 were capitalised in work in progress balance. As of 30 June 2019 these expenses were classified as crops in fields within biological assets, as the plants were already sown.

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9. Biological assets

The increase in current biological assets as compared to 31 December 2018 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 2019 classified as biological assets as well as due to IAS 41 revaluation adjustment.

10. Trade accounts receivable, net and trade accounts payable

Increase in trade accounts receivable, net and trade accounts payable mainly related to the inclusion of corresponding balances of acquired subsidiary (Perutnina Ptuj). An additional impact was attributable to an increase in receivables for export sales due to increase of sales volume as well as increase in amounts payable for seeds and plant protection products to be paid in the third quarter of 2019.

11. Share capital

As of 30 June 2019 and 31 December 2018 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	30 June 2019	*31 December 2018*
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 30 June 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.

12. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 June 2019 and 31 December 2018:

		30 June 2019		*31 December 2018*	
Bank	*Currency*	*WAIR [1)]*	*USD' 000*	*WAIR [1)]*	*USD' 000*
Non-current					
Foreign banks	USD	7.75%	18,069	7.99%	56,718
Foreign banks	EUR	4.33%	119,514	4.72%	49,065
			137,583		105,783
Current					
Ukrainian banks	EUR	3.02%	30,353	3.76%	12,943
Ukrainian banks	USD	4.15%	49,699	4.50%	48,000
Foreign banks	EUR	4.23%	68,678	-	-
Current portion of long-term bank borrowings	USD, EUR		103,500		71,772
			252,230		132,715
Total bank borrowings			389,813		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 the principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. Interest on borrowings drawn from 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 2019 and 31 December 2018, the Group's bank term loans and credit lines bear floating and fixed interest rates.

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12. Bank borrowings *(continued)*

Bank borrowings and credit lines outstanding as of 30 June 2019 and 31 December 2018 were repayable as follows:

	30 June 2019	*31 December 2018*
Within one year	252,230	132,715
In the second year	42,052	56,719
In the third to fifth year inclusive	91,900	42,271
After five years	3,631	6,793
	389,813	238,498

As of 30 June 2019, the Group had available undrawn facilities of USD 109,995 thousand (31 December 2018: USD 316,429 thousand). These undrawn facilities expire during the period from October 2019 until July 2021.

The Group, as well as particular subsidiaries of the Group have to comply with certain covenants imposed by the banks providing the loans. The Group shall ensure the ongoing compliance with the following maintenance covenants: EBITDA to interest expenses ratio, current ratio and liabilities to equity ratio. Separately, there are negative covenants in respect of restricted payments, including dividends, capital expenditures, additional indebtedness, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates in case of excess of Net Debt to EBITDA 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 2019 and 31 December 2018, the Group has complied with all covenants imposed by banks providing the borrowings.

As of 30 June 2019, the Group had borrowings of USD 72,452 that were secured. These borrowings were secured by inventories and property, plant and equipment with a carrying amount of USD 118,318 thousand. As of 31 December 2018, the Group had borrowings of USD 19,000 thousand that were secured. These borrowings were secured by agricultural produce with a carrying amount of USD 23,750 thousand.

As of 30 June 2019, the Group had borrowings of USD 113,620 that were secured by the pledge of 100% of the share capital of Hemiak Investments Limited holding circa 99.2% of Shares of Perutnina Ptuj (Note 3).

As of 30 June 2019, a deposit with a carrying amount of USD 3,360 thousand (31 December 2018: USD 3,387 thousand) was restricted as collateral to secure bank borrowings.

As of 30 June 2019 and 31 December 2018, accrued interest on bank borrowings was USD 3,866 thousand and USD 3,150 thousand, respectively.

13. Bonds issued

Bonds issued and outstanding as of 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019	*31 December 2018*
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	(35,053)	(38,482)
Total bonds issued	1,094,364	1,090,935
Less:		
Current portion of bonds issued	(78,078)	-
Total long-term portion of bonds issued	1,016,286	1,090,935

As of 30 June 2019 and 31 December 2018 amount of accrued interest on bonds issued was USD 16,217 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

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13. Bonds issued *(continued)*

***6.95% Senior Notes** (continued)*

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 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.

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 as at 1 January 2018 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

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13. Bonds issued *(continued)*

7.75% Senior Notes *(continued)*

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 as at 1 January 2018 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 “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 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 Group 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 Group 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 30 June 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 six-month ended 30 June 2019 and year ended 31 December 2018, respectively.

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14. 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.

Transactions with related parties during the six-month periods ended 30 June 2019 and 30 June 2018 were as follows:

	2019	*2018*
Loans and finance aid provided	15,098	-
Loans and finance aid repaid	17,393	-
Loans provided to key management personnel	1,783	405
Purchases from related parties	8	22

The balances owed to and due from related parties were as follows as of 30 June 2019 and 31 December 2018:

	30 June 2019	*31 December 2018*
Loans and finance aid receivable	4,045	5,950
Loans to key management personnel	2,598	971
Trade accounts receivable	113	111
Payables due to related parties	21	19

The Group has provided related parties and key management personnel with short-term loans at rates comparable to the average commercial rate of interest. The loans to related parties and key management personnel are unsecured.

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 4,818 thousand and USD 5,940 thousand for the six-month period ended 30 June 2019 and 30 June 2018, respectively.

15. 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 2.5% year on year for the six-month periods ended 30 June 2019 (2018: 2.8%), modest annual inflation of 9.0% (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 Donetska 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 export and import to/from Russia 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

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15. Contingencies and contractual commitments *(continued)*

Operating environment *(continued)*

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 and cooperation with the International Monetary Fund ("IMF").

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.

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 year ended 31 December 2018 as required by legislation and plans to submit reports by 1 October 2019.

As of 30 June 2019, the Group's management assessed its possible exposure to tax risks for a total amount of USD 4,647 thousand related to corporate income tax (31 December 2018: USD 4,452 thousand). No provision was charged of such possible tax exposure.

As of 30 June 2019, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 3,760 (31 December 2018: USD 2,831 thousand), including USD 2,805 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 1,732 thousand as of 30 June 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 six-month period ended 30 June 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 30 June 2019, purchase commitments on such contracts were primarily related to expansion of the Vinnytsya poultry complex and amounted to USD 11,655 thousand (31 December 2018: USD 16,826 thousand).

16. 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

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

appropriate valuation methodologies, but are not necessarily indicative of the amounts that the 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:

	Carrying amount		*Fair value*	
	30 June 2019	*31 December 2018*	*30 June 2019*	*31 December 2018*
Financial liabilities				
Bank borrowings *(Note 12)*	393,679	241,648	387,847	233,898
Senior Notes due in 2020, 2024, 2026 *(Note 13)*	1,110,581	1,107,257	1,174,315	1,027,226

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 was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings 5.8% (31 December 2018: 8.0%) and is within Level 2 of the fair value hierarchy.

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

17. Risk management policy

During the six-month period ended 30 June 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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The Group's liquidity position is carefully monitored and managed. The Group has in place a detailed budgeting and cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows as of 30 June 2019 and 31 December 2018. The amounts in the table may not be equal to the statement of financial position carrying amounts since the table includes all cash outflows on an undiscounted basis.

	Carrying amount	*Contractual Amounts*	*Less than 1 year*	*From 2nd to 5th year*	*After 5th year*
30 June 2019					
Bank borrowings	393,679	408,990	258,694	146,508	3,788
Bonds issued	1,110,581	1,597,294	162,944	807,900	626,450
Lease liabilities	224,969	461,928	61,015	193,255	207,658
Total	1,729,229	2,468,212	482,653	1,147,663	837,896
31 December 2018					
Bank borrowings	241,648	257,354	142,301	107,944	7,109
Bonds issued	1,107,257	1,639,058	83,527	390,593	1,164,938
Lease liabilities	13,442	15,833	5,409	10,424	-
Total	1,362,347	1,912,245	231,237	508,961	1,172,047

The carrying amount of lease liabilities as at 30 June 2019 includes USD 211,066 thousand of land lease obligations.

All other financial liabilities (excluding those disclosed above) are repayable within one year.

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17. Risk management policy *(continued)*

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 2019 and 31 December 2018 were as follows:

	30 June 2019		*31 December 2018*	
	USD	*EUR*	*USD*	*EUR*
Total assets	156,004	9,640	197,188	25,909
Total liabilities	1,257,013	215,654	1,285,214	89,159

The table below details the Group's sensitivity to strengthening/(weakening) of the UAH 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%	(110,101)
Increase in EUR exchange rate	10%	(20,601)
Decrease in USD exchange rate	5%	55,050
Decrease in EUR exchange rate	5%	10,301
2018		
Increase in USD exchange rate	10%	(108,803)
Increase in EUR exchange rate	10%	(6,325)
Decrease in USD exchange rate	5%	54,401
Decrease in EUR exchange rate	5%	3,164

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 2019, the Ukrainian Hryvnia appreciated against the EUR by 6.7% and against the USD by 5.8% (six-month period ended 30 June 2018: appreciated against the EUR and USD by 9.6% and 7.2% respectively). As a result, during the six-month period ended 30 June 2019 the Group recognised net foreign exchange gain in the amount of USD 72,696 thousand (six-month period ended 30 June 2018: foreign exchange gain in the amount of USD 71,055 thousand) in the consolidated statement of profit or loss and other comprehensive income.

18. 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, which were paid to shareholders during the six-month period ended 30 June 2019.

19. Subsequent events

There are no subsequent events to mention.

20. 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 5 September 2019.