ASTARTA HOLDING N.V.

SEMI-ANNUAL REPORT OF THE BOARD OF DIRECTORS
FOR THE SIX MONTHS ENDED JUNE 30, 2008

Contents

1 Overview of the reporting period

In the first half of 2008, ASTARTA was consistently implementing its development strategy. As a result of an active acquisition policy, the Group substantially augmented its land bank securing this strategic asset for expanded agricultural operations. Apart from agricultural expansion, ASTARTA also proceeded with its consolidation efforts in view of its target to be a major industry consolidator.

On June 30, 2008, the Company controlled 56 agricultural companies (almost doubled y-o-y) and one associated agricultural company, five sugar plants, as well as one canning and one combined forage factory. After the acquisition and setting up of new agricultural companies, the area of agricultural land under ASTARTA's lease reached more than 155,000 hectares, all of which are used in the Group's operations.

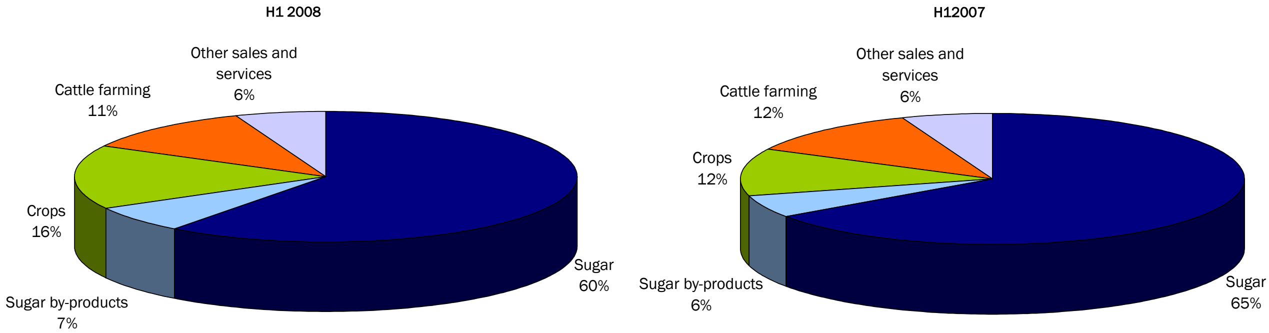
Aiming at the top segment of the target markets, the Group delivered strong revenue growth and high margins, resulting from successful production and marketing operations as well as favorable market situation. Diversified clientele and re-emerging export opportunities related *inter alia* to the Ukraine's accession to the WTO in May 2008 pushed the sales up.

The focus on diversified agricultural operations will be continued in the future. On June 25, 2008, ASTARTA published its Development Model for 2008 through 2012. In view of the importance of agricultural land as a strategic production asset, the Board of Directors decided to further expand the land area in operation to about 250,000 ha and to raise gross yields of primary crops produced by around 50% by 2012. It is also planned to further exploit synergy of complementary agribusinesses by developing crops and sugar production as well as cattle farming.

1.1 *The Group's markets and sales of primary products*

The primary products of the Group are: sugar, grains and oilseeds, cattle farming produce (milk and meat), as well as sugar by-products (molasses, beet pulp), and sugar beet. For the six months ended 30 June 2008, total Group's revenues were EUR 42,620 thousand or c. 43% more than in the first half of 2007. On the back of the aggressive growth in crop sales (93% up in the euro equivalent y-o-y), their share grew to 16% of the total. The increase in sugar sales (32% in the euro equivalent) provided for 60% in total revenues. Meat and milk sales contributed 11% to the total with 38% y-o-y growth.

Figure 1. Breakdown of the Group's revenues in H1 2007 and H1 2008



1.1.1 Sugar sales

In terms of volumes, sugar sales increased from 51.5 thousand tons in the first half of 2007 to 77.1 thousand tons in the first half of 2008 or by c. 50%. The revenues from sugar sales were EUR 25,718 thousand compared to EUR 19,464 thousand in the H1 2007.

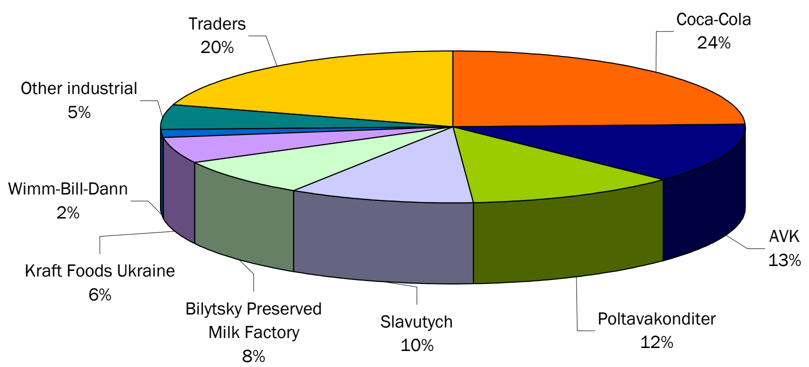
The table below shows quarterly sales in 2007 and the first half of 2008.

Table 1. Sugar sales in 2007 and in the first half 2008, tons

	2008	**2007**
1 quarter	36,163	25,327
2 quarter	40,981	26,202
3 quarter	-	29,821
4 quarter	-	59,840
Total:	-	**141,190**

The figure below provides the breakdown of sugar sales by clients in terms of volumes in the first half of 2008.

Figure 2. The breakdown of sugar sales by clients in H1 2008, volume



In the first half of 2008, the Group continued its focus on the B2B sector. With a growing demand for soft drinks in Ukraine, two beverage producers, ***Coca-Cola*** and ***Slavutych*** (BBH, Carlsberg Group) increased their sugar orders, thus, the share of beverage producers grew c. 50% from the same period of 2007.

In general, according to industry experts, Ukrainian soft drink producers boosted their production by 2.2 times in May compared to April, thus creating additional demand for sugar in Ukraine. It was a seasonal increase in sugar demand from beverage producers, enjoyed by the Group due to the expansion to this segment. The Top-4 of this sector includes key ASTARTA's customers like ***Coca-Cola, Obolon*** and ***Slavutych*** (BBH, Carlsberg Group), thus they ensured the increase in the Group's sugar sales.

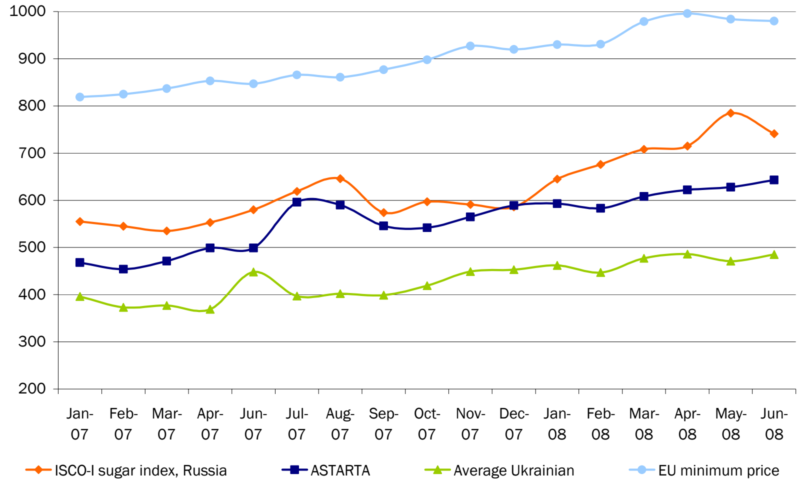
Sales to the three traditionally largest confectionary customers (AVK, Poltavakoditer and Kraft Foods Ukraine) were stable, with no major increase in terms of volumes, thus their combined share in the total sugar sales dropped from 43% in the first half of 2007 to 31% in the first half of 2008. The reason for such a drop is that the demand for sugar from the Ukrainian confectionaries grows in slow rates, while other sugar consuming industries develop more rapidly. Moreover, late spring is usually a season of lower demand for sugar from confectionaries, due to the seasonal fluctuations in the demand for their products. Thus, having clients from different sectors (beverage and confectionaries) allows the Group to balance its sugar sales and redistribute sugar among clients according to their needs.

The management believes that sugars sales breakdown by customers became more balanced and Group does not crucially depend on a single customer or a sector; however all efforts are taken to further diversify the sales chains and support our reputation of high quality sugar producer and supplier.

As ASTARTA was following its marketing strategy and continued to focus on large-scale industrial consumers, the share of traders diminished to a moderate 20% level. As a result of the strong B2B focus, ASTARTA managed to compete successfully by the quality of sugar and additional services rather than by price. While average market sugar prices grew c. 20% y-o-y, ASTARTA retained its c. 30% margin to the average market price.

Figure 3 shows the average Ukrainian sugar prices, ASTARTA selling prices and ISCO-I sugar index for Russia in 2007-June 2008 as well as minimal recommended EU price.

Figure 3. Sugar price dynamics in Ukraine, Russian Federation, the EU and by ASTARTA in January 2007 through June 2008, USD per ton, net of VAT



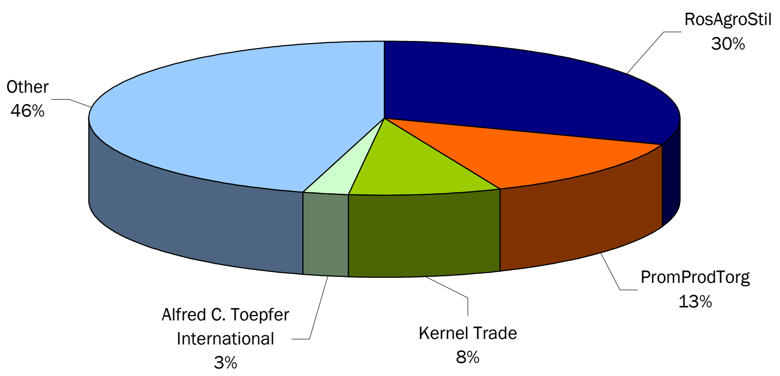
Source: National Association of Sugar Producers Ukrtsukor, http://www.isco-i.ru, EC data, management estimates

Ukrainian sugar market demonstrated moderate developments in the first half of 2008. As the market has continued its readjustment after the oversupply of 2006/2007, sugar prices were correcting to their highs of the early autumn of 2006. Ukraine substantially cut sugar output in 2007/2008 production season in comparison to record high 2006/2007. This trend is projected to continue and deficit to follow. In just six months, sugar prices in Ukraine added 20% with a further upward pressure caused by the projected limited supply of the 2008/2009 production season. For more information on the situation on sugar production, please refer to section *1.3 "Production activities"*.

1.1.2 Crops sales

In the first half of 2008, revenues from crops sales almost doubled y-o-y to EUR 6,728 thousand, despite the fact that they were limited by the availability of grain for sale. In the middle of the reporting period, the Government of Ukraine lifted restrictions for the grain exports after the Ukraine's accession to the WTO. Thus, the Group benefitted from the re-emerging export opportunities increasing its export sales to RosAgroStil. These export sales provided for 30% of the Group's total revenues from crops sales. As in previous years, the Group's policy concerning grain sales was oriented, in terms of export supplies, toward major traders, and in the Ukrainian market – toward large processing and consuming companies, such as Kernel Trade.

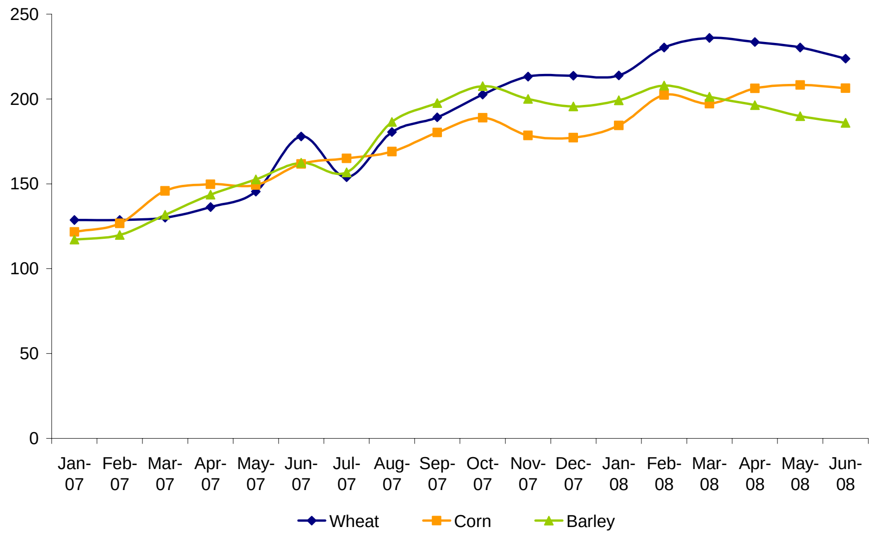
Figure 4. The breakdown of crop sales by clients in H1 2008, value



The first half of each calendar year in Ukraine is the period when the remainder of the previous year's grain and oilseeds is sold, and the first harvest is on the way pushing the farmers to empty warehouses for the new harvest. If the latter is forecasted high as it is the case in 2008, prices go down. On the other hand, the supply is limited until the next harvest is cropped. With a slow growth in prices in the first three months of 2008, a moderate downward correction started by the end of the reporting period, however, prices remained higher than a year ago.

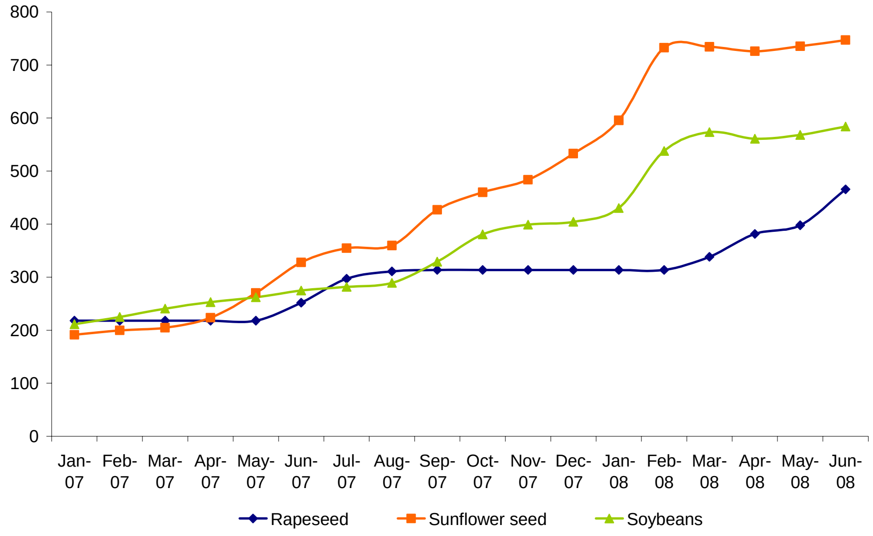
Moreover, the liberalization of the export regime was a signal for big international traders to be more aggressive buying crops in Ukraine and selling them to booming international food markets thus pushing the domestic prices in Ukraine up, closer to international levels. Despite some correction in view of the next harvest, by the end of the reporting period average grain prices were 15-28% higher y-o-y. Prices for oilseeds were stable, with an 85-128% gain against June 2007.

Figure 5. Grain prices in Ukraine in 2007 and first half 2008, USD per ton, net of VAT



Source: APK-Inform Analytical Agency (www.apk-inform.com)

Figure 6. Oilseed prices in Ukraine in 2007 and first half 2008, USD per ton, net of VAT



Source: APK-Inform Analytical Agency (www.apk-inform.com)

Overall in the first half of 2008 in Ukraine corn and barley were exported most actively. Corn was exported mostly to Europe and neighboring countries, Greece, Russia and Turkey being the most active buyers (over 200 thousand tons each). Barley was mainly exported to Asian countries, Saudi Arabia adsorbing more than a half of the Ukrainian exports in total (520 thousand tons out of 1033 thousand tons of the total). Wheat prices were supported with the renewed demand from Egypt and Tunisia, while Ukraine won wheat supply bids to these countries.

1.1.3 Sales of farming produce

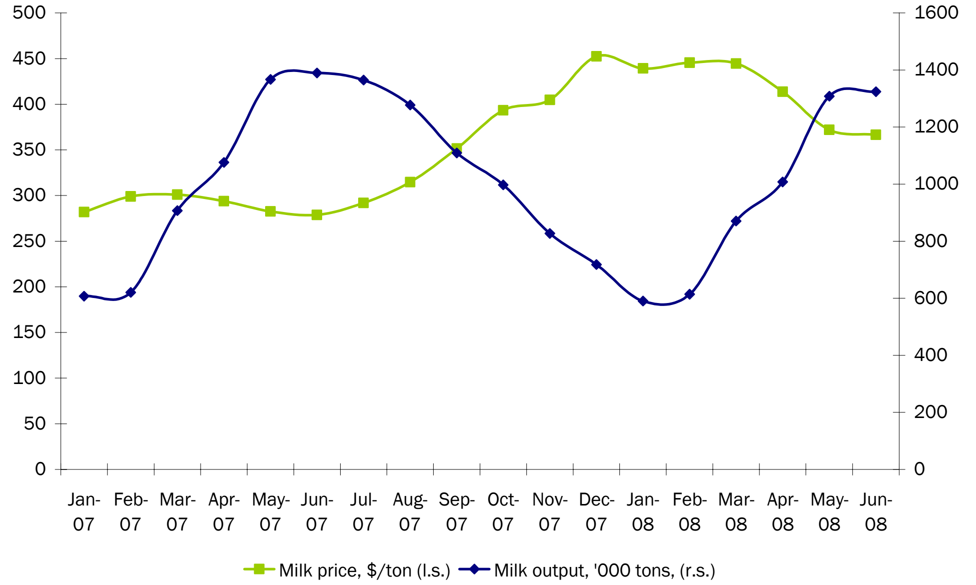
The growth in Group's revenues from the cattle farming in H1 2008 was associated with the favorable pricing situation in the Ukrainian market and increase in production by ASTARTA controlled agri-companies. The Group's sales of cattle farming produce grew 38% y-o-y from EUR 3,474 thousand to EUR 4,790 thousand and provided 11% of the total revenues. Milk was mainly sold to neighboring dairy processors under yearly contracts. None of these processors is individually significant, thus the Group does not depend on either of milk buyers.

Dairy prices in Ukraine are subject to seasonal fluctuations. They usually drop in summer, when the output is higher and start growing in autumn, with the price peak in winter. However, further decrease in the dairy herd in Ukraine, as well as greater demand for high quality milk for processing pushed the milk prices up to their highs in January and then slowed down the downward price correction in spring and early summer. Thus, the milk prices were on average 43% higher than a year ago. By the end of the reporting period, milk prices were 32% higher y-o-y. At the same time, milk output by all types of producers was lower than in 2007.

This pricing situation was also influenced by the new quality standards introduced by the dairy processors. These new standards are to make Ukrainian dairy products compatible to those produced in the EU and to make them more competitive on new markets. According to the new standards, no milk from households (unless certified) may be accepted for processing. With households producing up to 80% of the total milk in Ukraine and supplying up to 70% of the milk for processing, dairy processors are likely to face severe shortage of raw materials. This shortage can be filled only by large-scale dairy farms producing the milk of the specified quality and in specified quantities. This situation makes ASTARTA's cattle farming a perspective business.

Figure 7 shows the average Ukrainian milk prices and output in 2007- June 2008, with the aggregated upward pricing trend.

Figure 7. Milk output and average prices in Ukraine



Source: State Statistics Committee of Ukraine (www.ukrstat.gov.ua)

1.2 Production activities

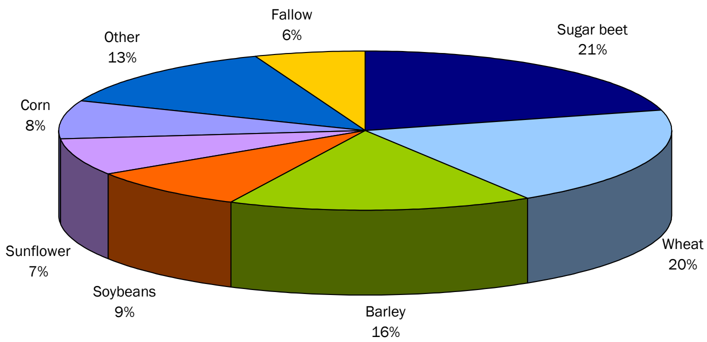
In January 2008, the Board of Directors published a financial forecast that was followed by the publication of the Development model in June. In order to ensure further development, the Group's management made a decision to accelerate growth in the agricultural business, to expand arable land under control, and to improve the efficiency of agri- and sugar production.

With the major consolidation efforts and focused policy of organic growth, by the end of H1 2008, the Group's agricultural companies leased over 155,000 ha of agricultural land. Not less importantly, ASTARTA has concentrated necessary resources and expertise to operate all agricultural land right after the acquisition of the lease rights, thus generating the positive cash flow and providing for better Discount Payback Period (DPBP) on investments made.

In order to facilitate its expansion of agricultural operations, the Group purchased state-of-the-art-agricultural machinery from a number of EU and US producers. The on-going expansion and modernization of the agricultural machinery fleet will contribute to the efficient implementation of the ASTARTA's development strategy. In particular, the machinery purchased will be used to further implement the US agricultural technologies, which has been successfully used by ASTARTA's companies for many years.

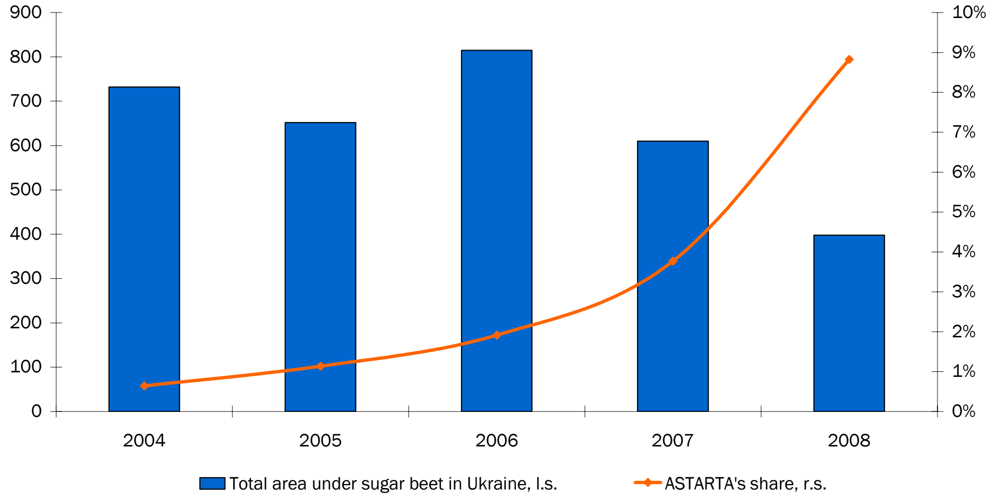
In early June, ASTARTA successfully finished the sawing campaign of the sugar beet, barley, soybeans, corn, sunflower and other crops. There were sawn (or being prepared for autumn sawing campaign) around 145 thousand of hectares, that is about 50% more than in 2007. The breakdown of land area under crops in 2008 reflects the ASTARTA's strategy to extend the profitable agribusinesses as well as to secure supply of the in-house grown sugar beet for the Group's sugar plants.

Figure 8. Breakdown of Sown Areas in 2008 (%)



At the same time the sugar beet sowing campaign in Ukraine finished in June with a 40% drop in planted areas compared to the last year. In view of the pending sugar beet shortage, the trend in the number of mills shutting down has become evident this year. Active production facilities during the 2007/08 season decreased to 109 from 119 in 2006/07. In 2008/2009, as little as 65-70 sugar mills are projected to start sugar production campaign. Mills ousted from production belong to both small sugar producers and large companies not integrated into agricultural production, who have no or not enough in-house sugar beet planted.

Figure 9. Areas under sugar beet in Ukraine in 2004-2008 and ASTARTA's share, thousand hectares



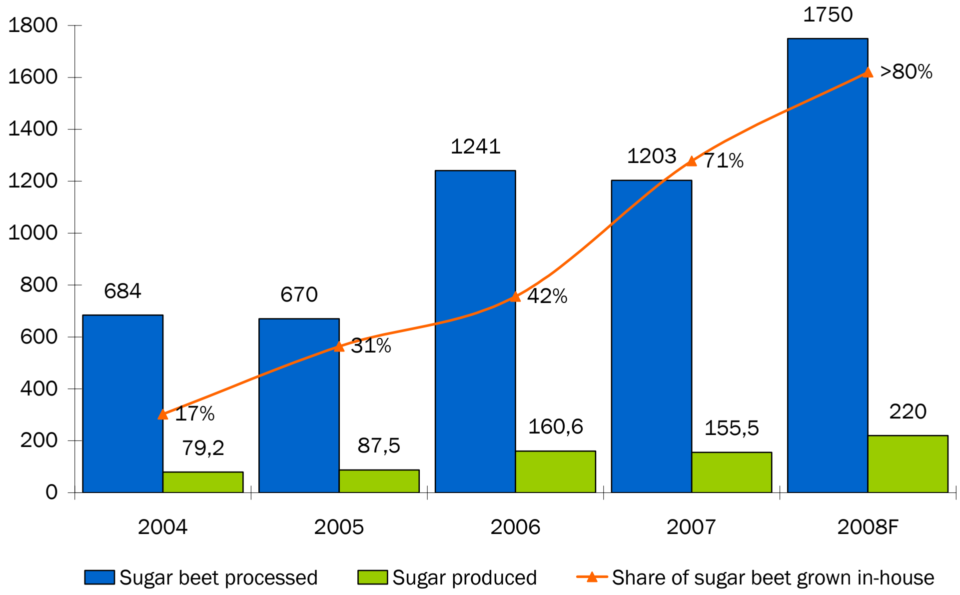
Source: State Statistics Committee of Ukraine (www.ukrstat.gov.ua), management estimates

Contrary to the dominating trend of cutting sugar beet areas in Ukraine in 2008, ASTARTA increased its areas under sugar beet by 30% to 30,000 hectares, as the vertical integration of the business is an important competitive advantage of the Group.

Such an expansion, as well as an increase in sugar beet yields will provide the Group's sugar plants with enough raw materials for efficient operations. As of the date of preparation of the report, the quality of beet roots are considered by the Company's agronomists to be in a good condition both in western and eastern parts of Ukraine, where ASTARTA agricultural companies are operating, to secure up to 1.4 million tons output. This is expected to provide about 80% of beets used in coming 2008/2009 sugar production season thus cutting down the cost of sugar produced by the Group.

In September, ASTARTA has started the new sugar production campaign. In order to make this production campaign more efficient, in the first half of 2008 the Group continued the modernization of its sugar production facilities. This should result in considerable energy savings, productivity increases and cost reductions which will significantly improve the plants' operating performance. As a part of the modernization program, ASTARTA installed new beet cutters at Kobelaksky sugar plant, new flume water filters at Yareskivsky sugar plant, and a centrifugal machine at Globynsky sugar plant.

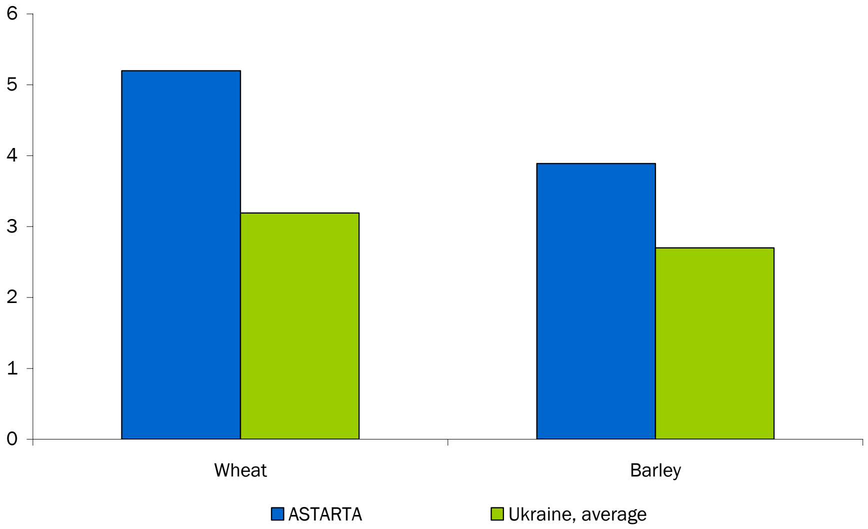
Figure 10. ASTARTA sugar beets and sugar production, thousand tons



By the end of August 2008, ASTARTA's agricultural companies harvested more than 262,000 tons of early grains on the area of 59.5 thousand hectares, compared to 110,000 tons of early grains and to the total of 201,000 tons of grains and oilseeds harvested in 2007. The average yield of winter wheat was about 5.2 tons per hectare (up by 51% y-o-y), 4.0 tons per hectare for winter barley (up by 39% y-o-y) and 3.9 tons per hectare for spring barley (up by 68% y-o-y).

Agricultural companies acquired by ASTARTA in 2008 harvested average yields of winter wheat at about 4.1 tons per hectare and spring barley - 3.2 tons per hectare. As for agricultural companies controlled by ASTARTA for more than 2 years, the average yield is standing for winter wheat at 5.4 tons per hectare and spring barley - 4.1 tons per hectare. The highest level of wheat yields of 6.7 tons per hectare was achieved by agricultural company "Zolota Gora" in Poltava oblast. As for winter barley - 6.1 tons per hectare by agricultural company "Ukraine-Poryk" in Vinniytsia oblast. Meanwhile the average yield in Ukraine is reported at the level of 3.2-3.5 tons per hectare for winter wheat and 2.7-2.8 tons per hectare for spring barley.

Figure 11. Average yields of early grains by ASTARTA and in Ukraine in 2008, tons per hectare



The 2008 harvesting campaign is still on the way; in September ASTARTA has started harvesting sugar beets, later in the autumn, corn, sunflower, and soybeans will be harvested. Based on the available calculations, the Group's agricultural companies plan to almost double the last year output of grains and oilseeds to up to 400,000 tons in 2008.

1.3 Financial Results

The Table below provides selected financial data as at and for the six months ended June 30 in thousands of Ukrainian hryvnia, euro and Polish zloty.

1.3.1 Financial results: Selected Financials

Table 2. Selected Financial Data in H1 2008

SELECTED FINANCIAL DATA	UAH 2008	UAH 2007	EUR 2008	EUR 2007	PLN 2008	PLN 2007
I. Revenues	**326 600**	200 203	**42 620**	29 823	**150 497**	113 401
II. Profit from operations	**130 474**	83 035	**16 993**	12 284	**60 005**	46 709
III. Profit before tax	**145 360**	58 291	**18 886**	8 599	**66 689**	32 697
IV. Net profit	**141 702**	57 562	**18 415**	8 490	**65 026**	32 283
V. Cash flows provided by operating activities	**27 740**	24 456	**3 572**	3 644	**12 613**	13 856
VI. Cash flows used in investing activities	**(134 205)**	(39 972)	**(17 510)**	(5 953)	**(61 830)**	(22 636)
VII. Cash flows provided by financing activities	**121 836**	943	**15 912**	140	**56 188**	532
VIII. Total net cash flow	**15 371**	(14 573)	**1 974**	(2 169)	**6 970**	(8 248)
IX. Total assets	**1 657 882**	883 495	**217 351**	129 978	**729 039**	489 471
X. Current liabilities	**627 763**	303 415	**82 301**	44 637	**276 054**	168 094
XI. Non-current liabilities	**160 461**	113 800	**21 037**	16 742	**70 562**	63 047
XII. Share capital	**1 663**	1 663	**250**	250	**839**	941
XIII. Total equity	**869 658**	466 280	**114 013**	68 599	**382 422**	258 330
XIV. Number of shares	**25 000 000**	25 000 000	**25 000 000**	25 000 000	**25 000 000**	25 000 000
XV. Profit per ordinary share	**5.24**	2.10	**0.68**	0.31	**2.40**	1.18

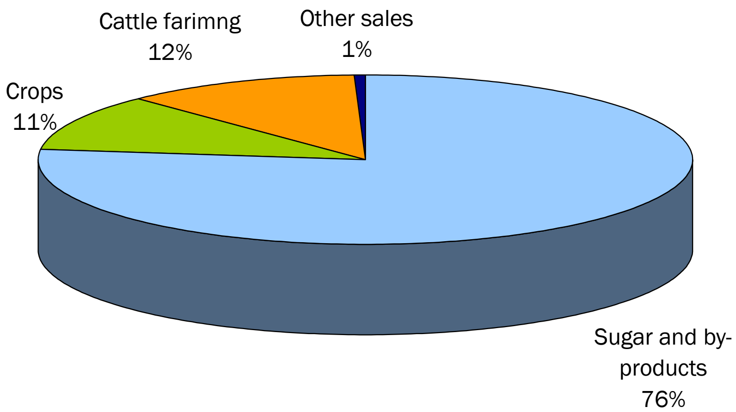
1.3.2 Financial results: Income statement

In the first half of 2008, the Group's revenues grew by 43% y-o-y up to EUR 42,620 thousand. The revenues were growing simultaneously with expanding sales of the Group's products. Sales of grains grew more rapidly (93% y-o-y) compared to sugar (32%) and cattle farming produce (38%). The revenues from cattle farming grew more actively at the beginning of the year, while in late spring and early summer downward price dynamics somewhat limited their growth. To the contrary, sales of grains spurted in spring, after export restrictions were lifted.

Due to the rapid growth in grain and dairy prices in the second half of 2007 and first half of 2008, Groups revenues were growing faster than the cost of sales (43% vs. 19%) As a result, the gross profit grew 133%. For more information on the price situation on the Ukrainian market, please refer to section 1.1 *"The Group's markets and sales of primary products"*.

Of the total costs of the Group's products, the highest share is taken up by the costs of sugar and sugar by-products production, which amount to 76% (with sugar and by-products sales - 67% of total). The share of costs of cattle farming amounts to 12% (sales-11%), crops - 11% (sales - 16%). The share of costs of sugar production is traditionally high, because in the present pricing situation sugar is a less cost-effective product than agricultural produce. This however might change with increasing deficit of beet sugar in Ukraine and a potential for rising international price of raw cane sugar. The sectored gross profit margins in 1H 2008 were rather balanced within the whole business: c. 25% for sugar, its by-products production, and crops production; and 26% for farming produce.

Figure 12. Breakdown of the cost of revenues in H1 2008.



The active acquisitions of new agricultural companies has led to a 52% increase in the general administrative expense that will be compensated with growing sales after the newly acquired companies start generating already in 2008 a positive cash flow from operations as a part of ASTARTA Group.

The boosted sales also led to a 78% growth in selling and distribution expense resulting from *i.a.* increased transportation tariffs by the Ukrainian national monopolist Ukrzaliznytsia (Ukrainian railway).

Profit before tax more than doubled to EUR 18,886 thousand vs. EUR 8,599 thousand and net profit grew by 117% to EUR 18,415 thousand vs. EUR 8,490 thousand y-o-y supported *i.a.* by the cut in the Group's financial expense due to the focused policy of loan portfolio diversification and by a gain on acquisition of subsidiaries (negative goodwill) resulting from the acquisitions of undervalued agricultural companies.

In the upshot the Group fully benefited from the favorable market situation showing high gross and net margins. The gross margin constituted 25% vs.15% in H1 2007 and net margin improved from 28% to 43%. The outperformance of net margin compared to gross margin resulted *i.a.* from the seasonal nature of the Groups business and, namely, the revaluation of current biological assets (crops in field) that is in the full compliance with the requirements of the IFRS (for more information on revaluation of biological assets, please refer to Consolidated Financial Statements as at and for the six months ended 30 June 2008).

1.3.3 Financial results: Balance Sheet

With the move of ROE to 16.2% from 12.4% and ROA to 8.5% from 6.5% y-o-y ASTARTA improved its efficiency in generating profits from its equity and net assets.

The growths of borrowings related to the active investments into land, agricultural machinery and equipment has caused the slight increase in the Net debt/Equity from 0.53 to 0.55. At the same time relatively low borrowing rates provided to ASTARTA by the first class financial institutions like EBRD, ABN AMRO and others despite the international credit crunch allowed the Group to keep its high profitability while rapidly expanding the businesses.
Like in the previous two years, overall financial results in euro equivalent were growing slower than in Ukrainian hryvnias or US dollars following the trend of the EUR appreciation.

As of June 30, 2008, Group's assets grew up to EUR 217,351 thousand - a 67% increase as compared to the same period of 2007. Out of all assets, current assets and non-current assets account for 55% and 45% respectively. The assets structure in the same period of 2007 was as follows: current assets – 67%, non-current assets – 33%.

The following factors contributed to the change of Group's assets:

1. Acquisition of new agricultural companies and agricultural machinery;
2. Increase in the value of biological assets because of expansion of areas under crops, rising market prices for agriculture produce and growing yields of ASTARTA's agri-companies;
3. Decrease in the value of biological assets (in cattle farming) because of the seasonal decrease in milk prices and growing cost of production.

As of June 30, 2008, equity accounted for 52% of the Group's total liabilities as against 53% as of June 30, 2007. The increase in the share of short-term loans and borrowings in the total liabilities was caused by the active restructuring of the credit portfolio taking place in the past two years. A number of loans received are repayable in less than one year, thus they were included into current loans and borrowings. To finance the new acquisition in late spring and early summer, ASTARTA received a bridge finance facility from ABN AMRO Bank repayable in three months. This loan was also included into the current loans and borrowings. Besides that, short-term loans and borrowings include UAH denominated bonds issued by Tsukrovyk Poltavschyny in August 2005 and by ASTARTA-Kyiv in June 2006. All these bonds are mature in less than one year. For more details please refer to Consolidated Financial Statements as at and for the six months ended 30 June 2008, Note 15.

The Board of Directors assesses the financial results of Group's operations for the first half of 2008 as positive.

1.3.4 Basis for preparation of the Condensed Consolidated Interim Financial Statements

These consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

1.3.5 Financial Ratios

In thousand of Euros and in percent

Margins	**6 months to 30 June 2008**	**6 months to 30 June 2007**
Revenues	42,620	29,823
Gross Profit	10,624	4,558
Gross Profit margin %	24.9%	15.3%
EBITDA	20,884	14,879
EBITDA margin %	49.0%	49.9%
Net profit	18,415	8,490
Net profit margin %	43.2%	28.5%

Ratios	**6 months to 30 June 2008**	**6 months to 30 June 2007**
ROE	**16.2%**	12.4%
ROA	**8.5%**	6.5%
Current Ratio	**1.45**	1.95
Quick Ratio	**1.13**	1.36
EPS	**0.74**	0.34
Market Capitalization	**274,581**	113,455
EV	**336,839**	150,101
Net Debt/Equity	**0.55**	0.53

2 Material Events during the Reporting Period

2.1 Credit portfolio optimization

Despite the low liquidity of Ukrainian banks due to the global financial crises influencing financial markets, ASTARTA enjoys the status of a publicly traded transparent company with audited financials, stable and clear businesses. This gives the Group an opportunity to negotiate the favorable loan conditions with solid international financial institutions.

- In March, 2008 Raiffeisen Bank Aval (Ukraine) extended the short term credit line for UAH 147,400 thousand (EUR 19,934 thousand) for one more year.
- Same March 2008, Export-Import Bank of the United States, Washington, D.C. (an agency of the U.S. Government) approved a credit line for Ancor Investments Limited (a subsidiary of ASTARTA Holding N.V.) by Wells Fargo HSBC Trade Bank (USA) in the amount of up to USD 10 million to purchase US-made agricultural machinery under the US Export Credit Insurance Policy. Previously Ancor Investments Limited signed contracts with the US manufacturers of agricultural machinery Amity Technology, Chief Industries Inc., Mathews Company, and CNH America.
- In April, 2008, the Board of Directors of the European Bank for Reconstruction and Development approved cooperation project with ASTARTA Holding N. V. Within this project, the EBRD shall provide up to USD 20 million long-term loan for 7 years with 18 month grace period to the Group. The project will result in energy efficiency improvements in sugar and agricultural production. On May 7, 2008, the loan facility agreement was signed.
- On May 29 2008, Bridge Facility Agreement with ABN AMRO Bank N.V. was signed to provide financing to ASTARTA Holding N.V. The Bridge Facility is guaranteed by LLC APO "Tsukrovyk Poltavshchyny" and LLC Firm "Astarta-Kyiv", both indirect subsidiaries of ASTARTA Holding N.V. The financing of USD 15 million would be applied towards the acquisition of agricultural assets and/or the financing of the working capital needs of such agricultural assets. The financing would comprise a non-secured short-term loan with the tenor of up to three months.

2.2 Acquisitions

- In February, 2008 Astarta-Kyiv signed a Protocol of intention to acquire 2 sugar plants and 6 agricultural companies with 8.2 thousand ha of agricultural land under lease in Khmelhytsky region.
- In January-June, 2008, Astarta-Kyiv acquired 74%-100% stakes in 19 agricultural companies in Vinnytsia, Zhytomyr, Khmelnytsky and Ternopil Oblasts. After these acquisitions, the Group's total area of agricultural land under lease increased by c. 20 thousand ha to c.155 thousand ha. These acquisitions were to cultivate there grains and oilseeds within the optimal crop rotation structure as well as to create a sugar beet growing area around the two sugar plants being acquired in Khmelnytsky Oblast, and to expand the existing area around the Group’s owned Zhdanivsky sugar plant in Vinnytsia Oblast.
- In April 2008, LLC Firm “Astarta-Kyiv” established a new 100% owned subsidiary SC “Tsukrovyk Podillia”. Astarta-Kyiv contributed UAH 50 thousand (EUR 7 thousand) into charter capital of this entity. This subsidiary was established to control sugar production facilities in Khmelnytsky Oblast.

- In April 2008, the Group increased its control over OJSC “Agricultural Company “Agrocomplex” by means of acquiring additional participation in the charter capital. The Group owns 81.24% subsequent to the additional purchase.

2.3 Changes in the shareholder structure of ASTARTA Holding N.V

- In May 2008, ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty disposed shares of Astarta Holding N.V. that resulted in declining the threshold of 5% of voting rights on the general shareholders meeting of Astarta Holding N.V. As at 20 May 2008 ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty possessed alone jointly 1,238,061 shares of Astarta Holding N.V., what gives 4.95% of registered capital of the Company.
- In June 2008, ING Fundusz Inwestycyjny Zamknięty Stabilnego Wzrostu, ING Fundusz Inwestycyjny Zarnknięty Akcji and ING Parasol Specjalisryczny Fundusz Inwestycyjny Otwarty jointly disposed shares of Astarta Holding N.V. that resulted in declining the threshold of 5 % of voting rights on the general shareholders meeting of Astarta Holding N.V. As of June 5 2008, the shares possessed by all the investment funds mentioned above treated jointly resulted in 1,237,894 of voting rights on the general shareholders meeting, what gives 4.95 % of all voting rights on the General Shareholders Meeting of Astarta Holding N.V.

2.4 Annual General Meeting of Shareholders of ASTARTA Holding N. V.

- On June 27, 2008, the Annual General Meeting of the Company's Shareholders was held. The AGM adopted a set of resolutions concerning the Company's corporate governance system. For more details, please refer http://www.astartakiev.com/?id=2214.

3 Material Events after the Reporting Date

- On July 12, 2008, SC "Tsukrovyk Podillia" (an indirect subsidiary of ASTARTA Holding N. V.) acquired the integral property complex of the Narkevychi sugar plant. The property complex was endowed to the subsidiary's subdivision Narkevychi sugar plant in Khmelnitsky Oblast. At present, the respective documents are filed for registration with the state authorities.

  Expansion of ASTARTA’s business in the Khmelnitsky Oblast is an element of the Group's strategy aimed at the geographical diversification and dynamic growth, declared during the IPO in 2006. In accordance with the policy of vertical integration pursued by ASTARTA, and alongside with the acquisition of the property complex of Narkevychi sugar plant, the Group creates a network of the agricultural companies controlled by ASTARTA in this region. These companies will be focused on production of grains and oilseeds, as well as growing of sugar beet as a raw material for the Group’s sugar plants. Thus, the agribusiness of the Group will benefit from favorable climatic and environmental conditions in this region, in particular optimum norm of rainfalls (about 625 mm/y) and high-quality soils, including black earth.

  Expansion of the Group's business in the western regions of Ukraine also corresponds with its marketing strategy aimed to strengthen further its positions in the B2B sector and to meet the needs of large industrial clients nationwide. As a part of this strategy, ASTARTA has recently signed supply contracts with a subdivision of *Nestle* that controls production facilities in Western Ukraine.
- On July 17, 2008, the Group increased its control over LLC “Dobrobut” (Novo-Sanzharskiy region) by means of acquiring additional participation in the charter capital. The Group owns 99.88% subsequent to the additional purchase.
- On September 17, 2008, LLC Firm "Astarta-Kyiv" (a subsidiary of ASTARTA Holding N.V.) and Foreign Enterprise "Coca-Cola Beverages Ukraine Limited" signed a contract for sugar sale

for 2009 through 2011. Under the terms of the contract LLC Firm "Astarta-Kyiv" supplies FE "Coca-Cola Beverages Ukraine Limited" with sugar according to a monthly schedule. The contract contains standard provisions typical for contracts of such kind. The contract is considered significant by the Company because value of the contract exceeds 10% of the Group's sales in the last four financial quarters.

4 Shareholders' Structure of ASTARTA Holding N.V.

According to the information available to the Company, as of June 30, 2008, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership of at least 5% of total votes at the General Shareholders Meeting of ASTARTA Holding N.V.

Table 4. Shareholders' Structure of ASTARTA Holding N.V. as of June 30, 2008

Shareholder	Number of shares	Percentage of the owned share capital	Number of votes at the General Meeting	Percentage of the votes at the General Meeting
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	10,000,000	40.00	10,000,000	40.00
Valery Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	10,000,000	40.00	10,000,000	40.00
Other shareholders	5,000,000	20.0	5,000,000	20.0
TOTAL	25,000,000	100.00	25,000,000	100.00

5 Board of Directors

The Board of Directors of ASTARTA Holding N.V. consists of five members: Viktor Ivanchyk (Chief Executive Officer), Petro Rybin (Chief Operating and Financial Officer), Marc van Campen (Chief Corporate Officer), Valeriy Korotkov (Chairman of the Board, Non-Executive Director), Wladyslaw Bartoszewski (Vice Chairman of the Board, Non-Executive Director, Chairman of the Audit Committee).

Viktor Ivanchyk and Valery Korotkov as owners of the companies in Cyprus, hold indirectly 80% of the votes at the General Shareholders Meeting of the Company, 40% each. Besides, each Viktor Ivanchyk and Valery Korotkov own directly 0.01% of the share capital of Astarta-Kyiv.

The rest of the directors do not own, whether directly or indirectly, any shares or other securities giving rights to acquire these shares neither from the date of the Company's registration up to the date of this statement, nor after this period.

6 Caution note regarding forward-looking statements

Certain statements contained in this report may constitute forecasts and estimates. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from the anticipated results, expressed or implied by these forward-looking statements.

Board of Directors of ASTARTA Holding N.V.

V. Ivanchyk	___(signed)____
P. Rybin	___(signed)____
M.M.L.J. van Campen	___(signed)____
V. Korotkov	___(signed)____
W.T. Bartoszewski	___(signed)____

17 September 2008,
Amsterdam, The Netherlands

7 Statement of the Board of Directors

REPRESENTATION

of the Board of Directors

of ASTARTA Holding N.V.

on compliance of the condensed consolidated interim financial statements

The Board of Directors of ASTARTA Holding N.V. hereby represent that to the best of their knowledge the condensed consolidated interim financial statements of ASTARTA Holding N.V. for the period ended 30 June 2008 and the comparable information are prepared in accordance with the applicable accounting standards and that they give a true, fair and clear view of the assets, financial standing and financial results of ASTARTA Holding N.V., and that the report of the Board of Directors on the operations of ASTARTA Holding N.V. for the first half 2008 gives a true view of the developments, achievements and situation of the Company, including a description of the key risks and threats.

Board of Directors of ASTARTA Holding N.V.

V. Ivanchyk	___(signed)____
P. Rybin	___(signed)____
M.M.L.J. van Campen	___(signed)____
V. Korotkov	___(signed)____
W.T. Bartoszewski	___(signed)____

17 September 2008,
Amsterdam, The Netherlands

REPRESENTATION

of the Board of Directors
of ASTARTA Holding N.V.
on appointment of the entity qualified to review financial statements

The Board of Directors of ASTARTA Holding N.V. hereby represents that entity which performed the review of the consolidated financial statements of ASTARTA Holding N.V. for the period ended 30 June 2008 has been appointed in accordance with the applicable laws and that this entity and the accountants performing the review met the conditions necessary to issue an impartial and independent report on the review in accordance with the applicable provisions of law.

Board of Directors of ASTARTA Holding N.V.

V. Ivanchyk	___(signed)____
P. Rybin	___(signed)____
M.M.L.J. van Campen	___(signed)____
V. Korotkov	___(signed)____
W.T. Bartoszewski	___(signed)____

17 September 2008,
Amsterdam, The Netherlands

ASTARTA HOLDING N.V.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2008

These interim condensed consolidated financial statements contain 78 pages

CONTENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2008

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT

(in thousands of Ukrainian hryvnias)		**30 June 2008** **(unaudited)**	**31 December 2007** **(audited)**	**30 June 2007** **(unaudited)** (restated)
Assets				
Non-current assets				
Property, plant and equipment	*6*	**694,488**	578,119	251,233
Intangible assets		**4,009**	992	705
Biological assets	*7*	**43,564**	47,331	33,817
Financial instruments held-to-maturity	*8*	**2,071**	4,987	4,151
Investments	*9*	**2,597**	1,795	172
Other long-term assets		**566**	431	920
Deferred tax assets		**477**	905	1,293
		747,772	634,560	292,291
Current assets				
Inventories	*10*	**198,802**	384,737	177,125
Biological assets	*7*	**500,861**	112,892	236,882
Trade accounts receivable	*11*	**83,860**	60,028	101,875
Other accounts receivable and prepayments	*12*	**100,601**	75,509	66,874
Promissory notes available-for-sale		**2,689**	5,632	3,127
Cash and cash equivalents		**23,297**	7,926	5,321
		910,110	646,724	591,204
Total assets		**1,657,882**	1,281,284	883,495

The interim condensed consolidated balance sheet is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT, CONTINUED

(in thousands of Ukrainian hryvnias)		**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)** (restated)
Equity and liabilities				
Equity				
Share capital	*13*	**1,663**	1,663	1,663
Additional paid-in capital		**371,322**	371,733	374,264
Retained earnings		**322,477**	192,042	95,597
Revaluation surplus		**168,317**	168,317	-
Currency translation adjustment		**(3,414)**	(6,199)	(6,284)
Total equity attributable to equity holders of parent company		**860,365**	727,556	465,240
Minority interests relating to open joint stock companies	*14*	**9,293**	7,520	1,040
Total equity		**869,658**	735,076	466,280
Non-current liabilities				
Loans and borrowings	*15*	**63,724**	41,897	82,296
Minority interests relating to limited liability companies	*14*	**39,581**	26,457	18,982
Other long-term liabilities		**7,697**	4,324	6,143
Deferred tax liabilities		**49,459**	45,298	6,379
		160,461	117,976	113,800
Current liabilities				
Short-term loans and borrowings	*15*	**395,726**	307,648	161,770
Current portion of long-term loans and borrowings	*15*	**38,732**	30,930	10,350
Trade accounts payable		**114,637**	40,476	86,335
Promissory notes issued		**5,001**	-	-
Other liabilities and accounts payable	*16*	**73,667**	49,178	44,960
		627,763	428,232	303,415
Total equity and liabilities		**1,657,882**	1,281,284	883,495

The interim condensed consolidated balance sheet is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT

(in thousands of Euros)		**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)** (restated)
Assets				
Non-current assets				
Property, plant and equipment	*6*	**91,047**	77,919	36,961
Intangible assets		**526**	134	104
Biological assets	*7*	**5,712**	6,380	4,975
Financial instruments held-to-maturity	*8*	**272**	672	611
Investments	*9*	**341**	242	25
Other long-term assets		**74**	58	135
Deferred tax assets		**63**	122	190
		98,035	85,527	43,001
Current assets				
Inventories	*10*	**26,064**	51,855	26,057
Biological assets	*7*	**65,662**	15,216	34,850
Trade accounts receivable	*11*	**10,994**	8,091	14,988
Other accounts receivable and prepayments	*12*	**13,189**	10,176	9,839
Promissory notes available-for-sale		**353**	759	460
Cash and cash equivalents		**3,054**	1,068	783
		119,316	87,165	86,977
Total assets		**217,351**	172,692	129,978

The interim condensed consolidated balance sheet is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT, CONTINUED

(in thousands of Euros)		**30 June 2008**	**31 December 2007**	**30 June 2007**
		(unaudited)	**(audited)**	**(unaudited)**
				(restated)
Equity and liabilities				
Equity				
Share capital	_13_	**250**	250	250
Additional paid-in capital		**55,744**	55,797	56,175
Retained earnings		**44,984**	28,038	14,305
Revaluation surplus		**22,685**	22,685	-
Currency translation adjustment		**(10,868)**	(8,710)	(2,284)
Total equity attributable to equity holders of parent company		**112,795**	98,060	68,446
Minority interests relating to open joint stock companies	_14_	**1,218**	1,014	153
Total equity		**114,013**	99,074	68,599
Non-current liabilities				
Loans and borrowings	_15_	**8,355**	5,647	12,107
Minority interests relating to limited liability companies	_14_	**5,189**	3,566	2,793
Other long-term liabilities		**1,009**	583	904
Deferred tax liabilities		**6,484**	6,105	938
		21,037	15,901	16,742
Current liabilities				
Short-term loans and borrowings	_15_	**51,880**	41,465	23,799
Current portion of long-term loans and borrowings	_15_	**5,077**	4,169	1,523
Trade accounts payable		**15,029**	5,455	12,701
Promissory notes issued		**656**	-	-
Other liabilities and accounts payable	_16_	**9,659**	6,628	6,614
		82,301	57,717	44,637
Total equity and liabilities		**217,351**	172,692	129,978

The interim condensed consolidated balance sheet is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

(in thousands of Ukrainian hryvnias)		**2008 (unaudited)**	**2007 (unaudited) (restated)**
Revenues	_18_	**326,600**	200,203
Cost of revenues	_19_	**(230,007)**	(169,159)
Loss arising from remeasurement of agricultural produce to fair value		**(15,186)**	(451)
Gross profit		**81,407**	30,593
Changes in fair value of biological assets	_24_	**89,807**	75,276
Other operating income	_20_	**21,736**	12,192
General and administrative expense	_21_	**(37,171)**	(21,403)
Selling and distribution expense	_22_	**(17,837)**	(8,777)
Other operating expense	_23_	**(7,468)**	(4,846)
Profit from operations		**130,474**	83,035
Net financial expense	_25_	**(4,686)**	(26,284)
Other income	_26_	**655**	836
Gain on acquisition of subsidiaries	_5_	**18,917**	704
Profit before tax		**145,360**	58,291
Income tax expense	_27_	**(3,658)**	(729)
Net profit		**141,702**	57,562
Net profit attributable to:			
Minority interests of limited liability companies subsidiaries	_14_	**9,572**	4,906
Minority interests of open joint stock companies subsidiaries	_14_	**1,235**	96
Equity holders of parent company		**130,895**	52,560
Net profit		**141,702**	57,562
Weighted average basic and diluted shares outstanding (in thousands of shares)		**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the parent (in Ukrainian hryvnias)		**5.24**	2.10

The interim condensed consolidated income statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

(in thousands of Euros)		**2008 (unaudited)**	**2007 (unaudited)** (restated)
Revenues	*18*	**42,620**	29,823
Cost of revenues	*19*	**(29,997)**	(25,198)
Loss arising from remeasurement of agricultural produce to fair value		**(1,999)**	(67)
Gross profit		**10,624**	4,558
Changes in fair value of biological assets	*24*	**11,695**	11,129
Other operating income	*20*	**2,827**	1,817
General and administrative expense	*21*	**(4,848)**	(3,188)
Selling and distribution expense	*22*	**(2,330)**	(1,309)
Other operating expense	*23*	**(975)**	(723)
Profit from operations		**16,993**	12,284
Net financial expense	*25*	**(636)**	(3,915)
Other income	*26*	**86**	125
Gain on acquisition of subsidiaries	*5*	**2,443**	105
Profit before tax		**18,886**	8,599
Income tax expense	*27*	**(471)**	(109)
Net profit		**18,415**	8,490
Net profit attributable to:			
Minority interests of limited liability companies subsidiaries	*14*	**1,245**	731
Minority interests of open joint stock companies subsidiaries	*14*	**165**	14
Equity holders of parent company		**17,005**	7,745
Net profit		**18,415**	8,490
Weighted average basic and diluted shares outstanding (in thousands of shares)		**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the parent (in Euros)		**0.68**	0.31

The interim condensed consolidated income statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated statements set out on pages 16 to 78.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 JUNE

(in thousands of Ukrainian hryvnias)	**2008**	**2007**
	(unaudited)	**(unaudited)** (restated)
Revenues	**175,941**	104,316
Cost of revenues	**(129,788)**	(91,027)
Loss arising from remeasurement of agricultural produce to fair value	**(2,952)**	4,292
Gross profit	**43,201**	17,581
Changes in fair value of biological assets	**56,169**	49,521
Other operating income	**14,530**	8,255
General and administrative expense	**(21,481)**	(10,760)
Selling and distribution expense	**(9,006)**	(2,849)
Other operating expense	**(3,678)**	(1,672)
Profit from operations	**79,735**	60,076
Net financial income (expense)	**5,210**	(21,039)
Other income	**520**	836
Gain on acquisition of subsidiaries	**18,199**	-
Profit before tax	**103,664**	39,873
Income tax expense	**(4,013)**	(3,313)
Net profit	**99,651**	36,560
Net profit attributable to:		
Minority interests of limited liability companies subsidiaries	**5,702**	4,297
Minority interests of open joint stock companies subsidiaries	**225**	96
Equity holders of parent company	**93,724**	32,167
Net profit	**99,651**	36,560
Weighted average basic and diluted shares outstanding (in thousands of shares)	**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the parent (in Ukrainian hryvnias)	**3.75**	1.29

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 JUNE

(in thousands of Euros)	**2008 (unaudited)**	**2007 (unaudited)** (restated)
Revenues	**22,697**	15,334
Cost of revenues	**(16,745)**	(13,392)
Loss arising from remeasurement of agricultural produce to fair value	**(381)**	648
Gross profit	**5,571**	2,590
Changes in fair value of biological assets	**7,246**	7,306
Other operating income	**1,874**	769
General and administrative expense	**(2,771)**	(1,577)
Selling and distribution expense	**(1,162)**	(413)
Other operating expense	**(473)**	211
Profit from operations	**10,285**	8,886
Net financial income (expense)	**672**	(3,122)
Other income	**67**	125
Gain on acquisition of subsidiaries	**2,348**	-
Profit before tax	**13,372**	5,889
Income tax expense	**(518)**	(499)
Net profit	**12,854**	5,390
Net profit attributable to:		
Minority interests of limited liability companies subsidiaries	**734**	639
Minority interests of open joint stock companies subsidiaries	**31**	14
Equity holders of parent company	**12,089**	4,737
Net profit	**12,854**	5,390
Weighted average basic and diluted shares outstanding (in thousands of shares)	**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the parent (in Euros)	**0.48**	0.19

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
		(unaudited)	**(unaudited)**
			(restated)
Operating activities			
Profit before tax		**145,360**	58,291
Adjustments for:			
Depreciation and amortization		**29,789**	17,418
Impairment provision on trade and other accounts receivable	*22*	**1,548**	1,035
Gain on acquisition of subsidiaries	*5*	**(18,917)**	(704)
Gain on sales of property, plant and equipment		**(155)**	(306)
Write down of inventories		**146**	776
Interest expense	*25*	**22,757**	19,037
Gain from changes in fair value of biological assets	*24*	**(89,807)**	(75,276)
Decrease in inventories		**215,671**	127,967
(Increase) decrease in trade and other receivables		**(40,607)**	7,037
Increase in biological assets due to other changes		**(279,071)**	(121,487)
Increase in trade and other payables		**59,222**	8,907
Income taxes paid		**(385)**	(459)
Interest paid		**(17,811)**	(17,780)
Cash flows provided by operating activities		**27,740**	24,456
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(135,046)**	(42,751)
Proceeds from sales of property, plant and equipment		**3,803**	1,517
Purchase of investments held-to-maturity		**-**	(100)
Sale of promissory notes available-for-sale		**2,943**	879
Interest received		**1,309**	390
Proceeds from sales of bonds receivable from related party		**4,287**	1,500
Acquisition of subsidiaries net of cash acquired	5	**(11,501)**	(1,407)
Cash flows used in investing activities		**(134,205)**	(39,972)

The interim condensed consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE, CONTINUED

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
		(unaudited)	**(unaudited)**
			(restated)
Financing activities			
Proceeds from loans and borrowings		**309,279**	46,624
Principal payments on loans and borrowings		**(192,855)**	(42,930)
Increase (decrease) in promissory notes issued		**5,001**	(2,751)
Acquisitions from minority shareholders	*14*	**411**	-
Cash flows provided by financing activities		**121,836**	943
Net increase (decrease) in cash and cash equivalents		**15,371**	(14,573)
Cash and cash equivalents as at 1 January		**7,926**	19,894
Cash and cash equivalents as at 30 June		**23,297**	5,321

The interim condensed consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

(in thousands of Euros)		**2008 (unaudited)**	**2007 (unaudited) (restated)**
Operating activities			
Profit before tax		**18,886**	8,599
Adjustments for:			
Depreciation and amortization		**3,891**	2,595
Impairment provision on trade and other accounts receivable	*22*	**202**	154
Gain on acquisition of subsidiaries	*5*	**(2,443)**	(105)
Gain on sales of property, plant and equipment		**(20)**	(46)
Write down of inventories		**19**	116
Interest expense	*25*	**2,992**	2,836
Gain from changes in fair value of biological assets	*24*	**(11,695)**	(11,129)
Decrease in inventories		**28,168**	19,062
(Increase) decrease in trade and other receivables		**(5,304)**	1,048
Increase in biological assets due to other changes		**(36,483)**	(18,096)
Increase in trade and other payables		**7,735**	1,327
Income taxes paid		**(50)**	(68)
Interest paid		**(2,326)**	(2,649)
Cash flows provided by operating activities		**3,572**	3,644
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(17,638)**	(6,366)
Proceeds from sales of property, plant and equipment		**497**	226
Purchase of investments held-to-maturity		**-**	(15)
Sale of promissory notes available-for-sale		**384**	131
Interest received		**171**	58
Proceeds from sales of bonds receivable from related party		**560**	223
Acquisition of subsidiaries net of cash acquired	*5*	**(1,484)**	(210)
Cash flows used in investing activities		**(17,510)**	(5,953)

The interim condensed consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE, CONTINUED

(in thousands of Euros)		**2008 (unaudited)**	**2007 (unaudited)** (restated)
Financing activities			
Proceeds from loans and borrowings		**40,394**	6,945
Principal payments on loans and borrowings		**(25,188)**	(6,395)
Increase (decrease) in promissory notes issued		**653**	(410)
Acquisitions from minority shareholders	*14*	**53**	-
Cash flows provided by financing activities		**15,912**	140
Net increase (decrease) in cash and cash equivalents		**1,974**	(2,169)
Cash and cash equivalents as at 1 January		**1,068**	2,991
Currency translation difference		**12**	(39)
Cash and cash equivalents as at 30 June		**3,054**	783

The interim condensed consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the interim condensed consolidated statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

(in thousands of Ukrainian hryvnias)	Attributable to equity holders of parent company							
	Share capital (unaudited)	Additional paid-in capital (unaudited)	Retained earnings (unaudited)	Revaluation surplus (unaudited)	Currency translation adjustment (unaudited)	Total (unaudited)	Minority interests (unaudited)	Total equity (unaudited)
As at 1 January 2008	**1,663**	**371,733**	**192,042**	**168,317**	**(6,199)**	**727,556**	**7,520**	**735,076**
Net profit	-	-	130,895	-	-	130,895	-	130,895
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	1,235	1,235
Currency translation differences	-	-	-	-	2,785	2,785	-	2,785
Total recognized income and expenses	-	-	130,895	-	2,785	133,680	1,235	134,915
Acquisitions of entities under common control (note 5)	-	-	(460)	-	-	(460)	-	(460)
Changes in minority interests	-	(411)	-	-	-	(411)	538	127
As at 30 June 2008	**1,663**	**371,322**	**322,477**	**168,317**	**(3,414)**	**860,365**	**9,293**	**869,658**

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of parent company							
(in thousands of Euros)	**Share capital (unaudited)**	**Additional paid-in capital (unaudited)**	**Retained earnings (unaudited)**	**Revaluation surplus (unaudited)**	**Currency translation adjustment (unaudited)**	**Total (unaudited)**	**Minority interests (unaudited)**	**Total equity (unaudited)**
As at 1 January 2008	**250**	**55,797**	**28,038**	**22,685**	**(8,710)**	**98,060**	**1,014**	**99,074**
Net profit	**-**	**-**	**17,005**	**-**	**-**	**17,005**	**-**	**17,005**
Net profit attributable to minority shareholders of open joint stock companies	**-**	**-**	**-**	**-**	**-**	**-**	**165**	**165**
Currency translation differences	**-**	**-**	**-**	**-**	**(2,158)**	**(2,158)**	**(30)**	**(2,188)**
Total recognized income and expenses	**-**	**-**	**17,005**	**-**	**(2,158)**	**14,847**	**135**	**14,982**
Acquisitions of entities under common control (note 5)	**-**	**-**	**(59)**	**-**	**-**	**(59)**	**-**	**(59)**
Changes in minority interest	**-**	**(53)**	**-**	**-**	**-**	**(53)**	**69**	**16**
As at 30 June 2008	**250**	**55,744**	**44,984**	**22,685**	**(10,868)**	**112,795**	**1,218**	**114,013**

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2007

(in thousands of Ukrainian hryvnias)	Attributable to equity holders of parent company							
	Share capital (unaudited)	Additional paid-in capital (unaudited)	Retained earnings (unaudited)	Fair value reserve (unaudited)	Currency translation adjustment (unaudited)	Total (unaudited)	Minority interests (unaudited)	Total equity (unaudited)
As at 1 January 2007, restated	1,663	371,599	40,969	(233)	(2,979)	411,019	-	411,019
Net profit	-	-	38,263	-	-	38,263	-	38,263
Change in fair value of promissory notes available-for-sale	-	-	-	233	-	233	-	233
Remeasurement of loans from related parties to market terms	-	2,665	-	-	-	2,665	-	2,665
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	96	96
Currency translation differences	-	-	-	-	(3,305)	(3,305)	-	(3,305)
Total recognized income and expenses	-	2,665	38,263	233	(3,305)	37,856	96	37,952
Acquisitions of entities under common control (note 5)	-	-	2,067	-	-	2,067	944	3,011
As at 30 June 2007, as originally reported	1,663	374,264	81,299	-	(6,284)	450,942	1,040	451,982
Restatement of the fair value of dairy cattle (note 4)	-	-	14,297	-	-	14,297	-	14,297
As at 30 June 2007, restated	1,663	374,264	95,596	-	(6,284)	465,239	1,040	466,279

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Attributable to equity holders of parent company							
(in thousands of Euros)	**Share capital (unaudited)**	**Additional paid-in capital (unaudited)**	**Retained earnings (unaudited)**	**Fair value reserve (unaudited)**	**Currency translation adjustment (unaudited)**	**Total (unaudited)**	**Minority interests (unaudited)**	**Total equity (unaudited)**
As at 1 January 2007, restated	250	55,778	6,254	(35)	(447)	61,800	-	61,800
Net profit	-	-	5,700	-	-	5,700	-	5,700
Change in fair value of promissory notes available-for-sale	-	-	-	35	-	35	-	35
Remeasurement of loans from related parties to market terms	-	397	-	-	-	397	-	397
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	14	14
Currency translation differences	-	-	-	-	(1,837)	(1,837)	(2)	(1,839)
Total recognized income and expenses	-	397	5,700	35	(1,837)	4,295	12	4,307
Acquisitions of entities under common control (note 5)	-	-	306	-	-	306	141	447
As at 30 June 2007, as originally reported	250	56,175	12,260	-	(2,284)	66,401	153	66,554
Restatement of the fair value of dairy cattle (note 4)	-	-	2,045	-	-	2,045	-	2,045
As at 30 June 2007, restated	250	56,175	14,305	-	(2,284)	68,446	153	68,599

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the interim condensed consolidated financial statements set out on pages 16 to 78.

1 BACKGROUND

(a) Organization and operations

These interim condensed consolidated financial statements are prepared by ASTARTA Holding N.V. (the Company), a Dutch public company incorporated in Amsterdam, the Netherlands, on 9 June 2006 under Dutch law.

The Company's legal address is Koningslaan 17, 1075 AA, Amsterdam, the Netherlands.

On 4 July 2006 the shareholders of the Company contributed their shares in the Cyprus based company Ancor Investments Ltd to ASTARTA Holding N.V. After the contribution, ASTARTA Holding N.V. owns 100% of share capital of Ancor Investment Ltd.

Ancor Investments Ltd owns 99.98% of the capital of LLC Firm "Astarta-Kyiv" (Astarta-Kyiv) registered in Ukraine, which in turn controls a number of subsidiaries in Ukraine.

On 16 August 2006 the Company's shares were admitted for trading on the Warsaw Stock Exchange. The first quotation of the shares on the Warsaw Stock Exchange took place on 17 August 2006.

These interim condensed consolidated financial statements include the Company and its subsidiaries (the Group).

Historically the principal operation of the Group was sugar production. The Group is transforming into a diverse agricultural business by developing its dairy cattle operation and expanding its crop growing activities. The croplands and sugar plants are mainly located in the Poltava, Vinnytsia and Khmelnitska oblasts (administrative divisions) of Ukraine. The business is vertically-integrated because sugar is produced primarily using own-grown sugar beet. The Group is also active in growing and selling various grain crops.

Two 40.00% shareholders ultimately control the Group.

(b) Ukrainian business environment

Ukraine is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in Ukraine involve risks that do not typically exist in the EU markets. These interim condensed consolidated financial statements reflect management's current assessment of the possible impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment. The impact of such differences on the operations and the financial position may be significant.

2 BASIS OF PREPARATION

(a) Statement of compliance

These interim condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled separately by an entity. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from it activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Company from the date that control effectively commences until the date that control effectively ceases.

Associates are those enterprises in which the Company has significant influence, but not control, over its financial and operating policies. The interim condensed consolidated financial statements include the Company's share of the total recognized gains and losses of an associate on an entity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Company's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred obligations in respect of the associate.

These interim condensed consolidated financial statements include the Company and its subsidiaries. The operating subsidiaries in Ukraine are owned by LLC Firm Astarta-Kyiv, a Ukrainian limited liability company.

During the six months ended 30 June 2008 the Company increased its ownership in OJSC "Agricultural Company "Agrocomplex" to 81.24% and acquired 18 companies.

During the three months ended 30 June 2008 the subsidiary companies SC "Tsukrovyk Podillya", SC "Zoloty Kolos Podillya"and LLC "Agricultural Company "Sidorenkove" were established.

(c) Acquisition and disposal of minority interests

Any difference between the consideration paid to acquire minority interests or any difference between the consideration received upon disposal of minority interests and the carrying amount of that portion of the Group's interest in the subsidiary, is recognized as equity increases (or decreases) in the parent shareholder's interest, so long as the parent controls the subsidiary. The presentation of minority interests within equity supports the recognition of increases and decreases in ownership interests in subsidiaries without a change in control as equity transactions in the interim condensed consolidated financial statements. Accordingly, any premiums or discounts on subsequent purchases of equity instruments from (or sales of equity instruments to) minority interests is recognized directly in the parent shareholders' equity.

(d) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized gains arising from transactions with the equity accounted investments are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains resulting from transactions with the equity accounted investments are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(e) Common control transactions

The acquisition of controlling interests in entities that are under the control of the same controlling equity holders as the Group are accounted for on the date of acquisition. The assets and liabilities acquired are recognized at their previous book values as recorded in the individual IFRS financial statements of the acquired enterprise. The components of equity of the acquired enterprises are added to the same components within Group equity. Any cash paid for the acquisition is charged to equity.

The disposal of subsidiaries to entities that are under the control of the same controlling equity holders as the Group are accounted for by recognizing the difference between the consideration received and the carrying amount of the net assets of the subsidiary, including minority interests and attributable goodwill, in equity.

(f) Basis of accounting

The interim condensed consolidated financial statements are prepared using the fair value basis for property, biological assets, agricultural produce and promissory notes available-for-sale. Biological assets are stated at their fair value less estimated point-of-sale costs, whereas agricultural produce is stated at its fair value less estimated point-of-sale costs at the point of harvest. Promissory notes available-for-sale are stated at fair value. Beginning 31 December 2007, property is carried at fair value as determined by independent appraisal.

(g) Minority interest participants

Substantially all of the Company's subsidiaries are limited liability companies. Under Ukrainian law, a participant in a limited liability company may unilaterally withdraw his share in a company. In such case, the company is obliged to pay the withdrawing participant’s share of the net assets of the company determined in accordance with Ukrainian National Accounting Standards not later than 12 months from the date of the withdrawal. Consequently, minority interests in limited liability companies that are subsidiaries are recognized as a non-current liability.

Since a participant in an open joint stock company may not withdraw his share in a company, the corresponding minority interests are recognized in equity.

(h) Functional and presentation currency

The operating subsidiaries and the equity accounted investments in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency. The financial data of the companies registered in Ukraine are converted from UAH to EUR and are rounded to the nearest thousand.

Management chose to present the interim condensed consolidated financial statements in two currencies, Euros and UAH.

For the purposes of presenting interim condensed consolidated financial statements, assets and liabilities are translated for companies operating in Ukraine from UAH to EUR (Euro) using the closing rates at each balance sheet date, and income and expenses are translated at the average rates for each respective period. The rates are obtained from the National Bank of Ukraine. The resulting translation differences are shown in equity.

(i) Critical accounting estimates and judgments in applying accounting policies

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from these estimates. The most significant estimates and assumptions are as follows:

Impairment of trade accounts receivable

Management estimates impairment by assessing the likelihood of the collection of trade accounts receivable based on an analysis of individual accounts. Factors taken into consideration when assessing individual accounts include an ageing analysis of trade accounts receivable in comparison with the credit terms provided to customers, the financial position and collection history with the customer.

Fair value of property

As at 31 December 2007 management adopted the revaluation model of accounting for property (buildings). Under this method, property is carried at fair value less any subsequent accumulated depreciation and impairment losses. As buildings in the sugar production, agricultural and cattle-farming businesses are specialized and rarely sold except as part of a continuing business, they are valued using depreciated replacement cost. The administrative building of LLC Firm "Astarta-Kiev" is valued using the market approach. Estimating the fair value of property requires the exercise of judgement and the use of assumptions. Management engages external independent appraisers to estimate the fair value of property. Prior to 31 December 2007 property was stated at cost less accumulated depreciation and impairment losses.

Fair value of biological assets

Due to the lack of an active market as defined by International Financial Reporting Standard IAS 41 Agriculture, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate. Discount rates are determined by reference to current market rates on deposits in Ukrainian hryvnia. The fair value is then reduced for estimated point-of-sale costs.

As at 30 June 2007 the estimate of fair value of dairy cattle was restated to take into account a more accurate analysis of cattle by age.

Fair value of agricultural produce

Management estimates the fair value of agricultural produce by reference to quoted prices in an active market, as defined by International Financial Reporting Standard IAS 41. In addition, point-of-sale costs at the point of harvest are estimated and deducted from the fair value. The fair value less point-of-sale costs becomes the carrying value of inventories at that date.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2007.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to hryvnias at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to hryvnias at the foreign exchange rate ruling at that date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to hryvnias at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the income statement.

The principal UAH exchange rates used in the preparation of the interim condensed consolidated financial statements are as follows:

Currency	**Average reporting period rate**		**Reporting date rate**	
	2008	**2007**	**2008**	**2007**
EUR	**7.6565**	6.7131	**7.6278**	6.7973
USD	**4.9834**	5.0500	**4.8489**	5.0500

Prior to April 2008, the Group used the official exchange rates of the NBU, which represented the rate at which the Group expected to settle these transactions. Beginning April 2008, the official foreign exchange rates of the NBU began to differ from the interbank foreign exchange rates, and, accordingly, the Group began using the interbank foreign exchange rates since the Group expects to settle foreign currency transactions at these rates. As at the date of these interim condensed consolidated financial statements, 17 September 2008, the average interbank exchange rate is UAH 4.8600 to USD 1.000 and UAH 6.9000 to EUR 1.000.

(b) Property, plant and equipment

Owned assets

As at 30 June 2008 buildings held for production, selling and distribution or administrative purposes are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. At the date of the revaluation accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Prior to 31 December 2007, property was stated at cost less accumulated depreciation and impairment losses. Management adopted the revaluation model for property because of the rapidly changing property market in Ukraine. Revaluations were carried out by independent appraisers and will be performed frequently enough to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount at the balance sheet date.

A revaluation increase on property is recognized directly in equity, except to the extent that it reverses a previous revaluation decrease recognized in the income statement. A revaluation decrease on property is recognized in the income statement, except to the extent that it reverses a previous revaluation increase recognized directly in equity.

Upon disposal, any revaluation reserve relating to the building being sold is transferred to retained earnings.

Items of property, plant and equipment, other than buildings, acquired before 1 January 2003 are stated at deemed cost less subsequent accumulated depreciation and impairment losses. Deemed cost is based on the fair values of property, plant and equipment, other than buildings, as at 1 January 2003 based on an independent appraisal. Items of property, plant and equipment, other than buildings, acquired on or after 1 January 2003 are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalized and the carrying amount of the component replaced is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the income statement as expenses as incurred.

Depreciation

Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land and assets under construction are not depreciated.

The estimated useful lives are as follows:

Buildings	20-50 years
Machines and equipment	10-20 years
Vehicles	5-10 years
Other fixed assets	3-5 years

(c) Intangible assets

Intangible assets, which are acquired by the Group and which have finite useful lives, consist mainly from Goodwill and computer software. Software is stated at cost less accumulated amortization and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives, normally 4 years.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in the consolidated income statement. Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

(d) Biological assets

The Group classifies livestock (primarily cattle) and crops as biological assets. Biological assets are carried at their fair value less estimated point-of-sale costs, except when the fair value cannot be measured reliably. If fair value cannot be measured reliably, biological assets are carried at cost less impairment. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to market.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset is included in net profit or loss for the period in which it arises.

The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets.

(e) Agricultural produce

The Group classifies crops as agricultural produce. Agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in net profit or loss for the period in which it arises.

(f) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, promissory notes, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Investments in equity securities and certain debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, costs attributable to the transaction are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates using a discount rate representing a market rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials at the agricultural and sugar production facilities is determined using the weighted average method including acquisition costs incurred, such as transportation.

Work in progress and finished goods are stated at cost. Cost includes the cost of raw materials, labor and manufacturing overheads allocated proportionately to the stage of completion of the inventory.

Investments into future crops represent seeds, fertilizers and land cultivation to prepare for the subsequent growing season.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity date of three months or less.

(i) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated of the future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, biological assets, agricultural produce and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit and loss. Impairment losses are recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Share capital and earnings per share

Earnings per share are calculated by dividing net profit attributable to shareholders of the parent company by the weighted average number of shares outstanding during the period. There are no potentially dilutive shares.

(k) Income tax

In accordance with the Law of Ukraine "On the Fixed Agricultural Tax", dated 17 December 1998, as amended (the Law on Fixed Agricultural Tax), agricultural companies engaged in the production, processing and sale of agricultural products may choose to be registered as payers of fixed agricultural tax

(FAT), provided that their sales of agricultural goods of their own production account for more than 75% of their gross revenues.

FAT is paid in lieu of corporate income tax, land tax, duties for special use of water sources, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents. The amount of FAT payable is calculated as a percentage of the deemed value of all land plots (determined by the state) leased or owned by a taxpayer. The FAT regime is effective until 31 December 2009, however based on historical precedent, management expects the FAT regime to be prolonged.

In accordance with the Law on Fixed Agricultural Tax, 54 subsidiaries elected to pay FAT in lieu of other taxes in 2008. The remaining companies are subject to income taxes at a 25% rate.

For these companies, income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. No deferred tax is recognized for companies that are involved in the agricultural business and that are exempt from income taxes until 31 December 2009 as management believes it is likely that this exemption will be extended as has historically been the case.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Government subsidies

The Ukrainian legislation provides for a number of different grants and tax benefits for companies involved in agricultural operations. There are grants and benefits established by Verkhovna Rada (the Parliament) as well as by the Ministry of Agrarian Policy, the Ministry of Finance, the State Committee of Water Industry, the customs authorities and local district administrations.

VAT refunds for agriculture and cattle farming

According to the Law of Ukraine, "On the Value Added Tax (VAT)", companies that generate not less than 50% of gross revenues for the previous tax year from sales of own produced agricultural products are entitled to refunds of VAT on sales of agricultural products. The VAT on sales, net of VAT paid on purchases, is transferred to a special account, and is restricted to payments for goods and services related to agricultural activities. Until qualifying expenditures are made, the VAT is recorded as deferred government subsidy and shown in other accounts payable in the balance sheet, while corresponding amounts of cash are maintained in special purpose bank accounts. Once qualifying expenditures are made from special purpose bank accounts, the subsidy is recognized in other operating income.

In December 2007, this VAT refund was extended to 1 January following the year in which the Parliament ratifies the protocol on the accession of Ukraine to the World Trade Organization, which occurred on 10 April 2008. When the VAT refund ceases on 1 January 2009 agricultural producers will be subject to VAT on sales at a 12% rate, while the VAT rate on purchases will be 20%. The change in VAT rate from 20% to 12% does not affect the eligibility for retention of the net VAT liability arising from sales of agricultural products.

Nevertheless, the decrease of the VAT rate from 20% to 12% will result in a decrease of VAT refunds available to the Group.

Government Grants Related to Crop Growing

The amount of this type of subsidy is calculated based on the number of hectares sowed with a particular crop. In particular, the companies growing winter wheat and rye, spring wheat, oats, peas, buckwheat and millet receive subsidies of UAH 100 (Euro 13) per hectare of the planted area. The subsidy for growing soy beans is UAH 80 (Euro 10), and sugar beet is UAH 750 (Euro 98) per hectare.

The amount of reimbursement is based on a variety of factors. The Group recognizes these subsidies when received due to the uncertainty in the amount and timing of receipt.

Government Grants Related to Processing of Animal Products

Agricultural producers who breed poultry and cattle are entitled to state subsidies for every item of poultry or cattle either slaughtered at their (owned or leased) facilities or transferred for slaughtering and processing to other entities. As from 1 January 2008, financial support for bred and slaughtered cattle and poultry is granted in the following amounts: UAH 1.90 (Euro 0.23) per kilogramme of beef, UAH 1.40 (Euro 0.18) per kilogramme of pork and UAH 0.65 (Euro 0.09) per kilogramme of poultry, in each case based on live weight at time of slaughter.

Partial Compensation for Finance Costs and Other Subsidies

Companies that are subject to the FAT are also eligible for reimbursement by the government for a portion of interest incurred on borrowings. The amount of interest subsidy depends on the terms and purposes of financing obtained from banks. The interest subsidy falls within the range of 7-9% and 10-14% for loans received in foreign and local currency, respectively. Because the interest subsidy is payable only when the governmental budget allows, it is recorded on the cash basis, and is reflected in other operating income.

The Group is entitled to receive reimbursement from various government programs for the cost of agricultural machinery produced in Ukraine, insurance of agricultural produce losses and fertilizers produced in Ukraine. Agricultural producers are required to meet certain conditions to qualify for these subsidies.

(m) Revenues

Revenues from the sale of goods are recognized in the income statement when the significant risks and rewards of ownership are transferred to the buyer. No revenues are recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(n) Non-monetary transactions

The Group enters into non-cash transactions as is common with many Ukrainian companies. These transactions involve tolling schemes and provision of inventories and agricultural services in exchange for sugar beets. Non-cash transactions consist of mutual settlements arising from the exchange of goods and services, and transactions that are settled by means of promissory notes. Approximately 1% of revenues and purchases during the six months ended 30 June 2008 are received and paid for in the form of non-cash transactions (2007: 2%). Mutual settlement transactions are centrally managed. Prices are usually fixed in contracts with the mutual settlement transactions valued and recorded at the market prices for the goods involved in the transaction. Non-cash sales and purchases are accounted for on an accrual basis in the same manner as traditional cash transactions.

(o) Expenses

Expenses are accounted for on an accrual basis.

(p) Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease payments made.

(q) Net financial expense

All interests and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(r) Employee benefits

The Group is committed to reimburse employees for all expenses incurred in case of injuries at work. These amounts are expensed when they are incurred.

Furthermore, the Group makes contributions into the Ukrainian state pension fund based on each employee's wage. These amounts are expensed when they are incurred.

The Group is also obligated to make contributions to certain defined benefit plans. Neither the contributions nor obligations are significant to these interim condensed consolidated financial statements.

(s) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the interim condensed consolidated financial statements only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing these interim condensed consolidated financial statements. Of these pronouncements, the following will potentially have an impact on future consolidated financial statements:

- International Financial Reporting Standard IAS 23 *Borrowing Costs* is effective for annual periods beginning on or after 1 January 2009. The new International Financial Reporting Standard eliminates the option of immediately expensing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.
- Revised International Financial Reporting Standard IFRS 3 *Business Combinations (2008)* is effective for annual periods beginning on or after 1 January 2010. The revised standard incorporates the following changes that are likely to be relevant to the Group's operations:
  - the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
  - contingent consideration will be measured at fair value, with subsequent changes therein recognised in the consolidated income statement
  - transaction costs, other than share and debt issue costs, will be expensed as incurred
  - any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in the consolidated income statement
  - any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis

  The standard will be applied prospectively and therefore there will be no impact on prior periods in the consolidated financial statements as at and for the year ended 31 December 2010.
- Revised International Financial Reporting Standard IAS 1 *Presentation of Financial Statements (2007)* is effective for annual periods beginning on or after 1 January 2009. The revised standards introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

- Amended International Financial Reporting Standard IAS 27 *Consolidated and Separate Financial Statements (2008)* is effective for annual periods beginning on or after 1 January 2010. The amended standard requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the consolidated income statement.

Management is currently studying what effect these new statements and amendments may have on the financial position and results of operations.

4 RESTATEMENTS AND RECLASSIFICATIONS

Restatement of the fair value of dairy cattle

As at 31 December 2007, management restated the estimate of fair value of dairy cattle in order to take into account a more accurate analysis of cattle by age.

Because of low margins in cattle farming business in the past, previously, the fair value of dairy cattle equaled the net present value of estimated future cash flows to be generated by cows during one year after the balance sheet date.

Beginning on 31 December 2007, management determined that the estimate of the fair value of dairy cattle should equal the net present value of estimated future cash flows to be generated by cows during their remaining productive lives after the balance sheet date. The average productive life of a cow is 5 years.

This technique is used due to the absence of an active, transparent market for dairy cattle in Ukraine. Management uses the assistance of independent appraisers in the estimation of future cash flows.

International Financial Reporting Standard IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the restatement of the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable. Management restated the carrying value of dairy cattle as at 31 December 2006. The effect of this restatement is as follows:

	30 June 2007			**31 December 2006**		
(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as restated**	**as originally reported**	**adjustment**	**as restated**
Biological assets - dairy cattle, non-current	24,938	8,504	33,442	16,422	7,833	24,255
Biological assets - dairy cattle, current	11,484	24,003	35,487	13,513	10,377	23,890
Retained earnings				22,759	18,210	40,969
Changes in fair value of non-current dairy cattle	7,203	671	7,874	-	-	-
Changes in fair value of current dairy cattle	(2,471)	13,626	11,155	-	-	-
Net profit	43,265	14,297	57,562	-	-	-

	30 June 2007			**31 December 2006**		
(in thousands of Euros)	**as originally reported**	**adjustment**	**as restated**	**as originally reported**	**adjustment**	**as restated**
Biological assets - dairy cattle, non-current	3,669	1,251	4,920	2,469	1,179	3,648
Biological assets - dairy cattle, current	1,689	3,532	5,221	2,032	1,559	3,591
Retained earnings	-	-	-	3,516	2,738	6,254
Changes in fair value of non-current dairy cattle	1,073	72	1,145	-	-	-
Changes in fair value of current dairy cattle	(368)	1,973	1,605	-	-	-
Net profit	6,445	2,045	8,490	-	-	-

The restatement had no deferred tax effect since all the cattle are owned by subsidiaries registered as FAT payers.

Reclassifications in the balance sheet as at 30 June 2007

Certain reclassifications are made to financial statements as at 30 June 2007 in order to conform to the current year presentation:

- Minority interests relating to limited liability companies are reclassified from current liabilities to non-current liabilities. Such treatment is based on clarification of Ukrainian legislation relating to limited liability companies made available at the end of 2007. The effect of this reclassification as at 30 June 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as reclassified**
Minority interests relating to limited liability companies, non-current	-	18,982	18,982
Minority interests relating to limited liability companies, current	18,982	(18,982)	-

(in thousands of Euros)	**as originally reported**	**adjustment**	**as reclassified**
Minority interests relating to limited liability companies, non-current	-	2,793	2,793
Minority interests relating to limited liability companies, current	2,793	(2,793)	-

- As at 30 June 2007 finance lease liabilities and interest-bearing vendor financing arrangements amounting to UAH 2,554 thousand (EUR 376 thousand) and UAH 5,842 thousand (EUR 859 thousand), respectively, were previously presented in other long-term liabilities. These liabilities are now reported in loans and borrowings. The effect of this reclassification as at 30 June 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as reclassified**
Loans and borrowings	73,900	8,396	82,296
Other long-term liabilities	14,539	(8,396)	6,143

(in thousands of Euros)	**as originally reported**	**adjustment**	**as reclassified**
Loans and borrowings	10,872	1,235	12,107
Other long-term liabilities	2,139	(1,235)	904

- As at 30 June 2007 current portion of finance lease liabilities and interest-bearing vendor financing arrangements amounting to UAH 1,070 thousand (EUR 157 thousand) and UAH 2,438 thousand (EUR 359 thousand), respectively, were previously presented in other liabilities and accounts payable. These liabilities are now reported in current portion of loans and borrowings. The effect of this reclassification as at 30 June 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as reclassified**
Current portion of loans and borrowings	6,842	3,508	10,350
Other liabilities and accounts payable	48,468	(3,508)	44,960

(in thousands of Euros)	**as originally reported**	**adjustment**	**as reclassified**
Current portion of loans and borrowings	1,007	516	1,523
Other liabilities and accounts payable	7,130	(516)	6,614

Reclassifications in the income statement for the six months ended 30 June 2007

- Changes in the fair value of biological assets of UAH 60,979 thousand (EUR 9,084 thousand) for the six months ended 30 June 2007 were previously reported in other operating income . They are now presented as a separate line item in the income statement. The effect of this reclassification for the six months ended 30 June 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as reclassified**
Changes in fair value of biological assets	-	60,979	60,979
Other operating income	73,171	(60,979)	12,192

(in thousands of Euros)	**as originally reported**	**adjustment**	**as reclassified**
Changes in fair value of biological assets	-	9,084	9,084
Other operating income	10,901	(9,084)	1,817

5 ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2008, the Group completed acquisitions of 18 entities. The purchase consideration consisted only of cash, and the direct costs related to these acquisitions are not significant.

Name	**Country of incorporation**	**Activity**	**Date of acquisition**	**% of ownership as at the date of acquisition**
LLC "STOV Nadiya"	Ukraine	Agricultural	07.02.2008	74.99%
LLC "Khmilnitske"	Ukraine	Agricultural	01.04.2008	79.98%
LLC "Avangard"	Ukraine	Agricultural	01.04.2008	82.13%
Private Company "Galichanka"	Ukraine	Agricultural	02.04.2008	99.98%
LLC "Khliborob"	Ukraine	Agricultural	03.04.2008	74.99%
SC "Avratin-agro"	Ukraine	Agricultural	10.04.2008	99.98%
Private Company "Agrometa"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "SVK Ranok"	Ukraine	Agricultural	10.04.2008	82.48%
LLC "SVK Niva"	Ukraine	Agricultural	10.04.2008	79.64%
Private Company "Agro-Nadra"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "Volochysk-Agro"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "Khlibny Dar"	Ukraine	Agricultural	16.04.2008	74.99%
LLC "Bagrinivske"	Ukraine	Agricultural	17.04.2008	74.99%
LLC "List-Ruchky"	Ukraine	Agricultural	24.04.2008	74.99%
LLC "Niva-Agro-K"	Ukraine	Agricultural	30.04.2008	74.99%
LLC "Chervona Zirka"	Ukraine	Agricultural	30.04.2008	74.99%
LLC "Agropromgaz"	Ukraine	Trade	03.06.2008	89.98%
Private Company "Smotrych-PD"	Ukraine	Agricultural	20.06.2008	99.98%

None of these acquisitions is individually significant, and accordingly, information on these acquisitions is presented in aggregate.

The acquisition of these companies during six months ended 30 June 2008, had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

	Recognised fair value at acquisition date	
	(in thousands of Ukrainian hryvnias) **(unaudited)**	_(in thousands of Euros)_ **(unaudited)**
Non-current assets		
Property, plant and equipment	**15,235**	**1,965**
Construction in progress	**386**	**50**
Non-current biological assets	**1,279**	**165**
Other non-current assets	**445**	**57**
Current assets		
Inventories	**29,882**	**3,855**
Current biological assets	**5,665**	**731**
Trade accounts receivable	**5,039**	**650**
Other accounts receivable and prepayments	**4,826**	**623**
Cash and cash equivalents	**1,375**	**177**
Non-current liabilities		
Other long-term liabilities	**(426)**	**(55)**
Current liabilities		
Short-term loans and borrowings	**(1,283)**	**(166)**
Trade accounts payable	**(11,870)**	**(1,531)**
Other liabilities and accounts payable	**(18,686)**	**(2,407)**
Minority interest acquired	**(3,679)**	**(475)**
Net identifiable assets, liabilities and contingent liabilities	**28,188**	**3,639**
Excess of net assets acquired over consideration paid :		
acquisitions from third parties	**18,917**	**2,443**
acquisitions from entities under common control	**(460)**	**(59)**
Goodwill	**(3,145)**	**(406)**
Consideration paid	**(12,876)**	**(1,661)**
Cash acquired	**1,375**	**177**
Net cash outflow	**(11,501)**	**(1,484)**

As at the date of these interim condensed consolidated financial statements, the land lease rights acquired in business combinations are not recognised as part of the identifiable intangible assets at the dates of acquisition as determination of their fair values has historically been impracticable due to a lack of transparent transactions and a limited number of transactions. Due to the development of the agricultural sector in Ukraine, and more transparency into land lease transactions, management believes determination of the fair value of land lease is now feasible. Accordingly, management will commission an independent appraiser to perform the assessment of the land lease rights fair values and will amend the allocation, at the acquisition date, of the cost of the business combinations to the assets and liabilities acquired.

During the six months ended 30 June 2007 the Group acquired the companies listed below. The purchase consideration consisted entirely of cash, and the direct costs related to these acquisitions were not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
LLC "Agricultural Company "HTZ"	Ukraine	Agricultural	21.03.2007	99.98%
OJSC "Agricultural Company "Agrocomplex"	Ukraine	Agricultural	28.03.2007	71.44%
LLC "Agricultural Company "Stozhary"	Ukraine	Agricultural	24.05.2007	63.99%

None of these acquisitions is individually material, and accordingly, information on these acquisitions is presented in aggregate. The acquisition of these companies during six months ended 30 June 2007, had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

	Recognised fair value at acquisition date	
	(in thousands of Ukrainian hryvnias) **(unaudited)**	*(in thousands of Euros)* **(unaudited)**
Non-current assets		
Property, plant and equipment	5,600	834
Current assets		
Inventories	526	78
Current biological assets	1,722	257
Trade accounts receivable	909	135
Other accounts receivable and prepayments	298	44
Promissory notes received	2,417	360
Cash and cash equivalents	15	2
Non-current liabilities		
Long-term loans and borrowings	(70)	(10)
Current liabilities		
Trade accounts payable	(3,201)	(477)
Other liabilities and accounts payable	(2,964)	(442)
Minority interest acquired	(1,059)	(158)
Net identifiable assets, liabilities and contingent liabilities	4,193	623
Excess of net assets acquired over consideration paid :		
acquisitions from third parties	704	105
acquisitions from entities under common control	2,067	306
Consideration paid	(1,422)	(212)
Cash acquired	15	2
Net cash outflow	(1,407)	(210)

It is not practicable to determine what would be the total revenue and net profit for the six months ended 30 June 2008 had the acquisitions occurred on 1 January 2008 in accordance with IFRS because the acquired companies' financial statements were prepared only in accordance with Ukrainian National Accounting Standards, which are significantly different from IFRSs.

The excess of net assets acquired over the consideration paid is recognized in the income statement as a gain on acquisition of subsidiaries. This gain arises because the fair value of the acquired non-monetary assets exceeds the amount paid for those assets. This situation is due to the significant risks involved in agricultural business in Ukraine, the lack of financial resources in the acquired companies which prevents them from efficient use of their assets, and a lack of interested buyers.

6 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2008 the Group acquired property, plant and equipment with a cost of UAH 147,474 thousand, or EUR 19,228 thousand (six months ended 30 June 2007: UAH 60,327 thousand, or EUR 8,986 thousand), including assets from acquired companies (see note 5) of UAH 15,621 thousand, or EUR 2,015 thousand (six months ended 30 June 2007: UAH 5,600 thousand, or EUR 834 thousand).

Property, plant and equipment with a carrying amount of UAH 4,500 thousand, that is EUR 588 thousand, were disposed during the six months ended 30 June 2008 (six months ended 30 June 2007: UAH 3,648 thousand; EUR 542 thousand).

Leased assets, where the Group is a lessee under a finance lease arrangements, comprise machinery and equipment. A summary of activity for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Lease right, 1 January	**25,917**	4,205	**3,429**	627
Accumulated depreciation, 1 January	**(695)**	(98)	**(102)**	(16)
Depreciation charge	**(734)**	(86)	**(96)**	(13)
Currency translation difference	**-**	-	**(21)**	(6)
Net book value at 30 June	**24,488**	4,021	**3,210**	592

7 BIOLOGICAL ASSETS

Biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	**30 June 2008**		**31 December 2007**		**30 June 2007**	
	Units	**Amount (unaudited)**	**Units**	**Amount (audited)**	**Units**	**Amount (unaudited)** (restated)
Non-current biological assets:						
Cattle	**6,022**	**42,332**	5,479	46,510	4,758	33,442
Other livestock		**1,232**		821		375
		43,564		47,331		33,817
Current biological assets:						
Cattle	**12,890**	**52,310**	9,987	50,820	9,090	35,487
Other livestock		**1,567**		796		1,046
		53,877		51,616		36,533
Crops:	**Hectares**		**Hectares**		**Hectares**	
Sugar beet	**29,944**	**144,382**	-	-	22,211	73,107
Wheat	**29,425**	**88,734**	24,592	55,764	18,067	36,778
Sunflower	**10,866**	**67,311**	-	-	7,303	24,224
Barley	**23,549**	**51,889**	1,364	3,083	14,827	28,875
Corn	**11,449**	**45,730**	-	-	7,007	20,015
Soy	**12,535**	**32,144**	-	-	9,934	14,774
Rape	**2,067**	**10,467**	-	-	-	-
Rye	**1,809**	**3,204**	1,538	2,429	328	581
Other	**1,710**	**3,123**	-	-	1,709	1,995
	123,354	**446,984**	27,494	61,276	81,386	200,349
		500,861		112,892		236,882
Total biological assets		**544,425**		160,223		270,699

(in thousands of Euros)	30 June 2008		31 December 2007		30 June 2007	
	Units	**Amount (unaudited)**	**Units**	**Amount (audited)**	**Units**	**Amount (unaudited) (restated)**
Non-current biological assets:						
Cattle	**6,022**	**5,550**	5,479	6,269	4,758	4,920
Other livestock		**162**		111		55
		5,712		6,380		4,975
Current biological assets:						
Cattle	**12,890**	**6,858**	9,987	6,850	9,090	5,221
Other livestock	**-**	**205**		107		154
		7,063		6,957		5,375
Crops:	**Hectares**		**Hectares**		**Hectares**	
Sugar beet	**29,944**	**18,928**	-	-	22,211	10,755
Wheat	**29,425**	**11,633**	24,592	7,516	18,067	5,411
Sunflower	**10,866**	**8,824**	-	-	7,303	3,564
Barley	**23,549**	**6,803**	1,364	416	14,827	4,248
Corn	**11,449**	**5,995**	-	-	7,007	2,945
Soy	**12,535**	**4,214**	-	-	9,934	2,173
Rape	**2,067**	**1,372**	-	-	-	-
Rye	**1,809**	**420**	1,538	327	328	86
Other	**1,710**	**410**	-	-	1,709	293
	123,354	**58,599**	27,494	8,259	81,386	29,475
		65,662		15,216		34,850
Total biological assets		**71,374**		21,596		39,825

Non-current cattle are represented by dairy livestock with an average annual lactation period of nine months. Current cattle comprise immature cattle and cattle intended for sale. Other biological assets mainly represent pigs, horses and sheep.

The valuation, which conforms to International Valuation Standards, was performed by estimating the present value of the net cash flows expected to be generated from biological assets discounted at a current market discount rate.

Fair values of biological assets were based on the following key assumptions:

- For crops, revenues are projected based on the expected volume of harvested grains and oilseeds. For dairy cattle, revenues are projected based on the expected milk produced during their productive life after the reporting date and expected volume of meat at the date of slaughter.
- The average productive life of a cow is based on internal statistical information.
- Prices for grains, oilseeds, milk and meat are obtained from state statistical reports as at the end of the reporting period.
- Production and point-of-sale costs are projected based on actual operating costs.
- The growth in sales prices as well as in production and point-of-sale costs is assumed to be in line with forecasted consumer price index in Ukraine.

- A pre-tax discount rate of 15% is applied in determining fair value of biological assets. The discount rate is based on the average cost of capital for the Group in Ukraine as at the reporting date.

The key assumptions represent management's assessment of future trends in agriculture and the cattle farming business and are based on both external and internal sources of data.

Changes in key assumptions used to estimate biological assets would have the following effect on biological assets and on earnings per share attributable to shareholders of the parent as at and for the six months ended 30 June 2008:

	Effect on biological assets		*Effect on earnings per share*	
	thousands of Ukrainian hryvnias	*thousands of Euros*	*Ukrainian hryvnias*	*Euros*
1% increase in discounting rate	(1,616)	(212)	(0.06)	(0.01)
1% decrease in discounting rate	1,663	218	0.07	0.01
10% increase in price for milk	9,412	1,234	0.38	0.05
10% decrease in prices for milk	(9,412)	(1,234)	(0.38)	(0.05)
10% increase in price for meat	2,377	312	0.10	0.01
10% decrease in price for meat	(2,377)	(312)	(0.10)	(0.01)
10% increase in prices for crops	59,065	7,743	2.36	0.31
10% decrease in prices for crops	(59,065)	(7,743)	(2.36)	(0.31)
5% increase in annual consumer price index	854	112	0.03	0.00
5% decrease in annual consumer price index	(648)	(85)	(0.03)	(0.00)

The following represents the changes during the six months ended 30 June in the carrying amounts of non-current and current biological assets:

(in thousands of Ukrainian hryvnias)	**Non-current livestock (unaudited)**	**Current livestock (unaudited)**	**Crops (unaudited)**	**Total (unaudited)**
As at 1 January 2008	**47,331**	**51,616**	**61,276**	**160,223**
Purchases	**188**	**1,614**	**-**	**1,802**
Additions from acquisitions of subsidiaries	**1,279**	**5,665**	**-**	**6,944**
Investments into livestock and future crops	**491**	**10,729**	**296,784**	**308,004**
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(8,192)**	**(6,111)**	**88,924**	**74,621**
Transfers	**2,646**	**(2,646)**	**-**	**-**
Sales	**(179)**	**(6,990)**	**-**	**(7,169)**
As at 30 June 2008	**43,564**	**53,877**	**446,984**	**544,425**

(in thousands of Euros)	**Non-current livestock (unaudited)**	**Current livestock (unaudited)**	**Crops (unaudited)**	**Total (unaudited)**
As at 1 January 2008	**6,380**	**6,957**	**8,259**	**21,596**
Purchases	**25**	**211**	**-**	**236**
Additions from acquisitions of subsidiaries	**165**	**731**	**-**	**896**
Investments into livestock and future crops	**64**	**1,401**	**38,762**	**40,227**
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(1,067)**	**(796)**	**11,559**	**9,696**
Transfers	**346**	**(346)**	**-**	**-**
Sales	**(23)**	**(913)**	**-**	**(936)**
Currency translation difference	**(178)**	**(182)**	**19**	**(341)**
As at 30 June 2008	**5,712**	**7,063**	**58,599**	**71,374**

(in thousands of Ukrainian hryvnias)	**Non-current livestock (unaudited)**	**Current livestock (unaudited)**	**Crops (unaudited)**	**Total (unaudited)**
As at 1 January 2007, restated	24,614	25,692	21,908	72,214
Purchases	3	253	-	256
Additions from acquisitions of subsidiaries	-	1,722		1,722
Investments into livestock and future crops	-	4,067	122,645	126,712
Gain (loss) arising from changes in fair value attributable to physical changes and to changes in market prices	7,203	(2,471)	55,796	60,528
Transfers	1,375	(1,375)	-	-
Sales	(49)	(4,981)	-	(5,030)
Restatement of the fair value of dairy cattle	671	13,626	-	14,297
As at 30 June 2007, restated	33,817	36,533	200,349	270,699

(in thousands of Euros)	**Non-current livestock (unaudited)**	**Current livestock (unaudited)**	**Crops (unaudited)**	**Total (unaudited)**
As at 1 January 2007, restated	3,701	3,863	3,294	10,858
Purchases	-	38	-	38
Additions from acquisitions of subsidiaries	-	257	-	257
Investments into livestock and future crops	-	606	18,269	18,875
Gain (loss) arising from changes in fair value attributable to physical changes and to changes in market prices	1,073	(368)	8,312	9,017
Transfers	205	(205)	-	-
Sales	(7)	(742)	-	(749)
Currency translation difference	(69)	(47)	(400)	(516)
Restatement of the fair value of dairy cattle	72	1,973	-	2,045
As at 30 June 2007, restated	4,975	5,375	29,475	39,825

Risk management in the agricultural business

The Group is exposed to a number of risks related to its biological assets:

Price fluctuation risk

The Group is exposed to financial risks arising from changes in sugar, grains, oilseeds and milk prices. The Company does not anticipate that prices for its main products will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in prices. Management reviews its outlook for sugar, grains, oilseeds and milk prices regularly in considering the need for active financial risk management.

Climate and other risks

Biological assets are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular field and farm inspections and industry pest and disease surveys. The Group also insures itself against natural disasters.

Regulatory and environmental risks

Operations are subject to laws and regulations adopted in Ukraine. The Group has established environmental policies and procedures aimed at compliance with Ukrainian environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

8 FINANCIAL INSTRUMENTS HELD-TO-MATURITY

Financial instruments held-to-maturity are as follows:

(in thousands of Ukrainian hryvnias)	**Interest rate**	**Due date**	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Bonds receivable	16.0-18.0%	21 June 2009	-	4,287	3,451
Investments held-to-maturity			**2071**	700	700
			2,071	4,987	4,151

(in thousands of Euros)	**Interest rate**	**Due date**	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Bonds receivable	16.0-18.0%	21 June 2009	-	578	508
Investments held-to-maturity			**272**	94	103
			272	672	611

9 INVESTMENTS

Investments are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Equity accounted investments in agricultural partnership	**1,838**	1,037	-
Other equity accounted investments	**759**	758	172
	2,597	1,795	172

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Equity accounted investments in agricultural partnership	**241**	140	-
Other equity accounted investments	**100**	102	25
	341	242	25

Equity accounted investments in agriculture partnerships represent non-controlling stakes in entities formed to manage assets of non-operating state agriculture companies. Other equity accounted investments represent non-controlling stakes acquired with new companies. All equity investments are stated at cost as they have no quoted price in an active market.

10 INVENTORIES

Inventories are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Finished goods:			
Sugar	**33,443**	185,200	80,950
Agricultural produce	**23,401**	78,392	5,498
Cattle	**6,328**	3,425	3,380
Other	**3,054**	2,346	4,259
Raw materials and consumables for:			
Sugar	**42,291**	14,624	48,630
Agricultural produce	**59,738**	40,660	22,936
Cattle	**5,925**	1,899	3,716
Other	**4,825**	3,210	1,903
Investments into future crops	**19,797**	54,981	5,853
	198,802	384,737	177,125

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Finished goods:			
Sugar	**4,384**	24,961	11,909
Agricultural produce	**3,068**	10,566	808
Cattle	**830**	462	497
Other	**400**	316	627
Raw materials and consumables for:			
Sugar	**5,545**	1,971	7,154
Agricultural produce	**7,832**	5,480	3,374
Cattle	**777**	256	547
Other	**633**	433	280
Investments into future crops	**2,595**	7,410	861
	26,064	51,855	26,057

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade receivables	**91,643**	68,267	106,260
Less provision for impairment (note 17)	**(7,783)**	(8,239)	(4,385)
	83,860	60,028	101,875

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade receivables	**12,014**	9,201	15,633
Less provision for impairment (note 17)	**(1,020)**	(1,110)	(645)
	10,994	8,091	14,988

Trade receivables that are less than one month past due are not considered impaired. As at 30 June 2008 trade receivables of UAH 45,452 thousand (30 June 2007: UAH 10,001 thousand) or EUR 5,959 thousand (30 June 2007: EUR 1,471 thousand) are past due but not impaired. These relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable.

12 OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

Other accounts receivable and prepayments are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Taxes recoverable and prepaid	**59,458**	43,143	28,876
Advances to suppliers	**19,755**	23,199	21,740
Other receivables	**25,088**	13,134	20,263
Less provision for impairment (note 17)	**(3,700)**	(3,967)	(4,005)
	100,601	75,509	66,874

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Taxes recoverable and prepaid	**7,795**	5,815	4,249
Advances to suppliers	**2,589**	3,126	3,198
Other receivables	**3,290**	1,770	2,981
Less provision for impairment (note 17)	**(485)**	(535)	(589)
	13,189	10,176	9,839

13 SHARE CAPITAL

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as at 30 June 2008 is 30,000 thousand (2007: 30,000 thousand) and the number of issued and fully paid-up shares is 25 thousand (2007: 25 thousand).

Share capital is as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008**		**31 December 2007**	
	Amount	**%**	**Amount**	**%**
Astarta Holding N.V.				
Ivanchyk V.P.	**665**	**40.00%**	665	40.00%
Korotkov V.M.	**665**	**40.00%**	665	40.00%
ING Parasol Specjalistyczny Fundusz Inwestycyjny	**-**	**-**	90	5.39%
Other shareholders	**333**	**20.00%**	243	14.61%
	1,663	**100.00%**	1,663	100.00%

(in thousands of Euros)	**30 June 2008**		**31 December 2007**	
	Amount	**%**	**Amount**	**%**
Astarta Holding N.V.				
Ivanchyk V.P.	**100**	**40.00%**	100	40.00%
Korotkov V.M.	**100**	**40.00%**	100	40.00%
ING Parasol Specjalistyczny Fundusz Inwestycyjny	**-**	**-**	13	5.39%
Other shareholders	**50**	**20.00%**	37	14.61%
	250	**100.00%**	250	100.00%

Capital risk management

The objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors both the composition of shareholders, as well as the return on capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the interim condensed consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the interim condensed consolidated balance sheet plus net debt.

During 2008, the strategy, which is unchanged from 2007, is to maintain the gearing ratio below 45%. The gearing ratios as at 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Total borrowings (note 15)	**498,182**	254,416	**65,312**	37,429
Less cash and cash equivalents	**(23,297)**	(5,321)	**(3,054)**	(783)
Net debt	**474,885**	249,095	**62,258**	36,646
Total equity	**869,658**	466,280	**114,013**	68,599
Total capital	**1,344,543**	715,375	**176,271**	105,245
Gearing ratio	**35%**	35%	**35%**	35%

The Group does not purchase its own shares on the market. There were no changes in the approach to capital management during the reporting period. No companies in the Group are subject to externally imposed capital requirements.

Dividend policy

The dividend policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared until approval by the General Meeting of Shareholders of the financial statements for the year ending 31 December 2008.

The dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the Board of Directors and the General Meeting of Shareholders after taking into account various factors including business prospects, future earnings, cash requirements, financial position, expansion plans and requirements of Dutch law. In addition, payment of future dividends may be made only if shareholders' equity exceeds the sum of the paid-in share capital plus the reserves required to be maintained by law and by the Articles of Association. All shares carry equal dividend rights.

14 MINORITY INTERESTS

The movements in minority interests for the six months ended 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Balance as at 1 January	**33,977**	13,961	**4,580**	2,099
Share in profit of limited liability companies subsidiaries	**9,572**	4,906	**1,245**	731
Share in profit of open joint stock companies subsidiaries	**1,235**	96	**165**	14
Acquisitions from minority shareholders	**411**	-	**53**	-
Minority interests acquired with new subsidiaries	**3,679**	1,059	**475**	158
Currency translation difference	**-**	-	**(111)**	(56)
Balance as at 30 June	**48,874**	20,022	**6,407**	2,946

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to note 30 for more information about exposure to interest rate and foreign currency risk. Loans and borrowings are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Long-term loans and borrowings:			
Bank loans	**42,082**	30,638	41,327
Borrowings from non-financial institutions	**-**	-	1,622
Finance lease liabilities	**17,091**	5,880	2,554
Interest-bearing vendor financing arrangements	**4,551**	5,379	5,842
Bonds payable	-	-	30,951
	63,724	41,897	82,296
Current portion of long-term loans and borrowings:			
Bank loans	**17,734**	10,671	6,842
Finance lease liabilities	**3,930**	2,362	1,070
Interest-bearing vendor financing arrangements	**2,068**	2,897	2,438
Bonds payable	**15,000**	15,000	-
	38,732	30,930	10,350
Short-term loans and borrowing	**395,726**	307,648	161,770
	498,182	380,475	254,416

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Long-term loans and borrowings:			
Bank loans	**5,517**	4,130	6,080
Borrowings from non-financial institutions	**-**	-	239
Finance lease liabilities	**2,241**	792	376
Interest-bearing vendor financing arrangements	**597**	725	859
Bonds payable	**-**	-	4,553
	8,355	5,647	12,107
Current portion of long-term loans and borrowings:			
Bank loans	**2,325**	1,439	1,007
Finance lease liabilities	**515**	318	157
Interest-bearing vendor financing arrangements	**271**	390	359
Bonds payable	**1,966**	2,022	-
	5,077	4,169	1,523
Short-term loans and borrowing	**51,880**	41,465	23,799
	65,312	51,281	37,429

Bonds payable include UAH denominated general obligation bonds issued by APO “Tsukrovyk Poltavshchyny” in August 2005. The face value of each bond is UAH 1,000 (Euro 131) and as at 30 June 2008 UAH 15,000 thousand (EUR 1,966 thousand) are outstanding (30 June 2007: UAH 14,272 thousand; (EUR 2,100 thousand). The bonds pay fixed interest at 15.0% and are subject to redemption and further placement semi-annually beginning November 2005 until July 2008.

During the six months ended 30 June 2008 UAH 10,900 thousand (EUR 1,429 thousand) Series A bonds issued on 16 June 2006 by Astarta-Kiev were redeemed and resold. As at 30 June 2008 UAH 10,900 thousand (EUR 1,429 thousand) are outstanding. The bonds mature on 16 June 2009 and pay fixed interest at 8%.

During the six months ended 30 June 2008 UAH 15,000 thousand (EUR 1,966 thousand) Series B bonds issued on 26 June 2006 by APO “Tsukrovyk Poltavshchyny” were sold to third parties. As at 30 June 2008 UAH 15,000 thousand (EUR 1,966 thousand) are outstanding. The bonds mature on 24 June 2009 and pay fixed interest at 8%.

Bank loans are secured as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Fixed assets	**327,886**	355,176	159,421
Biological assets	**69**	1,207	26,819
Inventories	**187,134**	213,134	93,887
	515,089	569,517	280,127

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Fixed assets	**42,986**	47,871	23,454
Biological assets	**9**	163	3,945
Inventories	**24,533**	28,726	13,812
	67,528	76,760	41,211

The terms and repayment schedule for loans and borrowings are as follows:

(in thousands of Ukrainian hryvnias)	Interest type	Effective interest rate	Nominal interest rate	**30 June 2008 (unaudited)** Less than one year	From one to two years	More than two years	Total	**31 December 2007 (audited)** Less than one year	From one to two years	More than two years	Total	**30 June 2007 (unaudited)** Less than one year	From one to two years	More than two years	Total
Loans from local banks received in UAH	Fixed	15.0%	15.0%	**109,183**	**6,323**	**1,549**	**117,055**	128,676	6,471	4,570	139,717	-	-	-	-
Loans from local banks received in UAH	Fixed	15.5%	15.5%	**175**	-	**-**	**175**	480	-	-	480	3,206	342	12,886	16,434
Loans from local banks received in UAH	Fixed	16.0%	16.0%	**1,000**	-	**-**	**1,000**	-	-	-	-	160,750	2,944	5,892	169,586
Loans from local banks received in UAH	Fixed	17.0%	17.0%	**337**	**141**	**19**	**497**	418	93	76	587	498	-	244	742
Loans from local banks received in UAH	Fixed	18.0%	18.0%	**200**	-	**-**	**200**	181	121	-	302	1,084	-	4,378	5,462
Loans from local banks received in UAH	Fixed	19.0%	19.0%	**211**	**110**	**-**	**321**	717	105	5	827	95	-	-	95
Loans from local banks received in UAH	Fixed	20.0%	20.0%	**12**	-	**-**	**12**	109	-	-	109	379	-	27	406
Loans from local banks received in UAH	Fixed	36.0%	36.0%	**235**	-	**-**	**235**	-	-	-	-	-	-	-	-
Loans from local banks received in Euro	Floating	10.4%	Euribor+ 6.0%	**953**	-	**-**	**953**	2,777	-	-	2,777	-	-	-	-
Loans from local banks received in Euro	Fixed	7.0%	7.0%	-	-	**-**	**-**	-	-	-	-	-	3,267	-	3,267
Loans from local banks received in USD	Fixed	10.0%	10.0%	**74,388**	**915**	**-**	**75,303**	50,511	4,148	-	54,659	-	-	-	-
Loans from local banks received in USD	Fixed	10.5%	10.5%	**3,710**	**4,130**	**8,254**	**16,094**	4,300	4,300	10,749	19,349	-	-	11,347	11,347
Loans from non-resident banks received in USD	Floating	4.4%	Libor + 1.25 %	**4,568**	**5,160**	**15,481**	**25,209**	-	-	-	-	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.5%	Libor+ 2.4%	**118,140**	-	**-**	**118,140**	126,250	-	-	126,250	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.3%	Libor+ 3.5%	**70,848**	-	**-**	**70,848**	-	-	-	-	-	-	-	-

The terms and repayment schedule for loans and borrowings, continued:

				30 June 2008 (unaudited)				**31 December 2007 (audited)**				**30 June 2007 (unaudited)**			
(in thousands of Ukrainian hryvnias)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**
Other long-term borrowings received from a local non-financial institutions in UAH	Fixed	16.0%	0.0%	-	-	-	**-**	-	-	-	-	-	1,622	-	1,622
Other short-term borrowings received from a local non-financial institution in UAH	Fixed	15.0%	0.0%	**3,600**	-	**-**	**3,600**	3,900	-	-	3,900	-	-	-	-
Other short-term borrowings received from a local non-financial institutions in UAH	Fixed	18.0%	0.0%	-	-	-	**-**	-	-	-	-	2,600	-	-	2,600
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	**2,068**	**1,655**	**2,896**	**6,619**	2,897	1,655	3,724	8,276	2,438	1,655	4,187	8,280
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	**3,930**	**5,605**	**11,486**	**21,021**	2,362	2,316	3,564	8,242	1,070	1,147	1,407	3,624
Bonds payable	Fixed	15.0%	15.0%	**15,000**	-	**-**	**15,000**	15,000	-	-	15,000	-	-	-	-
Bonds payable	Fixed	15.0%	8.0%	**25,900**	-	**-**	**25,900**	-	-	-	-	-	-	-	-
Bonds payable	Fixed	16.0%	8.0%	**-**	-	**-**	**-**	-	-	-	-	-	14,272	16,679	30,951
				434,458	**24,039**	**39,685**	**498,182**	338,578	19,209	22,688	380,475	172,120	25,249	57,047	254,416

The terms and repayment schedule for loans and borrowings are as follows:

				30 June 2008 (unaudited)				**31 December 2007 (audited)**				**30 June 2007 (unaudited)**			
(in thousands of Euros)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**
Loans from local banks received in UAH	Fixed	15.0%	15.0%	**14,315**	**830**	**204**	**15,349**	17,343	872	616	18,831	-	-	-	-
Loans from local banks received in UAH	Fixed	15.5%	15.5%	**23**	**-**	**-**	**23**	65	-	-	65	472	50	1,896	2,418
Loans from local banks received in UAH	Fixed	16.0%	16.0%	**131**	**-**	**-**	**131**	-	-	-	-	23,649	433	867	24,949
Loans from local banks received in UAH	Fixed	17.0%	17.0%	**44**	**18**	**2**	**64**	56	13	10	79	73	-	36	109
Loans from local banks received in UAH	Fixed	18.0%	18.0%	**26**	**-**	**-**	**26**	24	16	-	40	159	-	644	803
Loans from local banks received in UAH	Fixed	19.0%	19.0%	**29**	**14**	**-**	**43**	97	14	1	112	14	-	-	14
Loans from local banks received in UAH	Fixed	20.0%	20.0%	**2**	**-**	**-**	**2**	15	-	-	15	56	-	4	60
Loans from local banks received in UAH	Fixed	36.0%	36.0%	**31**	-	**-**	**31**	-	-	-	-	-	-	-	-
Loans from local banks received in Euro	Floating	10.4%	Euribor+ 6.0%	**125**	-	**-**	**125**	374	-	-	374	-	-	-	-
Loans from local banks received in Euro	Fixed	7.0%	7.0%	-	-	**-**	**-**	-	-	-	-	-	481	-	481
Loans from local banks received in USD	Fixed	10.0%	10.0%	**9,753**	**120**	**-**	**9,873**	6,808	559	-	7,367	-	-	-	-
Loans from local banks received in USD	Fixed	10.5%	10.5%	**486**	**541**	**1,082**	**2,109**	580	580	1,449	2,609	-	-	1,669	1,669
Loans from non-resident banks received in USD	Floating	4.4%	Libor + 1.25 %	**598**	**676**	**2,030**	**3,304**	-	-	-	-	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.5%	Libor+ 2.4%	**15,488**	-	**-**	**15,488**	17,016	-	-	17,016	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.3%	Libor+ 3.5%	**9,287**	-	**-**	**9,287**	-	-	-	-	-	-	-	-

The terms and repayment schedule for loans and borrowings, continued:

				30 June 2008 (unaudited)				**31 December 2007 (audited)**				**30 June 2007 (unaudited)**			
(in thousands of Euros)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**
Other long-term borrowings received from a local non-financial institutions in UAH	Fixed	16.0%	0.0%	**-**	**-**	**-**	**-**	-	-	-	-	-	239	-	239
Other short-term borrowings received from a local non-financial institution in UAH	Fixed	15.0%	0.0%	**472**	**-**	**-**	**472**	526	-	-	526	-	-	-	-
Other short-term borrowings received from a local non-financial institutions in UAH	Fixed	18.0%	0.0%	**-**	**-**	**-**	**-**	-	-	-	-	383	-	-	383
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	**271**	**217**	**380**	**868**	390	223	502	1,115	359	243	616	1,218
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	**515**	**735**	**1,506**	**2,756**	318	312	480	1,110	157	169	207	533
Bonds payable	Fixed	15.0%	15.0%	**1,966**	**-**	**-**	**1,966**	2,022	-	-	2,022	-	-	-	-
Bonds payable	Fixed	15.0%	8.0%	**3,395**	**-**	**-**	**3,395**	-	-	-	-	-	-	-	-
Bonds payable	Fixed	16.0%	8.0%	**-**	**-**	**-**	**-**	-	-	-	-	-	2,100	2,453	4,553
				56,957	**3,151**	**5,204**	**65,312**	45,634	2,589	3,058	51,281	25,322	3,715	8,392	37,429

16 OTHER LIABILITIES AND ACCOUNTS PAYABLE

Other accounts payable are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Payables for land and fixed assets under lease	**10,762**	2,758	12,921
Salaries payable	**8,626**	5,745	6,326
Advances from customers	**7,976**	9,588	8,705
Payables for acquired companies	**5,647**	1,600	-
Accrual for unused vacations	**5,434**	4,442	3,201
Accounts payable to government	**4,640**	6,602	2,654
Deferred government subsidy	**4,073**	3,142	516
VAT settlements	**3,583**	2,158	1,267
Social insurance payable	**3,391**	2,359	1,835
Payables for property, plant and equipment	**2,873**	2,664	2,852
Interest payable	**818**	1,749	1,356
Other payables	**15,844**	6,371	3,327
	73,667	49,178	44,960

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Payables for land and fixed assets under lease	**1,411**	372	1,901
Salaries payable	**1,131**	774	931
Advances from customers	**1,046**	1,292	1,281
Payables for acquired companies	**740**	216	-
Accrual for unused vacations	**712**	599	471
Accounts payable to government	**608**	890	390
Deferred government subsidy	**534**	423	76
VAT settlements	**470**	291	186
Social insurance payable	**445**	318	270
Payables for property, plant and equipment	**377**	359	419
Interest payable	**107**	236	199
Other payables	**2,078**	858	490
	9,659	6,628	6,614

17 PROVISIONS FOR IMPAIRMENT OF TRADE AND OTHER ACCOUNTS RECEIVABLE

Provisions for impairment of trade and other accounts receivable are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade accounts receivable (note 11)	**7,783**	8,239	4,385
Other accounts receivable (note 12)	**3,700**	3,967	4,005
	11,483	12,206	8,390

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade accounts receivable (note 11)	**1,020**	1,110	645
Other accounts receivable (note 12)	**485**	535	589
	1,505	1,645	1,234

Changes in provisions for impairment of trade and other accounts receivable during the six months ended 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Balance at 1 January	**12,206**	7,355	**1,645**	1,106
Charge in income statement (note 23)	**1,548**	1,035	**202**	154
Amounts written off	**(2,271)**	**-**	**(298)**	**-**
Currency translation difference	**-**	-	**(44)**	(26)
Balance as at 30 June	**11,483**	8,390	**1,505**	1,234

18 REVENUES

Revenues for the six months ended 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Sugar and related sales:				
Sugar	**197,075**	130,661	**25,718**	19,464
Molasses	**16,393**	7,950	**2,139**	1,184
Pulp	**5,388**	3,315	**703**	494
Other sugar related sales	**19,154**	9,770	**2,499**	1,455
	238,010	151,696	**31,059**	22,597
Crops	**51,559**	23,369	**6,728**	3,481
Cattle farming	**36,705**	23,323	**4,790**	3,474
Other sales	**326**	1,815	**43**	271
	88,590	48,507	**11,561**	7,226
	326,600	200,203	**42,620**	29,823

For the six months ended 30 June 2008 revenues totaling UAH 3,939 thousand (EUR 514 thousand) were settled through barter transactions, which do not result in a net cash inflow from operations (2007: UAH 3,197 thousand, EUR 476 thousand).

More than 90% of revenue is generated from sales to customers in Ukraine.

19 COST OF REVENUES

Cost of revenues for the six months ended 30 June by product is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Sugar and related sales:				
Sugar	**168,335**	117,003	**21,954**	17,429
Molasses	**6,335**	4,469	**826**	666
Pulp	**2,603**	2,929	**339**	436
Other sugar related sales	**1,039**	5,804	**135**	864
	178,312	130,205	**23,254**	19,395
Crops	**24,378**	16,567	**3,179**	2,468
Cattle farming	**27,009**	20,354	**3,522**	3,032
Other sales	**308**	2,033	**42**	303
	51,695	38,954	**6,743**	5,803
	230,007	169,159	**29,997**	25,198

20 OTHER OPERATING INCOME

Other operating income for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Government subsidies relating to:				
Cattle farming	**8,635**	3,911	**1,123**	583
VAT	**4,930**	2,975	**641**	443
Crop production	**2,547**	1,893	**331**	282
Interest and financing costs	**2,486**	255	**323**	38
Other operating income	**3,138**	3,158	**409**	471
	21,736	12,192	**2,827**	1,817

21 GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Salary and related charges	**15,618**	11,024	**2,037**	1,642
Professional services	**4,817**	1,334	**628**	199
Depreciation	**3,030**	2,477	**395**	369
Fuel and other materials	**2,624**	1,332	**342**	198
Taxes other than corporate income tax	**1,406**	854	**183**	127
Insurance	**1,356**	286	**177**	43
Maintenance	**1,177**	345	**154**	51
Communication	**1,139**	744	**149**	111
Office expenses	**795**	538	**104**	80
Transportation	**690**	439	**90**	65
Rent	**328**	137	**43**	20
Other services	**2,593**	684	**338**	102
Other general and administrative expense	**1,598**	1,209	**208**	181
	37,171	21,403	**4,848**	3,188

22 SELLING AND DISTRIBUTION EXPENSE

Selling and distribution expense for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Transportation	**8,169**	2,444	**1,067**	364
Salary and related charges	**1,868**	1,891	**244**	282
Commissions	**1,699**	700	**222**	104
Impairment provision on trade and other accounts receivable (note 17)	**1,548**	1,035	**202**	154
Professional services	**562**	498	**73**	74
Fuel and other materials	**413**	444	**54**	66
Depreciation	**237**	88	**31**	13
Advertising	**209**	98	**27**	15
Other services	**2,086**	450	**272**	68
Other selling and distribution expense	**1,046**	1,129	**138**	169
	17,837	8,777	**2,330**	1,309

23 OTHER OPERATING EXPENSE

Other operating expense for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Charity	**1,223**	565	**160**	84
Social expenses	**1,126**	366	**147**	55
Canteen expenses	**946**	644	**123**	96
Penalties paid	**919**	619	**120**	92
Other salary and related charges	**575**	336	**75**	50
Depreciation	**562**	275	**73**	41
VAT written off	**343**	385	**45**	57
Representative expenses	**315**	46	**41**	7
Fixed asset impairement	**212**	394	**28**	59
Inventory written off	**146**	776	**19**	116
Other operating expenses	**1,101**	440	**144**	66
	7,468	4,846	**975**	723

24 CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

Changes in fair value of biological assets for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)** (restated)	**(unaudited)**	**(unaudited)** (restated)
Non-current livestock	**(8,192)**	7,874	**(1,067)**	1,145
Current livestock	**(6,111)**	11,155	**(796)**	1,605
Crops	**104,110**	56,247	**13,558**	8,379
	89,807	75,276	**11,695**	11,129

The increase in biological assets is mainly due to significantly expanded agricultural operations and increases in market prices for crops.

25 NET FINANCIAL EXPENSE

Net financial expense for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Interest expense:				
Bank loans	**19,147**	16,318	**2,518**	2,430
Bonds payable	**2,224**	2,455	**292**	366
Interest-bearing vendor financing arrangements	**343**	214	**45**	32
Finance lease liabilities	**1,043**	50	**137**	8
	22,757	19,037	**2,992**	2,836
Foreign currency exchange (income) loss	**(15,661)**	129	**(2,057)**	19
(Income) loss from promissory note transactions	**(2,984)**	7,059	**(392)**	1,052
Interest income:				
Bonds receivable	**(1,163)**	(305)	**(152)**	(45)
Cash balances	**(146)**	(85)	**(19)**	(13)
	(1,309)	(390)	**(171)**	(58)
Other financial expense	**1,883**	449	**264**	66
	4,686	26,284	**636**	3,915

26 OTHER INCOME

Other income for the six months ended 30 June 2008 and 2007 consists mainly of gains on the disposal of fixed assets .

27 INCOME TAX EXPENSE

Certain companies in the Group are subject to income taxes. Income tax expense for these companies for the six months ended 30 June is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Current expense	**(403)**	(524)	**(52)**	(78)
Deferred expense	**(3,255)**	(205)	**(419)**	(31)
	(3,658)	(729)	**(471)**	(109)

The corporate income tax rate is 25% in 2008 and 2007.

Amount of FAT expense for the six months ended 30 June 2008 is UAH 179 thousand (EUR 23 thousand) (2007: UAH 136 thousand; EUR 20 thousand) and is included in cost of revenues.

28 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

At 30 June 2008, the group is organized into three main business segments:

- production and wholesale distribution of sugar
- growing and selling grain and oilseeds crops (agriculture), and
- dairy cattle farming.

Other group operations mainly comprise the production and sales of canned goods and fodder. Neither of these constitutes a separately reportable segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker that makes strategic decisions is the management board.

Revenues from external customers are derived primarily from the sales of sugar, crops and cattle farming products and are measured in a manner consistent with that in the income statement.

Revenues of UAH 73,386 thousand (EUR 9,577 thousand) during the six months ended 30 June 2008 and 57,230 UAH thousand (EUR 8,525 thousand) during the six months ended 30 June 2007 are derived from two external customers and are attributable to the sugar production segment.

The amounts provided to the Board of Directors with respect of total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Investments classified as available-for-sale financial assets are not considered to be segment assets. The amounts of total liabilities are measured in a manner consistent with that of the financial statements. Liabilities are allocated based on the operations of the segment. Interest-bearing liabilities are not considered to be segment liabilities.

The segment information for the six months ended 30 June 2008 is as follows:

(in thousands of Ukrainian hryvnias)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	**238,010**	**66,753**	**36,705**	**326**	**-**	**341,794**
Inter-segment revenue	**-**	**15,194**	**-**	**-**	**-**	**15,194**
Revenue from external customers	**238,010**	**51,559**	**36,705**	**326**	**-**	**326,600**
Total cost of revenues	**(178,312)**	**(39,572)**	**(27,009)**	**(308)**	**-**	**(245,201)**
Inter-segment cost of revenues	**-**	**(15,194)**	**-**	**-**	**-**	**(15,194)**
Cost of revenues	**(178,312)**	**(24,378)**	**(27,009)**	**(308)**	**-**	**(230,007)**
Loss from remeasurement of agricultural produce to fair value	**-**	**(15,186)**	**-**	**-**	**-**	**(15,186)**
Gross profit	**59,698**	**11,995**	**9,696**	**18**	**-**	**81,407**
General and administrative expense	**(7,915)**	**(10,538)**	**(7,502)**	**(330)**	**(10,886)**	**(37,171)**
Selling and distribution expense	**(7,842)**	**(2,515)**	**-**	**(729)**	**(6,751)**	**(17,837)**
Other operating income (expense)	**710**	**110,618**	**(5,017)**	**5**	**(2,241)**	**104,075**
Profit (loss) before interest and taxation	**44,651**	**109,560**	**(2,823)**	**(1,036)**	**(19,878)**	**130,474**
Gain from exchange differences	**-**	**-**	**-**	**-**	**15,661**	**15,661**
Interest expense	**-**	**-**	**-**	**-**	**(22,757)**	**(22,757)**
Interest income	**-**	**-**	**-**	**-**	**1,309**	**1,309**
Other income	**-**	**-**	**-**	**-**	**1,756**	**1,756**
Gain on acquisition of subsidiaries	**-**	**-**	**-**	**-**	**18,917**	**18,917**
Profit (loss) before tax	**44,651**	**109,560**	**(2,823)**	**(1,036)**	**(4,992)**	**145,360**
Taxation	**-**	**-**	**-**	**-**	**(3,658)**	**(3,658)**
Net profit (loss)	**44,651**	**109,560**	**(2,823)**	**(1,036)**	**(8,650)**	**141,702**
Total assets	**465,495**	**933,589**	**158,079**	**59,751**	**40,491**	**1,657,405**
Unallocated deferred tax assets	**-**	**-**	**-**	**-**	**477**	**477**
Consolidated total assets	**465,495**	**933,589**	**158,079**	**59,751**	**40,968**	**1,657,882**
Total liabilities	**47,723**	**-**	**-**	**3,290**	**687,752**	**738,765**
Unallocated deferred tax liabilities	**-**	**-**	**-**	**-**	**49,459**	**49,459**
Consolidated total liabilities	**47,723**	**-**	**-**	**3,290**	**737,211**	**788,224**
Other segment information:						
Depreciation and amortisation	**12,267**	**15,568**	**834**	**802**	**318**	**29,789**
Additions to non-current assets:						
Property, plant and equipment	**23,192**	**120,745**	**2,848**	**184**	**505**	**147,474**
Intangible assets	**9**	**7**	**-**	**10**	**24**	**50**
Biological non-current assets	**-**	**-**	**1,467**	**-**	**-**	**1,467**

(in thousands of Euros)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	**31,059**	**8,711**	**4,790**	**43**	**-**	**44,603**
Inter-segment revenue	**-**	**1,983**	**-**	**-**	**-**	**1,983**
Revenue from external customers	**31,059**	**6,728**	**4,790**	**43**	**-**	**42,620**
Total cost of revenues	**(23,254)**	**(5,162)**	**(3,522)**	**(42)**	**-**	**(31,980)**
Inter-segment cost of revenues	**-**	**(1,983)**	**-**	**-**	**-**	**(1,983)**
Cost of revenues	**(23,254)**	**(3,179)**	**(3,522)**	**(42)**	**-**	**(29,997)**
Loss from remeasurement of agricultural produce to fair value	**-**	**(1,999)**	**-**	**-**	**-**	**(1,999)**
Gross profit	**7,805**	**1,550**	**1,268**	**1**	**-**	**10,624**
General and administrative expense	**(1,032)**	**(1,374)**	**(978)**	**(43)**	**(1,421)**	**(4,848)**
Selling and distribution expense	**(1,024)**	**(329)**	**-**	**(95)**	**(882)**	**(2,330)**
Other operating income (expense)	**92**	**14,402**	**(653)**	**1**	**(295)**	**13,547**
Profit (loss) before interest and taxation	**5,841**	**14,249**	**(363)**	**(136)**	**(2,598)**	**16,993**
Gain from exchange differences	**-**	**-**	**-**	**-**	**2,057**	**2,057**
Interest expense	**-**	**-**	**-**	**-**	**(2,992)**	**(2,992)**
Interest income	**-**	**-**	**-**	**-**	**171**	**171**
Other income	**-**	**-**	**-**	**-**	**214**	**214**
Gain on acquisition of subsidiaries	**-**	**-**	**-**	**-**	**2,443**	**2,443**
Profit (loss) before tax	**5,841**	**14,249**	**(363)**	**(136)**	**(705)**	**18,886**
Taxation	**-**	**-**	**-**	**-**	**(471)**	**(471)**
Net profit (loss)	**5,841**	**14,249**	**(363)**	**(136)**	**(1,176)**	**18,415**
Total assets	**61,026**	**122,393**	**20,724**	**7,833**	**5,312**	**217,288**
Unallocated deferred tax assets	**-**	**-**	**-**	**-**	**63**	**63**
Consolidated total assets	**61,026**	**122,393**	**20,724**	**7,833**	**5,375**	**217,351**
Total liabilities	**6,256**	**-**	**-**	**431**	**90,167**	**96,854**
Unallocated deferred tax liabilities	**-**	**-**	**-**	**-**	**6,484**	**6,484**
Consolidated total liabilities	**6,256**	**-**	**-**	**431**	**96,651**	**103,338**
Other segment information:						
Depreciation and amortisation	**1,602**	**2,033**	**109**	**104**	**43**	**3,891**
Additions to non-current assets:						
Property, plant and equipment	**3,031**	**15,737**	**370**	**24**	**66**	**19,228**
Intangible assets	**1**	**1**	**-**	**1**	**3**	**6**
Biological non-current assets	**-**	**-**	**190**	**-**	**-**	**190**

The segment information for the six months ended 30 June 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	151,696	36,969	23,323	1,815	-	213,803
Inter-segment revenue	-	13,600	-	-	-	13,600
Revenue from external customers	151,696	23,369	23,323	1,815	-	200,203
Total cost of revenues	(130,205)	(30,167)	(20,354)	(2,033)	-	(182,759)
Inter-segment cost of revenues	-	(13,600)	-	-	-	(13,600)
Cost of revenues	(130,205)	(16,567)	(20,354)	(2,033)	-	(169,159)
Loss from remeasurement of agricultural produce to fair value	-	(451)	-	-	-	(451)
Gross profit	21,491	6,351	2,969	(218)	-	30,593
General and administrative expense	(6,024)	(4,501)	(4,492)	(672)	(5,714)	(21,403)
Selling and distribution expense	(3,861)	(504)	-	(1,023)	(3,389)	(8,777)
Other operating income (expense)	(270)	60,393	23,946	73	(1,519)	82,623
Profit (loss) before interest and taxation	11,336	61,739	22,423	(1,840)	(10,622)	83,036
Loss from exchange differences	-	-	-	-	(129)	(129)
Interest expense	-	-	-	-	(19,037)	(19,037)
Interest income	-	-	-	-	390	390
Other expense	-	-	-	-	(6,672)	(6,672)
Gain on acquisition of subsidiaries	-	-	-	-	704	704
Profit (loss) before tax	11,336	61,739	22,423	(1,840)	(35,367)	58,291
Taxation	-	-	-	-	(729)	(729)
Net profit (loss)	11,336	61,739	22,423	(1,840)	(36,096)	57,562
Total assets	336,374	409,028	88,962	22,338	25,500	882,202
Unallocated deferred tax assets	-	-	-	-	1,293	1,293
Consolidated total assets	336,374	409,028	88,962	22,338	26,793	883,495
Total liabilities	39,532	-	-	1,954	369,350	410,836
Unallocated deferred tax liabilities	-	-	-	-	6,379	6,379
Consolidated total liabilities	39,532	-	-	1,954	375,729	417,215
Other segment information:						
Depreciation and amortisation	6,439	9,996	334	474	175	17,418
Additions to non-current assets:						
Property, plant and equipment	18,421	39,396	751	1,447	312	60,327
Intangible assets	102	115	-	-	11	228
Biological non-current assets	-	-	3	-	-	3

(in thousands of Euros)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	22,597	5,507	3,474	271	-	31,849
Inter-segment revenue	-	2,026	-	-	-	2,026
Revenue from external customers	22,597	3,481	3,474	271	-	29,823
Total cost of revenues	(19,395)	(4,494)	(3,032)	(303)	-	(27,224)
Inter-segment cost of revenues	-	(2,026)	-	-	-	(2,026)
Cost of revenues	(19,395)	(2,468)	(3,032)	(303)	-	(25,198)
Loss from remeasurement of agricultural produce to fair value	-	(67)	-	-	-	(67)
Gross profit	3,202	946	442	(32)	-	4,558
General and administrative expense	(897)	(670)	(669)	(100)	(852)	(3,188)
Selling and distribution expense	(576)	(75)	-	(152)	(506)	(1,309)
Other operating income (expense)	(40)	8,934	3,545	11	(227)	12,223
Profit (loss) before interest and taxation	1,689	9,135	3,318	(273)	(1,585)	12,284
Loss from exchange differences	-	-	-	-	(19)	(19)
Interest expense	-	-	-	-	(2,836)	(2,836)
Interest income	-	-	-	-	58	58
Other expense	-	-	-	-	(993)	(993)
Gain on acquisition of subsidiaries	-	-	-	-	105	105
Profit (loss) before tax	1,689	9,135	3,318	(273)	(5,270)	8,599
Taxation	-	-	-	-	(109)	(109)
Net profit (loss)	1,689	9,135	3,318	(273)	(5,379)	8,490
Total assets	49,486	60,176	13,088	3,286	3,752	129,788
Unallocated deferred tax assets	-	-	-	-	190	190
Consolidated total assets	49,486	60,176	13,088	3,286	3,942	129,978
Total liabilities	5,816	-	-	287	54,338	60,441
Unallocated deferred tax liabilities	-	-	-	-	938	938
Consolidated total liabilities	5,816	-	-	287	55,276	61,379
Other segment information:						
Depreciation and amortisation	959	1,489	50	71	26	2,595
Additions to non-current assets:						
Property, plant and equipment	2,744	5,868	112	216	46	8,986
Intangible assets	15	17	-	-	2	34
Biological non-current assets	-	-	-	-	-	-

29 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade receivables neither past due nor impaired			
Counterparties with external credit rating (Standard & Poor's)			
A-/Stable/A-2	**1,947**	2,768	189
BB-/Stable/	**-**	-	126
Counterparties without external credit rating - Group A	**8,216**	17,258	11,843
Past due trade receivables	**73,697**	40,002	89,717
	83,860	60,028	101,875

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Trade receivables neither past due nor impaired			
Counterparties with external credit rating (Standard & Poor's)			
A-/Stable/A-2	**255**	-	28
BB-/Stable/	**-**	373	19
Counterparties without external credit rating - Group A	**1,078**	2,326	1,742
Past due trade receivables	**9,661**	5,392	13,199
	10,994	8,091	14,988

Group A represents existing customers (more than one year) with no defaults in the past.

Trade receivables that are less than one month past due are not considered impaired. As at 30 June 2008 trade receivables of UAH 45,452 thousand (30 June 2007: UAH 10,001 thousand) or EUR 5,959 thousand (30 June 2007: EUR 1,471 thousand) are past due but not impaired. These relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable.

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Cash and cash equivalents			
Banks with external credit rating (Moody's)			
Aaa3/Negative	**8,263**	-	-
Baa1/Stable	**5,106**	4,406	2,518
Ba2/Stable	**150**	30	16
B2/Stable	**464**	353	341
Banks without external credit rating			
Group A	**345**	480	297
Group B	**8,845**	2,578	2,082
Cash on hand	**124**	79	67
	23,297	7,926	5,321

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Cash and cash equivalents			
Banks with external credit rating (Moody's)			
Aaa3/Negative	**1,083**	-	-
Baa1/Stable	**669**	594	370
Ba2/Stable	**20**	4	2
B2/Stable	**61**	48	50
Banks without external credit rating			
Group A	**46**	65	44
Group B	**1,159**	347	307
Cash on hand	**16**	10	10
	3,054	1,068	783

Group A represents Ukrainian banks. Group B represents other foreign banks.

No external ratings in respect of financial instruments held-to-maturity, investments available-for-sale and other accounts receivable are available.

30 FINANCIAL RISK MANAGEMENT

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about exposure to each of these risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these interim condensed consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, non-derivative financial instruments and receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Bonds receivable held-to- maturity	**-**	4,287	3,451
Investments held-to- maturity	**2,071**	700	700
Investments	**2,597**	1,795	172
Trade accounts receivable	**83,860**	60,028	101,875
Other accounts receivable and prepayments	**100,601**	75,509	66,874
Promissory notes available-for-sale	**2,689**	5,632	3,127
Cash and cash equivalents	**23,297**	7,926	5,321
	215,115	155,877	181,520

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Bonds receivable held-to- maturity	**-**	578	508
Investments held-to- maturity	**272**	94	103
Investments	**341**	242	25
Trade accounts receivable	**10,994**	8,091	14,988
Other accounts receivable and prepayments	**13,189**	10,176	9,839
Promissory notes available-for-sale	**353**	759	460
Cash and cash equivalents	**3,054**	1,068	783
	28,203	21,008	26,706

(c) Trade accounts receivable

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Management established a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references.

More than 60 percent of customers have been transacting with the Group for over three years, and no losses are expected from non-performance by these counterparties. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of management. The balance of the twelve major debtors is as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Debtors with external credit rating (Standard & Poor's)			
A+/Stable/A-1	**20,286**	-	-
A-/Stable/A-2	**2,241**	2,768	-
Debtors without external credit rating - Group A	**46,554**	39,112	81,739
	69,081	41,880	81,739

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Debtors with external credit rating (Standard & Poor's)			
A+/Stable/A-1	**2,659**	-	-
A-/Stable/A-2	**294**	373	-
Debtors without external credit rating - Group A	**6,103**	5,272	12,025
	9,056	5,645	12,025

Group A represents existing customers (more than one year) for whom there is no recent history of defaults.

The Group does not require collateral in respect of trade and other receivables. Management establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses non-derivative financial liabilities, excluding interest payments, and excluding the impact of netting agreements into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

30 June 2008 _(in thousands of Ukrainian hryvnias)_	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**426,042**	**426,042**	**383,960**	**16,779**	**25,303**
Short-term borrowings from non-financial institutions	**3,600**	**3,600**	**3,600**	**-**	**-**
Finance lease liabilities	**21,021**	**21,021**	**3,930**	**5,605**	**11,486**
Interest-bearing vendor financing arrangements	**6,619**	**6,619**	**2,068**	**1,655**	**2,896**
Bonds payable	**40,900**	**40,900**	**40,900**	**-**	**-**
Trade accounts payable and other liabilities and accounts payable	**188,304**	**188,304**	**188,304**	**-**	**-**
	686,486	**686,486**	**622,762**	**24,039**	**39,685**

30 June 2008 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**55,855**	**55,855**	**50,338**	**2,199**	**3,318**
Short-term borrowings from non-financial institutions	**472**	**472**	**472**	**-**	**-**
Finance lease liabilities	**2,756**	**2,756**	**515**	**735**	**1,506**
Interest-bearing vendor financing arrangements	**868**	**868**	**271**	**217**	**380**
Bonds payable	**5,361**	**5,361**	**5,361**	**-**	**-**
Trade accounts payable and other liabilities and accounts payable	**24,688**	**24,688**	**24,688**	**-**	**-**
	90,000	**90,000**	**81,645**	**3,151**	**5,204**

31 December 2007 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	345,057	345,057	314,419	15,238	15,400
Borrowings from non-financial institutions	3,900	3,900	3,900	-	-
Finance lease liabilities	8,242	8,242	2,362	2,316	3,564
Interest-bearing vendor financing arrangements	8,276	8,276	2,897	1,655	3,724
Bonds payable	15,000	15,000	15,000	-	-
Trade accounts payable and other liabilities and accounts payable	89,654	89,654	89,654	-	-
	470,129	470,129	428,232	19,209	22,688

31 December 2007 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	46,508	46,508	42,378	2,054	2,076
Borrowings from non-financial institutions	526	526	526	-	-
Finance lease liabilities	1,110	1,110	318	312	480
Interest-bearing vendor financing arrangements	1,115	1,115	390	223	502
Bonds payable	2,022	2,022	2,022	-	-
Trade accounts payable and other liabilities and accounts payable	12,083	12,083	12,083	-	-
	63,364	63,364	57,717	2,589	3,058

30 June 2007 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	207,339	207,339	166,012	6,553	34,774
Borrowings from non-financial institutions	4,222	4,222	2,600	1,622	-
Finance lease liabilities	3,624	3,624	1,070	1,147	1,407
Interest-bearing vendor financing arrangements	8,280	8,280	2,438	1,655	4,187
Bonds payable	30,951	30,951	-	14,272	16,679
Trade accounts payable and other liabilities and accounts payable	131,295	131,295	131,295	-	-
	385,711	385,711	303,415	25,249	57,047

30 June 2007 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	30,503	30,503	24,423	964	5,116
Borrowings from non-financial institutions	622	622	383	239	-
Finance lease liabilities	533	533	157	169	207
Interest-bearing vendor financing arrangements	1,218	1,218	359	243	616
Bonds payable	4,553	4,553	-	2,100	2,453
Trade accounts payable and other liabilities and accounts payable	19,315	19,315	19,315	-	-
	56,744	56,744	44,637	3,715	8,392

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. All such transactions are carried out within the guidelines set by management.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Ukrainian hryvnia.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008**		**31 December 2007**		**30 June 2007**	
	EUR	**USD**	**EUR**	**USD**	**EUR**	**USD**
	(unaudited)		**(audited)**		**(unaudited)**	
Trade accounts receivable	**-**	**3,235**	-	1,452	-	3,279
Other accounts receivable	**3,460**	**-**	356	2,422	6,562	487
Cash and cash equivalents	**8,844**	**-**	2,578	-	2,082	-
Bank loans	**(953)**	**(305,594)**	(2,777)	(200,258)	(3,267)	(11,347)
Interest-bearing vendor financing arrangements	**-**	**(6,619)**	-	(8,276)	-	(8,280)
Trade accounts payable	**(61)**	**(6,672)**	(17)	(8,627)	-	(12,329)
Other liabilities and accounts payable	**(590)**	**(11,587)**	(2,003)	(5,702)	(1,346)	(214)
Net long (short) position	**10,700**	**(327,237)**	(1,863)	(218,989)	4,031	(28,404)

(in thousands of Euros)	**30 June 2008**		**31 December 2007**		**30 June 2007**	
	EUR	**USD**	**EUR**	**USD**	**EUR**	**USD**
	(unaudited)		**(audited)**		**(unaudited)**	
Trade accounts receivable	**-**	**424**	-	196	-	482
Other accounts receivable	**454**	**-**	48	326	965	72
Cash and cash equivalents	**1,159**	**-**	347	-	306	-
Bank loans	**(125)**	**(40,061)**	(374)	(26,992)	(481)	(1,669)
Interest-bearing vendor financing arrangements	**-**	**(868)**	-	(1,115)	-	(1,218)
Trade accounts payable	**(8)**	**(875)**	(2)	(1,163)	-	(1,815)
Other liabilities and accounts payable	**(77)**	**(1,519)**	(270)	(769)	(198)	(31)
Net long (short) position	**1,403**	**(42,899)**	(251)	(29,517)	592	(4,179)

A 10 percent strengthening of the Ukrainian hryvnia against the following currencies would have (decreased) increased pre-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

**Effect in thousands of Ukrainian hryvnias**	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
EUR	**(1,070)**	186	(403)
USD	**33,524**	21,899	2,840
**Effect in thousands of Euros**			
EUR	**(140)**	25	(59)
USD	**4,395**	2,952	418

A 10 percent weakening of the Ukrainian hryvnia against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Changes in interest rates impact primarily borrowings by changing either their fair value (fixed rate debt) or future cash flows (variable rate debt). To minimize risks associated with interest rates, management obtains long-term loans primarily at fixed rates.

Interest rate profile of interest bearing financial instruments is as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Fixed rate instruments			
Financial assets	**-**	4,287	3,451
Financial liabilities	**(283,032)**	(251,448)	(254,416)
	(283,032)	(247,161)	(250,965)
Variable rate instruments			
Financial liabilities	**(215,150)**	(129,027)	-

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Fixed rate instruments			
Financial assets	**-**	578	508
Financial liabilities	**(37,107)**	(33,891)	(37,429)
	(37,107)	(33,313)	(36,921)
Variable rate instruments			
Financial liabilities	**(28,204)**	(17,390)	-

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

With respect to variable rate instruments, a change of 100 basis points in interest rates over the reporting period would have increased (decreased) equity and net profit by UAH 465 thousand (Euro 60 thousand) provided all other variables are held constant.

Other market price risk

The Group does not enter into commodity contracts other than to meet expected usage and sale requirements; such contracts are not settled net. Equity investments are not listed on a stock exchange; therefore, it is not practicable to determine their sensitivity to market changes.

(f) Fair values

Estimated fair values of the financial assets and liabilities are determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to produce the estimated fair values. Accordingly, the estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

The estimated fair values of financial assets and liabilities are determined using discounted cash flow and other appropriate valuation methodologies, at year-end, and are not indicative of the fair value of those instruments at the date these interim condensed consolidated financial statements are prepared or distributed. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument. Fair value estimates are based on judgments regarding future expected cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments. In addition, tax ramifications related to the realization of the unrealized gains and losses can have an effect on fair value estimates and have not been considered.

As at 30 June 2008 and 31 December 2007, the carrying amount of financial assets and liabilities approximate their fair values due to the short-term nature and market rates at period end.

31 COMMITMENTS

(a) Social commitments

The Group makes contributions to mandatory and voluntary social programs. Social assets, as well as local social programs, benefit the community at large and are not normally restricted to employees. The Group transferred certain social operations and assets to local authorities; however, management expects that the Group will continue to fund these social programs through the foreseeable future. These costs are recorded in the year they are incurred.

(b) Operating leases

The Group leases property and equipment under operating leases. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

Future minimum lease payments under non-cancellable operating leases are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Less than one year	**30,038**	20,339	15,338
From one to five years	**75,523**	38,346	31,857
More than five years	**38,432**	18,944	34,229
	143,993	77,629	81,424

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Less than one year	**3,938**	2,741	2,257
From one to five years	**9,901**	5,168	4,687
More than five years	**5,038**	2,554	5,036
	18,877	10,463	11,980

(c) Financial leases

The future minimum lease payments payable under finance leases are as follows:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Less than one year	**6,449**	3,425	1,532
From one to two years	**7,441**	3,046	1,439
More than two years	**13,505**	4,312	1,660
	27,395	10,783	4,631
Future finance charges on finance leases	**(6,374)**	(2,541)	(1,007)
Present value of finance lease liabilities	**21,021**	8,242	3,624
Less than one year	**3,930**	2,362	1,070
From one to two years	**5,605**	2,316	1,147
More than two years	**11,486**	3,564	1,407
	21,021	8,242	3,624

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Less than one year	**845**	462	225
From one to two years	**976**	411	212
More than two years	**1,770**	580	244
	3,591	1,453	681
Future finance charges on finance leases	**(835)**	(343)	(148)
Present value of finance lease liabilities	**2,756**	1,110	533
Less than one year	**515**	318	157
From one to two years	**735**	312	169
More than two years	**1,506**	480	207
	2,756	1,110	533

(d) Contractual commitments

The Group has the following contractual commitments:

(in thousands of Ukrainian hryvnias)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Purchase commitments:			
Property, plant and equipment	**46,071**	56,236	55,305
Materials	**18,107**	5,936	1,048
Services	**25**	25	25
	64,203	62,197	56,378
Sales commitments:			
Sugar and by-products	**71,245**	31,411	64,073

(in thousands of Euros)	**30 June 2008 (unaudited)**	**31 December 2007 (audited)**	**30 June 2007 (unaudited)**
Purchase commitments:			
Property, plant and equipment	**6,040**	7,580	8,136
Materials	**2,374**	800	154
Services	**3**	3	4
	8,417	8,383	8,294
Sales commitments:			
Sugar and by-products	**9,340**	4,234	9,426

32 RELATED PARTY TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. Related parties comprise the Group parent's associates, the shareholders, companies are under common control of the Group's controlling owners, key management personnel and their close family members, and companies that are controlled or significantly influenced by shareholders. Prices for related party transactions are determined on an ongoing basis. The terms of some related party transactions may differ from market terms. Balances and transactions with related parties, substantially all of which are with companies under common control of the shareholders are shown at their carrying value and are as follows:

(a) Revenues

Sales of goods and services to related parties outside the consolidated Group for the six months ended 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenues	**5,289**	7,264	**691**	1,082

(b) Purchases

Purchases of goods and services from related parties for the six months ended 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Purchases	**2,491**	4,849	**325**	722

(c) Receivables

Receivables from related parties as at 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Trade accounts receivable	**1,427**	8,270	**186**	1,217
Long-term receivables	**-**	3,451	**-**	508
Advances made	**180**	1,673	**24**	246
Other receivables	**317**	5,470	**41**	805
	1,924	18,864	**251**	2,776

There is no contractual maturity for the receivables from related parties. Balances are unsecured. No provision for doubtful debts is created on these balances as at 30 June 2008 and 31 December 2007.

(d) Payables

Payables from related parties as at 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Trade accounts payable	**244**	20,719	**32**	3,048
Advances received	**-**	4,173	**-**	614
Other payables	**510**	3,670	**67**	540
	754	28,562	**99**	4,202

(e) Loans and borrowings

Loans and borrowings from related parties as at 30 June are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008 (unaudited)	**2007 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Local banks	**-**	1,622	**-**	239

33 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- On 7 May 2008, the Group entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD) with a credit limit of USD 20,000 thousand (UAH 92,150; EUR 12,080 thousand) to finance modernization of its sugar plants. The credit facility is denominated in US dollars, bear an interest rate of Libor+3.5% and matures in 2015. The proceeds were received in July 2008.
- On 14 July 2008, SC "Tsukrovyk Podillia" acquired the integral property complex of the Narkevychi sugar plant for UAH 8,819 thousand (EUR 1,150 thousand). The transaction is not a business combination and represents acquisition of property, plant and equipment in bulk.
- On 17 July 2008, the Group increased its control over the subsidiary company LLC “Dobrobut” (Novo-Sanzharskiy region) by means of acquisition of additional share of 1.90% in the subsidiary’s net assets. The purchase consideration paid amounts to UAH 712 thousand (EUR 93 thousand) and comprises only direct cash payments. The share of ownership in the subsidiary company LLC “Dobrobut” (Novo-Sanzharskiy region) is 99.88% as a result of the transaction.
- On 31 July 2008, the Group received the third tranche from Wells Fargo HSBC Trade Bank amounting to USD 2,159 thousand (EUR 1,385 thousand) with the implicit interest rate of Libor+1.25%.
- On 19 August 2008 the Group established LLC “Agricultural company “Ridny Kray” with the authorised share capital amounting to UAH 10 thousand (EUR 1 thousand).
- On 3 September 2008 LLC "APO "Tsukrovyk Poltavshchyny" was reorganized into OJSC "APO "Tsukrovyk Poltavshchyny".

Board of Directors of ASTARTA Holding N.V.

V. Ivanchyk	___(signed)____
P. Rybin	___(signed)____
M.M.L.J. van Campen	___(signed)____
V. Korotkov	___(signed)____
W.T. Bartoszewski	___(signed)____

17 September 2008,
Amsterdam, The Netherlands

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Independent Accountants' Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors of
Astarta Holding N.V. (the Netherlands)

Introduction
We have reviewed the accompanying interim condensed consolidated balance sheet of Astarta Holding N.V. and its subsidiaries (the Group) as at 30 June 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at 30 June 2008 and for the six months then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Emphasis of matter
Without qualifying our conclusion, we draw attention to the fact that the condensed consolidated income statement for the three months ended 30 June 2008 is not reviewed.

CJSC KPMG Audit

CJSC KPMG Audit
17 September 2008