ASTARTA HOLDING N.V.

2011
Annual Report

Contents

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

Consolidated statement of operations for the year ended 31 December (in thousands of UAH)

	2011	2010	2009	2008	2007
Revenues	3 385 529	2 328 203	1 480 739	970 736	615 286
Cost of revenues including remeasurement gains	(2 037 574)	(1 364 475)	(972 761)	(717 020)	(442 988)
Gross profit	1 347 955	963 728	507 978	253 716	172 298
Operating income (expenses), net	(306 872)	(51 991)	(46 410)	(102 922)	6 549
Profit from operations (EBIT)	1 041 083	911 737	461 568	150 794	178 847
Net financing expenses and other non-operating income (expense)	(37 474)	(82 685)	(126 229)	(267 251)	(30 468)
Profit (loss) before tax	1 003 609	829 052	335 339	(116 457)	148 379
Income tax (expense) benefit	(27 499)	5 736	(5 422)	27 209	648
Net profit (loss)	**976 110**	**834 788**	**329 917**	**(89 248)**	**149 027**
Net profit (loss) attributable to: minority interests	(310)	(128)	(136)	647	(684)
Equity holders of parent company	**976 420**	**834 916**	**330 053**	**(89 895)**	**149 711**

Consolidated balance sheet as at 31 December (in thousands of UAH)

	2011	2010	2009	2008	2007
Total non-current assets	2 621 932	1 722 787	1 431 633	941 210	634 560
Total current assets	3 319 794	2 011 692	1 243 539	1 040 782	646 743
Total assets	**5 941 726**	**3 734 479**	**2 675 172**	**1 981 992**	**1 281 303**
Total equity	3 196 985	2 213 927	1 369 995	676 090	735 076
Total non-current liabilities	1 335 391	721 816	743 038	210 079	117 976
Total current liabilities	1 409 350	798 736	562 139	1 095 823	428 251
Total equity and liabilities	**5 941 726**	**3 734 479**	**2 675 172**	**1 981 992**	**1 281 303**

Consolidated statement of operations for the year ended 31 December (in thousands of Euro)

	2011	2010	2009	2008	2007
Revenues	303 587	219 330	128 239	123 382	87 747
Cost of revenues including remeasurement gains	(182 713)	(128 142)	(84 879)	(88 735)	(63 145)
Gross profit	120 874	91 188	43 360	34 647	24 602
Operating income (expenses), net	(27 518)	(3 678)	(2 668)	(13 204)	1 175
Profit from operations (EBIT)	93 356	87 510	40 692	21 443	25 777
Net financing expenses and other non-operating income (expense)	(3 360)	(7 884)	(10 818)	(32 246)	(4 359)
Profit (loss) before tax	89 996	79 626	29 874	(10 803)	21 418
Income tax (expense) benefit	(2 466)	415	(425)	3 209	80
Net profit (loss)	**87 530**	**80 041**	**29 449**	**(7 594)**	**21 498**
Net profit (loss) attributable to minority interests	(27)	(12)	(11)	75	(90)
Equity holders of parent company	**87 557**	**80 053**	**29 460**	**(7 669)**	**21 588**

Consolidated balance sheet as at 31 December (in thousands of Euro)

	2011	2010	2009	2008	2007
Total non-current assets	251 627	162 680	123 843	83 663	85 527
Total current assets	318 598	189 959	107 571	92 516	87 168
Total assets	**570 225**	**352 639**	**231 414**	**176 179**	**172 695**
Total equity	306 813	209 054	118 508	60 098	99 074
Total non-current liabilities	128 157	68 160	64 276	18 674	15 901
Total current liabilities	135 255	75 425	48 630	97 407	57 720
Total equity and liabilities	**570 225**	**352 639**	**231 414**	**176 179**	**172 695**

Consolidated statement of operations for the year ended 31 December (in thousands of USD)

	2011	2010	2009	2008	2007
Revenues	423 572	292 742	183 364	182 127	121 839
Cost of revenues including remeasurement gains	(254 926)	(171 565)	(120 460)	(134 525)	(87 720)
Gross profit	168 646	121 176	62 904	47 602	34 118
Operating income (expenses), net	(38 394)	(6 537)	(5 747)	(19 310)	1 297
Profit from operations (EBIT)	130 252	114 639	57 157	28 292	35 415
Net financing expenses and other non-operating income (expense)	(4 688)	(9 766)	(15 631)	(50 141)	(6 033)
Profit (loss) before tax	125 564	104 243	41 526	(21 849)	29 382
Income tax (expense) benefit	(3 440)	721	(671)	5 105	128
Net profit (loss)	**122 123**	**104 964**	**40 855**	**(16 744)**	**29 510**
Net profit (loss) attributable to: minority interests	(39)	(16)	(17)	121	(135)
Equity holders of parent company	**122 162**	**104 980**	**40 871**	**(16 866)**	**29 646**

Consolidated balance sheet as at 31 December (in thousands of USD)

	2011	2010	2009	2008	2007
Total non-current assets	325 862	216 023	177 953	119 141	125 655
Total current assets	412 294	252 250	154 573	131 745	128 068
Total assets	**738 156**	**468 273**	**332 526**	**250 885**	**253 723**
Total equity	397 797	277 608	170 291	85 581	145 560
Total non-current liabilities	165 328	90 510	92 360	26 592	23 362
Total current liabilities	175 031	100 155	69 874	138 712	84 802
Total equity and liabilities	**738 156**	**468 273**	**332 526**	**250 885**	**253 723**

ASTARTA HOLDING N.V. CEO AND CHAIRMAN'S STATEMENT

Dear Shareholders,

For ASTARTA, 2011 was another successful year to deliver a robust growth. We strengthened market positions in all key business segments, demonstrated strong financial and production results, and continued operational expansion.

Outperforming guidance, ASTARTA redoubled production of grains and oilseeds to 660 thousand tonnes, harvested over 2.1 million tonnes of sugar beet, or 58% more than a year ago. Production of white sugar from sugar beet grew 88% to over 370 thousand tonnes, and milk output increased 35% to 70 thousand tonnes. The cultivated land area expanded by 17% to 245 thousand ha, and processing capacity of sugar plants by 21% to 33 thousand tonnes of beet per day. The cattle farming segment demonstrated 17% headcount increase to 28 thousand heads. Such an inspiring performance strengthened ASTARTA's top-ranking position in Ukrainian sugar, milk and crop markets.

Along with delivering growth we continued to work hard on operational efficiency. ASTARTA continued to introduce modern technologies into agriculture to provide for significantly higher yields; carried on implementation of high quality production standards at cattle farms; went on with modernization of sugar plants achieving further 10% reduction in natural gas consumption. Aiming at faster development of energy efficiency we started a pioneering bio-energy project at one of our sugar plants. As we achieved significant progress in implementation of energy saving program, we were able to profit by selling Carbon Emission Reduction Units under Kyoto protocol.

Growth and successful operational performance favored strong financial results of 2011. Advance in all segments contributed to dynamic increase in revenues, EBITDA and net profit.

ASTARTA was pursuing higher environmental safety and social responsibility standards. The Group promoted introduction of corporate integrated environmental management system and has passed several independent evaluations of working conditions and occupational safety.

We also continue to believe that ASTARTA's main value is our management and professionals. Therefore we stepped up investments in staff's professional growth and education, supporting it with employees performance assessment and loyalty programs.

The last year was a successful one for ASTARTA, and impressive progress has been made to secure a solid foundation for its further development. We set ambitious targets for 2012 and years to come, and feel inspired to evolve ASTARTA's successful growth story.

Sincerely yours,

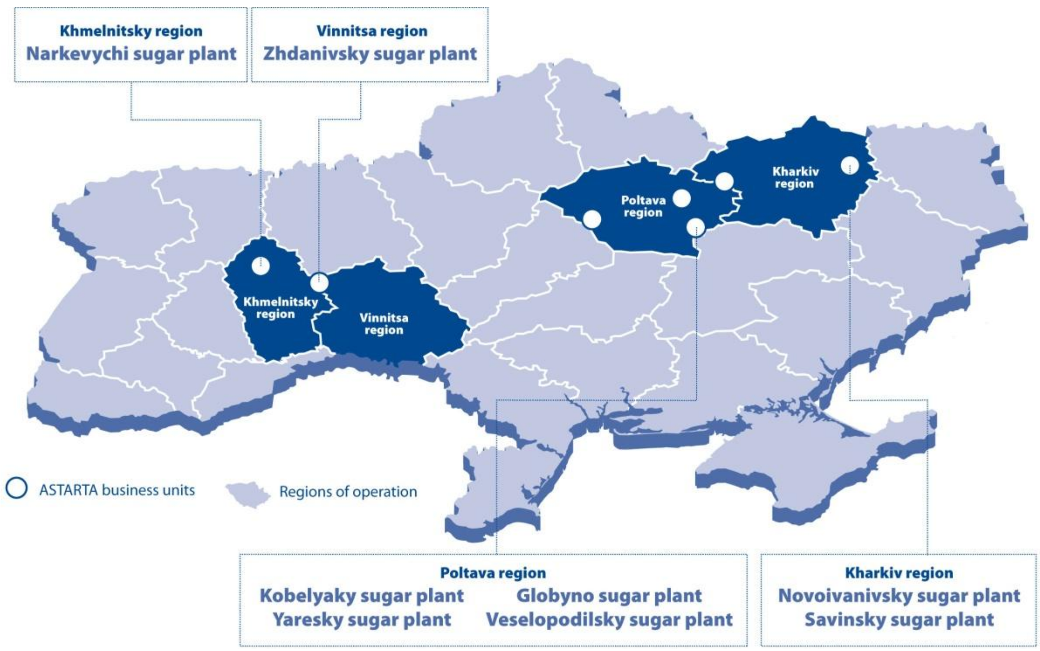
Viktor Ivanchyk, CEO
Valery Korotkov, Chairman

Report of the Board of Directors on Operations for the year 2011

The Group at a Glance

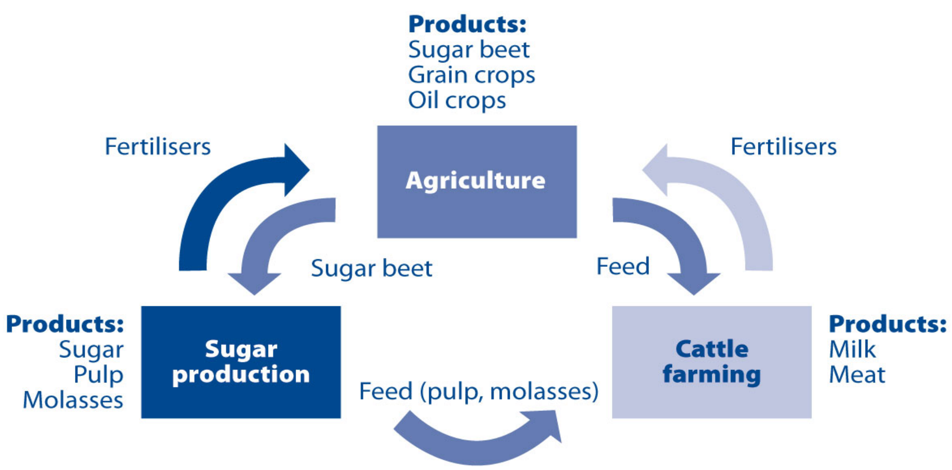
ASTARTA is an integrated agri-industrial producer with its main operating assets located in Ukraine. The key business segments are crop, sugar, and milk production. ASTARTA has developed significant market shares in all three market segments, being the number one public company in Ukraine in terms of volumes of production of sugar beet, white sugar, and raw milk. The core businesses are highly vertically-integrated and synergetic. This provides for lower cost production and higher efficiency.

Figure 1. ASTARTA production assets



To secure the inter-segment synergy, all main production facilities are proportionally concentrated within several self-reliant business-units which have under their control: land in long-term lease, sugar plant(s), storage and infrastructure facilities, agri-machinery and transportation fleet, as well as cattle farms

Figure 2. Main business segments and their synergy

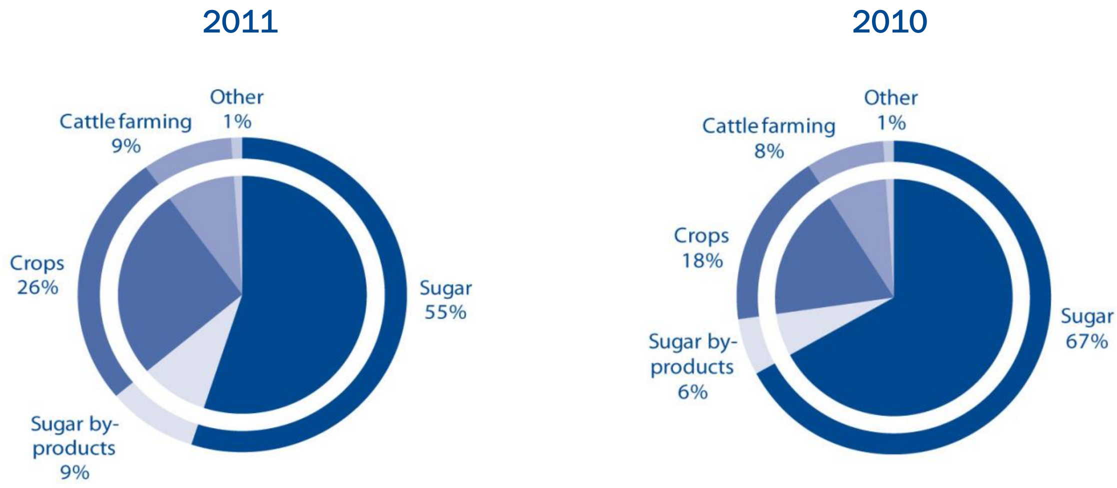


It is worth mentioning that ASTARTA's operating assets are located in areas where land quality is good and climate conditions for crop growing are favorable, thus providing for cost-efficient production.

Performance in key segments

The main products, which ASTARTA supplies to its customers, are sugar and sugar by-products (molasses and pulp); grains and oilseeds; cattle farming produce (mostly raw milk).

Figure 3. Structure of the external revenues in 2010 and 2011



A structure of revenues reflects diversified nature of the Group's business. Following 67% increase in volumes of crop sales, revenues in the segment recorded an almost double y-o-y growth and totaled to EUR 79 million, implying for 26% share in the total. Volumes of sugar sales grew c. 10%. An increase in revenues in the segment by 22% to EUR 194 million was well supported by booming sales of sugar by-products and secured it a 64% share. The share of cattle farming segment grew to 9%, as revenues in the segment was up by 49% to EUR 26 million.

Revenues from export sales grew almost by 150%, following over 90% increase in volumes of exported products. The share of exports in total revenues constituted 13% in 2011 compared to 6% in 2010.

Agriculture segment

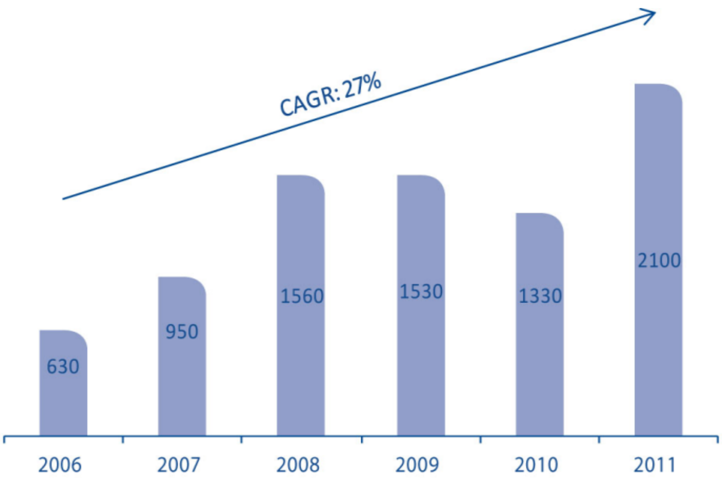
Following its growth strategy, ASTARTA increased cultivated land bank y-o-y by 17% to 245 thousand ha. One of the priorities was to build-up two new business units in Kharkiv region, therefore the land bank there was increased by more than six times providing for better self-sufficiency in beet production.

The Group implements a scientifically-based approach to crop rotation and applies modern agri-technologies. It seeks rather a long-term increase in productivity per hectare and cost efficiency than a short-term opportunistic benefit. As a result, quality of land under ASTARTA management appreciates incrementally, and fields that are cultivated by the Group for more than four-five years could normally produce more crops per hectare, compared to those just taken under control.

Figure 4. Area of operated land, thousand hectares, as of 31 December

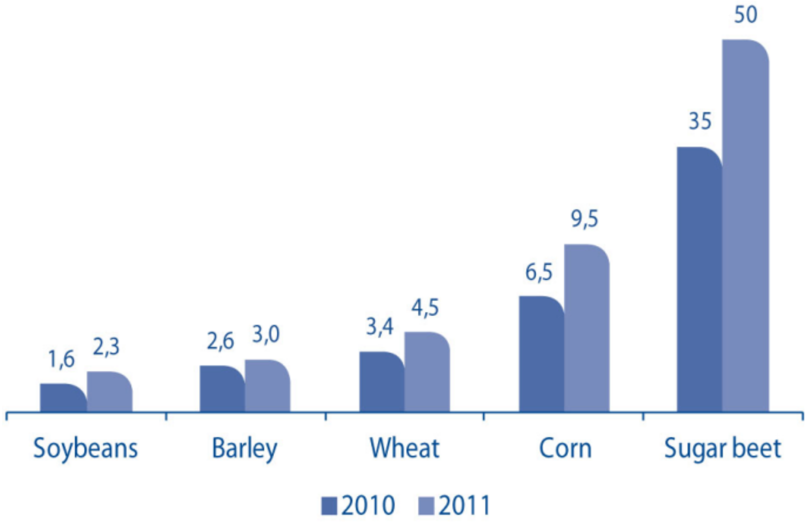
The mentioned factors in combination with relatively good weather conditions provided for substantial increase in crop yields in 2011. The average yield of key crop – sugar beet grew y-o-y by almost 43% and reached the level of 50 tonnes per ha outstripping the average Ukrainian level by 39%. Growth of yields together with increase in area under sugar beet resulted in considerable 58% increase in in-house beet production, which reached 2,1 million tonnes.

Figure 5. Sugar beet production, ASTARTA (thousand tonnes)



Other key crops have also significantly outperformed the last year's results, and yields were considerably higher than Ukrainian average. Total harvest of grains and oilseeds was 660 thousand tonnes, which is two times more than in 2010. The top ranking crops in terms of yields growth were corn (+46% y-o-y) and soybeans (+44% y-o-y), as shown in Figure 6.

Figure 6. Average yields of ASTARTA's in 2010-2011, t/ha

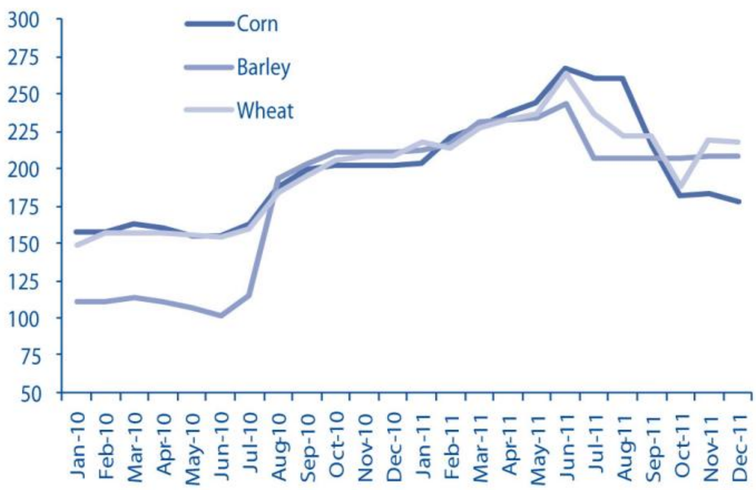


In line with the land bank enlargement and increasing production, the Group continued to invest in agricultural machinery and crop storages. The agri-machinery fleet was reinforced by modern equipment from leading Ukrainian, EU and the US producers, and by the end of 2011 comprised more than 2000 units.

Capacity of grain and oilseeds storages as at the end of 2011 constituted up to 400 thousand tones, providing for possibility to process and store a material part of a crop harvest. On top, in order to increase the level of self sufficiency in storage capacities the Group widely uses so called "Polyethylene Sleeves" which allow storing grains and oilseeds up to 12-15 months.

The Group sold crops to its traditional Ukrainian and international partners. In the first half of 2011, due to export limitations ASTARTA concentrated on internal crop sales. When restrictions were lifted, crop exports became a major part of the segment's revenues.

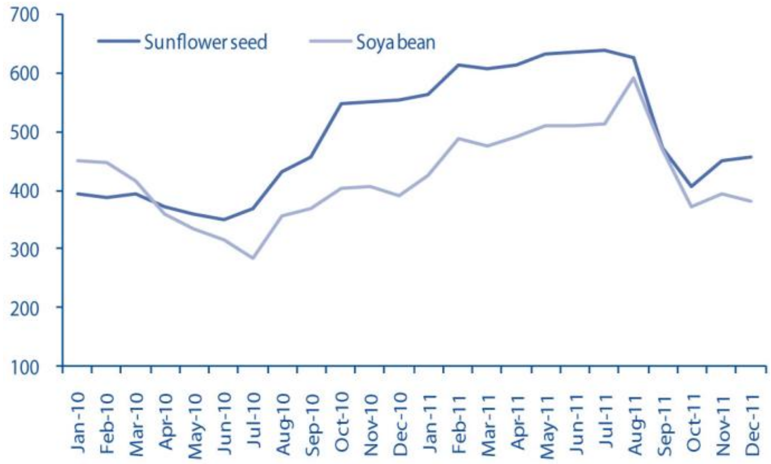
Figure 7. Average Ukrainian price for grains in 2010-2011, USD per tonne, VAT incl



Source: APK-inform analytical agency, State Statistics Committee

Domestic and export crop sales were supported by favorable pricing environment and successful marketing policy. Despite volatility through the year, average prices for key crops grew y-o-y in a range of 24% to 46%.

Figure 8. Average Ukrainian price for oilseeds in 2010-2011, USD per tonne, VAT incl.



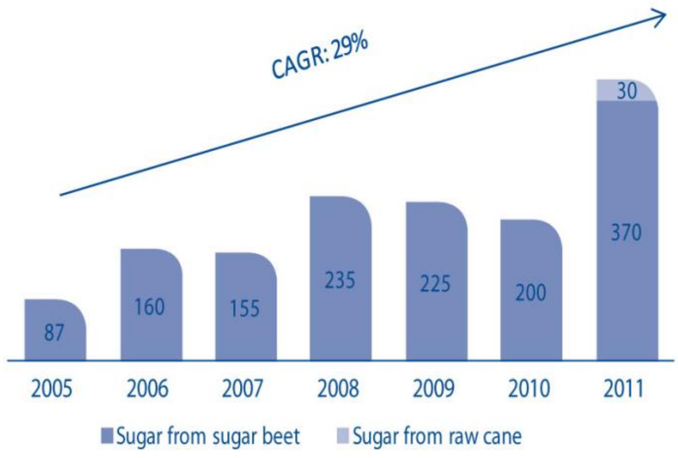
Source: APK-inform analytical agency, State Statistics Committee

Export sales of grains and oilseeds generated c. 37% in total revenues of the segment (the same for 2010). Key international traders and big industrial end-consumers were the largest clients. About half of crops were sold to smaller clients whose individual shares were less than 3% of sales in a category.

Sugar Segment

ASTARTA is Ukraine's top-producer of high-quality white sugar with a 16% share. In 2011, ASTARTA's sugar plants processed 2,6 million tonnes of sugar beet (+65% y-o-y) and produced over 370 thousand tonnes of high quality white sugar (+88% y-o-y) from beet and 30 thousand tonnes from raw cane sugar. In terms of volumes of beet processing and white sugar production, the 2011 campaign has clearly set a new record in the Group's history.

Figure 9. White sugar production , ASTARTA (thousand of tonnes)

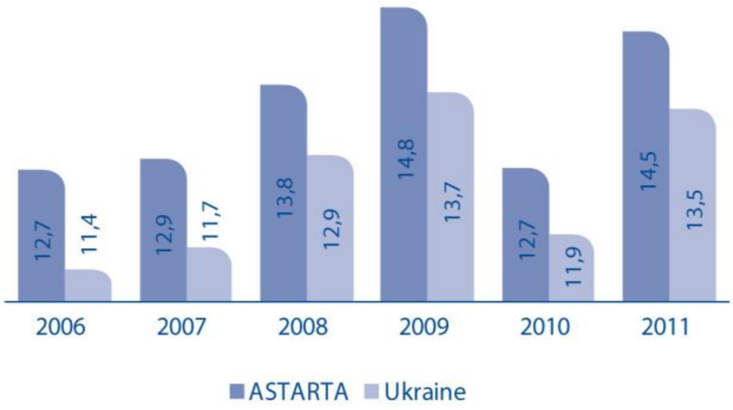


In accordance with a strategy of diversification, first in the Groups history a raw cane sugar processing campaign was initiated in summer 2011 at Yaresky sugar plant (Poltava region).

Around 31 thousand tonnes of raw cane sugar has been processed and 30 thousand tonnes of high-quality white sugar was produced. Daily processing capacity of raw cane sugar was more than 700 tonnes.

Average level of sugar extraction ratio from sugar beet in the Group's plants was 14.5% (12.7% - in 2010) which is significantly higher than Ukrainian average. Narkevychi sugar plant provided the highest sugar yield among the Group's plants - 14.9%.

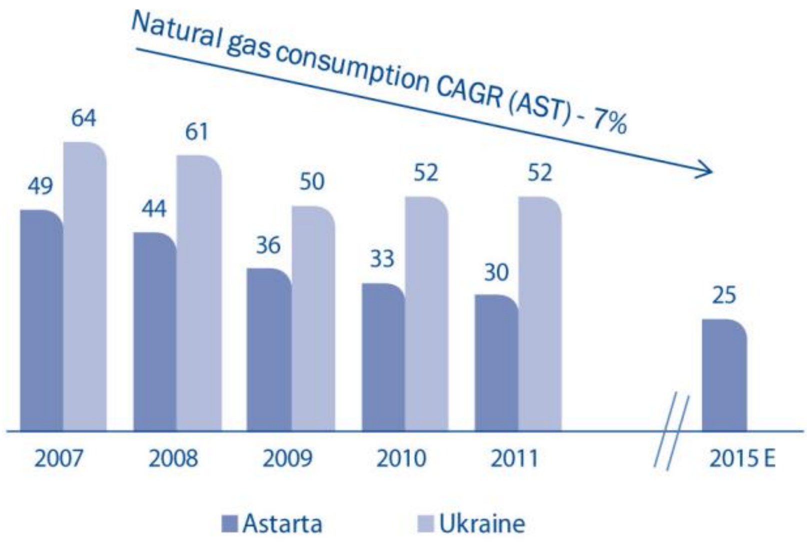
Figure 10. Sugar conversion ratios, %



Source: Ukrtsukor, management estimates

Following implementation of Energy efficiency program, average level of natural gas consumption for processing of one tonne of sugar beet at covered Group's plants decreased by 10% y-o-y to c. 30 cubic meters. This level is almost 40% lower than the average Ukrainian benchmark and provides ASTARTA with important competitive advantage.

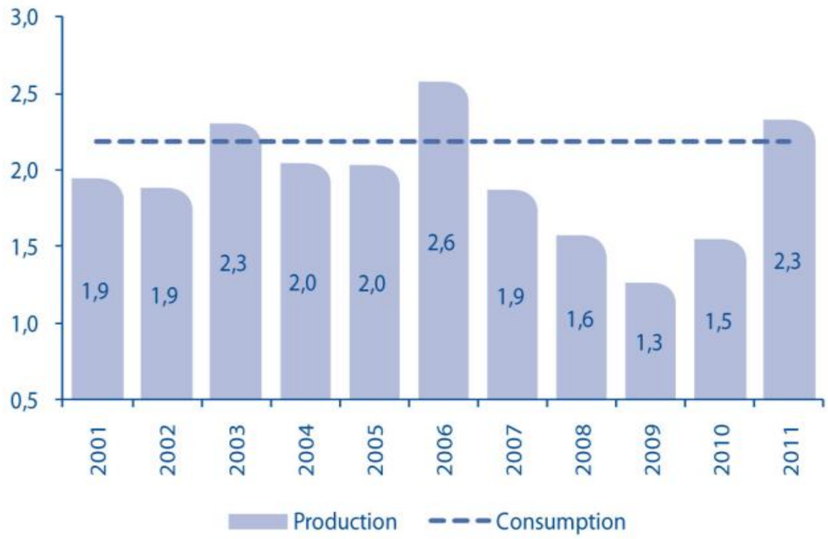
Figure 11. Natural gas consumption, cubic meter per tonne of beet processed



Source: Ukrtsukor, management estimates

At the national level, a 5% y-o-y increase in beet plantations, mainly thanks to profit-seeking farmers, combined with good weather conditions boosted beet harvest by 36% y-o-y to 18,7 million. As a result, in 2011 Ukrainian sugar industry produced 2,3 million tonnes of white sugar from beet, or 51% more compared to 2010.

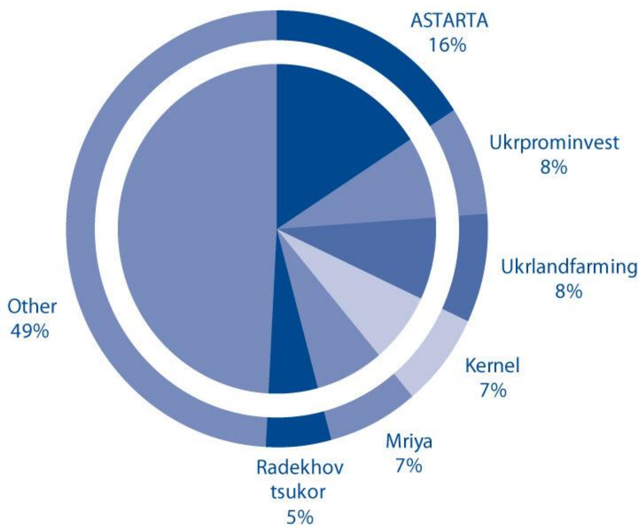
Figure 12. Beet sugar production vs. consumption in Ukraine, million of tonnes



Source: Ukrtsukor, management estimates

Successful performance in the sugar market requires coherent large-scale investments to modernize sugar plants and create vertical integration by combining processing with agri-production. Along with few consistent players embarking this strategy, there are many of those, which initiate production only when sugar prices are providing high returns. As competitive landscape is changing, ASTARTA for fourth consecutive year remains indisputable leader in the market in terms of volumes of production and its efficiency.

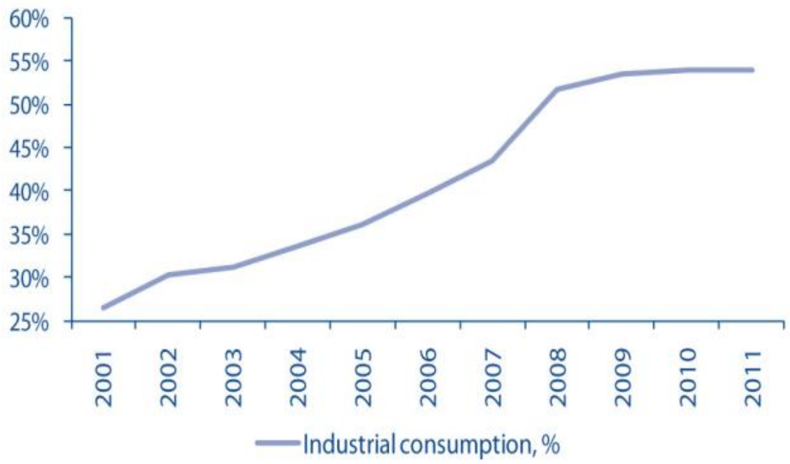
Figure 13. Top Ukrainian sugar producers in 2011



Source: Ukrtsukor, Company estimates

Sugar remains a staple and strategic product in Ukraine, and its consumption seems to have relatively low price elasticity to economy ups and downs. It can be expected that in the mid-term Ukraine's consumption will stay at a current level of about 2 million tonnes. At the same time, a share of industrial use of sugar in total consumption persistently grew almost every year in the last decade. The confectionery sector is the main industrial user of sugar, followed by soft drinks producers.

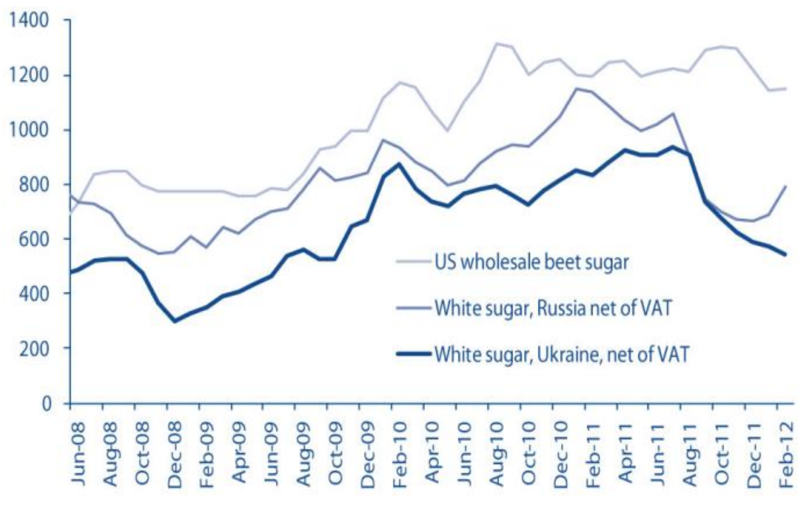
Figure 14. Industrial consumption of sugar in Ukraine, % of total



Source: Ukrtsukor, management estimates

Prices on Ukrainian sugar market were very volatile during the past year. After reaching a historic high in summer, price dropped in autumn almost 40%. Current low level of domestic sugar prices is considered by many analysts as a temporary event.

Figure 15. Average sugar prices in 2008-2012, USD per tonne, VAT excl.

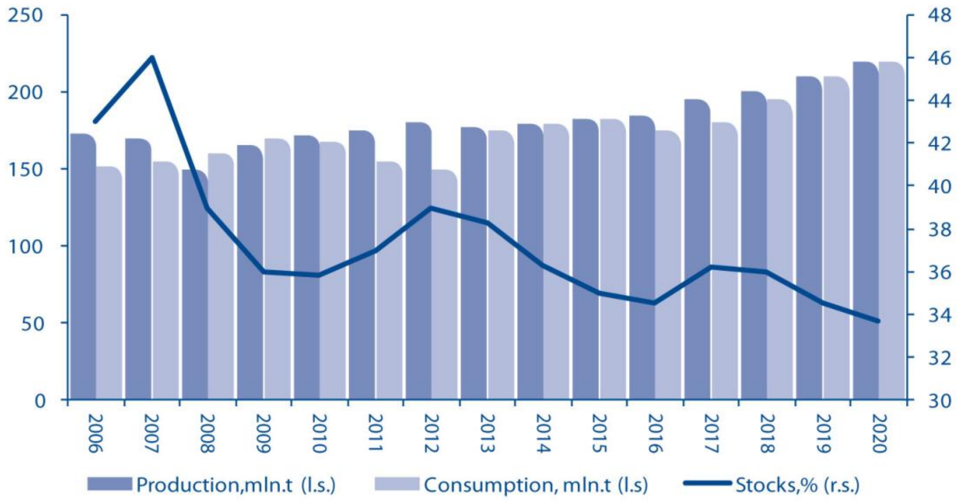


Source: Ukrtsukor, USDA, IKAR, management estimates

At the time of publication of this report, Ukrainian sugar prices remain the lowest among neighboring peers, including most of the CIS and the EU countries.

Since 2008, global sugar consumption exceeded production level by c. 1-2 million tonnes for two years. The situation changed in 2010, when demand was limited by high prices and production level dynamically increased. OECD forecasts that global sugar stocks should rebuild in the near term, but then, the stocks-to-use ratio is expected to decrease over the coming decade, providing support for higher prices.

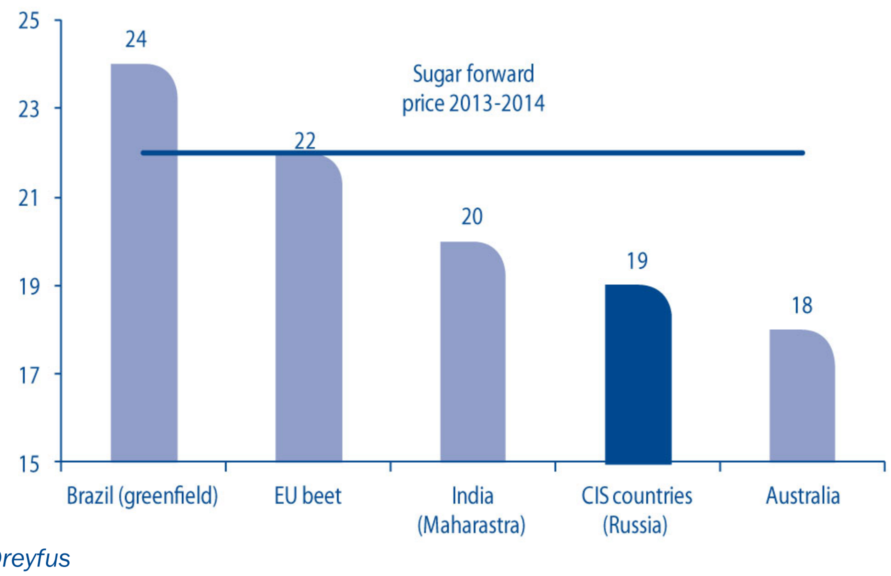
Figure 16. Evolution of world sugar production, consumption and stock-to-use ratio to 2020



Source: OECD and FAO Secretariats

Many of sector analysts consider that sugar industry in the CIS countries has good development potential thanks to low cost of production (Figure 16).

Figure 17. Long-term sugar prices vs. marginal cost of sugar production (raw equivalent), c/lb



Source: Louis Dreyfus

The Management believes that the Ukrainian sugar sector has strong long-term fundamentals and intends to develop the Group's sugar business by exploiting its competitive advantage of low-cost producer.

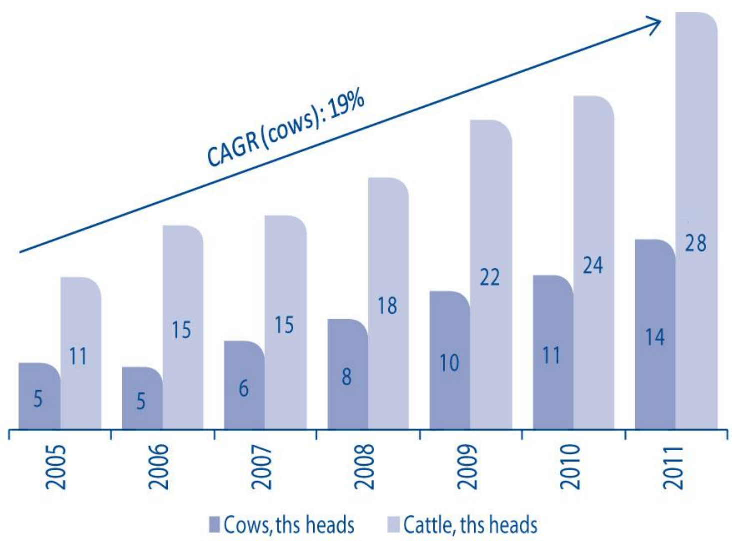
Cattle Farming Segment

In 2011, milk production in ASTARTA increased 35% y-o-y to 70 thousand tonnes. Volumes of milk sold increased 29% to 63 thousand tonnes.

Figure18. Milk output at ASTARTA farms in 2005-2011, thousand tones

Cattle headcount increased by 17% to 28 thousand heads and the number of milking cows grew by 28% to 14 thousand heads.

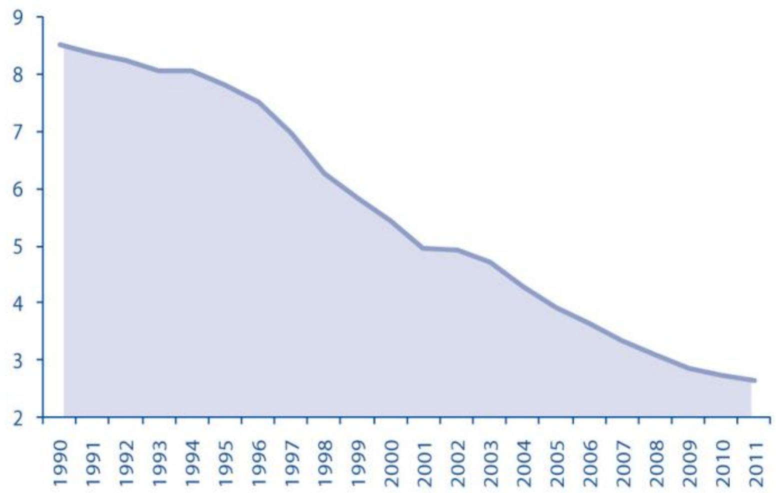
Figure 19. Cattle headcount (as of 31 December) at ASTARTA farms in 2005-2011



In December 2011, ASTARTA commissioned a second stage of a modern dairy livestock facility in Poltava region housing 1200 cows in total. Introduction of modern technologies of livestock keeping and nutrition are the intrinsic parts of the project. As a result yields per cow at this facility grew to over 7000 liters per year. Additionally, modern systems of waste separation, milk cooling and automatic analysis of herd's productivity are introduced that allows to optimize costs and to increase milk quality. Similar technologies are gradually embedded throughout other ASTARTA's farms and promote increase in production volumes and quality of milk.

Ukrainian milk market has very low level of consolidation. Households are securing over 80% of total Ukrainian raw milk output, while consolidated producers provide only 20%. During two last decades cow population kept by households is declining and moderate increase of industrial cattle farming does not countervail.

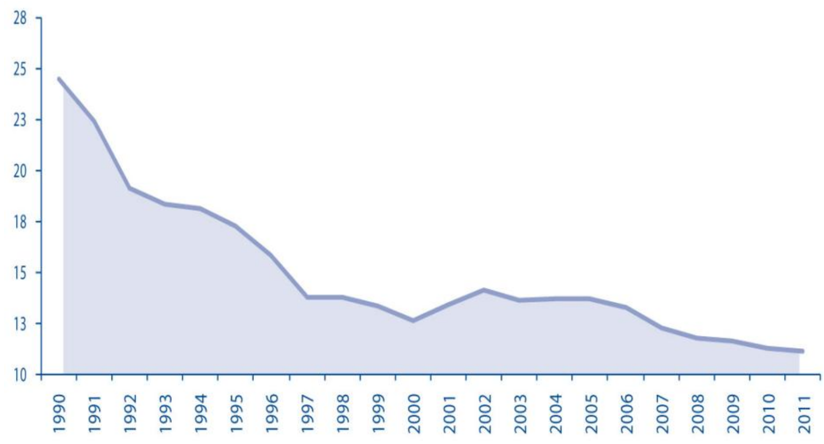
Figure 20. Milking cows population in Ukraine in 2005-2011, million heads



Source: State Statistics Committee of Ukraine

In 2011, tendency of decrease in milk production in Ukraine continued. The amount of production was 11,1 million of tonnes that is 1,4% lower than in 2010 and 17,5% lower than in 2001.

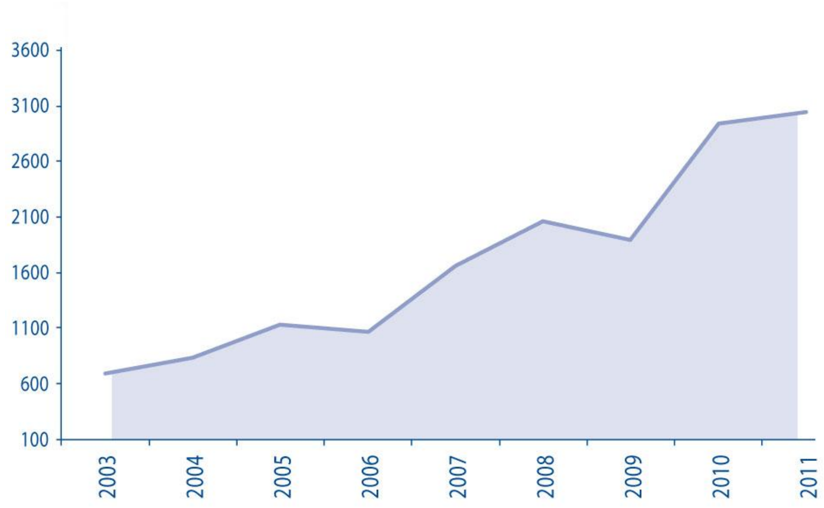
Figure 21. Milk production in Ukraine in 1990-2011, million tones



Source: State Statistics Committee of Ukraine

Significant part of milk is consumed locally and sold through unorganized retail. This situation makes high-quality milk a product of an increased demand from processors. As a result of declining supply, constant decrease in livestock headcount, and seasonality of production, the average price for raw milk in 2011 increased over 10%.

Figure 22. Average milk price in Ukraine, 2007 - 2011, UAH per tonne, VAT excl.



Source: State Statistics Committee of Ukraine

The Management believes that efficient industrial milk production based on vertical integration and regional synergy has a strong long-term potential and intends to develop this business segment.

Financial Performance and Financial Position

The table below provides selected financial data as at and for the twelve months ended December 31 in thousand of Ukrainian hryvnia, Euro and Polish zloty.

Table 1. Selected financial data

	UAH		EUR		PLN	
	2011	2010	2011	2010	2011	2010
I. Revenues	3 385 529	2 328 203	303 587	219 330	1 256 745	923 543
II. Profit from operations	1 041 083	911 737	93 356	87 510	386 461	361 664
III.Profit (loss) before tax	1 003 609	829 052	89 996	79 626	372 551	328 865
IV. Net profit (loss)	976 110	834 788	87 530	80 041	362 343	331 141
					-	-
V. Cash flows provided (used) by operating activities	36 375	226 397	6 927	25 205	13 503	89 806
VI. Cash flows used in investing activities	(953 670)	(423 066)	(90 837)	(40 002)	(354 013)	(167 820)
VII. Cash flows provided by financing activities	958 634	186 228	85 987	15 112	355 855	73 872
VIII. Total net cash flow	41 339	(10 441)	2 139	315	15 345	(4 142)
					-	
IX. Total assets	5 941 726	3 734 479	570 224	352 639	2 205 633	1 345 484
X. Current liabilities	1 409 350	798 736	135 255	75 425	523 166	287 774
XI. Non-current liabilities	1 335 391	721 816	128 158	68 160	495 712	260 061
XII. Share capital	1 663	1 663	250	250	599	599
XIII. Total eqity	3 196 985	2 213 927	306 811	209 054	1 186 755	797 649
					-	
XIV. Number of shares	25 000 000	25 000 000	25 000 000	25 000 000	25 000 000	25 000 000
XV. Profit (loss) per ordinary share	39,06	33,4	3,51	3,2	14	12

Financial Performance

Revenues

In 2011, the Group increased revenues by 45% y-o-y to UAH 3,385 million due to higher volumes of sales and better pricing. Revenues in the Euro equivalent increased by 38% y-o-y to EUR 303.6 million.

Revenues from sugar and sugar by-products sales grew 28% y-o-y to UAH 2,167 million; in the Euro equivalent revenues in the segment increased by 22% y-o-y to EUR 194 million. Volumes of sugar sales increased 10%, and growth of volumes of sales of molasses was 88% and granulated pulp 34%. For more details on sugar segment, refer to sections *Sugar Segment and Segments Performance*.

Due to a 67% y-o-y increase in volumes of sales of crops and favorable market environment, external revenues in this segment increased by 106% y-o-y to UAH 886.3 million and by 96% in the in Euro equivalent to EUR 79.5 million. For more details on crop markets situation, refer to sections *Agriculture Segment and Segments Performance*.

Revenues from sales of cattle farming produce grew 57% to UAH 288.4 million, and in the Euro equivalent by 49% to EUR 26 million. Volumes of sales of milk were up by 29%. For more details on cattle farming segment, refer to sections *Cattle Farming Segment and Segments Performance*.

Gross profit and cost of revenues

Cost of revenues grew by 59% to UAH 2,158 million or by 51% to EUR 193.5 million in the Euro equivalent. Gross profit grew 40% to UAH 1,348 million (33% in the Euro equivalent to EUR 120.9 million). Gross margin constituted 40%.

Cost of revenues grew faster than revenues themselves due to several reasons. Cost of sales in the first half of the 2011 was formed by 2010 production season, influenced by adverse weather impact. In the second half of the year the Group was selling produce of 2011 harvest, when the cost of one tonne was lower due to improvement in yields of key crops. Revenues dynamics in the second half of 2011 was limited by drop in sugar price. Through the year volumes of sales grew significantly influencing the cost of sales as well.

Profit from operations

In 2011, profit from operations (EBIT) increased 14% to UAH 1,041 million, and by 7% in the Euro equivalent to EUR 93.4 million. EBIT margin constituted 31% compared with 39% a year before.

Following growth of the Group's assets, General and administrative expense grew 25% y-o-y to UAH 122 million or 18% to EUR 11 million in the Euro equivalent, still representing 3.6% of the revenues compared to 4.2% in 2010. Due to an increase in volumes of sales in all business segments, especially crop segment, selling and distribution expenses grew 94% to UAH 147.8 million and 82% to EUR 13.3 million in the Euro equivalent, and represented 4.4% of the revenues compared to 3.3% in 2010. Other operating income decreased both in the Hryvnia (UAH 8.7 million) and Euro equivalent (EUR 0.8 million) reflecting reduction in Government subsidies.

Positive change in fair value of biological assets constituted UAH 20.4 million (UAH 113.4 million in 2010) and in the Euro equivalent - EUR 2 million (EUR 12 million in 2010) implying for significantly lower influence on the profitability compared to previous year. *For more details refer to Note 26 to the Consolidated Financial Statements.*

Financial expenses

Financial costs increased by 76% to UAH 225.1 million, in the Euro equivalent by 65% to EUR 20,2 million following increase in total volume of bank loans.

Profit before tax and net profit

Profit before tax grew by 21% to UAH 1,004 million. In the Euro equivalent, profit before tax increased by 13% to EUR 90 million. Net profit was UAH 976.1 million (EUR 87.5 million) compared to UAH 834.8 million (EUR 80.0 million) in 2010. Net margin constituted 29% against 36% a year before.

Financial Position

Assets

Total assets grew 59% y-o-y from UAH 3,735 million to UAH 5,942 million. In the Euro equivalent total assets increased by 62% y-o-y from EUR 353 million to EUR 570 million. Non-current assets increased by 52% y-o-y to UAH 2,622 million compared to 1,723 a year before. In the Euro equivalent non-current assets grew by 55% to EUR 252 million from EUR 163 million a year before.

Current assets increased by 65% to UAH 3,320 million compared to UAH 2,012 million a year before. In the Euro equivalent current assets grew by 68% to EUR 318.6 million. The increase in non-current assets was mainly due to a rise in PPE.

The increase in current assets was mainly due to increase in inventories, accounts receivable, and prepayments. Current assets represented 56%, and non-current assets 44% of total assets (54% and 46% in 2010).

Equity and liabilities

Equity grew by 44% to UAH 3,197 million and by 47% to EUR 306.8 million in the Euro equivalent, mainly because of the increase in retained earnings by 73%.

Due to growth of long-term loans and borrowings by 90%, long-term liabilities increased by 85% from UAH 722 million to UAH 1,335 million. In the Euro equivalent long-term liabilities grew by 88% from EUR 68.2 million to EUR 128.2 million.

Short-term liabilities increased 76% from UAH 798.7 million to UAH 1,409 million. In the Euro equivalent short-term liabilities grew by 79% from EUR 75.4 million to EUR 135.3 million. At the same time, short-term loans grew by 141% to UAH 875.8 million (in the Euro equivalent by 145% to EUR 84.1 million), the current portion of long-term borrowings decreased by 21% to UAH 189.4 million (in the Euro equivalent by 19% to EUR 18.2 million).

Total equity and liabilities consisted of 54% equity, 22% non-current liabilities, and 24% current liabilities (59%, 19%, and 22% at 31 December 2010, respectively).

Table 2. Key data, ratios and multiples of the Group as at and for the year ended 31 December

	2011	2010	2009	2008	2007
EBITDA (thousands of Euro)	110 832	100 708	48 870	30 893	30 820
NET DEBT (thousands of Euro)	192 230	110 429	82 865	87 072	50 213
EBITDA MARGIN,%	37%	46%	38%	25%	35%
NET PROFIT MARGIN,%	29%	36%	23%	-6%	24%
ROE	29%	38%	25%	-13%	22%
ROA	15%	23%	13%	-4%	12%
MARKET CAPITALIZATION (thousands of Euro)	294 331	580 177	243 416	65 909	223 339
ENTERPRISE VALUE (EV) (thousands of Euro)	496 217	696 912	329 687	156 875	277 118
EV / EBITDA	4,48	6,92	6,75	5,08	8,99
EV / SALES	1,63	3,18	2,57	1,27	3,16
NET DEBT / EQUITY	0,63	0,53	0,70	1,51	0,51
NET DEBT / EBITDA	1,73	1,10	1,70	2,82	1,63
NET DEBT / SALES	0,63	0,50	0,65	0,71	0,57
TOTAL DEBT RATIO	0,46	0,41	0,49	0,67	0,43
DEBT / EQUITY	0,68	0,54	0,72	2,01	0,74
CURRENT RATIO	2,36	2,52	2,21	0,92	1,51
QUICK RATIO	0,54	0,42	0,37	0,21	0,35
P/E	3,35	7,10	8,39	-8,50	10,35
EPS (EUR)	3,50	3,20	1,18	-0,31	0,86

Formula for calculation of financial indicators

EBITDA	Profit (loss) from operations + depreciation and amortization + impairment of fixed assets
NET DEBT	Short-term finance debt + long-term finance debt – cash – short term deposits
EBITDA MARGIN, %	EBITDA/ Revenues
NET PROFIT MARGIN %	Net profit / Revenues
RETURN ON EQUITY (%)	Net Profit / Shareholders equity
RETURN ON ASSETS (%)	Net Profit / Total assets
MARKET CAPITALIZATION	Number of shares at end of financial period multiplied by closing price on last trading day of the financial period.
ENTERPRISE VALUE (EV)	Market capitalization + net debt + minority interests
TOTAL DEBT RATIO	(Total current liabilities + total non-current liabilities) / Total assets
CURRENT RATIO	Total current assets / Total current liabilities
QUICK RATIO	(Total current assets – inventories – biological assets) / Total current liabilities
P/E	Closing price on last trading day of financial year / Earnings per share
EPS	Net profit attributable to equity holders of the parent company / Average number of shares during the financial period

Key Investments in the Reporting Year

In 2011, the Group made investments in fixed assets and acquired corporate rights in agricultural enterprises. Table 3 below lists the investments by types in 2007 through 2011.

Table 3. Key investments in 2007 through 2011, thousands of Euro

	2011	2010	2009	2008	2007
Acquisition of property, plant and equipment					
Buildings	7,323	6,687	621	1,693	918
Constructions	4,327	2,385	430	1,829	1,162
Equipment and machinery	39,058	23,485	4,057	22,421	16,223
Vehicles	2,938	1,621	1,067	4,091	1,896
Other fixed assets	107	124	60	92	79
Total acquisition of property, plant and equipment	**53,753**	**34,302**	**6,235**	**30,126**	**20,278**
Acquisition of controlling interest in agricultural companies	5,394	2,891	131	2,496	2,555
Other investments	-	-	2,608	246	175
Total investments	**59,147**	**37,193**	**8,974**	**32,868**	**23,008**

Currency Exchange Risk Hedging

About 68% of the Group’s total debt portfolio at the end of the reporting period was denominated in foreign currency, mostly USD. Interest expense was about USD 21 million in 2011. At the same time export revenues constituted USD 43.5 million. Export sales generate proceeds mostly in the USD and obviously provide for a comfortable natural hedge against the Group’s liabilities denominated in foreign currency.

Loans and Borrowings Contracted by the Group

For more details, refer to *Note 16 to the Consolidated Financial Statements and the Section Material Factors and Events.*

Related Party Transactions

For more details, refer to *Note 36 to the Consolidated Financial Statements.*

Financial instruments

For more details, refer to *Notes 8, 31, and 32 to the Consolidated Financial Statements.*

Investment Plans for 2012 and the Sources of their Financing

In 2012, the Group will continue to invest in the main business segments in order to achieve its strategic goals. First of all, the Group will invest in further development of agricultural segment, as well as in reconstruction and modernization of processing capacities with the purpose to reduce the energy consumption and increase production capability. It is intended, that investments would be mainly financed with the retained earnings and loans.

Basis of Preparation

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

Shareholders Structure

According to information available, at 31 December 2011, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership of more than 5% of the total votes at the General Shareholders' Meeting of ASTARTA Holding N.V.

Table 4. Shareholder structure of ASTARTA Holding N.V. as of December 31, 2011

Shareholder	Number of shares	Percentage of owned share capital,%	Number of votes at the General Meeting	Persentage of votes at the General Meeting,%
Victor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	9 246 883	36,99%	9 246 883	36,99%
Valery Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	6 496 883	25,99%	6 496 883	25,99%
Other shareholders	9 256 234	37,02%	9 256 234	37,02%
Total	**25 000 000**	**100%**	**25 000 000**	**100%**

Other shareholders, as at 31 December 2010, include Aviva Investors Poland SA's 5% share.

Changes in the Shareholder Structure of ASTARTA Holding N.V.

- On 28 January 2011, the Company was informed by the member of the Company Board of Directors, Viktor Ivanchyk that the person closely associated with him (in the meaning of art. 160 par. 2 point 4 b) of the Polish Act on Trading in Financial Instruments dated 29 July 2005), i.e., Albacon Ventures Limited, delivered, and Valery Korotkov that the person closely associated with him (in the meaning of art. 160 par. 2 point 4 b) of the Polish Act on Trading in Financial Instruments dated 29 July 2005), i.e., Aluxes Holding Limited, received 800,000 shares in the Company, that correspond to 3.2% of the Company share capital, each share representing one vote.
- On 10 March 2011, Aluxes Holding Limited, one of the two majority shareholders of the Company wholly owned by Valery Korotkov, Chairman of the Board of ASTARTA Holding N.V., sold 1,500,000 shares, each share representing one vote in the Company, bringing the total shares held by Aluxes Holding Limited from 7,996,883 prior to the sale to 6,496,883 following the transaction, equivalent to 25.99% of total shares outstanding. After this transaction, the total free float of the Company's shares increased from 31.02% to 37.02%.

Share Price Performance

Global and local equity markets were highly volatile in 2011. Economic data remained contradictory with prevailing negative background. All this was compounded with increasing risk perception of Ukrainian economic situation fuelled by uncertainty over cooperation with the IMF, political issues, Ukrainian hryvnia stability etc.

These factors combined with volatility in sugar price influenced ASTARTA's stock performance. After reaching historically highest level in the first quarter of 2011 on a back of solid financial results, share price corrected in the third and fourth quarters. At the end of December 2011, ASTARTA closed at PLN 52, or lower by 43 % y-o-y.

The Group's market capitalization on the last trading day of the 2011 financial year was PLN 1 300 million (or EUR 294 331 thousand). The average monthly trading volume with ASTARTA shares on the WSE in 2011 was PLN 34 598 million.

Figure 23. ASTARTA Holding N.V. vs. WIG quotations in 2009-2011

Source: Warsaw Stock Exchange

Table 5. The Company's stock quotation data

Data/Year	2011	2010	2009	2008
Opening price (PLN)	91,9	40,0	11,0	32,0
Highest trading price (PLN)	106,0	93,0	48,0	50,7
Lowest trading price (PLN)	43,6	37,1	7,7	10,1
Closing price (PLN)	52,0	91,9	40,0	11,0
Closing price (EUR)	11,8	23,2	9,7	2,6
Year price change (%)	-43,0%	130,0%	263,6%	-65,6%
EPS (EUR)	3,5	3,2	1,2	-0,3
Price / earnings (P/E)	3,35	7,1	8,3	-8,5
Market capitalization as of 31 December (PLN)	1 300 000	2 297 500	1 000 000	275 000
Market capitalization as of 31 December (EUR)	294 331	580 177	243 416	65 909

Source: Warsaw Stock Exchange

Management and Personnel

Management of the Company

Composition of the Company's 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),
Valery Korotkov (Chairman of the Board, Non-Executive Director, Chairman of the Remuneration Committee),
Wladyslaw Bartoszewski (Vice Chairman of the Board, Non-Executive Director, Chairman of the Audit Committee).

(Refer to the Corporate Governance Report for more information on Management).

Remuneration of the members of the Board of Directors

For details about the remuneration policy for the members of the Board of Directors please refer to the *Corporate Governance Report.*

The Group's Structure

The information about the Group's structure and changes is presented in notes 2 (b) and 5 to the Consolidated Financial Statements.

Personnel

As of 31 December, 2011, the Group employed 8,600 employees. As ASTARTA's business units are arranged mainly by production subsidiaries, over 97% of personnel is based in regions, where the Group operates (Poltava, Khmelnitsky, Vinnitsa, Zhitomir, Kharkiv and Ternopil regions of Ukraine).

32% of the Group's employees are female and 68% are male. 2% of employees are temporary workers. The Group provides equal employment opportunities to everyone, regardless of gender, religion beliefs or nationality.

Training and Professional Development for Personnel

Personnel development and continuing education are part of ASTARTA strategy. To keep high level of personnel qualification different types of trainings for Group's employees took place in 2011.

ASTARTA is strengthening its efforts to retain trained employees and improve the attractiveness as an employer at the marketplace. It expands continuing education for employees and focuses on improving their qualification in accordance with existing legislative framework.

Work safety and health protection make a significant contribution to the Group's success. Employees participate in continuing education and training programs regarding safety standards, working procedures and health-related standards. In accordance with the certification and standardization process, management and key professionals receive certification of compliance with the standards ISO 19011:2002, ISO14001:2004 and OHSAS 18001:2007.

Overall, 572 employees of ASTARTA participated in different kind of training and education programs in 2011.

Research and Development

ASTARTA's research focuses on development of applied solutions for agroindustrial applications. The Group's employs in-house research experts, who work in collaboration with external scientific institutions, and key suppliers of materials and services. In 2011 the R&D department of ASTARTA successfully tested numerous technologies and materials for utilization in key segments of the business.

Corporate Social Responsibility

For ASTARTA, corporate social responsibility is a conscious voluntary decision to take part in addressing the social problems of society and means implementing our strategy and applying our mission to the business while carrying about local communities, employees, and society at large. The Group is committed to its employees, customers, local communities and public at large. ASTARTA pays attention to environmental issues and develops social infrastructure in those areas where it operates. The Group cares about improving the wellbeing of the local communities. As part of the Group's corporate responsibility approach, it aims to invest in a range of local community activities to create additional benefits.

Global Compact

ASTARTA is committed to implement transparency and corporate responsibility standards in all areas of business operations. To comply with this commitment, the Group joined the Global Compact of the United Nations and is an active part of it.

The Global Compact is a voluntary international network involving the private sector and other social agents. Its goal is to advance responsible corporate citizenship as defined in its 10 principles covering human rights, labor rights, fighting corruption and environmental responsibility. These underlying principles are borrowed from the Universal Declaration of Human Rights, fundamental ILO principles with regard to the right to work, and Rio principles of environment protection and development. The ultimate objective of the Global Compact is to further develop common values to impart a “human face” to global business.

Since January 2008, ASTARTA voluntarily took the liabilities to support the UN Global Compact initiative and to develop under the principles of social responsibility. In accordance with its obligations, in January 2010 and 2012, ASTARTA published reports "Communication on Progress" for 2008-2009 and for 2010-2011, that were prepared within the framework of the UN GC membership. These reports are available at ASTARTA web site.

Certification process

By December 2011, Astarta-Kiev (head-office) and Narkevychi sugar plant confirmed that their management system corresponds to the international standard 14001:2004 "Environmental management systems". Implementation process of environmental management system included determination and documentation of fundamental business-processes, technology, infrastructure management and ecological management processes. ASTARTA's management initiated development and introduction of corporate integrated environmental management system in accordance with the standard ISO 14001:2004, proving a high level of responsibility towards employees, society, consumers and other stockholders.

Material Factors and Events

Material Factors and Events in 2011

Acquisition of Subsidiaries

- On 4 February 2011, Astarta-Kyiv acquired the corporate rights with 98% stake in the LLC “Tarasivske” (Kharkiv region).
- On 11 February 2011, Astarta-Kyiv acquired the corporate rights with 100% stake in the LLC “Nika” (Kharkiv region).
- On 21 February 2011, Astarta-Kyiv increased its share with 75% stake in the LLC “Zhytnytsya Podillya”.
- On 25 February 2011, Astarta-Kyiv acquired the corporate rights with 100% stake in the PC “Valmer” (Kharkiv region).
- On 31 March 2011, Astarta-Kyiv increased its share with 100% stake in the company “Zdobutok”.
- On 31 March 2011, Astarta-Kyiv increased its share in the LLC “Chervona Zirka” to 100%.

- On 4 April, 2011, “Astarta-Kyiv” increased its share in the agricultural company LLC "Niva" to 100%.
- On April 18, 2011, Astarta-Kyiv, acquired the corporate rights with 98.77% stake in the PC "Ukraine" (Vinnitsa region).
- On April 28, 2011 Astarta-Kyiv established the subsidiary LLC "Agrosvit Savyntsi" (Kharkiv region) with the stake of 99%.
- On May 04, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Lan-Invest" to 100%.
- On May 18, 2011, Astarta-Kyiv established the subsidiary LLC "Pershe travnya” (Poltava region) with the stake at 90%.
- On May 25, 2011, Astarta-Kyiv acquired the corporate rights with 100% stake in the AC "Oriy” (Khmelnitsky region).
- On June 02, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Zorya" to 99.13%. On August 30, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Zorya" to 99.5%.
- On June 09, 2011, Astarta-Kyiv acquired the corporate rights with 100% stake in PC "Named after Suvorov” (Poltava region).
- On June 14, 2011 the Astarta-Kyiv established the subsidiary LLC "Kolos" in Poltava region of Ukraine with the stake of 90%.
- On July 12, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Khmilnytske" to 99.08%.
- On July 18, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Volochysk-agro" to 92.58%. On August 4, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Volochysk-agro" to 92.808%.
- On July 22, 2011, Astarta-Kyiv” increased its share in the agricultural company LLC "Khorolsky combined forage factory" to 92.7862%.
- On August 4, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Lan-M" to 100%.
- On August 10, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Mriya - 97 plus" to 100%.
- On August 23, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Agtrofirma named after Vatutina" to 80%.
- On September 13, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Named after Vorovsky" to 100%.
- On October 25, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Zarichya" to 100%.
- On November 2, 2011, Astarta-Kyiv acquired the corporate rights with 94.3% stake in the company OJSC "Novoivanivskiy sugar plant" (Kharkiv region).
- On November 16, 2011, Astarta-Kyiv increased its share in the agricultural company PC "Kumanivske" to 100%.

- On December 22, 2011, Astarta-Kyiv increased its share in the agricultural company LLC "Zbruch" to 100%.
- On December 22, 2011, Astarta-Kyiv increased its share in the agricultural company PC "Stetkivtci" to 100%.

Loan Portfolio Optimization

- In February 2011, the Hellenic Bank Public Company Ltd. signed three loan agreements to provide financing to LLC Firm "Astarta-Kyiv", an indirect subsidiary of ASTARTA Holding N.V. The financing of up to USD 50 million was granted to restructure a loan portfolio and/or the financing of the working capital needs of the Group. The financing of up to USD 30 million comprises of a long-term loan for 3 years and two loans in the amount of USD 10 million each have a one year maturity.
- In February 2011, The Landesbank Baden-Wurttemberg signed a loan agreement to provide financing to Ancor Investments Ltd. (an indirect subsidiary of ASTARTA Holding N.V.) The financing of up to EUR 8.6 million (in USD equivalent) was granted to finance the purchase of agricultural equipment from the EU suppliers. Payment obligations of the Borrower under the loan agreement are guaranteed by the Euler Hermes. The loan is secured by the equipment purchased under the loan agreement. The financing comprises a secured long-term loan for seven years.
- On August 15, 2011, the European Bank for Reconstruction and Development (EBRD) has signed a Loan agreement to provide financing to LLC Firm "Astarta-Kyiv", an indirect subsidiary of ASTARTA Holding N.V. The proceeds of the loan are utilized to consolidate the existed EBRD loans and to facilitate further dynamic development of agricultural, diary and sugar business segments. It will enable increased business diversification and vertical integration, as well as more simple credit portfolio management. The financing in amount of up to USD 60 million comprises a secured long term loan for 7 years with 18 month grace period.
- On August 23, 2011 the Dutch Development Bank has signed a Loan agreement to provide financing to LLC Firm "Astarta-Kyiv", an indirect subsidiary of ASTARTA Holding N.V. The proceeds of the loan are granted to further modernize and reconstruct ASTARTA's sugar plants to bring the Group's operating performance closer to EU standards. The financing in amount of USD 30 million comprises a secured long-term loan for 7 years with 18 months grace period.

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

On 30 June 2011, 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 to the Company’s website (www.astarholding.com).

Changes in the Shareholder Structure of ASTARTA Holding N.V

Please refer to section *Shareholder Structure of ASTARTA Holding N.V.* for information about changes in the shareholder structure.

Material Events after the Reporting Date

Loan Portfolio Optimization

- On January 19, 2012, Citibank N.A. with the support of the U.S. Overseas Private Investment Corporation (OPIC) has signed an agreement concerning a long term investment loan to LLC firm "Astarta-Kyiv", an indirect subsidiary of the Company. In accordance with the agreement, Citibank N.A. opens a five year term loan facility of 25 million U.S. Dollars. The financing is granted to modernize production capacities including the purchase of equipment and machinery.
- On January 27, 2012 the Landesbank Baden-Wuerttenberg has signed a Loan agreement to provide financing to Ancor Investments Ltd (a subsidiary of ASTARTA Holding N.V.). The financing in amount of EUR 9.3 million comprises non-secured long-term loan for 7 years covered by insurance policy of Euler Hermes. The proceeds of the loan are granted to finance the purchase of agricultural equipment.
- On February 17, 2012 Wells Fargo Bank, N.A. has signed a Loan agreement to provide financing to Ancor Investments Ltd (a subsidiary of the Company). The proceeds of the loan are granted to finance the purchase of agricultural equipment and machinery. The financing in amount of up to USD 10.6 million comprises a secured long-term loan for five years. The Facility is covered by insurance policy of the Export-Import Bank of the United States, an agency of the U.S. Government.

Acquisition of Subsidiaries

- On January 31, 2012, Astarta-Kyiv increased its share in the LLC "APO "Tsukrovyk Poltavshcyny" to 29.26%.
- On March 6, 2012, Astarta-Kyiv increased its share in the LLC "Shyshaky combined forage factory" to 90.58%.
- On March 12, 2012, Astarta-Kyiv increased its share in the company LLC "Agro-tradex" to 99.99%.

Material risk factors and threats to the Group

Described below are the risks and uncertainties which management believes are significant. The successful treatment of risks is based on achieving an appropriate balance between opportunities and mitigating risks. Management tries to consider appropriate measures to mitigate the main risks and threats faced by the Group in each of the following areas:

Market Risk

- The commodity nature of the Group's major products (sugar and crops) means that the Group is sensitive to market price fluctuations. Selling prices for sugar and crops are volatile and depend on domestic and international markets. The key factors affecting markets include weather, the seasonal nature of supply and demand, availability and cost of raw materials, biological factors, yield, and state regulations.

  Any of these factors may bring down prices or drive up costs, subjecting the business's operating results and finances to unfavorable influence. The current situation on the Ukrainian sugar and agricultural products market and future prospects are described in the section *The Group's Operations in 2011.*

- In an effort to minimize logistic and administrative expenses, the Group prefers wholesale trade, especially in white sugar and grains. For this reason, it has established reliable relations with an array of major customers, specifically, producers of confectionary and soft drinks. A loss of some large customers or the termination of contracts with them, as well as a decrease in sugar consumption by confectionary and soft drink producers in Ukraine could affect the Group's operations and financial results.
- Energy, fertilizers, fuel and labor cost make up a material share of the Group's operating expenses. These expenses are expected to keep growing. While the Group is working to cut energy and fuel consumption, reduce labor intensity, and optimize fertilizer application, growing prices for these and other inputs influence the Group's operating and financial results.

Liquidity Risk

Please refer to note 32, par. (e) of the Consolidated Financial Statements

Political Risk

- The markets of agricultural products and agriculture as a whole depend on the currently prevailing policy. From time to time, the Government has imposed restrictions on production and sales, as well as quotas, tariffs and other restrictive mechanisms aimed at protecting the national producers and consumers. Such restrictions may affect supply and prices on national, regional and world markets.

  Any change in Government resolutions or legislation applicable to the Group's market, the markets on which it competes, or the markets of its competitors may affect its business, results of operations and financial conditions.

Country Risk

- Over the past years since gaining independence in 1991 Ukraine has made significant progress on its path to a market economy, as well as in political and judicial reforms. Still the country needs to develop the appropriate legal and regulatory infrastructure that is critical for economic development and successful social and economic reforms.

Economic Risk

- The Government of Ukraine provides financial support in various forms to national agricultural producers. If the Government decides to end subsidizing national agricultural producers, the move will have an adverse effect on the Group's business, the results of operations and financial position.
- Ukrainian laws regulating taxes are often changed and amended, which could create either a friendly business environment or unusual difficulties for the business. Various opinions are sometimes offered between and within government ministries and organizations, including the tax authorities, with regard to the correct interpretation of such legislation, raising doubts and creating grounds for conflicts. Tax returns and other relevant legal issues (such as customs and currency control) are subject to review and study by numerous authorities legally empowered to impose substantial penalties, fines, and interest.

Legal Risk

- Since the declaration of independence in 1991, Ukraine's legal system has been in a period of transition, being subject to more risks and changes than more mature legal systems.

Fulfillment of strategy in 2011 and Outlook for 2012

Fulfillment of strategy in 2011

In 2011, the Group achieved the following goals:

1. *Development of assets*

- established control over two sugar plants and other production assets in a new region of operations – Kharkiv oblast
- agricultural land bank in cultivation was scaled up by 17% to 245 thousand hectares
- sugar plants daily processing capacity upgraded to c. 33 thousand tonnes of beet per day
- total cattle herd increased to c. 28 thousand heads
- agricultural machinery fleet was enhanced and its efficiency grew trough continuing introduction of GPS-control and precision farming program
- necessary technological and logistical elements were introduced to prepare one sugar plant for raw sugar processing
- the Group further improved logistics and increased capacity of grain and sugar storage network reinforced transportation capabilities
- ASTARTA started on-the-ground implementation of a project of beet pulp methanization and bio-gas production at one sugar plant

2. *Production & operations:*

- provided material increase in output of crops, securing the above-national average level of crop productivity per hectare and competitive production cost
- sugar plants' energy efficiency improved by c. 10%
- followed its strategy of vertical integration and intersegment synergy, secured around 74% of in-house grown sugar beet for processing

3. *Organization & management:*

- improved the organizational structure after consolidating agri-companies and sugar plants into geographically concentrated integrated business units
- progressed in optimizing personnel selection, training, and motivation
- promoted introduction of corporate integrated environmental management system and has passed several independent evaluations of working conditions and occupational safety

4. *Financial & investment policy:*

- increased investments into development of key business segments
- continued to optimize loan portfolio

5. *Marketing & Sales policy*

- continued with trading with third-party crops and sugar
- increased exports of sugar and crops

Outlook for 2012

Based on the results attained, the Board of Directors sets the following targets for 2012:

1. *Investment and development:*

- consider further expansion of a land bank by increasing areas under cultivation within the existing and new business-units
- develop processing capacities and their energy efficiency
- continue with development of storage and processing facilities for sugar, grains and oilseeds
- expand machinery and transportation fleet, continue with introduction of GPS-control and precision farming program
- develop cattle farming business by expanding headcount as well as per-head daily milk productivity
- implement a project of biomass methanization and bio-gas production

2. *Production and operational activities:*

- continue strengthening the efficiency of agricultural and cattle farming production
- continue improvements in sugar processing
- sustain high level of vertical integration, providing sugar plants mainly with in-house grown sugar beet
- continue improvement of procurement, internal control and audit procedures
- continue improvement of recruitment, training and motivation of personnel procedures

3. *Marketing and sales:*

- ensure swift response to changing market environment
- continue exploring new business opportunities in key areas of the Group's core activities.

Collaboration with Independent Auditors

In 2011, the Company concluded contracts for the delivery of audit services with Ernst & Young Accountants LLP with its registered office: Boompjes 258, 3011XZ Rotterdam, the Netherlands.

Ernst & Young Accountants LLP is responsible for the audit of the consolidated financial statements of ASTARTA Holding N.V. as well as for the audit of the financial statements of the stand alone financial statements of ASTARTA Holding N.V. and issuance of an auditor's opinion on the Company and the Group financial statements. Total fees agreed with Ernst & Young Accountants LLP are EUR 146 thousand, including out-of-pocket expenses and excluding VAT.

Corporate Governance Report

General

ASTARTA Holding N.V. was incorporated as a public company with limited liability (*naamloze vennootschap*) under Dutch law on 9 June 2006. The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 34248891. Its statutory seat is in Amsterdam, the Netherlands; its registered address is Koningslaan 17, 1075 AA, Amsterdam, the Netherlands. The Articles of Association (*statuten*) were executed by deed of 9 June 2006 and amended by a deed of 15 July 2008.

ASTARTA's share capital is divided in ordinary shares with a par value of one cent (EUR 0.01) each, all of the same class and kind; there are no shares issued with special rights or privileges attached to them. There are no restrictions imposed by the Company to transfer shares or certificates.

The first Corporate Governance Report of the Company was issued on 31 May 2007 for the year 2006. By this document the Company stated the intent to make the relations with its shareholders transparent and to ensure that it is accountable for its actions. Nevertheless it was first year of its operation and first report, the Company successfully fulfilled its obligations before existing shareholders and gained confidence of potential investors. Corporate Governance Report as the part of Annual Report for the 2006 year contained the information about compliance with Dutch Corporate Governance Code and the Code of Corporate Governance Rules of the WSE.

Year by year we worked under improving of the Company's corporate governance. We are pleased to present you our report on corporate governance.

A Structure of Management

The Company has a one-tier system, managing duties and supervising duties are joined in the Board of Directors. The Board of Directors consists of: three Executive Directors (two Executive Directors A and one Executive Director B) performing the managing duties they are responsible for its overall results, as well as its mission, and two Non-Executive Directors performing supervising duties. All members of the Board of Directors may be appointed and/or dismissed by the General Meeting of Shareholders.

At least half of the Non-Executive Directors should be independent from the Company, its shareholders and the other Directors. As we currently have two Non-Executive Directors, at least one of them should be independent. Mr. W. Bartoszewski is such independent Non-Executive Director. Moreover, Mr. van Campen who serves as the Executive Director B is also independent. Non-Executive Directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist. Point of view of the Non-Executive Directors is very important because it helps to find a balance and to make right decision in respect of, in particular, remuneration of Executive Directors and in respect of internal control and risk management systems.

The Board of Directors may charge the Executive Director(s) A with the operational management of the Company and the business enterprise connected therewith, the preparation of the decision-making process of the Board of Directors and the implementation of the decision taken thereby. The Executive Director(s) A may subsequently determine which operational duties will be carried out by the Executive Director(s) B. The Non-Executive

Director(s) is charged with the supervision of the general policy and the fulfilment of duties by the Executive Directors and the general affairs of the Company.

Rules of the Board of Directors were adopted in accordance with article 15 paragraph 10 of the Company's Articles of Association, Best practice provision II (and III) of the Dutch Corporate Governance Code (as defined hereafter) applicable at the time and Best practice provisions No. 28 and No. 40 of the Warsaw Stock Exchange Corporate Governance Rules (as defined hereafter). The Rules of the Board of Directors are applied and interpreted with reference to the Dutch Corporate Governance Code and the WSE Corporate Governance Rules. It can be viewed on the Company's website (www.astarholding.com).

Each year the General Meeting of Shareholders delegates the authority to issue shares to the Board of Directors and also the authority to cancel pre-emptive rights in connection therewith. On 30 June 2011, the General Meeting of Shareholders authorised the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the issued and paid in share capital at the time and to limit or cancel any existing pre-emptive rights in connection therewith. The General Meeting of Shareholders also resolved that all resolutions hereto have to be taken by the Board of Directors with unanimous votes. The authorization was given for a period of one year starting 30 June 2011 and ending but not including 1 July 2012, and may not be withdrawn.

As is common practice, an evaluation was performed in 2011 with respect to the functioning of the Board of Directors, its committees, and individual members. The Board of Directors further evaluates the performance of the Executive Directors in view of key goals and objectives, and makes relevant recommendations.

B Representation

The Company is represented by the Board of Directors. The authority to represent the Company, including the signing of documents, is also vested in one Executive Director A and one Executive Director B acting jointly. The Board of Directors is empowered to appoint officials with general or limited powers of representation. Each such official shall represent the Company with due observance of the limitations imposed on his or her powers. The Board of Directors determines the titles of such officials.

Members of the Board of Directors are appointed and can be suspended or dismissed by the General Meeting of Shareholders. Any such suspension may be extended several times but the total term of the suspension may not exceed three months. The suspension shall expire on lapse of this period if no resolution has been adopted either to lift the suspension or to dismiss the Director. Share ownership in the Company is not required to qualify as a member of the Board of Directors.

The Chairman of the Board of Directors should ensure that the directors continually update their skills and have the knowledge and familiarity with the company required to fulfil their role on the Board of Directors and its committees.

On 30 June 2011 the General Meeting of Shareholders reappointed Mr. Ivanchyk to represent the Company in the event that (i) there is a conflict of interest with a Director, in the sense that the Director in private enters into an agreement with, or is party in a legal proceeding between him and the Company and (ii) there are no other Directors to represent the Company. Such appointment is in accordance with Article 16 paragraph 3 of the Articles of Association.

At the same meeting of shareholders Mr. Sergiy Kontiruk, the Corporate Secretary and Compliance Officer of the Company, was reappointed as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association.

C The Directors

The Company has a profile for its Directors, which indicates the size and composition of the Board of Directors, the activities and expertise and background of the Directors. The Profile of the Board of Directors can be viewed on the Company's website (www.astarholding.com).

The Board of Directors of the Company is formed by persons who have appropriate education and long-term practice in different spheres what helps them to make balanced decisions.

The Board of Directors is formed by the following persons:

VIKTOR IVANCHYK (born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian nationality

Viktor Ivanchyk serves as an Executive Director A with the Company and as the Chief Executive Officer since the Company's incorporation.

Prior to founding Astarta-Kyiv in 1993, he worked for the Kyiv Aviation Industrial Association (KiAPO) and then served at the state service. In 1993 he founded Astarta-Kyiv, which the General Director he has been since then.

In 2005 he became a Deputy Chairman of the Counsel of the National Association of Sugar Producers of Ukraine "Ukrtsukor" and in 2007 a member of Presidium of Ukrainian Agrarian Confederation.

Mr. Ivanchyk has, in the previous five years, been a member of the governing bodies of the following entities: Firm Astarta-Center OJSC and Poltavarybgosp OJSC. Mr. Ivanchyk is still holding the position in Firm Astarta-Center OJSC.

He graduated from Kharkiv Aviation Institute named after N. E. Zhukovsky (1979) and from the French Business School in Toulouse (1994). In 2007 he graduated from the International Management Institute (IMI Kyiv) on a Senior Executive MBA Programme.

Shares owned in the Company: 9,246,883 shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.

PETRO RYBIN (born in 1956, male)

Executive Director A, Chief Operating and Financial Officer, Ukrainian nationality

Petro Rybin serves as an Executive Director A with the Company since its incorporation.

Prior to joining us, Mr. Rybin worked for the Kyiv Aviation Industrial Association (KiAPO) (1982-1989) and held position of a deputy Director and then Director of youth scientific-technical center “Alternative” (1989-1996).

In 1996 Mr. Rybin joined us and since that time he has worked on various positions in LLC Firm “Astarta-Kyiv”.

Mr. Rybin has, in the previous five years, been a member of the governing bodies of the following entities: LLC Trade House “APO Tsukrovyk Poltavshyny” and LLC “APO Tsukrovyk Poltavshyny”, OJSC. Mr. Rybin is still holding the position in CJSC “APO Tsukrovyk Poltavshyny”.

He graduated from Dnipropetrovsk State University in 1980 and from All-Soviet Union Financial and Economic Institute (1991). In 2005 he took a course on asset management in the Ukrainian institute for stock market development. In 2007 he graduated from International Management Institute (IMI Kyiv) on a Senior Executive MBA Program.

Shares owned in the Company: 0.

MARC VAN CAMPEN (born in 1944, male)

Executive Director B, Chief Corporate Officer, Dutch nationality

Marc van Campen serves as an Executive Director B with the Company since its incorporation.

Prior to joining us, Mr. Van Campen served in several positions with Océ Van der Grinten N.V. and most recently, until 2002, as a general counsel of NBM-Amstelland N.V. a Dutch company listed on the Amsterdam Stock Exchange and at that time one of the largest companies in the Netherlands in the field of construction and project development.

Mr. van Campen has, in the previous five years, been Director at Montferland Beheer BV and Voorgrond Beheer BV at Schoonhoven (NL), Director at Nice Group BV, Amsterdam, Director at GMT (PEP Com) BV, Amsterdam, Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY) Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy and Director of Lugo Terminal Srl at Lugo, Italy.

Mr. van Campen is still holding the positions in the following entities: Montferland Beheer BV, Ovostar Union NV, Do It Yourself (DIY) Orange Holding NV, Salvatore Ferragamo SpA and Lugo Terminal Srl.

He graduated with a master’s in law from the University of Nijmegen in 1968.

Shares owned in the Company: 0.

VALERY KOROTKOV (born in 1963, male)

Non-Executive Director C, Chairman of the Board of Directors, Russian and British citizen

Valery Korotkov serves as a Non-Executive Director C with the Company and the Chairman of the Board of Directors since its incorporation.

In 2003 Mr. Korotkov became a co-owner of LLC Firm “Astarta-Kyiv”.

From 1992 to 1999 Mr. Korotkov worked as a director for a number of companies, such as ROSMARK, MPVoil, CJSC “Rosneft-Zapad”, “Rosagronefteproduct”, CJSC “TNKinvestneft”, Municipal Unitary Enterprise “Poklonnaya gora” and then for 6 years he was a Deputy General Director at the Financial Company “Agronefteproduct”.

Mr. Korotkov graduated from the Kharkov Institute of the Engineers of Communal Construction (1985). In 1990 he obtained the degree of Candidate of engineering sciences and in 2002 he graduated from the University College Kensington and obtained a degree of a Master of business administration.

Shares owned in the Company: 6,496,883 shares in the Company held through a Cypriot holding company named Aluxes Holding Ltd.

WLADYSLAW BARTOSZEWSKI (born in 1955, male)

Non-Executive Director C, the Vice Chairman of the Board, Polish and British citizen

Starting from 2007 and till the end of 2011, Mr. Bartoszewski worked for Credit Suisse, as the General Manager of Credit Suisse (Luxembourg) S.A., Poland Branch, based in Warsaw. Between 2004 and 2007, and also between 1991 and 1997 he was at Central Europe Trust Co. Ltd, a British consulting and advisory firm, where he was a Board Director, working in Warsaw, Kiev and Moscow. Between 2000-2003 he was a Managing Director of ING Barings, responsible for all its investment banking activities in Poland. In 1997, he joined J.P. Morgan where he was until the end of 2000 in charge of the Polish operations of the bank as a head of the Warsaw office. Between 1991 and 1997 he worked in Central Europe Trust Co. Ltd and prior to that Mr. Bartoszewski was a lecturer at St Antony's College, Oxford, attached to the Institute of Russian, Soviet and East European Studies of the Oxford University as of 1985.

Wladyslaw Bartoszewski, PhD, is a graduate of the University of Warsaw and University of Cambridge. He has worked in financial services since 1990 and is registered with the British Financial Service Authority.

Shares owned in the Company: 0.

None of the Executive Directors holds more than two supervisory board memberships of listed companies or is chairman of such supervisory board other than of a group company.

The Company shall evaluate the balance of skills, knowledge and experience of each member of the board and, in light of this, prepare a description of the role, experience and skills required for a particular new appointment.

The Resignation Schedule for Members of the Board of Directors has been drawn up in accordance with article 6.2 of the Rules of the Board of Directors. It can be viewed on the Company’s website (www.astarholding.com).

This schedule is completed, taking into account that a member of the Board of Directors will be appointed or reappointed for four-year terms, whereby the Non-Executive Directors may be reappointed with a maximum of three times.

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible)	Max.
VIKTOR IVANCHYK	June 2006	May 2014	Not Applicable
PETRO RYBIN	June 2006	May 2014	Not Applicable
MARC VAN CAMPEN	June 2006	May 2014	Not Applicable
VALERY KOROTKOV	June 2006	May 2014	June 2018
WLADYSLAW BARTOSZEWSKI	June 2006	June 2014	June 2018

D Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by members of the Board of Directors as of 31 December 2011 was 15,743,766 amounting to approximately 62.98% of the issued and paid up share capital of the Company. The shareholding of the Directors has been notified with the AFM (*Autoriteit Financiële Markten*).

With respect to acquiring ownership interest of securities and transactions in securities by the Directors, the Company applies Securities Rules of the Board of Directors.

With respect to acquiring shares in the Company's capital by the Directors and other people that are involved with the Company, the Company follows the provisions of the EU Market Abuse Directive and the Company's Insider Trading Rules that reflect the provisions of this Directive.

The Securities Rules of the Board of Directors and the Insider Trading Rules can be viewed on the Company's website (www.astarholding.com).

E Chairman of the Board of Directors and the Corporate Secretary

Mr. Korotkov was reappointed as the Chairman of the Board of Directors on the General Meeting of Shareholders in 2010 year. At the same meeting Mr. Bartoszewski was reappointed as the Vice-Chairman of the Board of Directors.

It is the responsibility of the Chairman to follow operations and ensure that the other Board members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman shall make sure that the Board's work, including the work in the Board committees and the efforts of individual members, with regard to working procedures, competences and the working climate are evaluated.

The Board of Directors is assisted by our corporate secretary. All members of the Board of Directors have access to the advice and services of the corporate secretary, who is responsible for ensuring that accurate and sufficient documentation exists to meet legal requirements, and to enable authorized persons to determine when, how, and by whom the business of the Board of Directors was conducted. In order to fulfil these responsibilities, and subject to the organization's bylaws, the Corporate Secretary records minutes of meetings, ensures their accuracy, and availability, proposes policies and practices, submits various reports to the board, maintains membership records, fulfils any other requirements, and performs other duties as the need arises and/or as defined in the bylaws.

The corporate secretary has been appointed as secretary to the Board of Directors and as compliance officer for the purpose of the inside information regulations.

The compliance officer can be elected and dismissed by the Board of Directors. The Board of Directors elected Mr. Sergiy Kontiruk to be the corporate secretary and compliance officer of the Company.

The Profile and Task of the Compliance Officer of the Company can be viewed on the Company's website (www.astarholding.com).

Committees of the Board of Directors

In order to make the activity of the Company efficient the Board of Directors formed two committees to aid compliance with applicable corporate governance requirements with a view to financial transparency: the audit committee and the remuneration committee.

A Audit Committee

The audit committee is responsible for reviewing annually and reassessing the adequacy of the rules governing the committee as established by the Board of Directors. The audit committee is charged with advising on, and monitoring the activities of the Board of Directors, with respect to *inter alia*, the integrity of our financial statements, our financing and finance related strategies and tax planning: including: (i) the operation of the internal risk management and control systems, (ii) the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts, work of internal and external auditors, etc.); (iii) compliance with recommendations and observations of internal and external auditors; (iv) the role and performance of the internal audit department; (v) the policy of the Company on tax planning; (vi) relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Company; (vii) the financing of the Company; (viii) the recommendation for the appointment of an external auditor by the General Meeting of Shareholders and (ix) preparing the review by the Board of Directors of the annual accounts and the review by the Board of Directors of the annual budget and major capital expenditures of the Company.

At least one of the members of this committee shall be a financial expert as referred to in the Dutch Corporate Governance Code and all members shall be financially literate.

Our Audit Committee is formed by Mr. Bartoszewski (the Chairman and financial expert) and Mr. van Campen.

The Audit Committee, when so required, may request the attendance of Executive Directors, the Chief Executive Officer or any key employee of the Company. The members of the Audit Committee of our Company are qualified persons and before approving something they take all necessary information, analyse it in such way that may explain each matter to every member of the Board of Directors and only then approve or not approve.

This Charter of the Rules governing the Audit Committee can be viewed on the Company's website (www.astarholding.com).

B Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors.

The Remuneration Committee proposes to the Board, and the Board submits to the General Meeting's approval, the remuneration policies for Executive Directors and other Directors and the individual remuneration package of each Director.

The members of the Remuneration Committee of the Company are Mr. Korotkov (the Chairman) and Mr. Bartoszewski.

The Remuneration Committee, when so required, may request the attendance of Executive Directors, the Chief Executive Officer or any key employee of the Company. The members of the Audit Committee of our Company are qualified persons and before making some decisions or proposals take into account all factors which they deems necessary, including having regard to the remuneration trends in other companies similar to the Company in terms of size and/or complexity, results of fulfilment obligations by Directors, furthermore agreements concluded and projects realized within the year.

The Charter of the Rules governing the Remuneration Committee can be viewed on the Company's website (www.astarholding.com).

Remuneration Policy

The Remuneration Policy indicates the principal objectives that the amount and structure of the remuneration of the members of the Board of Directors is such that (i) qualified managers can be retained and motivated; (ii) the smooth and effective management of the Company is ensured, and (iii) the remuneration package with shareholder's interests is aligned over both the short and long term. Individual-specific responsibilities are taken into consideration in respect of the determination and differentiation of the remuneration of the members of the Board of Directors.

The Company has committed itself to provide a total remuneration that is competitive, comparable to and consistent with the practice in the agri-industry on a comparable market and is reasonable in relation to the Company's operating results and size.

On 30 June 2011 the General Meeting of Shareholders adopted new Remuneration Policy of the Company. The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with this Remuneration policy.

The Remuneration Policy determines that the Board of Directors may set the amount of the remuneration of the Directors within the range mentioned in the Remuneration Policy after negotiation with the Company's Remuneration Committee and after the adoption by the

General Meeting of Shareholders of the Company's annual accounts of the preceding financial year, showing that a fee in the higher range of the following year is justified.

Also after adoption of the annual accounts of the preceding financial year, the Directors A may be granted a cash bonus of up to 150% of their fixed annual fee in a year. Granting of the bonus and the amount of the bonus shall be determined by the Board of Directors upon proposal of the remuneration Committee, based on the adopted annual accounts, showing that such bonus is justified.

The Remuneration Policy for our Board of Directors can be viewed on the Company's website (www.astarholding.com).

Shareholders Meetings, Board Meetings and Committee Meetings in 2011

Dates for the Board Meetings in 2011 year were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. Additional meetings of the Board were held when deemed necessary by the Board.

The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wanted to share. In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board agenda.

The annual General Meeting of Shareholders of the Company was held in Amsterdam, the Netherlands on 30 June 2011, the Minutes of which is available on the Company's website (www.astarholding.com).

Within the financial year 2011, the Board of Directors held the following meetings:

- four meetings in Amsterdam, the Netherlands, on 20 April 2011, 21 April 2011, on 29 June 2011 and 30 June 2011;

- four meetings via conference-call on 11 May 2011, 17 August 2011, 10 October 2011 and 08 November 2011.

Within the financial year 2011, the Audit Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 20 April 2011 and on 21 April, 2011;

- one meeting via conference-call on 08 November 2011.

Within the financial year 2011, the Remuneration Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 20 April 2011 and on 30 June 2011;

- one meeting via conference-call on 08 November 2011.

Governance and Control

A Dutch Corporate Governance Code

On 9 December 2003, a committee commissioned by the Dutch Government (Commissie Tabaksblat) published the Dutch corporate governance code, which was amended on 10 December 2008 and became effective on 1 January 2009 (the “Dutch Corporate Governance Code”). The “Dutch Corporate Governance Code” contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. Dutch companies, whose shares are listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not and to what extent they apply the provisions of the Dutch Corporate Governance Code. If a company does not apply the best practice provisions of the Dutch Corporate Governance Code, it must explain the reasons why it does not apply them.

B WSE Corporate Governance Rules

In Poland the Polish principles of corporate governance contained in “The Code of Best Practice for WSE Listed Companies” approved by the Resolution No. 12/1170/2007 of the Exchange Supervisory Board dated 4 July 2007.

By Resolution No. 17/1249/2010 of the Warsaw Stock Exchange Supervisory Board dated 19 May 2010, Resolution No. 15/1282/2011 of the Warsaw Stock Exchange Supervisory Board dated 31 August 2011 and Resolution No. 20/1287/2011 of the Warsaw Stock Exchange Supervisory Board dated 19 October 2011 there were adopted amendments to abovementioned code which came into force from the 1 January 2012.

Amended principles of “The Code of Best Practice for WSE Listed Companies” are applicable to companies listed on the Warsaw Stock Exchange. In August 2006 we declared which of the WSE Corporate Governance Rules we intended to comply with and we listed those principles which we could not comply with, and the reasons for such non-compliance.

C Application of the Corporate Governance Codes

In the Annual Report 2006, the Company declared its objective to improve the corporate governance system. On 29 June 2007 the General Meeting of Shareholders adopted a set of corporate governance documents recommended by the Dutch Corporate Governance Code and WSE Corporate Governance Rules.

The above-mentioned set of corporate governance documents includes:

1. By-laws of the General Meeting of Shareholders
2. Rules of the Board of Directors
3. Profile of the Board of Directors
4. Resignation Schedule for the Members of the Board of Directors
5. Remuneration Policy
6. Charter of the Rules governing the Audit Committee

7. Charter of the Rules governing the Remuneration Committee
8. Profile and Tasks of the Compliance Officer
9. Securities Rules of the Board of Directors
10. Code of Conduct
11. Whistleblower Rules
12. Insider Trading Rules

On 27 June 2008 the General Meeting of Shareholders approved the amendments to the By-laws of the General Meeting of Shareholders, the Rules of the Board of Directors, the Charter of the Rules governing the Audit Committee, the Charter of the Rules governing the Remuneration Committee.

On 5 June 2009, the General Meeting of Shareholders approved to further investigate to what extent i) the new Dutch Corporate Governance Code will affect the current Company's governance, ii) it will be opportune to implement new provisions and principles of the new code in order to comply with the new Dutch Corporate Governance Code, (iii) new provisions and principles of the new Dutch Corporate Governance Code can be immediately applied by the Company, or (iv) new provisions and principles the Company is unlikely to apply. The Company shall discuss any adjustments to its corporate governance policy, documents and procedures as well as the implementation of the new Dutch Corporate Governance code provisions and principles at its next year’s AGM or -if deemed necessary by the Company- at an extraordinary shareholders meeting to be held prior to next year's AGM.

On 30 June 2011 the General Meeting of Shareholders approved amended Remuneration Policy of the Company.

All adopted corporate governance documents are published on the Company’s website www.astarholding.com.

D Confirmations in relation to the Dutch Corporate Governance Code

There have not been conflict of interest situations between the Directors and the Company during financial year 2011. The Board of Directors would like to confirm that if there had been such situations, that it would have complied with best practise provisions II.3.2 and II.3.3 of the Dutch Corporate Governance Code, also in line with the documents mentioned under section C. This means that the Board of Directors would have immediately reported any such conflict of interest or potential conflict of interest being of material significance to the Company and/or to such Director, to the Non-Executive Directors and to the other members of the Board of Directors. Any discussion or decision-making with regard to the conflicted transaction, including any decision to determine whether there is an actual conflict of interest, would have been taken without the conflicted Director being present. The same applies to best practise provisions III.6.1 through III.6.3 with respect to conflicts of interest in relation to the Non-Executive Directors, to the extent possible taking into account that the Company has a one-tier structure.

The Board of Directors also confirms that there have not been any conflict of interest situations between the Company and shareholders holding more than 10% of the shares in the Company’s capital during financial year 2011. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practise provision III.6.4 of the Dutch Corporate Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.

Internal Control

Internal risk management and control systems

<u>General</u>

The Board of Directors is responsible for the Group's system of internal risk management and controls and for reviewing their operational effectiveness.

The internal risk management and control systems are designed to identify significant risks and to assist in managing the risks that could prevent the Group from achieving its objectives. The systems, however, cannot provide absolute assurance against material misstatements, fraud, and violations of laws and regulations.

Nevertheless, because of their inherent limitations, the control systems described below, as well as those in the two following sections may not prevent or detect all misstatements, inaccuracies, errors, fraud, or non-compliance with law and regulations. Neither can they provide certainty as to the achievement of our objectives.

Since all the Group's operations are located in Ukraine, the risk management and internal control framework mentioned below describes corresponding elements of such control on the level of the Ukrainian holding company – Astarta-Kyiv (unless stipulated otherwise), which company is established under and acting on Ukrainian legislation.

<u>Control Systems</u>

The internal risk management and control systems have two principal organizational forms: (i) a structural and functional form, including regulations for functional collaboration of departments both horizontally (job descriptions, charters of subsidiaries, rules of agreements adjustment etc.) and vertically (rules of budgeting and planning, financial and economic analysis etc.) and (ii) a direct control form.

With respect to (i), the control elements provide for functioning of overall control, which foresees among others the following:

1) Control over whole stage of business planning (budgeting).

Preliminary control over relative processes is executed over Astarta-Kyiv vertically, starting from designation of Astarta-Kyiv's objectives and tasks for the planning period and ending with an adoption by the management of subsidiaries, prepared and coordinated with all participants after their verification concerning their conformity with the objectives.

Current control over business plans (budgets) is executed firstly by comparing actual budgets with adopted plans in order to control fixed indices and prevent adverse forthcomings for particular subsidiaries and Astarta-Kyiv as a whole. All deviations are to be analyzed in order to reveal the reasons for deviating and the measures to be taken in order to eliminate these deviations.

The Group conducts budgeting and planning according to the Budget regulations adopted by CEO. The Budget regulations determine a system of development, approval, controlling and analysis of operational, investment and financial budgets for each business segment and company of the Group. Department for budgeting and management accounting is responsible for execution and adhering of the Budget regulations.

2) Control over revenues and expenses.

Control over revenues and expenses of the enterprises of Astarta-Kyiv, as well as over crediting and withdrawal of funds of these enterprises is executed by way of elaboration on the regulations regarding budgeting and elaboration of the budget of Astarta-Kyiv's enterprises itself.

The budget commission was founded in order to improve efficiency of the control over revenues and expenses of the subsidiaries, which commission holds meetings on a monthly basis to approve budgets and control over budgeting in Astarta-Kyiv and its subsidiaries.

3) Control over sales of the enterprises of the Group.

Astarta-Kyiv provides for centralized sales of the Group's core products. It is conducted though carrying on negotiations with consumers, drafting schedules of dispatching and sending them to subsidiaries. The control over sales is established in a way of control over execution of the dispatching schedules by our subsidiaries as well as cooperating with our consumers.

4) Control over investment decisions.

Astarta-Kyiv has developed procedures of the investment decisions adoption.

The investment committee was founded to improve efficiency of the investment decisions adoption process and to minimize risks of investment decisions.

5) Policy of economic security.

This policy is realized by an especially established system of the economic security service, which is a vertically integrated chain of security departments on the level of Astarta-Kyiv and the operational companies.

6) Hot line.

Everyone who works with Astarta-Kyiv or within Astarta-Kyiv can communicate to Internal Audit Department by telephone, mail or e-mail and leave information about a fraud or other violations.

With respect to (ii) mentioned above, the monitoring means of control environment include direct control. One of the main instruments of direct control is the Department of accounting methodology and control and the Internal Audit Department of Astarta-Kyiv.

The Department of accounting methodology and control executes its control over Astarta-Kyiv's subsidiaries periodically and examines compliance of the accounting of the subsidiaries with the accounting standards and policy in place. The Internal Audit Department executes its control over Astarta-Kyiv's subsidiaries to examine the efficiency of the internal risk management system, take active part in consulting the management of both Astarta-Kyiv and its subsidiaries with respect to improving of the internal control system.

In connection to the above mentioned, the management believes that it is taking adequate steps to strengthen our internal risk management and control systems.

Deficiencies

Over the period covered by this annual report the Company has not identified any control issues that could be classified as a material weakness or having a material impact on its operational and financial results. The internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2011.

B Section II.1.5 of the Dutch Corporate Governance Code

The Company has been working on a system that is in compliance with the Dutch Corporate Governance Code, such in cooperation and consultation with the Company's external auditor. Within the last year the Company has improved this system in such manner that it has made a lot of progress in its endeavour to comply with the relevant principles and provisions of the Dutch corporate governance code.

Deviation from the Dutch Corporate Governance Code

As the Company is incorporated under the laws of the Netherlands, apart from applying the Code of Best Practice for WSE Listed Companies, the Company complies with the Dutch Corporate Governance Code by applying principles and best practice provisions that are applicable, or by explaining why the Company deviates from them. The Company tries to comply with both Dutch and Polish corporate governance rules.

Since the WSE Corporate Governance Rules are similar to the rules provided under the Dutch Corporate Governance Code, a majority of the principles and best practice provisions of the Dutch Corporate Governance Code are being complied with. Since the first General Meeting of Shareholders held after the listing of the Company's shares on the Warsaw Stock Exchange, all the internal documents and regulations concerning the corporate governance rules of the Company were adopted and amended from time to time.

The Company currently does not apply the following provisions of the newly applicable Dutch Corporate Governance Code:

Best practice principle III.5: composition and role of three key committees of the supervisory board

The Company has a one-tier structure with only two non-executive directors and is therefore not obliged to have committees, other than the audit committee. However, the Company has a remuneration committee and an audit committee.

Best practice provision III.8.3: one-tier management structure

In accordance with this provision, the management board shall have committees that shall consist only of non-executive management board members. Since the Company has only two Non-Executive Directors, the executive directors are also committee members.

Best practice provision III.8.4: one-tier management structure

In accordance with this best practice provision, the majority of members of the management board shall be non-executive directors and are independent within the meaning of this Code. As for the Company, it has two Non-Executive Directors out of five Directors; two members of the Board of Directors are independent. The reason for this is to keep the Board of Directors as small and simple as possible. To apply this rule would mean that the Board should be comprised of nine persons; since only Mr. Bartoszewski is an independent non-executive director, four additional independent non-executive directors would be required. This does not seem to be in the best interests of the Company, but would rather complicate matters.

In accordance with amendments made into "The Code of Best Practice for WSE Listed Companies" in 2011 year the Company does not apply the following provision:

II. Best practice for Management Boards of Listed Companies
2a) on an annual basis, in the fourth quarter – information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the company in the last two years

We are the Company with one-tier management structure, so the management and supervisory duties performs Board of Directors. Our Board of Directors consists only of men. The Company understands the effectiveness which aims the abovementioned provision. The only criterions for appointment of members of the Board of Directors are qualifications, abilities (including reputation and reliability) but not sex attribute. However the Company may try to involve women to the Board of Directors.

Remuneration Report

Background

Astarta Holding N.V. is the Company which since it's incorporation in 2006 gained success in development of its mechanisms of management, there were adopted many corporate documents improving the activity of the Company, recommended itself as the reliable partner and without any doubt it is the result of proactive work of Directors of the Company. Thus the Company is interested to remunerate the Directors in such way that they may expect to receive estimated in accordance with trends of the market, competitive, taking into account the achieved in the year results and of course on individual basis contribution of each Director in development of the Company.

As it was mentioned in our previous reports the Company is a holding company with all production assets situated in Ukraine. Taking this into account the Executive Directors shall be involved in operational process in Ukraine, so the operational management of the Company is carried out on the sub-holding level – by the management of LLC Firm "Astarta-Kyiv". Thus the Company defines the fixed management remuneration - (i) for directors who do not take part in the operational management, and (ii) for directors who do take part in the operational management.

The fixed management remuneration for directors who do not take part in the day-to-day operational management of the Company was calculated based on the statistical data concerning remuneration of management board members in similar companies. The main criteria of comparing were (i) market capitalization, (ii) sector of economy and (iii) kind of business.

In order to stimulate the directors to achieve the long-term objectives of the Company and its affiliated enterprise, the Remuneration Policy provides the range of fixed management remuneration for each director for each year of their office. The difference between the lower and higher range of remuneration gives the flexibility to the Remuneration Committee and the Non-Executive Directors to evaluate the impact of each director's achievement of the mentioned objectives. Based on this valuation the Remuneration Committee and the Non-Executive Directors will recommend adjusting amount of remuneration for any given year of office to the Board of Directors.

The Remuneration Policy adopted on 30 June 2011 also provides as the previous one that the Directors responsible for the day-to-day operational management of the Company may be granted by cash bonuses of up to 150% of their fixed annual fee in a year, after adoption of the annual accounts of the preceding financial year. Upon proposal of the Remuneration Committee, the Board of Directors can decide whether a bonus shall be paid and what the amount of the bonus shall be. The Remuneration Committee shall form its proposal by taking into account the Company's activity results in a year, the adopted annual accounts, and the decisions taken by the directors in a year with regard to achieved long-term objectives of the Company.

Remuneration in financial year 2011

On 4 January 2011, in accordance with Remuneration Policy in edition of 2009 year the Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 25,000 per year, of Mr. Korotkov at EUR 25,000 per year, and of Mr. Van Campen at EUR 25,000 per year for financial year 2011.

The remuneration of Mr. Ivanchyk and Mr. Rybin for financial year 2011, in an amount of UAH 272,838 per month (the equivalent of approximately EUR 250,000 per year) and UAH 218,671 per month (the equivalent of approximately EUR 200,000 per year, respectively, were ratified by the appropriate resolution of LLC Firm “Astarta-Kyiv”.

On 30 June 2011 taking into account the recommendations of the Remuneration Committee dated 30 June 2011 Board of Directors reapproved the remuneration fees to the Directors A for 2011 as following: Mr. Ivanchyk in an amount equivalent about EUR 305,000 and Mr. Rybin in an amount equivalent about EUR 244,000; to the Director B and to the Directors C – EUR 30,000 for each. Board of Directors at the meeting dated 30 June 2011 resolved also to grant to Executive Directors A cash bonuses of up to 150% of their fixed annual fees for 2010 in the following amounts: to Mr. Ivanchyk – equivalent about EUR 375,000 and to Mr. Rybin – equivalent about EUR 300,000.

The abovementioned resolutions have been approved based on the adopted amended Remuneration Policy as of 30 June 2011, the results of examination of the consolidated financial statements as at and for the year 2010 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 30 June 2011.

Information about the remunerations paid to the Company's Directors for rendered services is presented in the table below (amounts in Euros):

Director's name	Position	2009			2010			2011		
		Remuneration for rendered services	Reimbursa-ble expenses	Total	Remuneration for rendered services	Reimbursa-ble expenses	Total	Remuneration for rendered services	Reimbur-sable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	12,500	-	12,500	37,500	4,187	41,687	30,000	8,163	38,163
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	12,500	2,000	14,500	37,500	2,032	39,532	30,000	-	30,000
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	12,500	1,776	14,276	37,500	2,000	39,500	30,000	2,867	32,867
Total				**41,276**			**120,719**			**101,030**

Information about the remunerations and bonuses accrued by LLC Firm "Astarta-Kyiv" to the Company's Directors A for rendered services is presented in the table below (amounts in Euros of the equivalent paid in Ukrainian Hryvnia):

Director's name	Position	2009			2010			2011		
		Remuneration for rendered services	Bonu-ses	Total	Remuneration for rendered services	Bonuses	Total	Remunera-tion for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	95,963	-	95,963	354,037	143,944	497,981	305,000	375,000	680,000
P. Rybin	Executive Director and Chief Operating and Financial Officer	72,883	-	72,883	287,167	109,249	396,416	244,000	300,000	544,000
Total				**168,846**			**894,397**			**1,224,000**

Report of Non-Executive Directors

The Non-Executive Directors of the Board of Directors, Mr. Korotkov and Mr. Bartoszewski, have performed the following actions and duties in their role as Non-Executive Directors in 2011.

The Non-Executive Directors are charged with supervising the policy, strategy and fulfillment of duties of the Executive Directors A and the Executive Directors B, and the general affairs of the Company.

Mr. Bartoszewski can be considered independent within the meaning of Best Practice Provision III.2.2 of the Dutch Corporate Governance Code, Mr. Korotkov cannot be considered independent. Since not more than one Non-Executive Director is dependent, best practice provision III.2.3 of the Dutch Corporate Governance Code has been complied with.

In carrying out their task, they participated in the Board Meetings mentioned in paragraph 7 above and advised the Board of Directors on their management activities. Besides this, Mr. Korotkov is a member of the Remuneration Committee, and Mr.Bartoszewski, as financial expert, is a member of the Remuneration Committee and of the Audit Committee.

As for Mr. Bartoszewski, as a member of the Audit Committee, he has had several meetings with Mr. Van Campen and provided the Board of Directors with advice in this respect.

There were no irregularities in the 2011 financial year that required interventions by the Non-Executive Directors.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

A. Representation of the Board of Directors on the Compliance of Annual Financial Statements

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2011 are prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, liabilities, financial position and the result of the Company and its consolidated subsidiaries, and that the report of the Board of Directors for the year ended 31 December 2011 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2011 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2011, including a description of the key risks that the Company is confronted with.

B. Representation of the Board of Directors on Appointment of an Entity Qualified to Audit Annual Financial Statements

The Board of Directors hereby represents that Ernst & Young Accountants LLP, which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2011, has been appointed in accordance with the applicable laws and that this entity and the accountants performing the audit met the conditions necessary to issue an impartial and independent report on the audit in accordance with the applicable provisions of law.

C. Representation of the Board of Directors Relating to the System of Internal Control

In line with best practice provision II.1.4 of the Dutch Code and bearing in mind the recommendations of the Monitoring Committee Corporate Governance Code, the Company issues a declaration about the effectiveness of the system of internal control of the processes on which the financial reporting is based.

In 2011, the Board of Directors assessed the effectiveness of the system of internal controls for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analysis that was carried out at the Company within the framework of governance and compliance, the Board is of the opinion, after consulting with the Audit Committee, that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organizations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

In our view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2012.

Board of Directors of ASTARTA Holding N.V.

12 April 2012,

Amsterdam, the Netherlands

V. Ivanchyk ___signed________

P. Rybin ___signed________

M.M.L.J. van Campen ___signed________

V. Korotkov ___signed________

W.T. Bartoszewski ___signed________

Caution note regarding forward-looking statements

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

Consolidated Financial Statements

CONTENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2011	2010
Assets			
Non-current assets			
Property, plant and equipment	*5*	**2,101,871**	1,485,584
Intangible assets	*6*	**84,318**	47,151
Biological assets	*7*	**209,935**	158,064
Financial instruments availablefor-sale	*8*	**11,684**	746
Long-term receivables		**18,376**	13,601
Other long-term assets		**19,017**	13,879
Long-term deposits	*12*	**174,922**	-
Deferred tax assets	*29*	**1,809**	3,762
		2,621,932	1,722,787
Current assets			
Inventories	*9*	**1,999,638**	1,265,642
Biological assets	*7*	**563,425**	412,542
Trade accounts receivable	*10*	**303,670**	132,375
Other accounts receivable and prepayments	*11*	**269,026**	175,211
Current income tax		**667**	358
Promissory notes available-for-sale		**4**	2,714
Short-term deposits	*12*	**130,153**	10,978
Cash and cash equivalents	*13*	**53,211**	11,872
		3,319,794	2,011,692
Total assets		**5,941,726**	3,734,479

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)		2011	2010
Equity and liabilities			
Equity	*14*		
Share capital		**1,663**	1,663
Additional paid-in capital		**369,798**	369,798
Retained earnings		**2,405,670**	1,391,589
Revaluation surplus		**417,875**	452,448
Currency translation adjustment		**(1,693)**	(2,762)
Total equity attributable to equity holders of the company		**3,193,313**	2,212,736
Non-controlling interests relating to open joint stock companies	*15*	**3,672**	1,191
Total equity		**3,196,985**	2,213,927
Non-current liabilities			
Loans and borrowings	*16*	**1,121,125**	590,648
Non-controlling interests relating to limited liability companies	*15*	**100,613**	66,785
Other long-term liabilities		**29,651**	14,072
Promissory notes issued		**497**	-
Deferred tax liabilities	*29*	**83,505**	50,311
		1,335,391	721,816
Current liabilities			
Short-term loans and borrowings	*16*	**875,849**	363,085
Current portion of long-term loans and borrowings	*16*	**189,418**	238,557
Trade accounts payable		**95,068**	59,518
Current income tax		**1,917**	1,623
Other liabilities and accounts payable	*17*	**247,098**	135,953
		1,409,350	798,736
Total equity and liabilities		**5,941,726**	3,734,479

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Euros)		2011	2010
Assets			
Non-current assets			
Property, plant and equipment	*5*	201,715	140,282
Intangible assets	*6*	8,092	4,452
Biological assets	*7*	20,148	14,926
Financial instruments available for sale	*8*	1,121	70
Long-term receivables		1,764	1,285
Other long-term assets		1,826	1,310
Long-term deposits	*12*	16,787	-
Deferred tax assets	*29*	174	355
		251,627	162,680
Current assets			
Inventories	*9*	191,904	119,512
Biological assets	*7*	54,071	38,955
Trade accounts receivable	*10*	29,143	12,500
Other accounts receivable and prepayments	*11*	25,819	16,544
Current income tax		64	34
Promissory notes available-for-sale		-	256
Short-term deposits	*12*	12,491	1,037
Cash and cash equivalents	*13*	5,106	1,121
		318,598	189,959
Total assets		570,225	352,639

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Euros)		2011	2010
Equity and liabilities			
Equity	*14*		
Share capital		**250**	250
Additional paid-in capital		**55,638**	55,638
Retained earnings		**232,329**	141,177
Revaluation surplus		**43,651**	46,969
Currency translation adjustment		**(25,407)**	(35,092)
Total equity attributable to equity holders of the company		**306,461**	208,942
Non-controlling interests relating to open joint stock companies	*15*	**352**	112
Total equity		**306,813**	209,054
Non-current liabilities			
Loans and borrowings	*16*	**107,593**	55,774
Non-controlling interests relating to limited liability companies	*15*	**9,656**	6,306
Other long-term liabilities		**2,846**	1,329
Promissory notes issued		**48**	-
Deferred tax liabilities	*29*	**8,014**	4,751
		128,157	68,160
Current liabilities			
Short-term loans and borrowings	*16*	**84,055**	34,286
Current portion of long-term loans and borrowings	*16*	**18,178**	22,527
Trade accounts payable		**9,124**	5,620
Current income tax		**184**	153
Other liabilities and accounts payable	*17*	**23,714**	12,839
		135,255	75,425
Total equity and liabilities		**570,225**	352,639

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2011	2010
Revenues	*19*	**3,385,529**	2,328,203
Cost of revenues	*20*	**(2,157,642)**	(1,360,996)
Gain (loss) arising from remeasurement of agricultural produce to fair value	*21*	**120,068**	(3,479)
Gross profit		**1,347,955**	963,728
Changes in fair value of biological assets	*26*	**20,364**	113,416
Other operating income	*22*	**8,711**	53,402
General and administrative expense	*23*	**(122,105)**	(97,710)
Selling and distribution expense	*24*	**(147,849)**	(76,300)
Other operating expense	*25*	**(65,993)**	(44,799)
Profit from operations		**1,041,083**	911,737
Finance costs	*27*	**(225,107)**	(128,061)
Finance income	*27*	**27,442**	871
Other income	*28*	**19,879**	2,211
Gain on acquisition of subsidiaries	*4*	**140,312**	42,294
Profit before tax		**1,003,609**	829,052
Income tax (expense) benefit	*29*	**(27,499)**	5,736
Net profit		**976,110**	834,788
Net profit attributable to:			
Non-controlling interests of open joint stock company subsidiaries		**(310)**	(128)
Equity holders of the company		**976,420**	834,916
Net profit		**976,110**	834,788
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 company (in Ukrainian hryvnias)		**39.06**	33.40

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		2011	2010
Revenues	*19*	**303,587**	219,330
Cost of revenues	*20*	**(193,480)**	(128,319)
Gain arising from remeasurement of agricultural produce to fair value	*21*	**10,767**	177
Gross profit		**120,874**	91,188
Changes in fair value of biological assets	*26*	**1,826**	12,040
Other operating income	*22*	**781**	5,025
General and administrative expense	*23*	**(10,949)**	(9,267)
Selling and distribution expense	*24*	**(13,258)**	(7,267)
Other operating expense	*25*	**(5,918)**	(4,209)
Profit from operations		**93,356**	87,510
Finance costs	*27*	**(20,186)**	(12,201)
Finance income	*27*	**2,461**	83
Other income	*28*	**1,783**	218
Gain on acquisition of subsidiaries	*4*	**12,582**	4,016
Profit before tax		**89,996**	79,626
Income tax (expense) benefit	*29*	**(2,466)**	415
Net profit		**87,530**	80,041
Net profit attributable to:			
Non-controlling interests of open joint stock company subsidiaries		**(27)**	(12)
Equity holders of the company		**87,557**	80,053
Net profit		**87,530**	80,041
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 company (in Euros)		**3.50**	3.20

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)	2011	2010
Net profit	976,110	834,788
Other comprehensive (loss) income		
Currency translation differences	1,069	(12,928)
Effect of change in tax rate on revaluation surplus	-	19,880
Other comprehensive income, net of tax	1,069	6,952
Total comprehensive income	977,179	841,740
Attributable to:		
Non-controlling interests of open joint stock company subsidiaries	(310)	(128)
Equity holders of the company	977,489	841,868
Total comprehensive income as at 31 December	977,179	841,740

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)	2011	2010
Net profit	87,530	80,041
Other comprehensive income		
Currency translation differences	9,702	8,421
Effect of change in tax rate on revaluation surplus	-	1,877
Other comprehensive income, net of tax	9,702	10,298
Total comprehensive income	97,232	90,339
Attributable to:		
Non-controlling interests of open joint stock company subsidiaries	(10)	(6)
Equity holders of the company	97,242	90,345
Total comprehensive income as at 31 December	97,232	90,339

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2011	2010
Operating activities			
Profit before tax		1,003,609	829,052
Adjustments for:			
Depreciation and amortization		194,869	139,651
Allowance for impairement of trade and other accounts receivable	*18*	15,875	8,535
Gain on acquisition of subsidiaries	*4*	(140,312)	(42,294)
(Gain) loss on sales of property, plant and equipment	*28*	(1,504)	4,979
Write down of inventories	*25*	6,986	4,921
Finance income	*27*	(27,442)	(871)
Interest expense	*27*	169,792	88,168
Gain from changes in fair value of biological assets	*26*	(20,364)	(113,416)
Loss (gain) arising from remeasurement of agricultural produce to fair value	*21*	(120,068)	3,479
Loss from promissory note transactions	*27*	2,710	9,158
Recovery of assets previously written off	*28*	(6,142)	(3,299)
Non-controlling interests of limited liability company subsidiaries	*27*	29,635	23,316
Forex loss (gain) on loans and borrowings		4,717	(7,323)
Working capital adjustments:			
Increase in inventories		(669,652)	(451,848)
Increase in trade and other receivables		(220,716)	(118,006)
Decrease (increase) in biological assets due to other changes		19,494	(63,561)
Decrease in trade and other payables		(60,718)	(9,627)
Income taxes paid		(3,176)	(1,005)
Interest paid		(130,044)	(73,612)
Cash flows provided by operating activities		47,549	226,397
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(620,057)	(357,356)
Proceeds from sales of property, plant and equipment		2,486	147
Sale (purchase) of long-term investments		(15,113)	(13,449)
Sale of promissory notes available-for-sale		-	(11,868)
Interest received	*27*	23,901	871
Acquisition of subsidiaries, net of cash acquired		(61,964)	(30,433)
Deposits placement		(294,097)	(10,978)
Cash flows used in investing activities		(964,844)	(423,066)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)	2011	2010
Financing activities		
Proceeds from loans and borrowings	2,162,292	878,316
Principal payments on loans and borrowings	(1,169,334)	(651,293)
Transaction costs on loans and borrowings	(34,821)	(37,271)
Increase (decrease) in promissory notes issued	497	(2,400)
Acquisition from non-controlling shareholders	-	(1,124)
Cash flows provided by financing activities	958,634	186,228
Net increase (decrease) in cash and cash equivalents	41,339	(10,441)
Cash and cash equivalents as at 1 January	11,872	22,313
Cash and cash equivalents as at 31 December	53,211	11,872

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		2011	2010
Operating activities			
Profit before tax		89,996	79,626
Adjustments for:			
Depreciation and amortization		17,474	13,198
Allowance for impairement of trade and other accounts receivable	*18*	1,424	807
Gain on acquisition of subsidiaries	*4*	(12,582)	(4,016)
(Gain) loss on sales of property, plant and equipment	*28*	(135)	471
Write down of inventories	*25*	626	465
Finance income	*27*	(2,461)	(83)
Interest expense	*27*	15,226	8,400
Gain from changes in fair value of biological assets	*26*	(1,826)	(12,040)
Gain (loss) arising from remeasurement of agricultural produce to fair value	*21*	(10,767)	177
Loss from promissory note transactions	*27*	243	873
Recovery of assets previously written off	*28*	(548)	(325)
Non-controlling interests of limited liability company subsidiaries	*27*	2,657	2,221
Forex loss (gain) on loans and borrowings		423	(692)
Working capital adjustments:			
Increase in inventories		(60,049)	(42,700)
Increase in trade and other receivables		(17,183)	(7,648)
Decrease (increase) in biological assets due to other changes		1,748	(4,533)
Decrease in trade and other payables		(5,393)	(1,945)
Income taxes paid		(285)	(95)
Interest paid		(11,661)	(6,956)
Cash flows provided by operating activities		6,927	25,205
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(58,211)	(33,771)
Proceeds from sales of property, plant and equipment		223	14
Sale (purchase) of long-term investments		(1,355)	(1,271)
Sale of promissory notes available-for-sale		-	(1,129)
Interest received	*27*	2,155	83
Acquisition of subsidiaries, net of cash acquired		(5,394)	(2,891)
Deposits placement		(28,224)	(1,037)
Cash flows used in investing activities		(90,837)	(40,002)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, CONTINUED

(in thousands of Euros)	2011	2010
Financing activities		
Proceeds from loans and borrowings	193,920	80,515
Principal payments on loans and borrowings	(104,856)	(61,548)
Transaction costs on loans and borrowings	(3,122)	(3,522)
Increase (decrease) in promissory notes issued	45	(227)
Acquisition from non-controlling shareholders	-	(106)
Cash flows provided by financing activities	85,987	15,112
Net increase (decrease) in cash and cash equivalents	2,139	315
Cash and cash equivalents as at 1 January	1,121	1,930
Currency translation difference	1,846	(1,124)
Cash and cash equivalents as at 31 December	5,106	1,121

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the company							
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2011	1,663	369,798	1,391,589	452,448	(2,762)	2,212,736	1,191	2,213,927
Net profit (loss)	-	-	976,420	-	-	976,420	(310)	976,110
Other comprehensive income, net of tax	-	-	-	-	1,069	1,069	-	1,069
Total comprehensive income	-	-	976,420	-	1,069	977,489	(310)	977,179
Acquisition of subsidiary	-	-	-	-	-	-	2,791	2,791
Acquisitions from non-controlling shareholders and other changes	-	-	3,088	-	-	3,088	-	3,088
Realisation of revaluation surplus, net of tax (note 14)	-	-	34,573	(34,573)	-	-	-	-
As at 31 December 2011	1,663	369,798	2,405,670	417,875	(1,693)	3,193,313	3,672	3,196,985

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the company							
(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2011	250	55,638	141,177	46,969	(35,092)	208,942	112	209,054
Net profit (loss)	-	-	87,557	-	-	87,557	(27)	87,530
Other comprehensive income, net of tax	-	-	-	-	9,685	9,685	17	9,702
Total comprehensive income	-	-	87,557	-	9,685	97,242	(10)	97,232
Acquisition of subsidiary	-	-	-	-	-	-	250	250
Acquisitions from non-controlling shareholders and other changes	-	-	277	-	-	277	-	277
Realisation of revaluation surplus, net of tax (note 14)	-	-	3,318	(3,318)	-	-	-	-
As at 31 December 2011	250	55,638	232,329	43,651	(25,407)	306,461	352	306,813

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the company							
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2010	1,663	370,358	499,130	487,814	10,166	1,369,131	864	1,369,995
Net profit (loss)	-	-	834,916	-	-	834,916	(128)	834,788
Other comprehensive income, net of tax	-	-	-	19,880	(12,928)	6,952	-	6,952
Total comprehensive income	-	-	834,916	19,880	(12,928)	841,868	(128)	841,740
Acquisitions from non-controlling shareholders and other changes	-	(560)	2,297	-	-	1,737	455	2,192
Realisation of revaluation surplus, net of tax (note 14)	-	-	55,246	(55,246)	-	-	-	-
As at 31 December 2010	1,663	369,798	1,391,589	452,448	(2,762)	2,212,736	1,191	2,213,927

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the company							
(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2010	250	55,691	55,690	50,309	(43,507)	118,433	75	118,508
Net profit (loss)	-	-	80,053	-	-	80,053	(12)	80,041
Other comprehensive income, net of tax	-	-	-	1,877	8,415	10,292	6	10,298
Total comprehensive income	-	-	80,053	1,877	8,415	90,345	(6)	90,339
Acquisitions from non-controlling shareholders and other changes	-	(53)	217	-	-	164	43	207
Realisation of revaluation surplus, net of tax (note 14)	-	-	5,217	(5,217)	-	-	-	-
As at 31 December 2010	250	55,638	141,177	46,969	(35,092)	208,942	112	209,054

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 75 to 146.

1 BACKGROUND

(a) Organization and operations

These 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 40 Ukrainian subsidiaries (hereinafter the Company and its subsidiaries are collectively referred to as the "Group").

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.

The principal operation of the Group was sugar production. It specializes in sugar production, crop growing and cattle farming. The croplands, sugar plants and cattle operations are mainly located in the Poltava, Vinnytsia, Khmelnytsky and Kharkiv oblasts (administrative regions) of Ukraine. The Group's business is vertically integrated because sugar is produced primarily using own-grown sugar beet.

Two individual major shareholders own 36.99% and 25.99% of the Group.

(b) Ukrainian business environment

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government's policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets.

The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, significant deterioration in the liquidity of the banking sector and tighter credit conditions within Ukraine.

Whilst the Ukrainian Government continues to introduce various stabilisation measures aimed at supporting the banking sector and providing liquidity to Ukrainian banks and companies, there continues to be uncertainty regarding access to capital and its cost for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, continued and unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code, applying the exemption offered by article 402 of the Title 9, Book 2 of the Netherlands Civil Code to present a condensed income statement in the Company financial statements. The consolidated financial statements were authorized by the Board of Directors on 12 April 2012.

(b) Basis of consolidation

Subsidiaries are those enterprises that are controlled by the Company. 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 its 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 financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains and losses of an associate on an equity 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 interest in the associate, the interest 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.

As at 31 December 2011 the Group has 49.99% ownership in the associate LLC Agricultural company "Pokrovska" (2010: 49.99%) with carrying value of nil. In 2007 the Group discontinued recognition of its share of losses of associate LLC Agricultural company "Pokrovska". The Group's unrecognized share of losses of the associate as at 31 December 2011 is UAH 25,102 thousand or EUR 2,907 thousand (2010: UAH 22,173 thousand, EUR 2,644 thousand).

Summarized financial information of the Group's associates as at and for the year ended 31 December is as follows:

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2011	**2010**	**2011**	**2010**
Assets	**39,538**	53,571	**3,794**	5,059
Liabilities	**105,883**	114,051	**10,162**	10,770
Gross profit	**42,661**	34,098	**3,825**	3,222
Net loss	**(5,865)**	(6,769)	**(526)**	(640)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

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

Change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it: derecognises the assets (including goodwill) and liabilities of the subsidiary; derecognises the carrying amount of any non-controlling interest; derecognises the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss; reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Prior to 1 January 2010 upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at 1 January 2010 have not been remeasured.

During year ended 31 December 2011 the Group completed acquisitions of 21 companies (note 4).

In 2011, the Group established the following subsidiaries:

Subsidiary	**Date of establishment**
LLC "Astarta-Selektsiya	22 February 2011
LLC "Agro-Tradex"	29 March 2011
LLC "Agrosvit Savyntsi"	28 April 2011
LLC "Pershe Travnya"	18 May 2011
LLC "Kolos"	14 June 2011
LLC "Geoexpertservice"	04 November 2011

During the year ended 31 December 2011 nine agri-companies were merged with: LLC "Agricultural company "Dovzhenko", LLC "Agricultural company "Dobrobut", LLC "Volochysk-Agro", LLC Firm "Astarta-Kyiv", and LLC "Khmilnitske".

As at 31 December Astarta Holding N.V. owns shares, directly and indirectly, in 41 subsidiaries and associate. Ancor Investments Ltd is incorporated under Cyprus legislation and all other subsidiaries and the associate are incorporated in Ukraine.

(c) Business combinations and goodwill

Since 1 January 2010 business combinations have been accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Prior to 1 January 2010 business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest was measured at the proportionate share of the acquiree's identifiable net assets. Business combinations achieved in stages were accounted for asseparate steps. Any additional acquired share of interest did not affect previously recognised goodwill. When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract. Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(d) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains resulting from transactions with associates 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) Basis of accounting

The consolidated financial statements are prepared using the fair value basis for property, biological assets, agricultural produce not sold at the end of reporting period and promissory notes available-for-sale.

Biological assets are stated at their fair value less estimated costs to sell, whereas agricultural produce not sold at the end of reporting period is stated at its fair value less estimated costs to sell at the point of harvest. Promissory notes available-for-sale are stated at fair value. Starting from 31 December 2007 property (buildings) is carried at fair value as determined by independent appraisal. As from 31 December 2009 property (machines and equipment) is carried at fair value as determined by independent appraisal. Promissory notes issued are stated at amortized cost. All other assets and liabilities are carried on a cost basis.

(f) Non-controlling interest participants

Substantially all of the Company's subsidiaries are Ukrainian limited liability companies. Under Ukrainian law, a participant in a limited liability company may unilaterally withdraw from the company. In such case, the company is obliged to pay the withdrawing participant's share of the net assets of the company not less than 12 months from the date of the withdrawal. Considering the absence of the non-controlling participants intention to withdraw in the nearest twelve months, their interest in a limited liabilities companies is recognized as a non-current liability. Limited liability company non-controlling interest share in the net profit/loss is recorded as a finance expense.

Since a participant in an open joint stock company may not withdraw its share in a company, the corresponding non-controlling interests are recognized in equity.

(g) Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes jointly controlled operations over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognizes its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share ofintragroup balances, transactions and unrealised gains and losses on such transactions between the Group and its jointly controlled operations. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly controlled operations upon loss of joint control and thefair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

The Group has an interest in the jointly controlled operations, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities. In respect of its interests in jointly controlled operations, a venturer recognises in its financial statements:

(a) the assets that it controls and the liabilities that it incurs; and

(b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(h) Functional and presentation currency

The functional currency of the Company is Euro (EUR). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The operating subsidiaries and the associate in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency. For the benefits of principal users, the management chose to present the consolidated financial statements in two currencies, EUR and UAH.

For the purposes of presenting consolidated financial statements, assets and liabilities are translated for companies operating in Ukraine from UAH to EUR, for the Company from EUR to UAH using the closing rates at each reporting date, and income and expenses are translated at the average rates for each respective period. The Group uses the interbank foreign exchange rates since the Group expects to settle foreign currency transactions at these rates. The resulting translation differences are recognized in other comprehensive income.

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

The preparation of the 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 the depreciated replacement cost approach. The administrative building of LLC Firm "Astarta-Kiev" is valued using the market approach. Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Prior to 31 December 2007 property was stated at cost less accumulated depreciation and impairment losses. Management engaged external independent appraisers to estimate the fair value of buildings, machines and equipment as at 31 December 2009 due to significant changes in fair value. Machines and equipment are carried at fair value less any subsequent accumulated depreciation and impairment losses and are valued using the market approach. Buildings, machines and equipment were not subject to revaluation in 2011 due to insignificant changes in fair value based on management estimations.

Fair value of biological assets

Due to the absence of an active market as defined by International Accounting 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.

Fair value of agricultural produce

Management estimates the fair value of agricultural produce not sold at the end of reporting period by reference to quoted prices in an active market, as required by International Accounting Standard IAS 41. In addition, costs to sell at the point of harvest are estimated and deducted from the fair value. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 29.

3 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are applied in the preparation of the consolidated financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency 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 the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Foreign exchange differences arising on translation are recognised in the income statement.

The principal Ukrainian Hryvnia ("UAH") exchange rates used in the preparation of the consolidated financial statements are as follows:

Currency	Average reporting period rate		Reporting date rate	
	2011	2010	2011	2010
EUR	11.1518	10.589	10.42	10.5900
USD	7.9928	7.9531	8.052	7.9750

(b) Property, plant and equipment

Owned assets

As at 31 December 2011 buildings held for production, selling and distribution or administrative purposes, machines and equipment 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. As at 31 December 2007 management adopted the revaluation model for property because the carrying value differed significantly from the fair value. The 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 each reporting 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.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the buildings, and machines and equipment being sold is transferred to retained earnings.

Constructions, vehicles and other fixed assets are stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The cost of self-constructed assets includes the cost of material, direct labour and an appropriate portion of production overheads.

Construction is a tripartite building that does not have a roof, a foundation or a wall. Constructions are mainly used in agriculture and sugar production and are presented by hangars, silos, stockpile sites and grain dryings.

Uninstalled equipment comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Uninstalled equipment is not depreciated.

The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The effect of any changes from previous estimates is accounted for as a change in an accounting estimate.

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. On the subsequent sale or retirement of a revalued asset, the atributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

The depreciable amount of assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation commences when the item of property, plant and equipment is available for use. Land and assets under construction are not depreciated.

The estimated useful lives are as follows:

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

(c) Intangible assets, other than goodwill

Intangible assets, which are acquired by the Group and which have finite useful lives, consist mainly from land lease rights and computer software.

For business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 10 years. Following initial recognition, intangible assets are carried at cost less accumulated amortization. The land lease rights are amortized over 5 to 10 years on a straight line basis. The amortization expense is recognized in the income statement in the expense category consistent with the function of intangible asset.

Software is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement in the expense category consistent with the function of intangible asset on a straight-line basis over the estimated useful lives, normally 4 years.

The amortization period and the amortization method for intangible asset with a finite useful life is reviewed at least at each year end.

(d) Biological assets

The Group classifies livestock (primarily cattle) and unharvested crops as biological assets. Biological assets are carried at their fair value less estimated costs to sell, except when the fair value cannot be measured reliably. If fair value cannot be measured reliably, biological assets are carried at cost less accumulated depreciation and accumulated impairment losses. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Gain (loss) from changes in fair value of biological assets included in the consolidated income statement represents the net difference between (i) the excess of the fair value less estimated costs to sell of biological assets over their total cost at the end of reporting period, and (ii) the corresponding amount at the beginning of the reporting period.

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 harvested crops as agricultural produce. After harvesting, agricultural produce is treated as inventories.

Agricultural produce is carried in the consolidated statement of financial position at fair value less estimated costs to sell at the point of harvest. For agricultural produce harvested during the reporting period, the difference between the cost and fair value less costs to sell at the point of harvest is included in the consolidated income statement as gain/(loss) on remeasurement of agricultural produce to fair value. Agricultural produce sold is charged to the cost of revenues at cost. The difference between such cost and the respective fair value less costs to sell, in the case of agricultural produce harvested in previous periods but sold during the reporting period, is booked to gain/(loss) on remeasurement of agricultural produce to fair value.

(f) Financial assets

(i) Non-derivative financial assets

Non-derivative financial assets comprise investments in equity and debt securities, trade and other receivables, promissory notes, cash and cash equivalents. Non-derivative financial assets 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 assets 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.

Held-to-maturity investments

Non-derivative financial assets with fixed and determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial recognition 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 other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investments in equity securities and promissory notes available-for-sale 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.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the reporting 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 reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the statement of financial position 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 costs incurred in bringing them to their existing location and condition, such as transportation.

Work in progress and finished goods include the 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 and are stated at fair value.

(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 carried at amortized cost 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 of impairment loss is recognized in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories, biological assets 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 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 is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may be decreased and 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) Earnings per share

Earnings per share are calculated by dividing net profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

(k) Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any differences between cost and redemption value being recognized in the income statement over the period of the borrowings.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognized immediately in the income statement.

(l) Trade accounts payable

Trade accounts payable are stated at their amortized cost. Balances due in less than one year are not discounted.

(m) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Group's income was subject to taxation in Ukraine. During the years ended 31 December 2010 and 2009 Ukrainian corporate income tax was levied on taxable income less allowable expenses at a rate of 25% according to the Law of Ukraine on Corporate Income Tax. In 2010 Ukrainian Parliament approved the Tax Code, which superseded the Law of Ukraine on Corporate Income Tax. New Tax Code significantly changed the rules for tax base calculation and provided for gradual decrease in tax rates from 25% to 16% over the next few years.

The decrease of income tax rate will be conducted in the following manner:

1 January 2012 - 31 December 2012:	21%
1 January 2013 - 31 December 2013:	19%
from 1 January 2014 and on:	16%

The Group has calculated its deferred tax position as at 31 December 2011 in accordance with corporate income tax rates as prescribed by the new Tax Code.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Fixed agricultural 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 might choose to be registered as payers of fixed agricultural tax (FAT), provided that their sales of agricultural goods of their own production accounted 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 objects, 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.

(o) 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.

Government grants related to crop growing

The amount of this subsidy is calculated based on the number of hectares sowed with a particular crop. The subsidy for growing sugar beet in was nil in 2011 (2010: UAH 500 or EUR 63).

The amount of reimbursement is based on a variety of factors and conditions precedents. The Group recognizes these subsidies when received due to the uncertainty in the amount and timing of receipt, and reflects in other operating income.

Government grants related to processing of animal products

Agricultural producers breeding cattle are entitled to subsidies for meat and milk transferred for processing to other entities (reprocessors). The amount of this subsidy is calculated by reprocessors and depends on their total amount of VAT payable to the state budget. The Group recognizes these subsidies as they are received due to the uncertainty in the amount and timing of receipt, and reflects in other operating income.

Partial compensation for finance costs and other subsidies

The Cabinet of Ministers of Ukraine approved the program of finance costs compensation to the companies involved in agricultural business for the years 2009-2013. The amount of interest subsidy depends on the terms and purposes of financing obtained from banks.

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

Because interest and other subsidies are payable only when the governmental budget allows, they are recognized on cash basis, and are reflected in other operating income.

(p) Revenue

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 and when there is continuing management involvement with the goods and the amount of revenue cannot be measured reliably.

(q) Expenses

Expenses are accounted for on an accrual basis.

(r) 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.

(s) Finance cost and income

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

(t) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the 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.

(u) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes etc., have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as investing activities. Interest paid is included in operating activities. Interest received is included in investing activities.

(v) New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC Interpretations effective as of 1 January 2011:

IAS 24 Related Party Transactions (Revised)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Revised)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Revised)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 Financial Instruments: Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in Note 15.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 Business Combinations: (Contingent consideration arising from a business combination prior to the adoption of *IFRS 3* (as revised in 2008))
IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)
IAS 1 Financial Statement Presentation
IAS 27 Consolidated and Separate Financial Statements
IAS 34 Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

*IFRIC 13 Customer Loyalty Programmes (*determining the fair value of award credits)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

(w) New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective and endorsed by EU.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment would have no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected in 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. The standard is effective for financial years beginning on or after 1 January 2015.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is currently assessing the impact of this standard. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this standard will impact the financial position of the Group. This due to the cessation of proportionate consolidating the joint ventures to equity accounting for the investments. The standard becomes effective for financial years beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities.

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard will affect disclosure only and will have no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendment changes the grouping of items presented in other comprehensive income. Items that could be reclassified ('or recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendmentwill affect presentation only and will have no impact on the Group's financial position or performance. The amendment becomes effective for financial years beginning on or after 1 July 2012.

IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment will have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 27 Separate Financial Statements (as revised in 2011). As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Group is currently assessing the impact of this standard. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

4 BUSINESS COMBINATIONS

During 2011, the Group completed acquisitions of 21 entities. The Group's acquisitions in 2011 and 2010 were made to expand the agricultural land leases bank and increase the volumes of sugar, crops, milk and meat production. 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 aquisition
LLC "Tarasivske"	Ukraine	Agricultural	04.02.2011	97.98%
LLC "Nika"	Ukraine	Agricultural	11.02.2011	99.98%
LLC "Zhytnytsya Podillya"	Ukraine	Agricultural	21.02.2011	74.99%
PC "Valmer"	Ukraine	Agricultural	25.02.2011	99.98%
LLC "Zdobutok"	Ukraine	Agricultural	31.03.2011	99.98%
LLC "Chervona Zirka"	Ukraine	Agricultural	31.03.2011	99.98%
LLC "Niva"	Ukraine	Agricultural	04.04.2011	99.98%
PC "Ukraine"	Ukraine	Agricultural	18.04.2011	98.75%
LLC "Lan-Invest"	Ukraine	Agricultural	04.05.2011	99.98%
AC "Oriy"	Ukraine	Agricultural	25.05.2011	99.98%
LLC "Zoria"	Ukraine	Agricultural	02.06.2011	99.13%
PC "named after Suvorov"	Ukraine	Agricultural	09.06.2011	99.98%
LLC "Horolsky combined forage factory"	Ukraine	Agricultural	22.07.2011	92.77%
PC "Lan-M"	Ukraine	Agricultural	04.08.2011	99.98%
LLC "Agricultural company "named after Vatutin"	Ukraine	Agricultural	23.08.2011	79.98%
LLC "named after Vorovsky"	Ukraine	Agricultural	13.09.2011	99.98%
OJSC "Novoivanivskiy sugar plant"	Ukraine	Sugar production	02.11.2011	94.28%
LLC "Zarichya"	Ukraine	Agricultural	25.10.2011	99.98%
PC "Kumanivske"	Ukraine	Agricultural	16.11.2011	99.98%
LLC "Zbruch"	Ukraine	Agricultural	22.12.2011	99.98%
PC 'Stetkivtci"	Ukraine	Agricultural	22.12.2011	99.98%

For the business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Management commissioned an independent appraiser to determine the fair value of the land lease rights. From the dates of acquisition the net loss incurred by acquired companies amounted to UAH 26,599 thousand (EUR 2,514 thousand).

Revenue earned and losses incurred by the major companies acquired are as follows:

(in thousands of Ukrainian hryvnias)	Nika	Zhytnytsya Podillya	Zorya	Khorolskiy combined forage factory	named after Vatutin	Novoivanivskiy sugar plant	Total
Revenue	25,878	17,165	16,889	20,696	6,907	21,702	109,237
Net profit (loss)	19,228	9,984	8,244	367	(11,845)	(4,246)	21,732

(in thousands of Euros)	Nika	Zhytnytsya Podillya	Zorya	Khorolskiy combined forage factory	named after Vatutin	Novoivanivskiy sugar plant	Total
Revenue	2,329	1,545	1,520	1,862	622	1,953	9,831
Net profit (loss)	1,730	898	742	33	(1,066)	(382)	1,955

Fair value of the acquired receivables equals to the gross contractual amounts receivable. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected. Non-controlling interest is measured as the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The acquisition of the companies had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

(in thousands of Ukrainian hryvnias)	Tarasivske	Nika	Zhytnytsya Podillya	Valmer	Zdobutok	Chervona Zirka	Niva	Ukraine	Lan-Invest	Oriy	Zorya
	Recognised fair value at acquisition										
Non-current assets											
Property, plant and equipment	2,874	33	1,368	-	9,410	7,148	2,326	4,877	493	2,417	13,260
Construction in progress	-	-	-	-	1,569	-	252	-	-	-	152
Non-current biological assets	2,378	-	75	-	329	3	6	72	-	-	3,515
Intangible assets	1,765	1,266	1,500	2,297	3,558	674	1,905	-	2,280	-	9,572
Current assets											
Inventories	1,590	2,201	3,005	-	3,992	243	678	194	45	135	3,500
Current biological assets	6,261	-	4,875	1,509	2,733	902	1,782	-	433	1,095	15,932
Trade accounts receivable	130	-	154	-	86	10	549	2	-	-	585
Other accounts receivable and prepayments	34	1,653	4,880	364	158	30	12	1,821	1	-	1,281
Cash and cash equivalents	53	5	486	-	10,682	9	716	-	2	-	157
Non-current liabilities											
Non-controlling interest	(270)	-	(452)	(1)	(6)	(2)	(2)	(75)	(1)	(1)	(315)
Long-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Deffered tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	(1,374)	-	(454)	-	-	(3)	(305)	(573)	(140)	-	(1,854)
Current liabilities											
Short-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Trade accounts payable	(177)	(7)	(1,636)	-	(1)	(312)	(98)	-	-	(166)	(8,722)
Other liabilities and accounts payable	(143)	(4,318)	(12,446)	(937)	(2,251)	(20)	(245)	(381)	-	-	(1,223)
Net identifiable assets, liabilities and contingent liabilities	13,121	833	1,355	3,232	30,259	8,682	7,576	5,937	3,113	3,480	35,840
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Excess of net assets acquired over consideration paid	10,946	-	740	-	10,701	644	5,676	5,897	721	3,080	24,091
Goodwill on acquisition	-	(141)	-	(2,100)	-	-	-	-	-	-	-
Consideration paid	(2,175)	(974)	(615)	(5,332)	(19,558)	(8,038)	(1,900)	(40)	(2,392)	(400)	(11,749)
Cash acquired	53	5	486	-	10,682	9	716	-	2	-	157
Net cash outflow	(2,122)	(969)	(129)	(5,332)	(8,876)	(8,029)	(1,184)	(40)	(2,390)	(400)	(11,592)

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition										
	named after Suvorov	Khorolskiy combined forage factory	Lan-M	named after Vatutin	named after Vorovskiy	Novoivaniv-skiy sugar plant	Zarichya	Kuma-nivske	Zbruch	Stetkivtsi	Total
Non-current assets											
Property, plant and equipment	1,604	5,518	1,057	5,863	3,881	83,291	1,164	2,241	1,612	6,237	156,674
Construction in progress	353	60	38	474	13	3,357	-	77	-	-	6,345
Non-current biological assets	1,445	-	-	-	2,304	-	-	500	-	-	10,627
Intangible assets	2,384	13	911	6,338	4,634	7,418	2,175	2,335	681	2,102	53,808
Current assets											
Inventories	402	66	10	10,165	5,576	26,798	-	906	81	-	59,587
Current biological assets	10,597	-	1,016	19,081	1,700	-	-	1,667	1,606	-	71,189
Trade accounts receivable	77	-	-	85	69	2,884	57	-	-	629	5,317
Other accounts receivable and prepayments	351	48	209	838	406	28,198	-	40	9	-	40,333
Cash and cash equivalents	13	152	5	166	42	326	-	52	37	-	12,903
Non-current liabilities											
Non-controlling interest	(3)	(356)	(1)	(5,790)	(2)	-	(1)	(1)	(1)	(1)	(7,281)
Long-term loans and borrowings	-	-	-	-	(196)	-	-	-	-	-	(196)
Other long-term liabilities	(865)	(39)	-	(4,677)	(185)	-	-	(1,478)	-	(1,107)	(13,054)
Deffered tax liabilities	-	-	-	-	-	(11,193)					(11,193)
Current liabilities											
Short-term loans and borrowings	-	-	-	-	(1,750)	-	-	(250)	-	-	(2,000)
Trade accounts payable	-	(1)	(396)	(551)	(2,330)	(14,941)	(878)	(444)	(336)	(511)	(31,507)
Other liabilities and accounts payable	(3,215)	(888)	(320)	(8,856)	(1,814)	(77,330)	-	(289)	(66)	-	(114,742)
Net identifiable assets, liabilities and contingent liabilities	13,143	4,573	2,529	23,136	12,348	48,808	2,517	5,356	3,623	7,349	236,810
Non-controlling interest	-	-	-	-	-	(2,791)	-	-	-	-	(2,791)
Excess of net assets acquired over consideration paid	6,343	-	972	16,128	5,348	36,228	2,417	656	2,375	7,349	140,312
Goodwill on acquisition	-	(1,504)	-	-	-	-	-	-	-	-	(3,745)
Consideration paid	(6,800)	(6,077)	(1,557)	(7,008)	(7,000)	(9,789)	(100)	(4,700)	(1,248)	-	(97,452)
Cash acquired	13	152	5	166	42	326	-	52	37	-	12,903
Net cash outflow	(6,787)	(5,925)	(1,552)	(6,842)	(6,958)	(9,463)	(100)	(4,648)	(1,211)	-	(84,549)

	Recognised fair value at acquisition										
(in thousands of Euros)	Tarasivske	Nika	Zhytnytsya Podillya	Valmer	Zdobutok	Chervona Zirka	Niva	Ukraine	Lan-Invest	Oriy	Zorya
Non-current assets											
Property, plant and equipment	258	3	123	-	844	641	209	437	44	217	1,189
Construction in progress	-	-	-	-	141	-	23	-	-	-	14
Non-current biological assets	213	-	7	-	30	-	1	6	-	-	315
Intangible assets	158	114	135	206	319	60	171	-	204	-	858
Current assets											
Inventories	143	197	270	-	358	22	61	17	4	12	314
Current biological assets	562	-	437	135	245	81	160	-	39	98	1,429
Trade accounts receivable	12	-	14	-	8	1	49	-	-	-	52
Other accounts receivable and prepayments	3	148	438	33	14	3	1	163	-	-	115
Cash and cash equivalents	5	-	44	-	958	1	64	-	-	-	14
Non-current liabilities											
Non-controlling interest	(24)	-	(41)	-	(1)	-	-	(7)	-	-	(28)
Long-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	(123)	-	(41)	-	-	-	(27)	(51)	(13)	-	(166)
Deffered tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Current liabilities											
Short-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Trade accounts payable	(16)	(1)	(147)	-	-	(28)	(9)	-	(1)	(15)	(782)
Other liabilities and accounts payable	(13)	(387)	(1,116)	(84)	(202)	(2)	(22)	(34)	(1)	-	(110)
Net identifiable assets, liabilities and contingent liabilities	1,178	74	123	290	2,714	779	681	531	276	312	3,214
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Excess of net assets acquired over consideration paid	983	-	68	-	960	58	511	527	61	276	2,160
Goodwill on acquisition	-	(13)	-	(188)	-	-	-	-	-	-	-
Consideration paid	(195)	(87)	(55)	(478)	(1,754)	(721)	(170)	(4)	(215)	(36)	(1,054)
Cash acquired	5	-	44	-	958	1	64	-	-	-	14
Net cash outflow	(190)	(87)	(11)	(478)	(796)	(720)	(106)	(4)	(215)	(36)	(1,040)

(in thousands of Euros)	Recognised fair value at acquisition										
	named after Suvorov	Khorolskiy combined forage factory	Lan-M	named after Vatutin	named after Vorovskiy	Novoivaniv-skiy sugar plant	Zarichya	Kuma-nivske	Zbruch	Stetkivtsi	Total
Non-current assets											
Property, plant and equipment	144	495	95	526	348	7,462	104	201	145	559	14,044
Construction in progress	32	5	3	43	1	300	-	7	-	-	569
Non-current biological assets	130	-	-	-	206	-	-	45	-	-	953
Intangible assets	214	1	82	570	415	665	195	209	61	189	4,826
Current assets											
Inventories	36	6	1	912	500	2,403	-	81	7	-	5,344
Current biological assets	950	-	91	1,711	152	-	-	150	144	-	6,384
Trade accounts receivable	7	-	-	8	6	259	5	-	-	56	477
Other accounts receivable and prepayments	31	4	19	75	44	2,529	-	4	1	-	3,625
Cash and cash equivalents	1	14	-	15	3	30	-	5	3	-	1,157
Non-current liabilities											
Non-controlling interest	-	(32)	-	(520)	-	-	-	-	-	-	(653)
Long-term loans and borrowings	-	-	-	-	(18)	-	-	-	-	-	(18)
Other long-term liabilities	(78)	(3)	-	(419)	(17)	-	-	(133)	-	(99)	(1,170)
Deffered tax liabilities	-	-	-	-	-	(1,004)	-	-	-	-	(1,004)
Current liabilities											
Short-term loans and borrowings	-	-	-	-	(157)	-	-	(22)	-	-	(179)
Trade accounts payable	-	-	(36)	(47)	(209)	(1,340)	(79)	(40)	(30)	(46)	(2,826)
Other liabilities and accounts payable	(288)	(80)	(29)	(794)	(163)	(6,927)	-	(26)	(6)	-	(10,284)
Net identifiable assets, liabilities and contingent liabilities	1,179	410	226	2,080	1,111	4,377	225	481	325	659	21,245
Non-controlling interest	-	-	-	-	-	(250)	-	-	-	-	(250)
Excess of net assets acquired over consideration paid	569	-	86	1,453	483	3,249	216	50	213	659	12,582
Goodwill on acquisition	-	(135)	-	-	-	-	-	-	-	-	(336)
Consideration paid	(610)	(545)	(140)	(627)	(628)	(878)	(9)	(431)	(112)	-	(8,749)
Cash acquired	1	14	-	15	3	30	-	5	3	-	1,157
Net cash outflow	(609)	(531)	(140)	(612)	(625)	(848)	(9)	(417)	(109)	-	(7,583)

During 2010, the Group completed acquisitions of 11 entities. The purchase consideration consisted only 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 aquisition
LLC "Goropayivske"	Ukraine	Agricultural	11.02.2010	84.98%
LLC "Zaricha-agro"	Ukraine	Agricultural	10.03.2010	99.98%
LLC "Varovetske"	Ukraine	Agricultural	01.04.2010	74.99%
LLC "Aina"	Ukraine	Agricultural	02.04.2010	99.98%
LLC "Kobeliatsky combined forage factory"	Ukraine	Fodder production	17.05.2010	97.26%
LLC "named after Ostrovsky"	Ukraine	Agricultural	18.08.2010	74.99%
LLC "Nadiya" (Ternopylskiy region)	Ukraine	Agricultural	29.09.2010	99.98%
SC "APC Agro-Kors"	Ukraine	Agricultural	12.10.2010	99.98%
PAC "Nove zhytiya"	Ukraine	Agricultural	10.11.2010	99.98%
LLC "Volodarka and co"	Ukraine	Agricultural	22.11.2010	99.98%
LLC "Lan"	Ukraine	Agricultural	02.12.2010	99.98%

The acquisition of these companies during 2010 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

Astarta Holding N.V.

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition											
	Goro-payivske	Zaricha-agro	Varovet-ske	Aina	Kobeliatsky combined forage factory	named after Ostrovsky	Nadiya (Ternopyl-skiy region)	Agro-Kors	Nove zhytiya	Volodarka and co	Lan	Total
Non-current assets												
Property, plant and equipment	5,641	23	1,198	1	15,271	1,320	3,406	399	-	6,993	4,1002	38,354
Construction in progress	455	-	-	-	-	-	57	52	-	128	-	692
Non-current biological assets	1,733	-	-	-	-	3,388	98	-	-	-	-	5,219
Intangible assets	1,506	1,369	3,418	4,382	48	-	2,297	1,448	1,704	3,030	3,412	22,614
Current assets												
Inventories	1,694	-	70	888	986	1,118	4,782	688	483	242	1,030	11,981
Current biological assets	737	-	-	1,180	-	8,814	1,060	33	1,949	-	-	13,773
Trade accounts receivable	-	-	3	-	15	-	-	-	5,027	13	-	5,058
Other accounts receivable and prepayments	571	-	1,105	4	67	64	412	-	3	964	95	3,285
Cash and cash equivalents	10	-	2	-	1	198	-	-	-	56	1	268
Non-current liabilities												
Non-controlling interest acquired	(1,663)	-	(1,379)	(1)	(364)	(2,563)	(1)	-	(1)	(2)	(2)	(5,976)
Long-term loans and borrowings	-	-	-	-	-	-	(559)	-	-	(724)	-	(1,283)
Other long-term liabilities	(2)	-	-	-	-	(2,632)	(179)	-	-	-	-	(2,813)
Current liabilities												
Short-term loans and borrowings	-	-	-	-	(1,739)	-	(440)	-	-	-	-	(2,179)
Trade accounts payable	(678)	-	(52)	-	(13)	(1,072)	-	(920)	(1,070)	(3)	(65)	(3,873)
Other liabilities and accounts payable	(594)	-	(229)	(884)	(1,325)	(951)	(4,291)	(489)	(1,607)	(237)	(639)	(11,246)
Net identifiable assets, liabilities and contingent liabilities	9,410	1,392	4,136	5,570	12,947	7,684	6,642	1,211	6,488	10,460	7,933	73,873
Excess of net assets acquired over consideration paid	7,216	287	1,977	3,698	8,338	5,676	3,647	-	5,313	4,335	1,807	42,294
Goodwill on acquisition	-	-	-	-	-	-	-	(972)	-	-	-	(972)
Consideration paid	(2,194)	(1,105)	(2,159)	(1,872)	(4,609)	(2,008)	(2,995)	(2,183)	(1,175)	(6,125)	(6,126)	(32,551)
Cash acquired	10	-	2	-	1	198	-	-	-	56	1	268 -
Net cash outflow	(2,184)	(1,105)	(2,157)	(1,872)	(4,608)	(1,810)	(2,995)	(2,183)	(1,175)	(6,069)	(6,125)	(32,283)

(in thousands of Euros)	Recognised fair value at acquisition											
	Goro-payivske	Zaricha-agro	Varovet-ske	Aina	Kobeliatsky combined forage factory	named after Ostrovsky	Nadiya (Ternopyl-skiy region)	Agro-Kors	Nove zhytiya	Volodarka and co	Lan	Total
Non-current assets												
Property, plant and equipment	536	2	114	-	1,450	125	323	38	-	664	389	3,641
Construction in progress	43	-	-	-	-	-	5	5	-	13	-	66
Non-current biological assets	165	-	-	-	-	322	9	-	-	-	-	496
Intangible assets	143	130	325	416	5	-	218	137	162	287	324	2,147
Current assets												
Inventories	161	-	7	84	94	106	454	65	46	23	98	1,138
Current biological assets	70	-	-	112	-	837	101	3	185	-	-	1,308
Trade accounts receivable	-	-	-	-	1	-	-	-	477	2	-	480
Other accounts receivable and prepayments	54	-	105	-	6	6	39	-	-	93	9	312
Cash and cash equivalents	1	-	-	-	-	19	-	-	-	5	-	25
Non-current liabilities												
Non-controlling interest acquired	(158)	-	(131)	-	(35)	(243)	-	-	-	-	-	(567)
Long-term loans and borrowings	-	-	-	-	-	-	(53)	-	-	(69)	-	(122)
Other long-term liabilities	-	-	-	-	-	(250)	(17)	-	-	-	-	(267)
Current liabilities												
Short-term loans and borrowings	-	-	-	-	(165)	-	(42)	-	-	-	-	(207)
Trade accounts payable	(64)	-	(5)	-	(1)	(102)	-	(87)	(103)	-	(6)	(368)
Other liabilities and accounts payable	(56)	-	(22)	(84)	(126)	(90)	(407)	(46)	(153)	(23)	(61)	(1,068)
Net identifiable assets, liabilities and contingent liabilities	895	132	393	528	1,229	730	630	115	614	995	753	7,014
Excess of net assets acquired over consideration paid	687	27	188	350	791	539	346	-	503	413	172	4,016
Goodwill on acquisition	-	-	-	-	-	-	-	(92)	-	-	-	(92)
Consideration paid	(208)	(105)	(205)	(178)	(438)	(191)	(284)	(207)	(111)	(582)	(581)	(3,090)
Cash acquired	1	-	-	-	-	19	-	-	-	4	-	24
Net cash outflow	(207)	(105)	(205)	(178)	(438)	(172)	(284)	(207)	(111)	(578)	(581)	(3,066)

It is not practicable to determine what would be the total revenue and net profit for the year ended 31 December 2011 had the acquisitions occurred on 1 January 2011 in accordance with IFRS because the acquired companies' financial statements were prepared in accordance with Ukrainian National Accounting Standards, which are 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.

Because modern agriculture just commenced its development in Ukraine, there is a lack of buyers who are interested in acquiring existing agri-businesses. In addition, the shareholder base of these agri-businesses is, as a rule, significantly fragmented among local residents, who agree to sell their shares cheaply.

It is important to note that often some of the assets in the companies acquired were idle for a number of years prior to acquisition. Therefore, these assets had little value to existing owners, while their fair value is much higher.

Thus, the management is in the position to acquire agri-businesses at prices lower than the fair value of the net assets acquired. Usually the fair value of the property, plant and equipment alone exceeded the purchase price.

5 PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2011	605,342	100,455	709,485	104,307	8,362	122,308	1,650,259
Additions	81,700	48,273	435,769	32,781	1,197	41,305	641,025
Additions from acquisition of subsidiaries (note 4)	32,519	57,251	61,912	4,893	99	6,345	163,019
Disposals	(5,792)	(3,220)	(5,121)	(576)	(3,171)	-	(17,880)
31 December 2011	713,769	202,759	1,202,045	141,405	6,487	169,958	2,436,423
Accumulated depreciation 1 January 2011	14,256	19,717	88,604	39,223	2,875	-	164,675
Depreciation charge	17,935	7,346	135,537	13,039	1,032	-	174,889
Disposals	(94)	(417)	(3,778)	(269)	(454)	-	(5,012)
31 December 2011	32,097	26,646	220,363	51,993	3,453	-	334,552
Net book value 31 December 2011	681,672	176,113	981,682	89,412	3,034	169,958	2,101,871

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2011	57,162	9,486	66,995	9,850	790	11,549	155,832
Additions	7,323	4,327	39,058	2,938	107	3,702	57,455
Additions from acquisition of subsidiaries (note 4)	2,916	5,131	5,549	439	9	569	14,613
Disposals	(520)	(289)	(459)	(52)	(286)	-	(1,606)
Currency translation difference	1,619	804	4,216	396	1	491	7,527
31 December 2011	68,500	19,459	115,359	13,571	621	16,311	233,821
Accumulated depreciation 1 January 2011	1,346	1,862	8,367	3,704	271	-	15,550
Depreciation charge	1,624	676	12,099	1,294	94	-	15,787
Disposals	(24)	(54)	(283)	(149)	(42)	-	(552)
Currency translation difference	134	73	965	141	8	-	1,321
31 December 2011	3,080	2,557	21,148	4,990	331	-	32,106
Net book value 31 December 2011	65,420	16,902	94,211	8,581	290	16,311	201,715

The movement of property, plant equipment is as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2010	517,131	71,380	450,625	86,746	7,054	133,424	1,266,360
Additions	70,764	25,240	248,512	17,150	1,312	-	362,978
Additions from acquisition of subsidiaries (note 4)	18,895	4,932	13,394	1,124	9	692	39,046
Disposals	(1,448)	(1,097)	(3,046)	(713)	(13)	(11,808)	(18,125)
31 December 2010	605,342	100,455	709,485	104,307	8,362	122,308	1,650,259
Accumulated depreciation 1 January 2010	-	15,346	-	29,564	1,926	-	46,836
Depreciation charge	14,308	4,652	89,017	10,094	959	-	119,030
Disposals	(52)	(281)	(413)	(435)	(10)	-	(1,191)
31 December 2010	14,256	19,717	88,604	39,223	2,875	-	164,675
Net book value 31 December 2010	591,086	80,738	620,881	65,084	5,487	122,308	1,485,584

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2010	44,735	6,175	38,981	7,504	610	11,542	109,547
Additions	6,687	2,385	23,485	1,621	124	-	34,302
Additions from acquisition of subsidiaries (note 4)	1,794	468	1,271	107	1	66	3,707
Disposals	(137)	(104)	(288)	(67)	(1)	(1,116)	(1,713)
Currency translation difference	4,083	562	3,546	685	56	1,057	9,989
31 December 2010	57,162	9,486	66,995	9,850	790	11,549	155,832
Accumulated depreciation 1 January 2010	-	1,328	-	2,557	167	-	4,052
Depreciation charge	1,352	440	8,412	954	91	-	11,249
Disposals	(5)	(27)	(39)	(41)	(1)	-	(113)
Currency translation difference	(1)	121	(6)	234	14	-	362
31 December 2010	1,346	1,862	8,367	3,704	271	-	15,550
Net book value 31 December 2010	55,816	7,624	58,628	6,146	519	11,549	140,282

As at 31 December 2009 an independent valuation of the Group's buildings, machines and equipment was performed in accordance with International Valuation Standards by a certified appraiser to estimate their fair value. Machines and equipment were valued using the market approach at UAH 450,625 thousand or EUR 38,981 thousand. The administrative building of LLC Firm "Astarta-Kiev" was valued using the market approach at UAH 39,138 thousand or EUR 3,386 thousand. The valuation of other buildings was performed using the depreciated replacement cost approach and amounted to UAH 477,993 thousand or EUR 41,349 thousand. This approach determines the cost to construct the assets in their present state and considers their remaining useful life.

The depreciated replacement cost approach was used because of the absence of an active market for the types of buildings used in the operations. These buildings are typically specialized structures that can only be used in sugar production or other agricultural activities.

The following factors were considered in determining the fair values of buildings under the depreciated replacement cost approach:

- the cost to construct the asset is based on the cost of the necessary materials and construction work as at the date of valuation;
- expected usage of the asset is assessed by reference to the asset's expected capacity or physical output;
- technical or commercial obsolescence arising from changes or improvements in production for the product or service output of the asset.

As at 31 December 2011 the carrying amount of buildings that would have been included in the consolidated financial statements had the buildings been carried at cost less any accumulated depreciation and any accumulated impairment losses is UAH 309,199 thousand or EUR 29,674 thousand (2010: UAH 200,772 thousand; EUR 18,959 thousand) and machines and equipment is

UAH 992,944 thousand or EUR 95,292 thousand (2010: UAH 500,384 thousand; EUR 47,251 thousand).

During 2011 revaluation surplus realized in the amount of UAH 34,573 thousand or EUR 3,318 thousand (2010: UAH 55,246 thousand, EUR 5,217 thousand).

For amount of property, plant and equipment pledged to secure bank loans refer to Note 16.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Leased assets	**64,859**	61,038	**6,224**	5,665
Accumulated depreciation as at 31 December	**(17,328)**	(9,801)	**(2,008)**	(1,333)
Currency translation difference	**-**	-	**346**	408
Net book value at 31 December	**47,531**	51,237	**4,562**	4,740

6 INTANGIBLE ASSETS

The movement of intangible assets for the year is as follows:

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2011	86,424	1,738	3,377	91,539
Additions	-	-	83	83
Additions through acquisition of subsidiaries (note 4)	53,808	3,745	-	57,553
Disposals	(439)	-	(50)	(489)
31 December 2011	139,793	5,483	3,410	148,686
Accumulated amortization January 2011	42,515	-	1,873	44,388
Amortization charge	19,861	-	119	19,980
31 December 2011	62,376	-	1,992	64,368
Net book value 31 December 2011	77,417	5,483	1,418	84,318

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2011	8,161	164	319	8,644
Additions	-	-	7	7
Additions through acquisition of subsidiaries (note 4)	4,826	336	-	5,162
Disposals	(39)	-	(4)	(43)
Currency translation differences	468	26	5	499
31 December 2011	13,416	526	327	14,269
Accumulated amortization January 2011	4,014	-	178	4,192
Amortization charge	1,780	-	11	1,791
Currency translation differences	192	-	2	194
31 December 2011	5,986	-	191	6,177
Net book value 31 December 2011	7,430	526	136	8,092

The movement of intangible assets is as follows:

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2010	63,810	766	2,646	67,222
Additions	-	-	731	731
Additions through acquisition of subsidiaries (note 4)	22,614	972	-	23,586
31 December 2010	86,424	1,738	3,377	91,539
Accumulated amortization 1 January 2010	22,466	-	1,301	23,767
Amortization charge	20,049	-	572	20,621
31 December 2010	42,515	-	1,873	44,388
Net book value 31 December 2010	43,909	1,738	1,504	47,151

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2010	5,520	66	229	5,815
Additions	-	-	69	69
Additions through acquisition of subsidiaries (note 4)	2,147	92	-	2,239
Currency translation differences	494	6	21	521
31 December 2010	8,161	164	319	8,644
Accumulated amortization January 2010	1,943	-	113	2,056
Amortization charge	1,895	-	54	1,949
Currency translation differences	176	-	11	187
31 December 2010	4,014	-	178	4,192
Net book value 31 December 2010	4,147	164	141	4,452

7 BIOLOGICAL ASSETS

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

The following assumptions were made to determine the fair value of biological assets:

- revenue from the crops sales is projected based on the expected volume of harvested grains and oilseeds. For dairy cattle revenue is 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 determined based on internal statistical information
- prices for grains, oilseeds, milk and meat are obtained from market resources as at the end of the reporting period
- production and costs to sell are projected based on actual operating costs
- the growth in sales prices as well as in production and costs to sell is assumed to be in line with forecasted consumer price index in Ukraine
- a pre-tax discount rate is applied in determining fair value of biological assets. The discount rate is based on the estimated average cost of capital at the reporting date.

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

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	2011		2010	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	12,562	206,485	10,169	156,623
Other livestock		3,450		1,441
		209,935		158,064
Current biological assets:				
Cattle	15,650	194,752	12,484	154,286
Other livestock		6,709		1,435
		201,461		155,721
Crops:	Hectares		Hectares	
Winter wheat	51,299	352,369	37,863	247,931
Winter barley	1,823	6,255	660	3,284
Winter rye	1,448	3,122	988	2,598
Winter rape	88	218	702	3,008
	54,658	361,964	40,213	256,821
		563,425		412,542
Total biological assets		773,360		570,606

As at 31 December biological assets comprise the following groups (continued):

(in thousands of Euros)	2011		2010	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	12,562	19,816	10,169	14,790
Other livestock		332		136
		20,148		14,926
Current biological assets:				
Cattle	15,650	18,690	12,484	14,569
Other livestock		644		136
		19,334		14,705
Crops:	Hectares		Hectares	
Winter wheat	51,299	33,817	37,863	23,412
Winter barley	1,823	600	660	310
Winter rye	1,448	300	988	244
Winter rape	88	20	702	284
	54,658	34,737	40,213	24,250
		54,071		38,955
Total biological assets		74,219		53,881

For amount of biological assets pledged to secure bank loans refer to note 16.
Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value biological assets and on earnings per share:

	2011			
	Biological assets		*Earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
10% increase in price for milk	63,262	6,071	2.53	0.24
10% decrease in prices for milk	(63,262)	(6,071)	(2.53)	(0.24)
10% increase in price for meat	10,142	973	0.41	0.04
10% decrease in price for meat	(10,142)	(973)	(0.41)	(0.04)
10% increase in prices for crops	36,196	3,474	1.45	0.14
10% decrease in prices for crops	(36,196)	(3,474)	(1.45)	(0.14)
5% increase in annual consumer price index	3,496	336	0.14	0.01
5% decrease in annual consumer price index	(3,453)	(331)	(0.14)	(0.01)

	2010			
	Biological assets		*Earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
10% increase in price for milk	47,396	4,476	1.90	0.18
10% decrease in prices for milk	(47,396)	(4,476)	(1.90)	(0.18)
10% increase in price for meat	6,398	604	0.26	0.02
10% decrease in price for meat	(6,398)	(604)	(0.26)	(0.02)
10% increase in prices for crops	26,440	2,497	1.06	0.10
10% decrease in prices for crops	(26,440)	(2,497)	(1.06)	(0.10)
5% increase in annual consumer price index	4,301	406	0.17	0.02
5% decrease in annual consumer price index	(4,250)	(401)	(0.17)	(0.02)

The following represents the changes during the year ended 31 December in the carrying amounts of non-current and current biological assets:

(in thousands of Ukrainian hryvnias)	**Non-current livestock**	**Current livestock**	**Crops**	**Total**
As at 1 January 2010	147,358	108,179	122,579	378,116
Purchases	2,803	7,957	-	10,760
Additions from acquisitions of subsidiaries	5,219	3,604	10,169	18,992
Investments into livestock and future crops	-	45,210	1,099,233	1,144,443
Loss (gain) arising from changes in fair value attributable to physical changes and to changes in market prices	(6,900)	34,987	81,850	109,937
Transfers	9,602	(9,602)	-	-
Sales	(18)	(34,614)	-	(34,632)
Decrease due to harvest	-	-	(1,057,010)	(1,057,010)
As at 1 January 2011	**158,064**	**155,721**	**256,821**	**570,606**
Purchases	**1,992**	**2,779**	**-**	**4,771**
Additions from acquisitions of subsidiaries	**10,627**	**13,071**	**58,118**	**81,816**
Investments into livestock and future crops	**-**	**79,613**	**2,173,075**	**2,252,688**
Loss (gain) arising from changes in fair value attributable to physical changes and to changes in market prices	**25,105**	**7,344**	**107,983**	**140,432**
Transfers	**14,465**	**(14,465)**	**-**	**-**
Sales	**(318)**	**(42,602)**	**-**	**(42,920)**
Decrease due to harvest	**-**	**-**	**(2,234,033)**	**(2,234,033)**
As at 31 December 2011	**209,935**	**201,461**	**361,964**	**773,360**

The following represents the changes during the year ended 31 December in the carrying amounts of non-current and current biological assets (continued):

(in thousands of Euros)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2010	12,747	9,358	10,604	32,709
Purchases	265	752	-	1,017
Additions from acquisitions of subsidiaries	496	342	966	1,804
Investments into livestock and future crops	-	4,273	103,879	108,152
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(732)	3,714	9,235	12,217
Transfers	908	(908)		-
Sales	(2)	(3,271)	-	(3,273)
Decrease due to harvest	-	-	(99,889)	(99,889)
Currency translation difference	1,244	445	(545)	1,144
As at 1 January 2011	**14,926**	**14,705**	**24,250**	**53,881**
Purchases	**179**	**249**	**-**	**428**
Additions from acquisitions of subsidiaries	**953**	**1,172**	**5,212**	**7,337**
Investments into livestock and future crops	**-**	**7,139**	**194,864**	**202,003**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**2,251**	**659**	**9,697**	**12,607**
Transfers	**1,297**	**(1,297)**	**-**	**-**
Sales	**(28)**	**(3,820)**	**-**	**(3,848)**
Decrease due to harvest	**-**	**-**	**(200,330)**	**(200,330)**
Currency translation difference	**570**	**527**	**1,044**	**2,141**
As at 31 December 2011	**20,148**	**19,334**	**34,737**	**74,219**

8 FINANCIAL INSTRUMENTS AVAILABLE-FOR-SALE

Financial instruments available-for-sale as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Venture fund certificates	**11,050**	100	**1,060**	9
Other investments	**634**	646	**61**	61
	11,684	746	**1,121**	70

Other investments represent non-controlling stakes acquired with new companies.

All investments are stated at cost because its fair value cannot be measured reliably. Financial instruments are neither past due nor impaired.

9 INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Finished goods:				
Sugar products	**952,961**	656,137	**91,455**	61,958
Agricultural produce	**490,704**	283,883	**47,093**	26,807
Cattle farming	**689**	390	**66**	37
Other production	**5,143**	2,248	**493**	212
Raw materials and consumables for:				
Sugar production	**33,795**	15,565	**3,243**	1,470
Agricultural produce	**68,702**	50,526	**6,593**	4,771
Cattle farming	**63,756**	25,392	**6,119**	2,398
Other production	**1,353**	1,133	**130**	106
Investments into future crops	**382,535**	230,368	**36,712**	21,753
	1,999,638	1,265,642	**191,904**	119,512

All inventories are stated at cost, except of agricultural produce, which is measured at fair value less costs to sell at the point of harvest.

For amount of inventories pledged to secure bank loans refer to Note 16.

10 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Trade receivables	**313,146**	141,996	**30,052**	13,408
Less allowance (note 18)	**(9,476)**	(9,621)	**(909)**	(908)
	303,670	132,375	**29,143**	12,500

For amount of trade accounts receivable pledged to secure bank loans refer to Note 16.

11 OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

Other accounts receivable and prepayments as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Prepayments and other non-financial assets:				
Taxes recoverable and prepaid	**150,176**	91,864	**14,412**	8,675
Advances to suppliers	**89,814**	65,421	**8,619**	6,178
Less allowance (Note 18)	**(2,709)**	(3,085)	**(260)**	(291)
	237,281	154,200	**22,771**	14,562
Other financial assets:				
Financial aid	**17,642**	1,888	**1,693**	178
Other receivables	**19,349**	20,678	**1,858**	1,951
Less allowance (Note 18)	**(5,246)**	(1,555)	**(503)**	(147)
	31,745	21,011	**3,048**	1,982
	269,026	175,211	**25,819**	16,544

12 DEPOSITS

Deposits as at 31 December are as follows:

				(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
				2011	**2010**	**2011**	**2010**
	Interest type	**Effective interest rate**	**Nominal interest rate**	**Amount**	**Amount**	**Amount**	**Amount**
Short-term bank deposits in UAH	Fixed	20.0%	20.0%	**16,000**	-	**1,535**	-
Short-term bank deposits in UAH	Fixed	15.0%	15.0%	**5,000**	-	**480**	-
Short-term bank deposits in UAH	Fixed	11.0%	11.0%	**3,144**	-	**302**	-
Short-term bank deposits in UAH	Fixed	10.5%	10.5%	**-**	6,201	**-**	586
Short-term bank deposits in USD	Fixed	5.0%	5.0%	**106,009**	-	**10,174**	-
Short-term bank deposits in USD	Fixed	5.5%	5.5%	**-**	4,777	**-**	451
				130,153	10,978	**12,491**	1,037
Long-term bank deposits in USD	Fixed	9.4%	9.4%	**170,103**	-	**16,325**	-
Long-term bank deposits in USD	Fixed	5.5%	5.5%	**4,819**	-	**462**	-
				174,922	-	**16,787**	-
				305,075	10,978	**29,278**	1,037

As at 31 December 2011 short-term bank deposits totaling UAH 125,153 thousand (EUR 12,011 thousand) are pledged to secure bank loans in amount of UAH 121,783 thousand (EUR 11,687 thousand) and long-term bank deposits totaling UAH 174,922 thousand (EUR 16,787 thousand) are pledged to secure bank loans in amount of UAH 305,839 thousand (EUR 29,351 thousand). The early withdrawal of bank deposits is permitted only if the full repayment of the secured bank loans is executed.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	**2011**	2010
Cash in banks in USD	**31,162**	3,008	**2,990**	284
Cash in banks in UAH	**21,360**	7,121	**2,050**	673
Cash in banks in EUR	**518**	306	**50**	29
	53,040	10,435	**5,090**	986
Cash on hand in UAH	**171**	109	**16**	10
Cash in transit in USD	**-**	1,328	**-**	125
	53,211	11,872	**5,106**	1,121

There are no restrictions on the use of cash and cash equivalents in the year 2011 and 2010.

14 EQUITY

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 of 31 December 2011 is 30,000 thousand (2010: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2010: 25,000 thousand). For amount of shares pledged to secure bank loans refer to Note 16.

Shareholders structure as at 31 December is as follows:

	2011	2010
	%	%
Astarta Holding N.V.		
Ivanchyk V.P.	**36.99%**	40.19%
Korotkov V.M.	**25.99%**	28.79%
Other shareholders	**37.02%**	31.02%
	100.00%	100.00%

Other shareholders, as at 31 December 2010, include Aviva Investors Poland SA's 5% share.

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Net profit attributable to equity holders of the company	**976,420**	834,916	**87,557**	80,053
Weighted average basic and diluted shares outstanding (in thousands of shares)	**25,000**	25,000	**25,000**	25,000
Earnings per share attributable to shareholders of the company	**39.06**	33.40	**3.50**	3.20

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 seeks to maintain a balance between levels of borrowings and the capital position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. The objective is to maintain gearing ratio below 60%. 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 consolidated statement of financial position) less cash, cash equivalents and short-term deposits. Total capital is calculated by adding net debt to equity

As at 31 December 2011 the gearing ratio was 39% compared to 35% a year before. The increase in gearing ratio is attributable to increase in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Total borrowings (Note 16)	**2,186,392**	1,192,290	**209,826**	112,587
Less cash, cash equivalents and short-term deposits	**(183,364)**	(22,850)	**(17,597)**	(2,158)
Net debt	**2,003,028**	1,169,440	**192,229**	110,429
Total equity	**3,196,985**	2,213,927	**306,813**	209,054
Total capital	**5,200,013**	3,383,367	**499,042**	319,483
Gearing ratio	**39%**	35%	**39%**	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.

Additional paid-in capital

The additional paid-in capital reserve relates to the excess from the issuance of shares above the nominal value. The additional paid-in capital reserve can be distributed tax-free.

Revaluation surplus

As at 31 December 2009 the management engaged independent appraiser to revalue the Group's buildings, machines and equipment. The related revaluation surplus of UAH 331,058 thousand (EUR 28,639 thousand) was recognised in equity. Revaluation surpluses are not freely distributable to shareholders. During the year ended 31 December 2011 the revaluation surplus realized through depreciation and disposal of property and equipment was UAH 34,573thousand or EUR 3,318thousand (2010: UAH 55,246thousand, EUR 5,217thousand).

Currency translation adjustment

The currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations to presentation currencies.

Other distributable reserves

In accordance with the Dutch law and Ukrainian legislation the distributable reserves are limited to the balance of statutory retained earnings and additional paid-in-capital. As at 31 December 2011 the Group's consolidated retained earnings as presented in these financial statements, including the net profit for the year ended 31 December 2011, amounted to UAH 2,405,670 thousand or EUR 232,329 thousand (2010: UAH 1,391,589 thousand or EUR 141,177 thousand). Statutory retained earnings of the Company and its Ukrainian subsidiaries may differ substantially from the retained earnings presented in these financial statements.

Retained earnings include the revaluation reserve for the biological assets and this amount is not available for distribution. As of 31 December 2011, revaluation reserve for biological assets included in retained earnings amount to UAH 140,432 thousand or EUR 12,593 (2010: UAH 109,937 thousand or EUR 12,217 thousand).

Dividend policy

The Company's 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 for the year ended 31 December 2011.

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 General Meeting of Shareholders by recommendation of the Board of Directors and 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.

15 NON-CONTROLLING INTERESTS

The movements in non-controlling interests in open joint stock company subsidiaries for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Balance as at 1 January	**1,191**	864	**112**	75
Share in loss	**(310)**	(128)	**(27)**	(12)
Acquisitions from non-controlling shareholders and other changes	**-**	455	**-**	43
Non-controlling interests acquired with new subsidiaries	**2,791**	-	**250**	-
Currency translation difference	**-**	-	**17**	6
Balance as at 31 December	**3,672**	1,191	**352**	112

The movements in non-controlling interests in limited liability company subsidiaries for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Balance as at 1 January	**66,785**	40,245	**6,306**	3,481
Non-controlling interests of limited liability company subsidiaries in profit (Note 27)	**29,635**	23,316	**2,657**	2,221
Acquisitions from non-controlling shareholders and other changes	**(3,088)**	(2,752)	**(277)**	(260)
Non-controlling interests acquired with new subsidiaries	**7,281**	5,976	**653**	567
Currency translation difference	**-**	-	**317**	297
Balance as at 31 December	**100,613**	66,785	**9,656**	6,306

16 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 32 for more information on exposure to interest rate, foreign currency risk and information on financial risk management.

Loans and borrowings as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Long-term loans and borrowings:				
Bank loans	**1,145,825**	574,880	**109,963**	54,286
Finance lease liabilities (Note 33 c)	**7,545**	21,889	**724**	2,066
Transaction costs	**(32,245)**	(6,121)	**(3,094)**	(578)
	1,121,125	590,648	**107,593**	55,774
Current portion of long-term loans and borrowings:				
Bank loans	**186,683**	222,090	**17,915**	20,972
Finance lease liabilities (Note 33 c)	**15,739**	18,381	**1,511**	1,735
Interest-bearing vendor financing arrangements	**-**	2,614	**-**	247
Transaction costs	**(13,004)**	(4,528)	**(1,248)**	(427)
	189,418	238,557	**18,178**	22,527
Short-term loans and borrowings:				
Bank loans	**884,313**	375,352	**84,867**	35,444
Borrowings from non-financial institutions	**-**	620	**-**	59
Transaction costs	**(8,464)**	(12,887)	**(812)**	(1,217)
	875,849	363,085	**84,055**	34,286
	2,186,392	1,192,290	**209,826**	112,587

The terms and repayment schedule for loans and borrowings as at 31 December are as follows:

				2011				2010			
(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
Loans from Ukrainian banks received in UAH	Fixed	9.40%	9.40%	47,547	-	-	47,547	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	10.00%	10.00%	7,600	-	-	7,600	212,904	-	-	212,904
Loans from Ukrainian banks received in UAH	Fixed	10.75%	10.75%	8,202	-	-	8,202	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	11.50%	11.50%	-	-	-	-	131,652	-	-	131,652
Loans from Ukrainian banks received in UAH	Fixed	12.00%	12.00%	13,274	-	-	13,274	21,281	-	-	21,281
Loans from Ukrainian banks received in UAH	Fixed	13.50%	13.50%	30,000	-	-	30,000	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.50%	14.50%	250,000	-	-	250,000	421	307	-	728
Loans from Ukrainian banks received in UAH	Fixed	14.75%	14.75%	39,000	-	-	39,000	4,750	-	-	4,750
Loans from Ukrainian banks received in UAH	Fixed	16.50%	16.50%	169,997	-	-	169,997	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	17.50%	17.50%	26,637	-	-	26,637	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	18.50%	18.50%	17,663	-	-	17,663	2,641	-	-	2,641
Loans from Ukrainian banks received in UAH	Fixed	20.00%	20.00%	94,854	-	-	94,854	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	21.00%	21.00%	18,500	-	-	18,500	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	25.00%	25.00%	-	-	-	-	2,124	-	-	2,124
Loans from Ukrainian banks received in USD	Fixed	7.50%	7.50%	9,348	9,348	4,674	23,370	-	-	-	-
Loans from Ukrainian banks received in USD	Fixed	10.50%	10.50%	-	-	-	-	6,790	3,395	-	10,185
Loans from non-resident banks received in USD	Fixed	10.16%	9.40%	230,876	100,654	-	331,530	-	-	-	-
Loans from non-resident banks received in USD	Floating	2.06%	Libor+1.25%	16,508	8,254	-	24,762	16,350	16,350	8,175	40,875
Loans from non-resident banks received in USD	Floating	6.99%	Libor+1.75%	17,180	17,180	42,950	77,310	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.40%	Libor+1.80%	14,271	14,271	64,219	92,761	-	-	-	-
Loans from non-resident banks received in USD	Floating	3.11%	Libor+2.30%	5,155	5,155	-	10,310	6,431	3,780	5,105	15,316
Loans from non-resident banks received in USD	Floating	6.98%	Libor+2.50%	15,440	15,440	23,160	54,040	15,293	15,293	38,233	68,819
Loans from non-resident banks received in USD	Floating	8.96%	Libor+2.80%	7,976	7,976	11,964	27,916	7,899	7,899	19,748	35,546
Loans from non-resident banks received in USD	Floating	4.31%	Libor+3.50%	-	-	-	-	26,583	26,583	66,458	119,624
Loans from non-resident banks received in USD	Floating	4.81%	Libor+4.00%	30,968	30,968	77,420	139,356	30,673	30,673	107,356	168,702
Loans from non-resident banks received in USD	Floating	5.45%	Libor+4.75%	-	61,072	305,360	366,432	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.99%	Libor+5.00%	-	40,260	201,300	241,560	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.31%	Libor+5.50%	-	-	-	-	39,875	39,875	79,750	159,500
Loans from non-resident banks received in USD	Floating	6.58%	Libor+6.00%	-	-	-	-	71,775	-	-	71,775
Loans from non-resident banks received in EUR	Floating	6.92%	Euribor+4.75%	-	17,367	86,833	104,200	-	17,650	88,250	105,900
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.00%	0.00%	-	-	-	-	620	-	-	620
Interest-bearing vendor financing arrangements in USD	Fixed	10.50%	10.50%	-	-	-	-	2,614	-	-	2,614
Finance lease liabilities	Fixed	6.00%	6.00%	2,439	1,359	-	3,798	2,228	2,412	1,347	5,987
Finance lease liabilities	Fixed	6.50%	6.50%	821	704	529	2,054	556	604	487	1,647
Finance lease liabilities	Fixed	14.00-16.00%	14.00-16.00%	1,733	-	-	1,733	3,105	1,042	-	4,147
Finance lease liabilities	Floating	8.13%	Libor+7.00%	7,241	3,480	-	10,721	8,528	7,534	3,447	19,509
Finance lease liabilities	Floating	9.28%	Libor+8.15%	466	125	-	591	640	463	125	1,228
Finance lease liabilities	Floating	9.18%	Libor+8.60%	3,039	1,348	-	4,387	3,324	3,094	1,334	7,752
Transaction costs				(21,468)	(10,212)	(22,033)	(53,713)	(17,415)	(2,936)	(3,185)	(23,536)
				1,065,267	324,749	796,376	2,186,392	601,642	174,018	416,630	1,192,290

The terms and repayment schedule for loans and borrowings as at 31 December are as follows (continued):

(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	2011 Less than one year	2011 From one to two years	2011 More than two years	2011 Total	2010 Less than one year	2010 From one to two years	2010 More than two years	2010 Total
Loans from Ukrainian banks received in UAH	Fixed	9.40%	9.40%	4,563	-	-	4,563	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	10.00%	10.00%	729	-	-	729	20,104	-	-	20,104
Loans from Ukrainian banks received in UAH	Fixed	10.75%	10.75%	787	-	-	787	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	11.50%	11.50%	-	-	-	-	12,432	-	-	12,432
Loans from Ukrainian banks received in UAH	Fixed	12.00%	12.00%	1,274	-	-	1,274	2,010	-	-	2,010
Loans from Ukrainian banks received in UAH	Fixed	13.50%	13.50%	2,879	-	-	2,879	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.50%	14.50%	23,992	-	-	23,992	40	31	-	71
Loans from Ukrainian banks received in UAH	Fixed	14.75%	14.75%	3,743	-	-	3,743	449	-	-	449
Loans from Ukrainian banks received in UAH	Fixed	16.50%	16.50%	16,314	-	-	16,314	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	17.50%	17.50%	2,556	-	-	2,556	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	18.50%	18.50%	1,695	-	-	1,695	249	-	-	249
Loans from Ukrainian banks received in UAH	Fixed	20.00%	20.00%	9,103	-	-	9,103	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	21.00%	21.00%	1,775	-	-	1,775	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	25.00%	25.00%	-	-	-	-	200	-	-	200
Loans from Ukrainian banks received in USD	Fixed	7.50%	7.50%	897	897	448	2,242	-	-	-	-
Loans from Ukrainian banks received in USD	Fixed	10.50%	10.50%	-	-	-	-	642	321	-	963
Loans from non-resident banks received in USD	Fixed	10.16%	9.40%	22,158	9,656	-	31,814	-	-	-	-
Loans from non-resident banks received in USD	Floating	2.06%	Libor+1.25%	1,584	792	-	2,376	1,544	1,544	772	3,860
Loans from non-resident banks received in USD	Floating	6.99%	Libor+1.75%	1,649	1,649	4,122	7,420	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.40%	Libor+1.80%	1,370	1,370	6,165	8,905	-	-	-	-
Loans from non-resident banks received in USD	Floating	3.11%	Libor+2.30%	495	495	-	990	607	358	483	1,448
Loans from non-resident banks received in USD	Floating	6.98%	Libor+2.50%	1,482	1,482	2,223	5,187	1,444	1,444	3,610	6,498
Loans from non-resident banks received in USD	Floating	8.96%	Libor+2.80%	765	765	1,147	2,677	746	746	1,865	3,357
Loans from non-resident banks received in USD	Floating	4.31%	Libor+3.50%	-	-	-	-	2,510	2,510	6,275	11,295
Loans from non-resident banks received in USD	Floating	4.81%	Libor+4.00%	2,972	2,972	7,430	13,374	2,896	2,896	10,136	15,928
Loans from non-resident banks received in USD	Floating	5.45%	Libor+4.75%	-	5,861	29,305	35,166	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.99%	Libor+5.00%	-	3,864	19,320	23,184	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.31%	Libor+5.50%	-	-	-	-	3,765	3,765	7,530	15,060
Loans from non-resident banks received in USD	Floating	6.58%	Libor+6.00%	-	-	-	-	6,778	-	-	6,778
Loans from non-resident banks received in EUR	Floating	6.92%	Euribor+4.75%	-	1,667	8,333	10,000	-	1,667	8,333	10,000
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.00%	0.00%	-	-	-	-	59	-	-	59
Interest-bearing vendor financing arrangements in USD	Fixed	10.50%	10.50%	-	-	-	-	247	-	-	247
Finance lease liabilities	Fixed	6.00%	6.00%	234	130	-	364	210	228	127	565
Finance lease liabilities	Fixed	6.50%	6.50%	79	68	51	198	52	57	46	155
Finance lease liabilities	Fixed	14.00-16.00%	14.00-16.00%	166	-	-	166	293	98	-	391
Finance lease liabilities	Floating	8.13%	Libor+7.00%	695	334	-	1,029	805	711	325	1,841
Finance lease liabilities	Floating	9.28%	Libor+8.15%	45	12	-	57	60	44	12	116
Finance lease liabilities	Floating	9.18%	Libor+8.60%	292	129	-	421	315	292	126	733
Transaction costs	-	-	-	(2,060)	(980)	(2,114)	(5,154)	(1,644)	(277)	(301)	(2,222)
				102,233	31,163	76,430	209,826	56,813	16,435	39,339	112,587

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Property, plant and equipment (Note 5)	**802,465**	484,225	**77,012**	45,725
Inventories (Note 9)	**403,127**	318,825	**38,688**	30,106
Rights of claim on future proceeds from sale contracts	**317,125**	295,227	**30,434**	27,878
Long-term deposits (Note 12)	**174,922**	-	**16,787**	-
Short-term deposits (Note 12)	**125,153**	10,978	**12,011**	1,037
Biological assets (Note 7)	**48,230**	35,080	**4,629**	3,313
Trade accounts receivable (Note 10)	**-**	31,595	**-**	2,983
	1,871,022	1,175,930	**179,561**	111,042

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 4.6 % of Astarta Holding N.V. issued shares in equal parts.

17 OTHER LIABILITIES AND ACCOUNTS PAYABLE

Other liabilities and accounts payable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Other liabilities:				
Advances received from customers	**87,249**	42,927	**8,373**	4,054
VAT payable	**31,527**	39,263	**3,026**	3,708
	118,776	82,190	**11,399**	7,762
Other accounts payable:				
Interest payable	**23,701**	9,792	**2,275**	925
Settlements for acquired companies	**22,585**	1,850	**2,167**	175
Accrual for unused vacations	**17,237**	12,557	**1,654**	1,186
Salaries payable	**12,665**	7,258	**1,215**	685
Accounts payable for property, plant and equipment	**11,736**	1,097	**1,126**	104
Settlements with land and fixed assets lessors	**11,103**	9,360	**1,066**	884
Social insurance payable	**5,601**	3,554	**538**	336
Other taxes and charges payable	**5,489**	3,324	**527**	314
Other payables	**18,205**	4,971	**1,747**	468
	128,322	53,763	**12,315**	5,077
	247,098	135,953	**23,714**	12,839

18 ALLOWANCE FOR TRADE AND OTHER ACCOUNTS RECEIVABLE

Allowance for trade and other accounts receivable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Trade accounts receivable (Note 10)	**9,476**	9,621	**909**	908
Other accounts receivable (Note 11)	**7,955**	4,640	**763**	438
	17,431	14,261	**1,672**	1,346

Changes in allowances for trade and other accounts receivable during the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Balance at 1 January	**14,261**	10,843	**1,346**	938
Charge in income statement	**15,875**	8,535	**1,424**	807
Amounts written off	**(12,705)**	(5,117)	**(1,140)**	(484)
Currency translation difference	**-**	-	**42**	85
Balance as at 31 December	**17,431**	14,261	**1,672**	1,346

19 REVENUES

Revenues for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Sugar and related sales:				
Sugar	**1,874,347**	1,563,233	**168,076**	147,265
Molasses	**94,725**	42,583	**8,494**	4,012
Pulp	**41,002**	23,915	**3,677**	2,253
Other sugar related sales	**156,578**	63,331	**14,041**	5,966
	2,166,652	1,693,062	**194,288**	159,496
Crops	**886,349**	429,360	**79,480**	40,448
Cattle farming	**288,446**	184,177	**25,866**	17,351
Other sales	**44,082**	21,604	**3,953**	2,035
	1,218,877	635,141	**109,299**	59,834
	3,385,529	2,328,203	**303,587**	219,330

For the years ended 31 December 2011 and 2010 there were no sales settled through barter transactions. Almost 90% of revenue is generated from sales to customers in Ukraine.

20 COST OF REVENUES

Cost of revenues for the year ended 31 December by product is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Sugar and related sales:				
Sugar	**1,221,136**	838,411	**109,502**	79,048
Molasses	**42,873**	23,629	**3,845**	2,228
Pulp	**22,525**	12,787	**2,020**	1,206
Other sugar related sales	**145,514**	54,380	**13,048**	5,127
	1,432,048	929,207	**128,415**	87,609
Crops	**499,444**	293,131	**44,786**	27,637
Cattle farming	**189,625**	121,538	**17,004**	11,459
Other sales	**36,525**	17,120	**3,275**	1,614
	725,594	431,789	**65,065**	40,710
	2,157,642	1,360,996	**193,480**	128,319

The Group's costs include, inter alia, the following expenses:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Depreciation and amortization costs	**182,237**	125,937	**16,337**	11,897
Land lease expenses	**144,499**	84,891	**12,958**	8,022
Employee benefits expenses	**343,615**	248,829	**30,813**	23,515

21 (LOSS) GAIN ARISING FROM REMEASUREMENT OF AGRICULTURAL PRODUCE TO FAIR VALUE INCLUDING NET REALISABLE VALUE ADJUSTMENT

The gains (losses) from the remeasurment to fair value of agricultural produce are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Valuation adjustment with respect to agricultural produce as at				
31 December	**189,763**	69,695	**17,016**	6,586
1 January	**(69,695)**	(73,174)	**(6,586)**	(6,437)
Currency translation difference	-	-	**337**	28
Gain (loss) arising from remeasurement of agricultural produce to fair value	**120,068**	(3,479)	**10,767**	177

22 OTHER OPERATING INCOME

Other operating income for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Government subsidies relating to:				
Crop production	**2,569**	18,454	**230**	1,736
Cattle farming	**2,206**	32,491	**198**	3,057
Interest and financing costs	**1,575**	13	**141**	1
Other operating income	**2,361**	2,444	**212**	231
	8,711	53,402	**781**	5,025

23 GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Salary and related charges	**66,643**	45,346	**5,976**	4,301
Professional services	**14,483**	12,608	**1,299**	1,196
Depreciation	**8,595**	9,254	**771**	878
Fuel and other materials	**7,161**	6,351	**642**	602
Taxes other than corporate income tax	**4,553**	2,455	**408**	233
Rent	**4,355**	4,982	**391**	473
Communication	**3,345**	2,801	**300**	266
Insurance	**2,631**	2,912	**236**	276
Maintenance	**2,103**	2,216	**189**	210
Office expenses	**1,414**	2,302	**127**	218
Transportation	**1,255**	884	**113**	84
Other	**5,567**	5,599	**497**	530
	122,105	97,710	**10,949**	9,267

24 SELLING AND DISTRIBUTION EXPENSE

Selling and distribution expense for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Transportation	**60,806**	30,730	**5,453**	2,927
Salary and related charges	**28,099**	17,164	**2,520**	1,635
Fuel and other materials	**20,434**	8,449	**1,832**	805
Storage and logistics	**12,216**	5,088	**1,095**	485
Customs duties and services	**8,061**	240	**723**	23
Professional services	**4,972**	3,588	**446**	342
Depreciation	**2,745**	554	**246**	53
Commissions	**1,796**	772	**161**	74
Allowance for trade accounts receivable	**394**	5,145	**35**	489
Advertising	**119**	235	**11**	22
Other	**8,207**	4,335	**736**	412
	147,849	76,300	**13,258**	7,267

25 OTHER OPERATING EXPENSE

Other operating expense for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Allowance for other accounts receivable	**15,481**	3,390	**1,388**	318
Charity and social expenses	**14,569**	10,132	**1,306**	951
VAT written off	**7,075**	5,023	**634**	471
Inventory written off	**6,986**	4,921	**626**	465
Penalties paid	**6,589**	7,777	**591**	731
Other salary and related charges	**2,981**	2,245	**267**	211
Depreciation	**1,292**	552	**116**	52
Representative expenses	**776**	848	**70**	80
Canteen expenses	**580**	712	**53**	67
Other operating expenses	**9,664**	9,199	**867**	863
	65,993	44,799	**5,918**	4,209

26 CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

Changes in fair value of biological assets for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	**2011**	2010
Non-current livestock	**25,105**	(6,900)	**2,251**	(732)
Current livestock	**7,344**	34,987	**659**	3,714
Crops	**(12,085)**	85,329	**(1,084)**	9,058
	20,364	113,416	**1,826**	12,040

27 FINANCE (COSTS) INCOME

Finance (costs) income for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	**2011**	2010
Finance costs				
Interest expense:				
Bank loans	**(162,070)**	(78,280)	**(14,533)**	(7,457)
Finance lease liabilities	**(7,684)**	(9,267)	**(689)**	(883)
Interest-bearing vendor financing arrangements	**(29)**	(531)	**(3)**	(51)
Borrowings from non-financial institutions	**(9)**	(90)	**(1)**	(9)
	(169,792)	(88,168)	**(15,226)**	(8,400)
Net profit attributable to non-controlling interests of limited liability company subsidiaries (Note 15)	**(29,635)**	(23,316)	**(2,657)**	(2,221)
Loss from promissory note transactions	**(2,710)**	(9,158)	**(243)**	(873)
Foreign currency exchange loss	**(6,261)**	(2,403)	**(561)**	(229)
Payment to shareholders for pledged shares	**(6,451)**	-	**(578)**	-
Other finance costs	**(10,258)**	(5,016)	**(921)**	(478)
	(55,315)	(39,893)	**(4,960)**	(3,801)
	(225,107)	(128,061)	**(20,186)**	(12,201)
Finance income				
Interest income:				
Long-term bank deposits	**18,180**	-	**1,630**	-
Short-term bank deposits	**4,186**	500	**375**	47
Cash balances	**1,535**	371	**138**	36
	23,901	871	**2,143**	83
Other finance income	**3,541**		**318**	-
	27,442	871	**2,461**	83

28 OTHER INCOME

Other income for the years ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Sale of emission reduction units	**6,923**	-	**621**	-
Recovery of assets previously written off	**6,142**	3,299	**548**	325
Gain (loss) on sales of property, plant and equipment	**1,504**	(4,979)	**135**	(471)
Other (expense) income	**5,310**	3,891	**479**	364
	19,879	2,211	**1,783**	218

29 INCOME TAX BENEFIT(EXPENSE)

Certain companies in the Group are subject to income taxes. Income tax benefit for these companies for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	**2010**	**2011**	**2010**
Current expense	**(3,545)**	(2,686)	**(318)**	(194)
Deferred benefit (expense)	**(23,954)**	8,422	**(2,148)**	609
	(27,499)	5,736	**(2,466)**	415

24 subsidiaries elected to pay FAT in lieu of other taxes in 2011 (2010: 13 companies). The remaining companies are subject to the Ukrainian corporate income tax at a 23 % rate (2010: 25%) and a Dutch corporate income tax rate of 25.5%.

Current year losses for which no deferred tax asset was recognized relate to Astarta Holding NV, the Dutch company, and thus are subject to income tax rate at 25.5%.

The difference between the total expected income tax expense (benefit) computed by applying the statutory income tax rate to profit (loss) before tax and the reported tax expense (benefit) is as follows:

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2011			
Profit before tax	118,603	885,006	1,003,609
Income tax expense at statutory rate of 25%	5,607	-	5,607
Income tax expense at statutory rate of 23%	22,120		22,120
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	3,109	-	3,109
Non-deductible items	1,945	-	1,945
Non-taxable items	(5,282)	-	(5,282)
Income tax expense	27,499	-	27,499

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2011			
Profit before tax	10,635	79,361	89,996
Income tax expense at statutory rate of 25%	503	-	503
Income tax expense at statutory rate of 23%	1,984		1,984
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	279	-	279
Non-deductible items	174	-	174
Non-taxable items	(474)	-	(474)
Income tax expense	2,466	-	2,466

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2010			
Profit before tax	71,088	757,964	829,052
Income tax expense at statutory rate of 25%	17,772	-	17,772
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	582	-	582
Effect of change in tax rate recognized in consolidated income statement	4,874	-	4,874
Effect of change in tax base	(35,247)	-	(35,247)
Non-deductible items	8,247	-	8,247
Non-taxable items	(1,964)	-	(1,964)
Income tax benefit	(5,736)	-	(5,736)

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2010			
Profit before tax	6,828	72,798	79,626
Income tax expense at statutory rate of 25%	1,707	-	1,707
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	55	-	55
Effect of change in tax rate recognized in consolidated income statement	(1,406)	-	(1,406)
Effect of change in tax rate recognized in consolidated statement of comprehensive income	1,877	-	1,877
Effect of change in tax base	(3,331)	-	(3,331)
Non-deductible items	769	-	769
Non-taxable items	(186)	-	(186)
Currency translation difference	100	-	100
Income tax benefit	(415)	-	(415)

Movements in temporary differences during the years ended 31 December are as follows:

(in thousands of Ukrainian hryvnias)	1 January 2011	Recognised on acquisition of subsidiaries	Recognized in income statement	31 December 2011
Deferred tax assets				
Tax loss recoverable	6,252	-	(3,124)	3,128
Inventories	10,176	-	(6,262)	3,914
Trade and other accounts receivable and prepayments	4,841	-	(2,163)	2,678
Trade and other accounts payable	74,789	-	(72,906)	1,883
Loans and borrowings		-	1,852	1,852
Set off of tax	(92,296)	-	80,650	(11,646)
	3,762		(1,953)	1,809
Deferred tax liabilities				
Property, plant and equipment	(60,406)	(11,193)	(4,046)	(75,645)
Investments	(10,258)	-	(3,140)	(13,398)
Inventories	(2,993)	-	(110)	(3,103)
Biological assets	(3,035)	-	1,785	(1,250)
Trade and other accounts receivable and prepayments	(4,504)	-	4,504	-
Loans and borrowings	(60,836)	-	60,836	-
Trade and other accounts payable	(575)	-	(1,180)	(1,755)
Set off of tax	92,296	-	(80,650)	11,646
	(50,311)	(11,193)	(22,001)	(83,505)

(in thousands of Euros)	1 January 2011	Recognised on acquisition of subsidiaries	Recognized in income statement	Currency translation difference	31 December 2011
Deferred tax assets					
Tax loss recoverable	590	-	(280)	(10)	300
Inventories	961	-	(562)	(23)	376
Trade and other accounts receivable and prepayments	457	-	(194)	(6)	257
Trade and other accounts payable	7,062	-	(6,538)	(343)	181
Loans and borrowings	-	-	166	12	178
Set off of tax	(8,715)	-	7,232	365	(1,118)
	355	-	(176)	(5)	174
Deferred tax liabilities					
Property, plant and equipment	(5,704)	(1,004)	(363)	(189)	(7,260)
Investments	(969)	-	(282)	(35)	(1,286)
Inventories	(283)	-	(10)	(5)	(298)
Biological assets	(287)	-	160	7	(120)
Trade and other accounts receivable and prepayments	(425)	-	404	21	-
Loans and borrowings	(5,744)	-	5,455	289	-
Trade and other accounts payable	(54)	-	(104)	(10)	(168)
Set off of tax	8,715	-	(7,232)	(365)	1,118
	(4,751)	(1,004)	(1,972)	(287)	(8,014)

(in thousands of Ukrainian hryvnias)	1 January 2010	Recognized in other comprehensive income	Recognized in income statement	31 December 2010
Deferred tax assets				
Tax loss recoverable	13,558	-	(7,306)	6,252
Inventories	10,503	-	(327)	10,176
Trade and other accounts receivable and prepayments	2,123	-	2,718	4,841
Trade and other accounts payable	83,459	-	(8,670)	74,789
Set off of tax	(97,884)	-	5,588	(92,296)
	11,759	-	(7,997)	3,762
Deferred tax liabilities				
Property, plant and equipment	(109,885)	19,880	29,599	(60,406)
Intangible assets	(318)	-	318	-
Investments	(4,472)	-	(5,786)	(10,258)
Inventories	(1,546)	-	(1,447)	(2,993)
Biological assets	-	-	(3,035)	(3,035)
Trade and other accounts receivable and prepayments	(1,394)	-	(3,110)	(4,504)
Loans and borrowings	(66,426)	-	5,590	(60,836)
Trade and other accounts payable	(454)	-	(121)	(575)
Set off of tax	97,884	-	(5,588)	92,296
	(86,611)	19,880	16,420	(50,311)

(in thousands of Euros)	1 January 2010	Recognized in other comprehensive income	Recognized in income statement	Currency translation difference	31 December 2010
Deferred tax assets					
Tax loss recoverable	1,173	-	(529)	(54)	590
Inventories	909	-	(24)	76	961
Trade and other accounts receivable and prepayments	184	-	197	76	457
Trade and other accounts payable	7,220	-	(627)	469	7,062
Set off of tax	(8,469)	-	404	(650)	(8,715)
	1,017	-	(579)	(83)	355
Deferred tax liabilities					
Property, plant and equipment	(9,506)	1,877	2,141	(216)	(5,704)
Intangible assets	(28)	-	23	5	-
Investments	(387)	-	(419)	(163)	(969)
Inventories	(134)	-	(105)	(44)	(283)
Biological assets	-	-	(220)	(67)	(287)
Trade and other accounts receivable and prepayments	(121)	-	(225)	(79)	(425)
Loans and borrowings	(5,746)	-	404	(402)	(5,744)
Trade and other accounts payable	(39)	-	(7)	(8)	(54)
Set off of tax	8,469	-	(404)	650	8,715
	(7,492)	1,877	1,188	(324)	(4,751)

30 SEGMENT REPORTING

An operating 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 operating segments.

At 31 December 2011 and 2010, the group is organized into three main operating/ reportable 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, fodder and gas. 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. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

In the year ended 31 December 2011 there were no revenues from transactions with a single external customer in the amount of 10% or more of Group's revenue. In the year ended 31 December 2010 sales to major customer comprising more than 10% of Group's revenue amounted to UAH 367,516 thousand or EUR 34,622 thousand and were 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.

All unallocated items relate to overall Group's operational activity and may not be allocated to the identified reporting segments.

The segment information for the year ended 31 December 2011 is as follows:

(in thousands of Ukrainian hryvnias)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	2,166,652	1,885,455	288,446	44,082	-	4,384,635
Inter-segment revenues	-	999,106	-	-	-	999,106
Revenues from external customers	2,166,652	886,349	288,446	44,082	-	3,385,529
Total cost of revenues	(1,432,048)	(1,498,550)	(189,625)	(36,525)	-	(3,156,748)
Inter-segment cost of revenues	-	(999,106)	-	-	-	(999,106)
Cost of revenues	(1,432,048)	(499,444)	(189,625)	(36,525)	-	(2,157,642)
Gain from remeasurement of agricultural produce to fair value	-	120,068	-	-	-	120,068
Gross profit	734,604	506,973	98,821	7,557	-	1,347,955
General and administrative expense	(39,059)	(23,716)	(5,140)	(3,523)	(50,667)	(122,105)
Selling and distribution expense	(67,832)	(62,259)	(623)	(3,612)	(13,523)	(147,849)
Other operating income (expense)	(8,346)	(19,870)	33,199	(369)	(41,532)	(36,918)
Profit (loss) from operations	619,367	401,128	126,257	53	(105,722)	1,041,083
Loss from exchange differences	-	-	-	-	(6,261)	(6,261)
Interest expense	(24,125)	(24,301)	(669)	(2,297)	(118,400)	(169,792)
Interest income	-	-	-	-	23,901	23,901
Other expense	-	-	-	-	(25,634)	(25,634)
Gain on acquisition of subsidiaries	-	-	-	-	140,312	140,312
Profit (loss) before tax	595,242	376,827	125,588	(2,244)	(91,804)	1,003,609
Taxation	-	-	-	-	(27,499)	(27,499)
Net profit (loss)	595,242	376,827	125,588	(2,244)	(119,303)	976,110
Total assets	2,127,963	2,415,674	670,880	75,648	649,753	5,939,918
Unallocated deferred tax	-	-	-	-	1,809	1,809
Consolidated total assets	2,127,963	2,415,674	670,880	75,648	651,562	5,941,727
Total liabilities	588,827	594,215	43,436	23,399	1,411,359	2,661,236
Unallocated deferred tax	-	-	-	-	83,505	83,505
Consolidated total liabilities	588,827	594,215	43,436	23,399	1,494,864	2,744,741
Other segment information:						
Depreciation and amortisation	59,740	123,106	6,552	2,046	3,425	194,869
Additions to non-current assets:						
Property, plant and equipment	384,093	360,102	33,589	10,097	16,163	804,044
Intangible assets	-	57,501	-	-	52	57,553
Biological non-current assets	-	-	12,619	-	-	12,619

The segment information for the year ended 31 December 2011 is as follows (continued):

(in thousands of Euros)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	194,288	169,072	25,866	3,953	-	393,179
Inter-segment revenues	-	89,592	-	-	-	89,592
Revenues from external customers	194,288	79,480	25,866	3,953	-	303,587
Total cost of revenues	(128,415)	(134,378)	(17,004)	(3,275)	-	(283,072)
Inter-segment cost of revenues	-	(89,592)	-	-	-	(89,592)
Cost of revenues	(128,415)	(44,786)	(17,004)	(3,275)	-	(193,480)
Gain from remeasurement of agricultural produce to fair value	-	10,767	-	-	-	10,767
Gross profit	65,873	45,461	8,862	678	-	120,874
General and administrative expense	(3,502)	(2,127)	(461)	(316)	(4,543)	(10,949)
Selling and distribution expense	(6,083)	(5,583)	(56)	(324)	(1,212)	(13,258)
Other operating income (expense)	(748)	(1,782)	2,977	(33)	(3,724)	(3,311)
Profit (loss) from operations	55,540	35,969	11,322	5	(9,480)	93,356
Loss from exchange differences	-	-	-	-	(561)	(561)
Interest expense	(2,163)	(2,179)	(60)	(206)	(10,618)	(15,226)
Interest income	-	-	-	-	2,143	2,143
Other expense	-	-	-	-	(2,298)	(2,298)
Gain on acquisition of subsidiaries	-	-	-	-	12,582	12,582
Profit (loss) before tax	53,377	33,790	11,262	(201)	(8,232)	89,996
Taxation	-	-	-	-	(2,466)	(2,466)
Net profit (loss)	53,377	33,790	11,262	(201)	(10,698)	87,530
Total assets	203,521	232,528	64,384	7,260	62,358	570,051
Unallocated deferred tax	-	-	-	-	174	174
Consolidated total assets	203,521	232,528	64,384	7,260	62,532	570,225
Total liabilities	56,509	57,026	4,169	2,246	135,448	255,398
Unallocated deferred tax	-	-	-	-	8,014	8,014
Consolidated total liabilities	56,509	57,026	4,169	2,246	143,462	263,412
Other segment information:						
Depreciation and amortisation	5,357	11,039	588	183	307	17,474
Additions to non-current assets:						
Property, plant and equipment	34,442	32,291	3,012	905	1,449	72,100
Intangible assets	-	5,161	-	-	5	5,166
Biological non-current assets	-	-	14,926	-	-	14,926

The segment information for the year ended 31 December 2010 is as follows:

(in thousands of Ukrainian hryvnias)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	1,693,062	1,004,902	184,177	21,604	-	2,903,745
Inter-segment revenues	-	575,542	-	-	-	575,542
Revenues from external customers	1,693,062	429,360	184,177	21,604	-	2,328,203
Total cost of revenues	(929,207)	(868,673)	(121,538)	(17,120)	-	(1,936,538)
Inter-segment cost of revenues	-	(575,542)	-	-	-	(575,542)
Cost of revenues	(929,207)	(293,131)	(121,538)	(17,120)	-	(1,360,996)
Loss from remeasurement of agricultural produce to fair value	-	(3,479)	-	-	-	(3,479)
Gross profit	763,855	132,750	62,639	4,484	-	963,728
General and administrative expense	(55,807)	(13,572)	(3,751)	(4,546)	(20,034)	(97,710)
Selling and distribution expense	(51,191)	(15,955)	(1,784)	(220)	(7,150)	(76,300)
Other operating income (expense)	(6,736)	99,251	59,571	181	(30,248)	122,019
Profit (loss) from operations	650,121	202,474	116,675	(101)	(57,432)	911,737
Loss from exchange differences	-	-	-	-	(2,403)	(2,403)
Interest expense	(21,515)	(14,096)	-	-	(52,557)	(88,168)
Interest income	-	-	-	-	871	871
Other expense	-	-	-	-	(35,279)	(35,279)
Gain on acquisition of subsidiaries	-	-	-	-	42,294	42,294
Profit (loss) before tax	628,606	188,378	116,675	(101)	(104,506)	829,052
Taxation	-	-	-	-	5,736	5,736
Net profit (loss)	628,606	188,378	116,675	(101)	(98,770)	834,788
Total assets	1,368,268	1,597,675	501,448	62,355	200,971	3,730,717
Unallocated deferred tax	-	-	-	-	3,762	3,762
Consolidated total assets	1,368,268	1,597,675	501,448	62,355	204,733	3,734,479
Total liabilities	423,680	284,887	2,445	509	758,720	1,470,241
Unallocated deferred tax	-	-	-	-	50,311	50,311
Consolidated total liabilities	423,680	284,887	2,445	509	809,031	1,520,552
Other segment information:						
Depreciation and amortisation	41,266	89,280	4,463	1,558	3,084	139,651
Additions to non-current assets:						
Property, plant and equipment	140,496	211,362	38,770	200	11,196	402,024
Intangible assets	-	23,824	-	-	493	24,317
Biological non-current assets	-	-	8,022	-	-	8,022

The segment information for the year ended 31 December 2010 is as follows (continued):

(in thousands of Euros)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	159,496	94,667	17,351	2,035	-	273,549
Inter-segment revenues	-	54,219	-	-	-	54,219
Revenues from external customers	159,496	40,448	17,351	2,035	-	219,330
Total cost of revenues	(87,609)	(81,856)	(11,459)	(1,614)	-	(182,538)
Inter-segment cost of revenues	-	(54,219)	-	-	-	(54,219)
Cost of revenues	(87,609)	(27,637)	(11,459)	(1,614)	-	(128,319)
Gain from remeasurement of agricultural produce to fair value	-	177	-	-	-	177
Gross profit	71,887	12,988	5,892	421	-	91,188
General and administrative expense	(5,293)	(1,287)	(356)	(431)	(1,900)	(9,267)
Selling and distribution expense	(4,876)	(1,520)	(170)	(21)	(680)	(7,267)
Other operating income (expense)	(632)	10,205	6,102	19	(2,838)	12,856
Profit (loss) from operations	61,086	20,386	11,468	(12)	(5,418)	87,510
Loss from exchange differences	-	-	-	-	(229)	(229)
Interest expense	(2,050)	(1,343)	-	-	(5,007)	(8,400)
Interest income	-	-	-	-	83	83
Other expense	-	-	-	-	(3,354)	(3,354)
Gain on acquisition of subsidiaries	-	-	-	-	4,016	4,016
Profit (loss) before tax	59,036	19,043	11,468	(12)	(9,909)	79,626
Taxation	-	-	-	-	415	415
Net profit (loss)	59,036	19,043	11,468	(12)	(9,494)	80,041
Total assets	129,204	150,866	47,351	5,888	18,975	352,284
Unallocated deferred tax	-	-	-	-	355	355
Consolidated total assets	129,204	150,866	47,351	5,888	19,330	352,639
Total liabilities	40,008	26,902	231	48	71,645	138,834
Unallocated deferred tax	-	-	-	-	4,751	4,751
Consolidated total liabilities	40,008	26,902	231	48	76,396	143,585
Other segment information:						
Depreciation and amortisation	3,900	8,437	422	147	292	13,198
Additions to non-current assets:						
Property, plant and equipment	13,277	19,991	3,664	19	1,058	38,009
Intangible assets	-	2,261	-	-	47	2,308
Biological non-current assets	-	-	761	-	-	761

31 FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments as at 31 December are recorded in the financial statement line items as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2011			
Financial assets as per balance sheet			
Long-term receivables	18,376	-	18,376
Financial instruments available-for-sale	-	11,684	11,684
Trade accounts receivable	303,670	-	303,670
Other accounts receivable	31,745	-	31,745
Promissory notes available-for-sale	-	4	4
Long-term deposits	174,922	-	174,922
Short-term deposits	130,153	-	130,153
Cash and cash equivalents	53,211	-	53,211
	712,077	11,688	723,765

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	2,186,392
Trade accounts payable	95,068
Non-controlling interests relating to limited liability companies	100,613
Promissory notes issued	497
Other long-term liabilities	29,651
Other liabilities and accounts payable	128,322
	2,540,543

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2011			
Financial assets as per balance sheet			
Long-term receivables	1,764	-	1,764
Financial instruments available-for-sale	-	1,121	1,121
Trade accounts receivable	29,143	-	29,143
Other accounts receivable	3,048	-	3,048
Promissory notes available-for-sale	-	-	-
Long-term deposits	16,787	-	16,787
Short-term deposits	12,491	-	12,491
Cash and cash equivalents	5,106	-	5,106
	68,339	1,121	69,460

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	209,826
Trade accounts payable	9,124
Non-controlling interests relating to limited liability companies	9,656
Promissory notes issued	48
Other long-term liabilities	2,846
Other liabilities and accounts payable	12,315
	243,815

Financial instruments as at 31 December are recorded in the financial statement line items as follows (continued):

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2010			
Financial assets as per balance sheet			
Long-term receivables	13,601	-	13,601
Financial instruments available-for-sale	-	746	746
Trade accounts receivable	132,375	-	132,375
Other accounts receivable	21,011	-	21,011
Promissory notes available-for-sale	-	2,714	2,714
Short-term deposits	10,978	-	10,978
Cash and cash equivalents	11,872	-	11,872
	189,837	3,460	193,297

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	1,192,290
Trade accounts payable	59,518
Non-controlling interests relating to limited liability companies	66,785
Other long-term liabilities	14,072
Otheraccounts payable	53,763
	1,386,428

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2010			
Financial assets as per balance sheet			
Other long-term receivables	1,285	-	1,285
Financial instruments available-for-sale	-	70	70
Trade accounts receivable	12,500	-	12,500
Other accounts receivable	1,982	-	1,982
Promissory notes available-for-sale	-	256	256
Short-term deposits	1,037	-	1,037
Cash and cash equivalents	1,121	-	1,121
	17,925	326	18,251

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	112,587
Trade accounts payable	5,620
Non-controlling interests relating to limited liability companies	6,306
Other long-term liabilities	1,329
Other accounts payable	5,077
	130,919

32 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 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.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(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.

Majority 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 Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance 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 on allowances is determined based on historical data of payment statistics for similar financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2011 and 2010 no guarantees are outstanding. For loan security refer to Note 16.

(d) Credit quality of financial assets

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Standard & Poor's)				
BBB+	9,626	-	924	-
BBB	8,379	-	804	-
Counterparties with external credit rating (Fitch Ratings)				
A+	-	4,041	-	382
BBB-	-	5,883	-	556
Counterparties without external credit rating				
Group A	167,638	59,632	16,088	5,631
Group B	6,028	-	579	-
Past due trade receivables	111,999	62,819	10,748	5,931
	303,670	132,375	29,143	12,500

Group A represents existing customers (more than one year) with no defaults in the past. Group B represents new customers (less than one year) for whom there is no recent history of defaults.

In the year ended 31 December 2011 approximately 15% of revenues (2010: 23%) are derived from two customers. Receivables from corresponding customers as at 31 December 2011 equal UAH 26,374 thousand or EUR 2,531 thousand (2010: UAH 54,487 thousand, EUR 5,145 thousand).

The ageing of trade receivables at the reporting date is as follows:

(in thousands of Ukrainian hryvnias)	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
Not past due	191,671	-	69,556	-
Past due 1-30 days	63,437	-	22,614	-
Past due 31-120 days	32,212	(1,005)	21,303	(401)
Past due 121-365 days	9,775	(1,005)	20,245	(1,687)
More than one year	16,051	(7,466)	8,278	(7,533)
	313,146	(9,476)	141,996	(9,621)

(in thousands of Euros)	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
Not past due	18,395	-	6,568	-
Past due 1-30 days	6,088	-	2,135	-
Past due 31-120 days	3,091	(96)	2,012	(38)
Past due 121-365 days	938	(96)	1,912	(159)
More than one year	1,540	(717)	781	(711)
	30,052	(909)	13,408	(908)

Trade receivables that are not past due or are less than one month past due are not considered impaired. Trade receivables that are past due but not impaired relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable.

The credit quality of cash and cash equivalents assessed by reference to external credit ratings:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
Aaa3	578	-	55	-
A1	512	-	49	-
B	1,723	-	165	-
Ba2	318	-	30	-
B2	471	-	45	-
B3	36,908	-	3,542	-
Aa1	-	1,008	-	95
Aa2	-	607	-	57
Aa3	-	56	-	5
Baa1	-	154	-	15
Ba1	-	7,212	-	681
Ba3	-	1,029	-	97
Banks without external credit rating:				
Group A	88	94	10	10
Group B	12,442	275	1,194	26
Cash on hand	171	109	16	10
Cash in transit	-	1,328	-	125
	53,211	11,872	5,106	1,121

Group A represents Ukrainian banks. Group B represents foreign banks. No external ratings in respect of financial instruments available-for-sale, promissory notes available-for-sale and other accounts receivable are available.

(e) 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 the impact of netting agreements into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

31 December 2011 *(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	2,163,108	2,216,821	1,070,996	327,945	817,880
Finance lease liabilities	23,284	23,284	15,739	7,016	529
Interest payable	23,701	401,833	135,076	62,786	203,971
Trade and other accounts payable	199,689	199,689	199,689	-	-
	2,409,782	2,841,627	1,421,500	397,747	1,022,380

31 December 2011 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	207,591	212,745	102,782	31,470	78,493
Finance lease liabilities	2,235	2,235	1,511	673	51
Interest payable	2,275	38,564	12,963	6,026	19,575
Trade and other accounts payable	19,164	19,164	19,164	-	-
	231,265	272,708	136,420	38,169	98,119

31 December 2010 *(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	1,148,786	1,172,322	597,442	161,805	413,075
Borrowings from non-financial institutions	620	620	620	-	-
Finance lease liabilities	40,270	40,270	18,381	15,149	6,740
Interest-bearing vendor financing arrangements	2,614	2,614	2,614	-	-
Interest payable	9,792	208,996	74,555	39,884	94,557
Trade and other accounts payable	103,489	103,489	103,489	-	-
	1,305571	1,528,311	797,101	216,838	514,372

31 December 2010 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	108,480	110,702	56,416	15,282	39,004
Borrowings from non-financial institutions	59	59	59	-	-
Finance lease liabilities	3,801	3,801	1,735	1,430	636
Interest-bearing vendor financing arrangements	247	247	247	-	-
Interest payable	925	19,735	7,040	3,766	8,929
Trade and other accounts payable	9,772	9,772	9,772	-	-
	123,284	144,316	75,269	20,478	48,569

(f) 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.

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. The currencies in which these transactions primarily are denominated are U.S. dollars and the EUR. In order to hedge exposure to foreign currency risk Management attempts to balance the amount of payments in foreign currencies including debt repayments with inflows of currencies from exports sales. The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	2011		2010	
	EUR	USD	EUR	USD
Trade accounts receivable	-	1,875	-	3,038
Other accounts receivable	1,515	25,355	856	759
Long-term deposits	-	174,922	-	-
Short-term deposits	-	106,009	-	4,777
Cash and cash equivalents	518	31,162	306	3,008
Bank loans	(104,200)	(1,389,347)	(105,900)	(690,342)
Interest-bearing vendor financing arrangements	-	-	-	(2,614)
Trade accounts payable	(8,476)	(611)	(973)	(513)
Other liabilities and accounts payable	(2,505)	(90,893)	(2,751)	(21,647)
Net exposure	(113,148)	(1,141,528)	(108,462)	(703,534)

(in thousands of Euros)	2011		2010	
	EUR	USD	EUR	USD
Trade accounts receivable	-	180	-	287
Other accounts receivable	145	2,433	81	72
Long-term deposits	-	16,787	-	-
Short-term deposits	-	10,174	-	451
Cash and cash equivalents	50	2,990	29	284
Bank loans	(10,000)	(133,335)	(10,000)	(65,187)
Interest-bearing vendor financing arrangements	-	-	-	(247)
Trade accounts payable	(813)	(59)	(92)	(48)
Other liabilities and accounts payable	(240)	(8,723)	(260)	(2,044)
Net exposure	(10,858)	(109,553)	(10,242)	(66,432)

A 10 percent weakening of the Ukrainian hryvnia against the following currencies as at 31 December would have increased pre-tax loss shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	(Effect in thousands of Ukrainian hryvnias)		(Effect in thousands of Euros)	
	2011	2010	2011	2010
pre-tax profit				
EUR	(11,315)	(10,846)	(1,086)	(1,024)
USD	(114,153)	(70,353)	(10,955)	(6,643)

A 10 percent strengthening of the Ukrainian hryvnia against the above currencies as at 31 December 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).

At 31 December the interest rate profile of interest bearing financial instruments is as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Fixed rate instruments				
Financial liabilities	(1,057,825)	(401,280)	(101,518)	(37,893)
Variable rate instruments				
Financial liabilities	(1,128,567)	(791,010)	(108,308)	(74,694)

The floating interest rates reflect the real market price for the facility utilized by the company which is often based on London interbank offered rate for loans nominated in US dollars. Taking into account possible growth of interest rates based on London interbank offered rate in the future periods Management attempts to mitigate the interest rates risks by negotiating with banking institutions the introduction of the corresponding hedging mechanisms.

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.

Sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all other variables held constant, through the impact on variable rate instruments, is as follows:

	Increase (decrease) in interest rate	*(in thousands of Ukrainian hryvnias)*		*(in thousands of Euros)*	
		2011	2010	2011	2010
Euribor	1.00%	1,042	1,059	100	100
Euribor	-0.25%	(261)	(265)	(25)	(25)
Libor	1.00%	10,501	7,086	1,008	669
Libor	-0.25%	(2,625)	(1,772)	(252)	(167)

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.

(g) Fair values of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

As at 31 December 2011 and 2010, the carrying value of the Group's financial instruments approximates their fair values. The face values of financial assets and liabilities with a maturity of less than one year, less any estimated credit adjustments, are assumed to be their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

33 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. Management expects that the Group will continue to fund 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. Lease payments are subject to market conditions and legal regulations.

The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. 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 recognized as an expense in 2011 are UAH 144,499 or EUR 12,957 thousand (2010: UAH UAH 84,891 thousand or EUR 8,022 thousand).

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Less than one year	**128,554**	72,063	**12,337**	6,805
From one to five years	**330,138**	156,259	**31,683**	14,755
More than five years	**195,865**	103,786	**18,797**	9,800
	654,557	332,108	**62,817**	31,360

(c) Financial leases

The future minimum lease payments payable under finance leases as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Minimum lease payments:				
Less than one year	**14,368**	17,532	**1,379**	1,656
From one to two years	**6,161**	13,758	**591**	1,299
More than two years	**489**	5,886	**47**	556
	21,018	37,176	**2,017**	3,511
Future finance charges on finance leases	**(1,615)**	(3,617)	**(155)**	(343)
Present value of minimum lease payments	**19,403**	33,559	**1,862**	3,168
Less than one year	**13,116**	15,318	**1,259**	1,446
From one to two years	**5,847**	12,625	**561**	1,192
More than two years	**440**	5,616	**42**	530
	19,403	33,559	**1,862**	3,168

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Long-term finance lease liabilities:				
Present value of minimum lease payments	**6,287**	18,241	**603**	1,722
VAT liability under finance lease	**1,258**	3,648	**121**	344
	7,545	21,889	**724**	2,066
Current portion of long-term finance lease liabilities:				
Present value of minimum lease payments	**13,116**	15,318	**1,259**	1,446
VAT liability under finance lease	**2,623**	3,063	**252**	289
	15,739	18,381	**1,511**	1,735
	23,284	40,270	**2,235**	3,801

(d) Contractual commitments

At 31 December, the Group has the following contractual commitments:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Sales commitments:				
Sugar and by-products	**32,885**	45,650	**2,949**	4,311
Agricultural produce	**15,379**	4,787	**1,379**	452
	48,264	50,437	**4,328**	4,763
Purchase commitments:				
Transportation	**989**	-	**89**	-
Fixed assets	-	15,275	-	1,442
Materials	-	7,399	-	699
	989	22,674	**89**	2,141

35 CONTINGENCIES

(a) Insurance

The insurance industry in Ukraine is in a developing state and certain forms of insurance, for example, environmental risk insurance, are not yet generally available. There is a risk that environmental damage loss or destruction of certain assets could have a material adverse effect on operations and financial position.

(b) Tax matters

The Group operates through its business activities concentrated in Ukraine. Ukrainian legislation and regulations regarding taxation and other operational matters continue to evolve as a result of an economy in transition. Legislation and regulations are not always clearly written and their interpretation is subject to the opinions of local, regional and national authorities, and other governmental bodies. Instances of inconsistent opinions are not unusual.

There are significant trading transactions within the Group entities and related parties. Ukrainian transfer pricing rules apply to a wide range of situations involving cross-border and certain domestic transactions, most typically among related parties. The Group's historical trading relationships within the Group as well as with other related parties could fall within these transfer pricing rules. Even among parties that are not related, prices may still be subject to the transfer pricing rules. If the tax authorities establish failure to comply with these rules, they may demand transfer pricing adjustments. If substantial transfer pricing adjustments were upheld by the relevant Ukrainian authorities or courts and implemented, the Group's financial results could be adversely affected, however, the potential amount could not be estimated reliably.

During the reporting period three Group's subsidiaries were involved in litigations with the tax authorities with the total exposure of UAH 49,954 thousand. The litigations are related to the results of the tax authorities' audits.

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of existing and future legislation and tax regulations. Management believes that the Group has complied with all regulations and paid or accrued all taxes that are applicable. Where the risk of outflow of resources is probable, the Group has accrued tax liabilities based on management's best estimate.

(c) Legal matters

The Group is involved in various legal proceedings in the ordinary course of business. Management does not believe the result of any such actions will have a material effect on the financial position or results of the Group operations. As at 31 December 2010 the Group is involved in the following legal proceedings:

Dispute with Antimonopoly Committee

As at 31 December 2011, the Group's subsidiary LLC "Agropromgaz" is involved in legal proceedings, concerning the price discipline observance, with the State Price Inspection. The Group's exposure in this respect is UAH 13,100 thousand. The 1st and the 2nd instance courts ruled in favor of the Group. As at 15 October 2010 State Price Inspection filed the cassation claim to the Supreme Administrative Court of Ukraine.

Management believes that the ultimate liability, if any, arising from such claims and complaints, both presented and potential, will not have a material adverse effect on the Group's financial condition or the results of its future operations and is less than probable, accordingly no corresponding accrual was provided in these financial statements.

36 RELATED PARTY TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. Related parties comprise key management personnel, associates, the companies that are controlled, jointly controlled or significantly influenced by the Group's shareholders. Prices for related party transactions are determined on an ongoing basis. The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Balances and transactions with related parties are shown at their carrying value and are as follows:

(a) Revenues

Sales to related parties outside the consolidated Group for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	**2011**	2010
Companies controlled by shareholders:				
Agricultural produce	**19,447**	12,603	**1,744**	1,191
Service	**348**	-	**31**	-
Sugar and by-products	**231**	73	**21**	7
	20,026	12,676	**1,796**	1,198
Associate:				
Sugar and by-products	**8,907**	-	**799**	-
Agricultural produce	**4,370**	-	**392**	-
Fixed assets	**500**	-	**45**	-
Consumables for joint utilization	**402**	-	**36**	-
Consumables for agriculture	**-**	1,793	**-**	169
Other	**-**	178	**-**	17
	14,179	1,971	**1,272**	186
Joint venture:				
Natural gas	**14,698**	-	**1,318**	-
Consumables for agriculture	**3,880**	-	**348**	-
Services	**277**	-	**25**	-
	18,855	-	**1,691**	-
	53,060	14,647	**4,759**	1,384

(b) Purchases

Purchases for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Companies controlled by shareholders:				
Agricultural produce	2,437	-	219	-
Services	326	331	29	31
Consumables for joint utilization	307	-	28	-
Fixed assets	177	-	16	-
	3,247	331	292	31
Associate:				
Agricultural produce	-	4,718	-	446
Joint venture:				
Sugar and by-products	4,673	-	419	-
	7,920	5,049	711	477

(c) Receivables

Receivables from related parties as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2011	2010	2011	2010
Companies controlled by shareholders:				
Long-term receivables	13,549	13,549	1,300	1,279
Advances made	4,805	-	461	-
Trade accounts receivable	4,176	5,046	401	476
Other receivables	5,164	1,679	496	159
	27,694	20,274	2,658	1,914
Associate:				
Trade accounts receivable	-	895	-	85
Joint venture:				
Financial aid	11,487	-	1,102	-
Advances made	11,501	-	1,104	-
Other receivables	64	-	6	-
	23,052	-	2,212	-
	50,746	21,169	4,870	1,999

There is no contractual maturity for the receivables from related parties. Balances are unsecured. No allowance for doubtful debts is created on these balances as at 31 December 2011 and 2010.

(d) Payables

Payables to related parties as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Companies controlled by shareholders:				
Advances received	**1,866**	10,408	**179**	983
Trade accounts payable	**1,343**	-	**129**	-
Other payables	**145**	660	**14**	62
	3,354	11,068	**322**	1,045
Associate:				
Trade accounts payable	**171**	2,262	**16**	214
	3,525	13,330	**338**	1,259

(g) Management remuneration

Remuneration of key management for the year ended 31 December is shown below. Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2011	2010	2011	2010
Salary and short term benefits	**14,653**	10,656	**1,314**	1,007

Refer to the Company financial statements for disclosure of shares, owned by related parties.

37 EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The following events occurred subsequent to the reporting date :

Loan Portfolio

On January 19, 2012, Citibank N.A. with the support of the U.S. Overseas Private Investment Corporation (OPIC) has signed an agreement concerning a long term investment loan to LLC firm “Astarta-Kyiv”. In accordance with the agreement, Citibank N.A. opens a five year term loan facility of 25 million U.S. Dollars. The financing is granted to modernize production capacities including the purchase of equipment and machinery.

On January 27, 2012, Ancor Investments Limited signed loan agreement with Landesbank Baden Wuerttemberg (Germany). The loan was issued for seven years period and totaled USD 12.05 million. This loan is secured by the Euler Hermes Kreditversicherungs-AG. The loan will be utilized with the purpose to finance the purchase of agricultural machinery produced and supplied from EU.

On February 17, 2012, Ancor Investments Limited signed loan agreement with Wells Fargo Bank N.V. (USA). The loan was issued for five years and totaled USD 10.6 million. This loan is secured by Export-Import Bank of USA. The loan will be utilized with the purpose to finance the purchase of agricultural machinery produced and supplied from USA.

On March 1, 2012, LLC firm “Astarta-Kyiv” signed loan agreement with ING Bank (Ukraine) for amount of up to UAH 80 million. The loan will be disbursed with the purpose to finance working capital needs of the Group. The tenor of loan is equal to 12 months.

On March 19, 2012, two agricultural companies, that are direct subsidiaries of LLC firm “Astarta-Kyiv”, signed a loan agreement with Pravex Bank for the amount of UAH 30 million. The loan is disbursed with the purpose to finance working capital needs of the Group.

On February 27, 2012, and March 16, 2012, Ancor Investments Limited signed trade confirmation agreement with Renaissance Securities LTD on execution of non-deliverable forward transactions of sale of USD 2.5 million and USD 5 million respectively with the settlement dates on 27 May 2012 and 16 September 2012.

12 April 2012,

Amsterdam, The Netherlands

The 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 ___________

ASTARTA HOLDING N.V.

COMPANY FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

These company financial statements contain 11 pages

CONTENT

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(before appropriation of the result)

(in thousands of Euros)		2011	2010
Assets			
Non-current assets			
Investments in subsidiaries	*3*	309,550	210,942
Other long-term assets		77	98
Loan receivable from subsidiary	*4*	12,351	15,506
		321,978	226,546
Current assets			
Cash and cash equivalents	*5*	47	14
Other accounts receivable		72	23
		119	37
Total assets		322,097	226,583
Shareholders' equity and liabilities			
Share capital	*6*	250	250
Additional paid-in capital		55,638	55,638
Retained earnings		144,799	61,124
Revaluation surplus		43,651	46,969
Currency translation adjustment		(25,407)	(35,092)
Unallocated result for the year		87,530	80,053
Total equity		306,461	208,942
Non-current liabilities			
Loans and borrowings	*7*	10,402	13,032
Loan payable to subsidiary	*7*	2,179	1,625
		12,581	14,657
Current liabilities			
Current portion of long-term loans and borrowings	*7*	2,972	2,896
Other liabilities and accounts payable	*8*	83	88
		3,055	4,609
Total equity and liabilities		322,097	226,583

The statement of financial position is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 144 to 150.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2011**	**2010**
Net income from subsidiaries and associated companies		**88,623**	80,269
Other net expense, after taxation	*9*	**(1,093)**	(216)
Net income (loss) after taxation		**87,530**	80,053

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 144 to 150.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 GENERAL

ASTARTA Holding N.V. (the Company) is a Dutch public company with limited liability, incorporated in Amsterdam on 9 June 2006. The Company acts as a holding company for a number of entities operating in the agricultural sector in Ukraine.

These financial statements are prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

As at 31 December Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries and an associate with the following percentage of ownership:

Name	Activity	31 December 2011 % of ownership	31 December 2010 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	100.00%	100.00%
LLC Firm “Astarta-Kyiv”	Asset management	99.98%	99.98%
LLC “APO “Tsukrovyk Poltavshchyny”	Sugar production	98.53%	98.53%
LLC “Agricultural company “Dovzhenko”	Agricultural	97.03%	97.03%
LLC “Shyshaki combined forage factory”	Fodder production	82.71%	82.71%
LLC “Agricultural company “Dobrobut”	Agricultural	98.11%	98.11%
LLC “Agricultural company “Musievske”	Agricultural	89.98%	89.98%
Globino canning factory “Globus”	Canning production, trade	99.98%	99.98%
LLC “Dobrobut” (Novo-Sanzharskiy region)	Agricultural	99.98%	99.98%
OJSC “Agricultural company “Agrocomplex”	Agricultural	83.80%	83.80%
OJSC “Agricultural company “Zhdanivske”	Agricultural	97.97%	97.97%
LLC “Investment company “Poltavazernoproduct”	Agricultural	98.33%	98.33%
LLC “List-Ruchky”	Agricultural	74.99%	74.99%
LLC “Agropromgaz”	Trade	89.98%	89.98%
LLC “Khmilnitske”	Agricultural	99.06%	97.82%
LLC “Volochysk-Agro”	Agricultural	92.79%	92.02%
SC “Tsukrovyk Podillya”	Sugar production	-	99.98%
LLC “Victoriya”	Agricultural	-	99.98%
LLC “Agricultural company “Mirgorodska”	Agricultural	89.98%	89.98%
LLC “Astarta-trade”	Trade	-	94.98%
LLC “Goropayivske”	Agricultural	-	84.98%
LLC “Mriya-97 plus”	Agricultural	-	74.99%
LLC “Varovetske”	Agricultural	-*	99.98%
LLC “Kobelyatskiy combined forage factory”	Fodder production	97.26%	97.26%
LLC “named after Ostrovskiy”	Agricultural	74.99%	74.99%
LLC “Nadiya”	Agricultural	-	99.98%
SC “Agricultural company “Agro-Kors”	Agricultural	99.98%	99.98%
PC “Nove Zhyttya”	Agricultural	-	99.98%
LLC “Volodarka Ko”	Agricultural	-	99.98%
LLC “Agricultural company “Khorolska”	Agricultural	99.88%	99.88%
LLC “Lan”	Agricultural	-*	99.88%
LLC “Nika”	Agricultural	99.98%	-
LLC “Zhytnytsya Podillya”	Agricultural	74.99%	-
LLC “Astarta-Selektsiya”	Research and development	74.99%	-
LLC “Tarasivske”	Agricultural	97.98%	-

	Activity	31 December 2011 % of ownership	31 December 2010 % of ownership
LLC "Agro-Tradex"	Trade	99.97%	-
LLC "Zorya"	Agricultural	99.48%	-
LLC "Agrosvit Savyntsi"	Agricultural	98.98%	-
LLC "Pershe Travnya"	Agricultural	89.98%	-
PC "named after Suvorov"	Agricultural	-*	-
LLC "Kolos"	Agricultural	89.98%	-
LLC "Khorolskiy combined forage factory"	Fodder production	92.77%	-
PC "Lan-M"	Agricultural	99.98%	-
LLC "Agricultural company "named after Vatutin"	Agricultural	79.98%	-
LLC "named after Vorovskiy"	Agricultural	99.98%	-
OJSC "Novoivanivskiy sugar plant"	Sugar production	94.28%	-
PC "Kumanivske"	Agricultural	99.98%	-
LLC "Zarichya"	Agricultural	99.98%	-
LLC "Zbruch"	Agricultural	99.98%	-
LLC "Geoexpertservice"	Agricultural	98.33%	-
Associate:			
LLC "Agricultural company "Pokrovska"	Agricultural	49.99%	49.99%

* agri-companies in the process of deregistration with the state authorities

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please, see pages 16 to 30 for a description of these principles.

Basis of recognition of participations in subsidiaries

The equity value of the participating interest in subsidiaries is determined on the basis of valuation of assets, liabilities and contingent liabilities and based on computation of results on the same bases as for the Company's own assets, liabilities, contingent liabilities and financial results.

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

3 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2011 and 2010 the Company owns 100% of the shares of Ancor Investments Ltd. These shares were acquired in July 2006 in return for a contribution-in-kind transaction.

(in thousands of Euros)	2011	2010
Balance as at 1 January	**210,942**	120,234
Net income	**88,623**	80,269
Increase in reserves	**300**	2,024
Translation differences	**9,685**	8,415
Balance as at 31 December	**309,550**	210,942

4 LOAN TO SUBSIDIARY

In 2008 the company entered into a loan agreement with its subsidiary Ancor Investments Limited for a total amount of USD 23.9 million. As at 31 December 2011 the Company's loan to subsidiary is USD 15.3 million (EUR 12.4 million) (2010: USD 20.3 million, EUR 15.5 million). The maturity date is on 31 October 2015, together with accrued and unpaid interest. Interest rate on loan is LIBOR plus 5.5%.

In 2011 the amount of the borrowings provided to the subsidiary is nil (2010: nil). Amount of the borrowings repaid by the subsidiary in 2011 is EUR 3,650 thousand (2010: EUR 2,890 thousand).

5 CASH

As at 31 December 2011 amount of cash is EUR 47 thousand (2010: EUR 14 thousand). There is no restricted cash.

6 EQUITY

The authorized share capital as at 31 December 2011 and 2010 amounts to EUR 300,000 and consists of 30,000,000 ordinary shares with a nominal value of EUR 0.01 each. As at 31 December 2011 25,000,000 shares are issued and fully paid up. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total number of shares held by executive and non-executive Board members, and third parties is specified below:

	2011	2010
	%	%
Astarta Holding N.V.		
Ivanchyk V.P.	**36.99%**	40.19%
Korotkov V.M.	**25.99%**	28.79%
Other shareholders	**37.02%**	31.02%
	100.00%	100.00%

Other shareholders, as at 31 December 2010, include Aviva Investors Poland SA's 5% share.

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 4.60% of Astarta Holding NV issued shares in equal parts.

For movements in equity refer to consolidated statement of changes in equity.

7 LOANS AND BORROWINGS

The terms and repayment schedule for loans and borrowings as at 31 December are as follows:

				2011				2010			
(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
Loans in USD	Floating	4,8%	Libor+4.00%	**2 972**	**2 972**	**7 430**	**13 374**	2 896	2 896	10 136	15 928

As at 31 December 2011 the Company has a 5% loan due to its subsidiary in the amount of EUR 2,179 thousand (31 December 2010: EUR 1,625 thousand). The loan is not due within one year.

8 OTHER LIABILITIES AND ACCOUNTS PAYABLE

Other liabilities and accounts payable as at 31 December are as follows:

(in *thousands of Euros)*	2011	2010
Interest payable	**30**	34
Other payables	**53**	54
	83	88

9 OTHER NET EXPENSE

Other net expense for the years ended 31 December is as follows:

(in thousands of Euros)	2011	2010
Interest expenses	**650**	917
Professional services	**472**	440
Exchange differences	**75**	54
Bank commissions and charges	**57**	34
Interest income	**(740)**	(1,063)
Payment to shareholders for pleged assets	**578**	-
Other (income) expense	**-**	(168)
	1,093	216

10 INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 6.2 million as of 31 December 2011 (2010: EUR 5.1 million). No deferred tax asset has been recognized due to insufficient future taxable income.

11 FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments as at 31 December are recorded in the financial statement line items as follows:

	2011	2010
(in thousands of Euros)	Loans and receivables	Loans and receivables
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	12,351	15,506
Other accounts receivable	72	23
Cash and cash equivalents	47	14
	12,470	15,543

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	13,374	15,928
Loan payable to subsidiary	2,179	1625
Other liabilities and accounts payable	83	88
	15,636	17,641

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 counterparties default rates. As at 31 December 2011 loan receivable from subsidiary and other accounts receivable of EUR 12.470 thousand (2010: EUR 15.543 thousand) are neither past due nor impaired. These relate to a number of existing counterparties for whom there is no recent history of credit problems. No external ratings in respect of other accounts receivable and cash and cash equivalents at bank are available.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December is as follows:

(in thousands of Euros)	2011	2010
Loan receivable from subsidiary	12,351	15,506
Other accounts receivable	72	23
Cash and cash equivalents	77	14
	12 ,470	15,543

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 statement of financial position to the contractual maturity date. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

31 December 2011 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	13,374	13,374	2 ,972	2 ,972	7, 430
Loan payable to subsidiary	2,179	2,179	-	2,179	-
Other accounts payable	83	83	83	-	-
	15 ,636	15 ,636	3,060	5,151	7 ,430

31 December 2010 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	15,928	15,928	2, 677	2 677	10,574
Loan payable to subsidiary	1,625	1,625	-	1,625	-
Other accounts payable	88	88	88	-	-
	17,641	17,641	2,765	4,302	10,574

Changes in interest rates impact primarily borrowings by changing either their fair value (fixed rate debt) or future cash flows (variable rate debt).

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 EUR 251 thousand provided all other variables are held constant.

At 31 December 2011 the Company does not have outstanding guarantees.

12 NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

The Company has no employees other than directors. Hence, it did not pay any wages and related social security contributions.

13 COMMITMENTS

As at 31 December 2011 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 4.6 % of Astarta Holding NV issued shares in equal parts totaling EUR 44,259 thousand to secure bank loans in the amount of EUR 15,734 thousand.

The Company's subsidiaries commitments details are disclosed in the Note 33 of the consolidated financial statements.

14 DIRECTORS

The Company is managed by the Board of Directors which consists of five members: three Executive Directors and two Non Executive Directors. The composition of the Board of Directors is as follows:

Viktor Ivanchyk	Chief Executive Officer
Petro Rybin	Chief Operating and Financial Officer
Marc van Campen	Chief Corporate Officer
Valery Korotkov	Chairman of the Board, Non Executive Director
Wladyslaw Bartoszewski	Vice Chairman of the Board, Non-Executive Director.

During 2011, there were no changes in the rules governing appointment or dismissal of members of the Board of Directors. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total remuneration of executive and non-executive Board members is specified below:

(in Euros)	2011	2010
Viktor Ivanchyk	680,000	497, 981
Petro Rybin	544, 000	396, 416
Marc van Campen	30,000	37,500
Valery Korotkov	30,000	37,500
Wladyslaw Bartoszewski	30 ,000	37,500
	1,314 ,000	1,006,897

Total remuneration paid to Directors comprised EUR 675 thousand and EUR 253 thousand of bonuses paid in 2011 and 2010, correspondingly.

The amounts due from the Company's Directors as at 31 December 2011 and 31 December 2010 amounted to EUR 49 thousand and nil.

15 AUDIT FEES

Fees paid to the Group's auditor for 2011 and 2010 can be broken down into the following:

(in thousands of Euros)	2011	2010
Audit fees	146	126
	146	126

Audit fees include the fees agreed and due to LLP "Ernst & Young" EUR 146 thousand for professional services related to the audit of the Company and its subsidiaries for the relevant year. No fees were paid to LLP "Ernst & Young" for tax or other non-audit services.

12 April 2012,

Amsterdam, The Netherlands

The Board of Directors

Mr V.Ivanchyk ___Signed_________
Mr P.Rybin ___Signed_________
Mr M.M.L.J. van Campen ___Signed_________
Mr V.Korotkov ___Signed_________
Mr W.T.Bartoszewski ___Signed_________

OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

The corporate Articles of Association lay down the following conditions regarding the appropriation of profit (summary):

Article 24

1. The profits shall be at the disposal of the General Meeting.

2. The Company can only make profit distributions to the extent its equity exceeds the paid and called up capital plus reserves which must be maintained pursuant to the law.

3. Dividend payments may be made only after adoption of the annual accounts which show that such payments are permitted. Dividends shall be payable immediately after they have been declared, unless the General Meeting should fix a different date when adopting the relevant resolution. Shareholders' claims vis-à-vis the Company in respect of the payment of a dividend shall lapse after a period of five years from the point at which they are made payable.

4. With due observance of the provisions of paragraph 2 and provided that the requirements of paragraph 2 are fulfilled as evidenced by the interim balance sheet as mentioned in article 2:105, paragraph 4 Dutch Civil Code (Burgerlijk Wetboek), the General Meeting may adopt a resolution to distribute an interim dividend or to make distributions from a reserve which need not be maintained by law.

   Within eight days of the day the payment was announced, the Company must deposit such interim balance sheet with the Trade Register where the Company is registered. If the General Meeting adopts a resolution to that effect, distributions may be made otherwise than in cash.

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 87,530 thousand to retained earnings.

Independent auditor's report

To: the Management and the Board of Directors of Astarta Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Astarta Holding N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2011, the consolidated income statement for the year then ended, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at December 31, 2011, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board of directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2011 its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the board of directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, April 12, 2012

Ernst & Young Accountants LLP

signed by W.C. van Hoeven

CORPORATE INFORMATION
LLC Firm "Astarta-Kyiv"

38/44 Pochainynska Str. 04070, Kyiv, Ukraine
www.astartakiev.com
For further inquiries:
office@astartakiev.com
ir@astartakiev.com
+ 380 44 585 9417

Registered office

ASTARTA Holding N.V.
Koningslaan 17, 1075 AA, Amsterdam, the Netherlands
Registered number: 34248891

Press-release

ASTARTA HOLDING N.V.

ASTARTA Holding N.V., integrated producer of agricultural produce and sugar, published its audited annual report for the year 2011

Financial Highlights

Revenues and gross profit

Revenues grew 38% to EUR 303.6 million following robust advance in volumes of sales and supportive markets. Export sales grew almost 150%. Gross profit increased by 33% to EUR 120.9 million securing strong 40% gross margin.

Profit from operations (EBIT) and EBITDA

Profit from operations (EBIT) increased by 7% to EUR 93.4 million, and EBIT margin constituted 31%. EBITDA increased by 10% to EUR 111 million, providing for EBITDA margin of 37%.

Profit before tax and net profit

Profit before tax was EUR 90 million (+13% y-o-y). Net profit was EUR 87.5 million (+9.4% y-o-y) with net profit margin of 29%.

Operational Highlights

Crop Production and Sales

Following its growth strategy, ASTARTA increased cultivated land bank by 17% to 245 thousand ha. The Group continued introducing modern technologies in agriculture focusing on higher yields and lower cost production. In 2011, harvest of grains and oilseeds was c. 660 thousand tonnes, or two times higher than in 2010. Sugar beet production displayed a 58% climb to 2.1 million tonnes. External revenues in the segment redoubled to EUR 79.4 million, volumes of sales were up by 67%. Export sales of grains and oilseeds more than redoubled as well.

Sugar Production and Sales

In 2011, ASTARTA gained 16% share in national beet sugar production, thus strengthening its leadership in sugar market. Volumes of sugar beet processed grew 65% to 2,6 million tonnes, and sugar production was up 88% to over 370 thousand tonnes. Average level of sugar extraction from sugar beet was 14.5%, compared to a nationwide average of 13,5%. ASTARTA continued implementation of energy efficiency program achieving reduction in natural gas consumption by up to 10% y-o-y. In 2011, ASTARTA processed around 31 thousand tonnes of raw cane sugar and produced 30 thousand tonnes of white sugar. Sugar sales volumes increased by 10%, molasses by 88% and segment revenues were up 22% to EUR 194 million.

Production and Sales of Cattle Farming Produce

ASTARTA continued to develop its cattle farming segment. Cattle headcount increased 23% to 28 thousand heads and milk sales grew 29%. Revenues in the segment climbed 49% to EUR 26 million.

Viktor Ivanchyk, ASTARTA Holding N. V. CEO said:
"In 2011, ASTARTA has made good progress in developing its key businesses. We increased production capacities through expansion in Kharkiv region and materially strengthened our positions in traditional geographic regions of operations. Impressive gains in production last year and improved operational assets provide a solid foundation for the further growth."

Annual report of ASTARTA Holding N.V. is available at the Company's website: www.astartaholding.com

Caution note regarding forward-looking statements
Certain statements contained in this press release may constitute forecasts and estimates. The actual results may differ from expressed or implied by these forward-looking statements.