

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about this document or the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorized under the Financial Services and Markets Act 2000 (as amended) (UK) or the relevant legislation in your jurisdiction.

If you have sold or otherwise transferred all of your ordinary shares in HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC, please forward this document, together with the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Your attention is drawn to HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC's Annual Report and Accounts for the year ended December 31, 2015.

HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC

(Incorporated and registered in Cyprus under company number HE266578)

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at 13 Karaiskaki Street, 3032, Limassol, Cyprus on June 14, 2016 at 12.00 p.m. Cyprus time is set out at the end of this document.

Holders of shares, not wishing to participate in person or through electronic means, are requested to complete and return the Form of Proxy enclosed with this document as soon as possible but in any event, to be valid, so as to be received by the Company Secretary CYPROSERVUS & CO. LTD, at the Company's registered office at 13 Georgiou Karaiskaki, Limassol 3032, no later than 12.00 p.m. Cyprus time, on June 13, 2016.

The return of the Form of Proxy will not preclude a member from attending and voting at the Annual General Meeting in person should he or she subsequently decide to do so.

**DIRECTORS, SECRETARY AND REGISTERED OFFICE OF HMS HYDRAULIC
MACHINES & SYSTEMS GROUP PLC**

Directors

Mr. NIKOLAY YAMBURENKO	Chairman, Non-Executive Director
Mr. ARTEM MOLCHANOV	Director
Mr. KIRILL MOLCHANOV	Director
Mr. YURY SKRYNNIK	Director
Mr. GARY STUART YAMAMOTO	Non-Executive Independent Director
Mr. PHILIPPE DELPAL	Non-Executive Independent Director
Mr. ANDREAS PETROU	Non-Executive Independent Director

Secretary and Registered Office

CYPROSERVUS CO. LIMITED
13 Karaiskaki Street, 3032,
Limassol, Cyprus, Acting through
Demosthenes Mavrellis

LETTER FROM THE CHAIRMAN

HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC

(Incorporated and registered in Cyprus under company number HE266578)

The Company's registered office:
13 Karaiskaki Street, 3032
Limassol, Cyprus

May 12, 2016

Dear Shareholder,

Annual General Meeting of HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC (the "Company").

I am pleased to be writing to you with details of our Annual General Meeting ("AGM") which we are holding at 13 Karaiskaki Street, 3032, Limassol, Cyprus at 12.00 p.m. Cyprus time on June 14, 2016.

The notice convening the AGM is set out on pages 6 to 8 of this document.

If you would like to vote on the resolutions but cannot attend the AGM, either in person or via electronic means, please complete the relevant Form of Proxy, enclosed with this document and return it to the Company Secretary, CYPROSERVUS CO. LIMITED, at the Company's registered address, 13 Karaiskaki Street, 3032, Limassol, Cyprus time attention Anna Alexandrou, as soon as possible. The Forms of Proxy must be received by no later than 12.00 p.m. Cyprus time, on June 13, 2016.

Explanatory notes on all the business to be considered at this year's AGM appear on pages 9 to 10 of this document. Resolutions 1 to 9 below seek the necessary shareholder approvals by way of ordinary resolution. Resolution 10 below seeks the necessary shareholder approval by way of Special Resolution. Special Resolutions must be approved by 75 % majority.

The shareholder authority sought includes:

- 1) Adopting the Annual Directors' Report of the Company for the year ending December 31, 2015.
- 2) Adopting the Consolidated Financial Statements of the Company for the year ending December 31, 2015.

- 3) Adopting of the Stand-alone Financial Statements of the Company for the year ending December 31, 2015.
- 4) Re-appointing Chartered Accountants Messrs. Deloitte (Cyprus) as the Company auditors and authorizing the Directors to agree on their remuneration.
- 5) Re-electing Mr. ARTEM MOLCHANOV as an Executive Director.
- 6) Re-electing Mr. NIKOLAY YAMBURENKO as a Non-Executive Director.
- 7) Re-electing Mr. GARY YAMAMOTO as a Non-Executive, Independent Director.
- 8) Approving the recommendation of the Directors to pay dividends in relation to the financial year ended December 31, 2015 in the total amount of 8.37 RUR per ordinary share, which includes the interim dividends of 3,25 RUR per ordinary share paid in accordance with the Directors' resolution dated December 7, 2015 and the final dividend of 5.12 RUR per one ordinary share. The final dividend distribution for 2015 is 5.12 RUR per one ordinary share, amounting to total final dividend of 599 876 746 RUR. The Record Date for the purposes of dividend distribution is the 3rd day of June 2016. The Payment Date is the 21st day of June 2016.
- 9) Ratifying the resolution of Directors to pay the interim dividend out of the Company's profits on December 7, 2015 to the amount of 3,25 RUR per ordinary share.
- 10) Adopting by way of Special Resolution the buyback program of the Company with respect to Global Depository Receipts each representing 5 ordinary shares of the Company on the conditions determined by the Board of Directors as per the plan (as circulated with the Notice of the Meeting) submitted to the Board at the meeting held on April 27, 2016, subject to the provisions of section 57A to 57F of the Cyprus Companies Law and the Company's Articles of Association and to authorize the Directors to take all requisite actions to effect the buy-back, including entering into such agreements with third parties as they deem necessary.
- 11) Any other business as may be proposed by the Members attending the meeting.

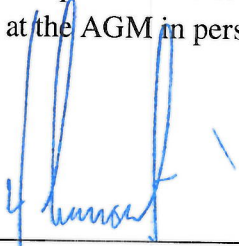
Recommendation

The Directors consider that all the proposals to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favor of all of the proposed resolutions, as they intend to do so in respect of their own beneficial shareholdings (if any).

Action to be taken

Shareholders will find enclosed with this document Forms of Proxy for use in connection with the AGM. Shareholders, whether or not they propose to attend the AGM in person, are requested to

complete, sign and return the applicable enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to be received by the Company Secretary, CYPROSERVUS CO. LIMITED, as soon as possible and, in any event, by not later than no later than 12.00 p.m. Cyprus time on June 13, 2016. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the AGM in person if they wish to do so.

A handwritten signature in blue ink, appearing to read 'N. Yamburenko', is written over a horizontal line.

Yours faithfully,
NIKOLAY YAMBURENKO
The Chairman

HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC
(incorporated and registered in Cyprus under company number HE266578)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC (the “Company”) will be held at the registered office of the Company (Limassol, Cyprus) at 12.00 p.m. Cyprus time, on June 14, 2016 to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary and special resolutions.

AGENDA
ANNUAL GENERAL MEETING

To discuss, consider and if thought appropriate approve the following ORDINARY Resolutions:

1. THAT the Annual Report of the Company for the year ending December 31, 2015 be approved and adopted.
2. THAT the proposal to adopt the Audited Consolidated Financial Statements of the Company for the year ending December 31, 2015 be approved;
3. THAT the proposal to adopt the Audited Stand-alone Financial Statements of the Company for the year ending December 31, 2015 be approved;
4. THAT the Proposal to re-appoint Messrs Deloitte (Cyprus) as external auditors of the Company for the period until the conclusion of the next Annual General Meeting of the Company be approved and that the Directors be authorized to agree and fix the auditors’ remuneration;
5. THAT Mr. Artem Molchanov, retiring this year from his post as Director, according to the provisions of the Company’s Articles and proposed for re-election as an Executive Director be re-elected.
6. THAT Mr. Nikolay Yamburenko, retiring this year from his post as Director, according to the provisions of the Company’s Articles and proposed for re-election as a Non-Executive Director be re-elected.
7. THAT Mr. Gary Yamamoto, retiring this year from his post as Director, according to the provisions of the Company’s Articles and proposed for re-election as a Non-Executive Independent Director be re-elected.

8. THAT the proposal of the Directors to pay dividends in relation to the financial year ended December 31, 2015 in the total amount of 8.37 RUR per ordinary share, which includes the interim dividends of 3,25 RUR per ordinary share paid in accordance with the Directors' resolution dated December 7, 2015 and a final dividend for 2015 which is 5.12 RUR per one ordinary share. The final dividend distribution for 2015 is 5.12 RUR per one ordinary share, amounting to total final dividend of 599 876 746 RUR. The Record Date for the purposes of dividend distribution is the 3rd day of June 2016. The Payment Date is the 21st day of June 2016 be approved;
9. THAT the decision of the Directors to pay the interim dividend out of the Company's profits on December 7, 2015 to the amount of 3,25 RUR per ordinary share be ratified.

To discuss, consider and if thought appropriate approve the following SPECIAL Resolution

10. THAT the Proposal to consider and adopt the buyback program of the Company with respect to Global Depository Receipts each representing 5 ordinary shares of the Company on the conditions determined by the Board of Directors as per the plan (as circulated with the Notice of the Meeting) submitted to the Board at the meeting held on April 27, 2016, subject to the provisions of section 57A to 57F of the Cyprus Companies Law and the Company's Articles of Association and to authorize the Directors to take all requisite actions to effect the buy-back, including entering into such agreements with third parties as they deem necessary.
11. Any other business as may be proposed by the Members attending the meeting.

Dated: May 12, 2016

By Order of the Board
CYPROSERVUS CO. LIMITED
Company Secretary
HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC

Registered Office:
HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC
13 Karaiskaki Street, 3032,
Limassol, Cyprus

Notes:

- 1) **Members entitled to attend and vote at the meeting are entitled to appoint a proxy to attend and vote on their behalf and a proxy need not be a Member of the Company. All proxies must be deposited at the Registered Office of the Company 48 hours before the Meeting.**

- 2) **All Members entitled to attend and vote at the Meeting are entitled to participate electronically in the Meeting by calling the telephone number + 357 25 800 123. Such person must call at least 15 minutes prior to the meeting and state their business as being the meeting.**
- 3) **A Form of Proxy is attached.**
- 4) **Corporate members may vote through a Power of Attorney, authorizing a person or persons to vote on their behalf, such number of shares as they see fit.**
- 5) **Each person may vote a number of their shares in a separate manner. If such a desire exists, separate proxies must be filled in in relation to different number of shares.**

EXPLANATORY NOTES ON THE RESOLUTIONS

Resolutions 1 to 9 are ordinary resolutions and will be passed if more than 50 per cent of the votes present and cast are in favor. Resolutions 10 is a special resolution and will be passed if 75 per cent or more of the votes present and cast are in favor.

Report, Accounts and Stand-alone Financial Statements (Resolutions 1 to 3)

The Directors must present the Directors' report, the audited annual accounts of the Company and the independent auditor's report to the shareholders at the AGM.

Reappointment and remuneration of Auditors (Resolution 4)

Resolution 4 proposes the reappointment of Messrs Deloitte (Cyprus) and authorizes the Directors to set their remuneration.

Re-election and election of Directors (Resolutions 5 to 7)

Resolutions 5 to 7 deal with the re-election of Mr. Artem Molchanov, Mr. Nikolay Yamburenko, and Mr. Gary Yamamoto who are retiring this year from their posts as Directors.

Under the Company's Articles of Association, the directors are required to retire and submit themselves for re-election at the annual general meeting. These directors will, therefore, retire and offer themselves for re-election. Brief biographical details on the said directors are as follows:

Mr. Artem Molchanov, Member of the Board of Directors, Managing Director (CEO)

Mr. Molchanov was appointed as an executive member of the Board of Directors in October 2010. He became President of HMS Group in 2008. As one of the founders of the Group, he has held various executive positions within HMS Group since its establishment in 1993. Mr. Molchanov has more than 20 years of industry experience. He graduated from the Plekhanov Russian Academy of Economics (currently Plekhanov Russian University of Economics) where he gained a degree in industrial economics.

Mr. Nikolay Yamburenko, Member of the Board of Directors, Chairman of the Board

Mr. Yamburenko was appointed as a member of the Board of Directors in October 2010. He has been a non-executive member of the Board of Directors since 10th July, 2014, when he was appointed Chairman of the Board of Directors. He previously held the position of Head of the Industrial Pumps Business Unit since 2005. Prior to joining the Group, Mr. Yamburenko was the CEO of Livhydromash (HMS Pumps), which is now part of the Group. Mr. Yamburenko has more than 30 years of industry experience. He graduated from the faculty of radio electronics of Moscow Aviation Institute named after S. Ordzhonikidze, where he gained a degree in radio electronics.

Mr. Gary Stuart Yamamoto, Member of the Board of Directors, Head of remuneration committee

Mr. Yamamoto was appointed as an independent non-executive member of the Board of Directors and a head of remuneration committee in December 2010. Prior to joining the Group he served as Chief Executive Officer at Borets International during 2009. Mr. Yamamoto has served as the President of Yamamoto Consulting since 2008. He served as a member of the Board of Directors at Radius Servis from 2007 until 2008. Prior to this, Mr. Yamamoto enjoyed a 20-year career with Schlumberger Limited, and from 2003 to 2008. Prior to this, Mr. Yamamoto enjoyed a 20-year career with Schlumberger Limited and, from 2003 to 2008, served as Vice President of Schlumberger Russia. Mr. Yamamoto has more than 20 years of management experience. He graduated from the University of California, Berkeley, with a degree in engineering in 1988. Mr. Yamamoto is a member of the Society of Petroleum Engineers and the Independent Directors Association.

Approval of payment of dividends (Resolution 8 and 9)

It was proposed by the Directors to pay dividend in relation to the financial year ended December 31, 2015. The Directors proposed to pay dividends in relation to the financial year ended December 31, 2015 in the total amount of 8.37 RUR per ordinary share, which includes the interim dividends of 3,25 RUR per ordinary share already paid in accordance with the Directors' resolution dated December 7, 2015 and the final dividend for 2015 is 5.12 RUR per one ordinary share. The final dividend is 599 876 746 RUR corresponding to 5.12 RUR per ordinary share. The Interim Dividend was paid by the Directors on the 7th of December 2015 to the amount of 3,25 RUR per ordinary share. The payment of dividend was justified by the Company's profits.

Approval of the Buy-back program (Resolution 10)

To approve the buyback program of the Company with respect to global depositary receipts each representing 5 ordinary shares of the Company on the conditions determined by the Board of Directors as per the plan (as circulated with the Notice of the Meeting) submitted to the Board at the meeting held on April 27, 2016, subject to the provisions of section 57A to 57F of the Cyprus Companies Law and the Company's Articles of Association and to authorize the Directors to take all requisite actions to effect the buy-back, including entering into such agreements with third parties as they deem necessary

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

1. The right to attend and vote at the AGM is determined by reference to the register of members. Only those members registered on the Company's register of members at May 24, 2016 or, if the AGM is adjourned, at 12.00 p.m. on the day two days prior to the adjourned AGM, shall be entitled to attend and vote at the AGM. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Publication of information in advance of AGM

2. A copy of this notice of annual general meeting and other information regarding the AGM including information which the Company is required to publish in advance of the AGM, can be accessed at www.grouphms.ru.

Attending in person

3. In order to facilitate these arrangements, please arrive at the AGM venue in good time or if voting electronically to have called +357 25 800 123 at least 15 minutes prior to the designated time for the meeting.

Right to ask questions

4. At the AGM the Company must cause to be answered any question that a member attending the AGM asks relating to the business being dealt with at the AGM. However, no such answer need be given where (a) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question is answered.

Appointment of proxies

5. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. **A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.** A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company Secretary, CYPROSERVUS CO. LIMITED.

6. To be valid, a duly completed proxy form, together with any power of attorney or other authority under which it is signed or a notarial certified copy of such power or authority, must be received

electronically (by e-mail at Demosthenes.mavrellis@demetriades.com), by post or (during normal business hours only) by hand at the Company Secretary, CYPROSERVUS CO. LIMITED no later than 12 p.m. Cyprus time on June 13, 2016.

7. Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

8. Unless voting instructions are indicated on the proxy form, a proxy may vote or withhold his vote as he thinks fit on the resolutions or on any other business including amendments to resolutions) which may come before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.

9. A member must inform the Company in writing of any termination of the authority of a proxy.

Corporate representatives

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. Evidence of such authority must be presented to the General Meeting.

11. As at 12.00 p.m. Cyprus time on May 24, 2016, being the last day prior to publication of this notice, the Company's issued share capital comprised 117.163.427 ordinary shares of EUR 0,01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12. 00 p.m. Cyprus time on May 24, 2016 is 117.163.427.

Communication

12. Except as provided above, members who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted) email to the Company Secretary at: Demosthenes.Mavrellis@demetriades.com. and /or anna.alexandrou@demetriades.com.

13. You may not use any electronic address provided either in this AGM notice or any related document (including the Chairman's letter and proxy form) to communicate for any purpose other than those expressly stated.

APPENDIX 1

HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC

Appendix to Special Resolution 10. Proposed at the Company General meeting of 14 June 2016.

BUY-BACK PROGRAM

1. The Buyback period will be 1 year from 19 June 2016 if the program will be approved at the AGM, i.e. from 19 June 2016 through 19 June 2017;
2. Maximum number of GDRs (each representing five ordinary shares in the share capital of the Company) which can be repurchased – 6% of the subscribed capital of HMS Group, including previously acquired and held at the time GDRs (Treasury shares):

	Number of shares/underlying shares	% share in the capital	Number of GDRs (1 GDR = 5 shares)
Subscribed capital of HMS Group (ordinary shares)	117,163,427	100.00	-
Maximum number of shares/GDRs to be purchased	7,029,805	6.00	1,405,961
Treasury shares/GDRs	3,908,925	3.34	781,785
Number of shares/GDRs, HMS can purchase under the Buyback program	3,120,880	2.66	624,176

3. GDRs will be repurchased at the prevailing market price at the date of such purchase and may not exceed 5% of an average market price for all market trades within 5 days prior to the acquisition;
4. Any purchase of GDRs will be conducted on the London Stock Exchange and/or on over-the-counter markets;
5. The Buyback will be carried out by the way of on-market purchases and all shareholders will be treated equally;
6. Purchases will be carried out by the Company with the assistance of Renaissance Capital or any other independent broker, determined by the Board of Directors after the approval of the Buyback (if obtained) at the AGM;
7. The amount and timing of repurchases will be determined by HMS Group based on its evaluation of business opportunities, market and the Company's financial conditions, and according to market practices;
8. The Buyback program will end as soon as the total amount of acquired securities has reached the maximum amount specified (1,405,961 GDRs) or, if earlier, on 19 June 2017.