ASTARTA Holding N.V.
Annual Report for the Year 2008

Contents

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS AND RATIOS

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

	2008	2007	2006	2005	2004
Revenues	123,382	87,747	68,051	51,783	31,888
Cost of revenues including remeasurement gains	(88,735)	(63,145)	(53,984)	(36,403)	(23,027)
Gross profit	34,647	24,602	14,067	15,380	8,861
Operating income (expenses), net	(13,204)	1,175	(6,628)	(6,143)	(3,625)
Profit from operations (EBIT)	21,443	25,777	7,439	9,237	5,236
Net financing expenses and other non-operating income (expense)	(32,246)	(4,359)	(1,932)	30	(259)
Profit (loss) before tax	(10,803)	21,418	5,507	9,267	4,977
Income tax benefit (expense)	3,209	80	256	386	297
Net profit (loss)	**(7,594)**	**21,498**	**5,763**	**9,653**	**5,274**
Net profit (loss) attributable to:					
Minority interests	75	(90)	(637)	1,502	1,173
Equity holders of parent company	**(7,669)**	**21,588**	**6,400**	**8,151**	**4,101**

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

	2008	2007	2006	2005	2004
Property, plant and equipment	72,717	77,919	31,505	25,448	16,541
Non-current biological assets	5,150	6,380	3,701	2,467	1,703
Other non-current assets	5,796	1,228	1,209	846	136
Total non-current assets	**83,663**	**85,527**	**36,415**	**28,761**	**18,380**
Inventories	55,372	51,855	45,910	29,867	18,492
Biological assets	14,620	15,216	7,157	1,854	966
Trade and other accounts receivable, prepayments and promissory notes	14,689	19,026	26,644	15,284	9,946
Short-term deposits	4,393	-	-	-	-
Cash and cash equivalents	949	1,068	2,991	503	112
Current income tax	6	3	-	-	-
Total current assets	**90,029**	**87,168**	**82,702**	**47,508**	**29,516**
Total assets	**173,692**	**172,695**	**119,117**	**76,269**	**47,896**
Share capital	250	250	250	60	3
Additional paid-in capital and reserves	78,335	78,482	55,743	30,654	22,862
Retained earnings	20,870	28,038	6,254	-	-
Currency translation adjustment	(42,811)	(8,710)	(447)	(296)	(4,656)
Minority interests relating to open joint stock companies	967	1,014	-	-	-
Total equity	**57,611**	**99,074**	**61,800**	**30,418**	**18,209**
Long-term loans and borrowings	11,897	5,647	8,092	10,086	5,101
Minority interests relating to limited liability companies	3,894	3,566	2,099	8,729	5,975
Other long-term liabilities, promissory notes issued, deffered tax liabilities	2,883	6,688	1,223	1,729	387
Total non-current liabilities	**18,674**	**15,901**	**11,414**	**20,544**	**11,463**
Short-term loans and current portion of loans and borrowings	80,517	45,634	27,712	11,888	8,908
Trade accounts payable, promissory notes, other liabilities and accounts payable	16,889	12,085	18,191	13,419	9,316
Current income tax	1	1	-	-	-
Total current liabilities	**97,407**	**57,720**	**45,903**	**25,307**	**18,224**
Total equity and liabilities	**173,692**	**172,695**	**119,117**	**76,269**	**47,896**

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

	2008	2007	2006	2005	2004
EBITDA	30,893	30,820	11,314	12,411	7,473
NET DEBT	87,072	50,213	32,813	21,471	13,897
EBITDA MARGIN, %	25%	35,1%	16.6%	24.0%	23.4%
NET PROFIT MARGIN %	-6.2%	24.5%	8.5%	18.6%	16.5%
ROE	-13.2%	21.7%	9.3%	31.7%	29.0%
ROA	-4.4%	12.4%	4.8%	12.7%	11.0%
MARKET CAPITALIZATION	65,909	223,339	111,519		
ENTERPRISE VALUE (EV)	156,875	277,118	146,431		
EV / EBITDA	5.08	8.99	12.94		
EV / SALES	1.27	3.16	2.15		
NET DEBT / EQUITY	1.51	0.51	0.53	0.71	0.76
NET DEBT / EBITDA	2.82	1.63	2.90	1.73	1.86
NET DEBT / SALES	0.71	0.57	0.48	0.41	0.44
TOTAL DEBT RATIO	0.67	0.43	0.48	0.60	0.62
DEBT / EQUITY	2.01	0.74	0.93	1.51	1.63
CURRENT RATIO	0.92	1.51	1.80	1.88	1.62
QUICK RATIO	0.21	0.35	0.65	0.62	0.60
P/E	-8.59	10.35	17.42		
EPS	(0.31)	0.86	0.26		

Formulae for calculation of financial indicators

EBITDA	Profit (loss) from operations + depreciation and amortization
NET DEBT	Short-term finance debt + long-term finance debt – cash
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

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

Dear shareholders,

When we addressed you a year ago, one could hardly have predicted that the world stood in front of the tremendous changes not only for agriculture but also for the economy as a whole. In the first half of the year, prices for grains and oilseeds rapidly grew to record highs. International business media were promoting reports on "food crisis" and predicting further agricultural prices rally, and producers were heavily investing into production capacities and boosting output. With financing pouring into the sector, early warning signals were too few and too weak at that time to be regarded as presages of a major crisis. However, the situation has turned and the world entered the biggest financial recession in the post-World War II era.

In the fourth quarter, Ukraine went through a steep national currency devaluation, and base industries suffered from lower demand and declining prices. It was also a hard time for Ukrainian sugar and agri-producers. They have seen a sharp drop in prices for their products on one hand, and growing costs of inputs, most notably natural gas, on the other. At the same time, industrial sugar consumption was suffering a crisis shock and some clients experienced difficulty in paying on time. Even for such a strong and robust company as ASTARTA, the influence of the crisis was felt. To ensure ongoing operations in "credit crunch" conditions, we have had to boost the sales of our products while earning slimmer margins. Our financial results for the year were impacted by currency translation losses resulting from Ukrainian hryvnia devaluation.

Still let's not forget that 2008 was the year of important achievements for ASTARTA. To begin with, by the end of the year we secured more than 166 thousand hectares of productive land. With the expansion of our operations in Western Ukraine, we achieved a sound geographical diversification, thus hedging weather fluctuations for our agri-production and improving logistics.

The best efforts of our farming division, fertile Ukrainian land and good weather conditions provided for twice higher harvest of grains and oilseeds than in 2007. We are especially encouraged that our meticulous efforts to improve quality of land and use of the best available agri-technologies gradually increase productivity per hectare towards EU levels.

Our strategy of vertical integration has paid off as last year our agricultural companies provided 84 percent of the total volume of beet processed by ASTARTA's plants, thus contributing to lower costs and higher quality of sugar produced. Acquisition of the property complex of Narkevychi sugar plant and modernization of our other five plants substantially increased sugar extracting capacities and energy efficiency. Through implementation of the Energy Saving Program at our sugar plants, we reduced pro-rata natural gas consumption by 15%. All of this counted, and by the end of the sugar production campaign we became the national leader in sugar production with a 15% share. Further to this, together with the EBRD-EIB Multilateral Carbon Credit Fund, we initiated a Joint Implementation Project within the framework of the Kyoto protocol, covering a substantial portion of 300 000 carbon dioxide equivalent tons of carbon credits to be generated by our sugar plants in 2008 through 2012.

To achieve these strong results, in 2008 we invested around EUR 33 million in the development of our businesses. This investment was made by reinvesting all of our profits as well as financing from the EBRD, Wells Fargo HSBC, ABN AMRO, Raiffeisen Bank Aval, FMO and other big international banks, with whom long-term cooperation we greatly value.

There were also some important developments in the Ukrainian sugar industry and market. Last year, growing prices for grains and their higher margins discouraged farmers from cultivating sugar beet. This resulted in a substantial decrease in beet plantations, and lower beet sugar production as less sugar refineries were in operation during the campaign. Weaker players with low efficiency or who are non-vertically integrated are leaving the business. Therefore, the industry continues its consolidation and only the most adaptive and efficient players will remain and increase their shares of the market.

One should also look close at the situation on the world food markets. Despite international prices for crops being far below their highs in spring 2008, fundamental factors work in favor of their progressive ramp-up. This looks promising for agri- and food producers in the mid- and long term. Many reputable analysts believe that food and agriculture will take an economic center stage again, drawn up by limited supply and growing demand.

How did ASTARTA management react to the crisis? We revised our long-term investment plans, adjusted our sales policy, toughened cost controls, and lengthened the maturity of loan portfolio by replacing short-term debt with long-term borrowings. These steps were taken timely and enabled us to promptly readjust to the new conditions, securing steady positive cash flows to fully meet ASTARTA's contractual obligations to banks and suppliers and secure its successful operational activities.

We also started to improve the structure of our group. To streamline management of operations and accounting for 6 sugar plants and more than 60 agri-companies, we consolidated them into five large business units that are geographically concentrated around our sugar plants. This restructuring is almost finished, and will allow for better management of the Group, optimization of its personnel, and minimization of administration and transaction costs, which will sustain our strength and competitiveness in the market.

We may be living in uncertain times, but we have important reasons to believe in the future of our business: our strategy is sound, the management team is united, our market position and fundamentals are strong, and we never tire of improving our performance to achieve the targets we set.

We want to thank you for your support and trust and to assure you that we will continue along our successful path for many years to come.

Sincerely yours,

Viktor Ivanchyk, CEO

Valeriy Korotkov, Chairman

REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS FOR 2008

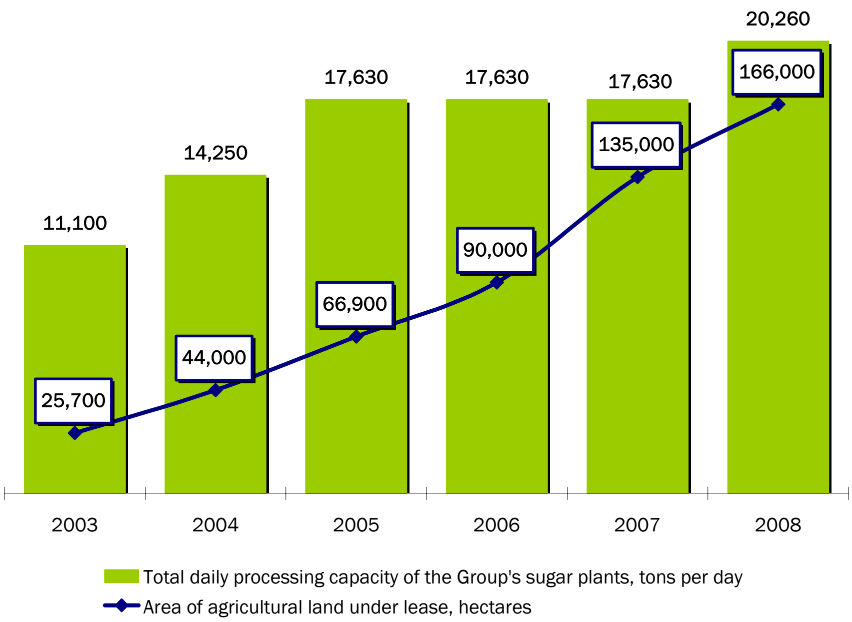
The Group at a Glance

ASTARTA Holding N.V. was incorporated in June 2006 under the law of the Netherlands as the parent holding company of a group of companies with all of their production assets based in Ukraine ("the Group"). These assets are controlled by a Ukrainian operating company LLC Firm "Astarta-Kyiv" ("Astarta-Kyiv") that was established in March 1993.

The Group now is the leader of the Ukrainian agricultural and sugar sector, and is focusing its operations on production and sales of sugar, sugar by-products, agricultural crops, as well as related services.

The Group's business has dynamically grown during many years. In 2008, the area of arable land under long-term lease grew to over 166,000 hectares in operation, and the total daily processing capacity of our six sugar plants increased to 20.3 thousand tons of beet per day.

Figure 1. Sugar plant daily processing capacity, tons per day, and area of agricultural land under lease, hectares, as of December 31, 2003-2008



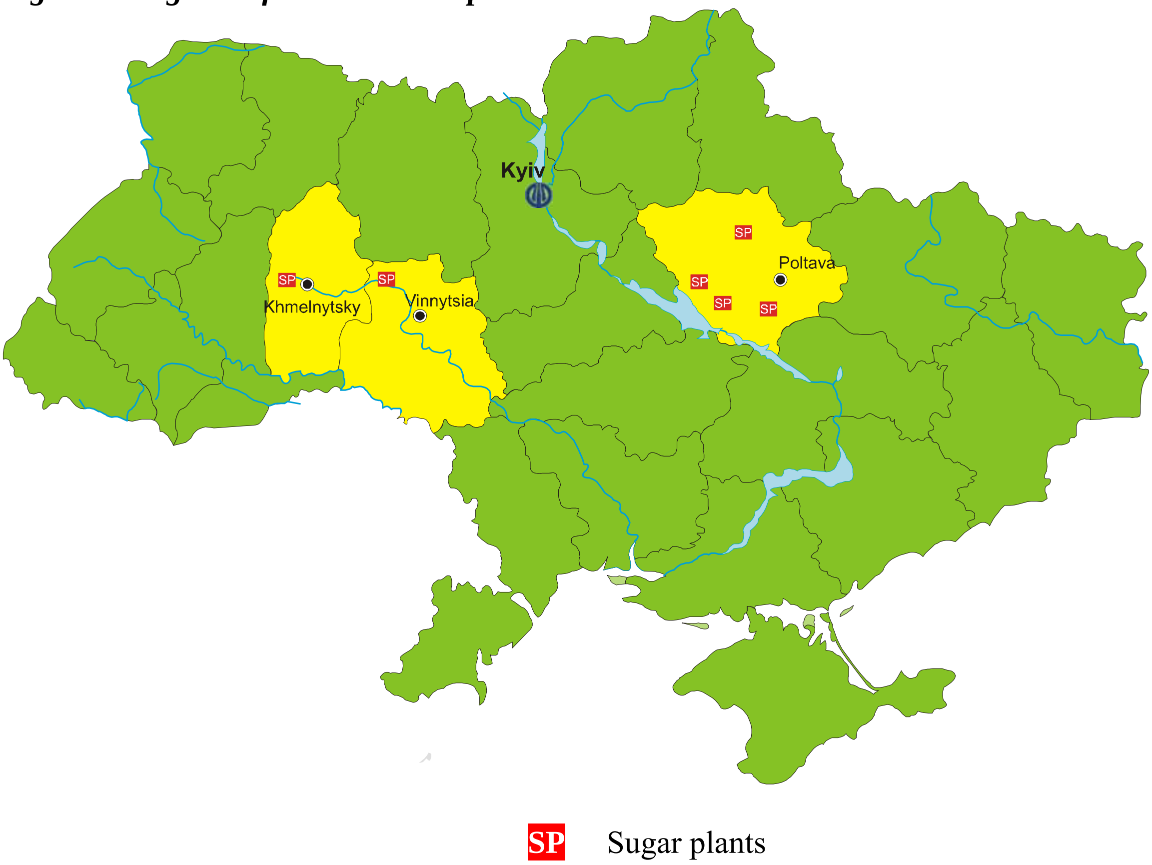
Our long-term development strategy is focused on increasing the Group's share in the sugar and agricultural markets through new acquisitions and organic growth, as well as access to new markets. Its key elements are:

- Organic growth through modernization and capacity increase of the current production assets
- Increasing efficiency of agricultural and sugar production
- Intensification of vertical integration and optimization of logistics
- Exports growth

In line with this development strategy, in 2008 ASTARTA became Ukraine's largest sugar producer and one of the leading national agri-industrial holdings with affiliated companies located mainly in

Poltava, Vinnytsia, and Khmelnytsky Oblasts (administrative regions) and the headquarters located in Kyiv.

Figure 2. Regions of ASTARTA's operations in Ukraine



Operations in 2008: Investing into Leadership

Key Products, Production and Sales

The basic products of the Group are sugar and sugar by-products (molasses, beet pulp), sugar beet, grains and oilseeds, as well as cattle farming produce, including milk. Table 1 provides output volumes of our basic products in 2007 and 2008.

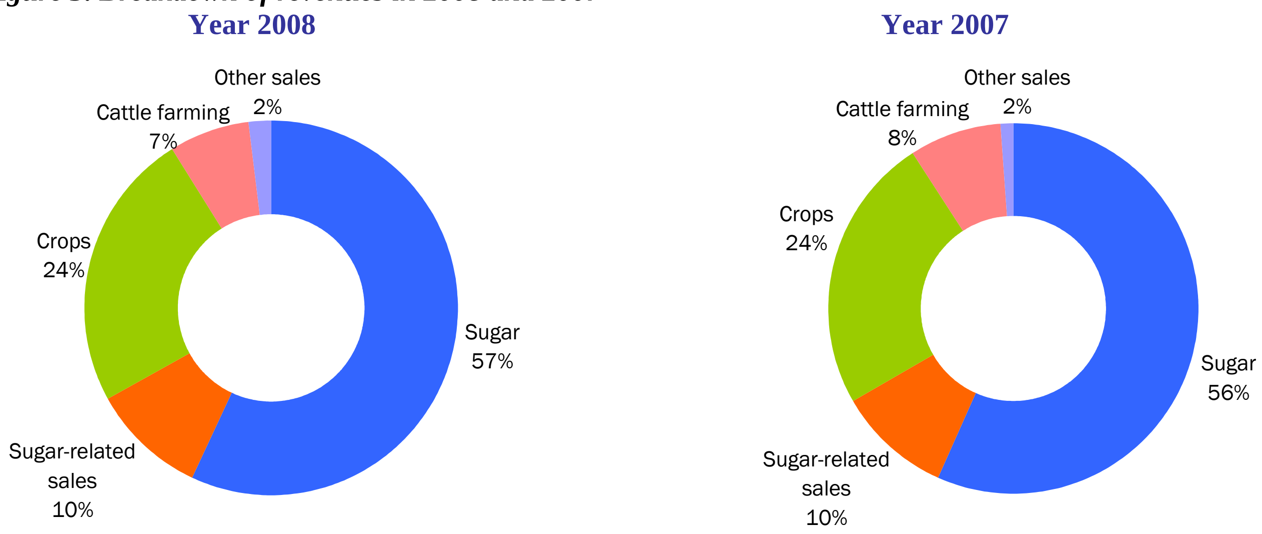
Table 1. Production of Major Products ('000 tons)

	2008 Production Season	2007 Production Season	2008/2007 % change
Sugar	235.6	155.5	+51.5
Molasses	66.2	50.1	+32.2
Sugar beet (gross)	1562.2	947.9	+64.8
Grain and oilseed crops	393.3	201	+96.6
Milk	33.2	28.1	+18.1

The highest growth was achieved in the output of grains and oilseeds, as well as sugar beet, as a result of a substantial increase in productivity per hectare and land under cultivation. Owing to the expansion and upgrade of our beet processing capacities, production of sugar and molasses also grew rapidly. Milk and meat production developed not that fast, but still at good pace.

Revenues from sales of these products constituted EUR 123.4 million in 2008, up 41% compared to 2007. In 2008, the breakdown of revenues just slightly changed compared to 2007. Due to low grain prices in the second half of 2008, the share of sugar sales grew from 56% to 57% of the total, while the share of revenues from crops sales was stable at 24%. The share of revenues from cattle farming (meat and milk sales) dropped from 8% to 7% of the total, on the back of more aggressive growth in sugar and crops sales. Figure 3 shows the breakdown of revenues in 2007 and 2008.

Figure 3. Breakdown of revenues in 2008 and 2007



Export Sales

Total export sales in 2008 grew by 70% to EUR 9.9 million, or approximately 8% of the total sales (EUR 5.8 million or 7% in 2007). Sugar and cattle farming products were not exported. Due to the more favorable situation in the Ukrainian market, export sales of molasses were cut to less than 6%. At the same time, the share of agricultural crops exported grew from 7% to almost 25% due to lifted export restrictions in spring 2008. Over 80% of dried granulated beet pulp was sold to foreign customers, mainly in Turkey. The breakdown of export sales is provided in Table 2.

Table 2. Export Sales in 2008

Product Description	**Export Sales**	
	EUR, thousands	Share of total by category, %
Molasses	253	5.7%
Grains and oilseeds	7,436	24.7%
Beet pulp	1,939	81.5%
Other	302	7.5%
Total / share of total sales	**9,930**	**8.0%**

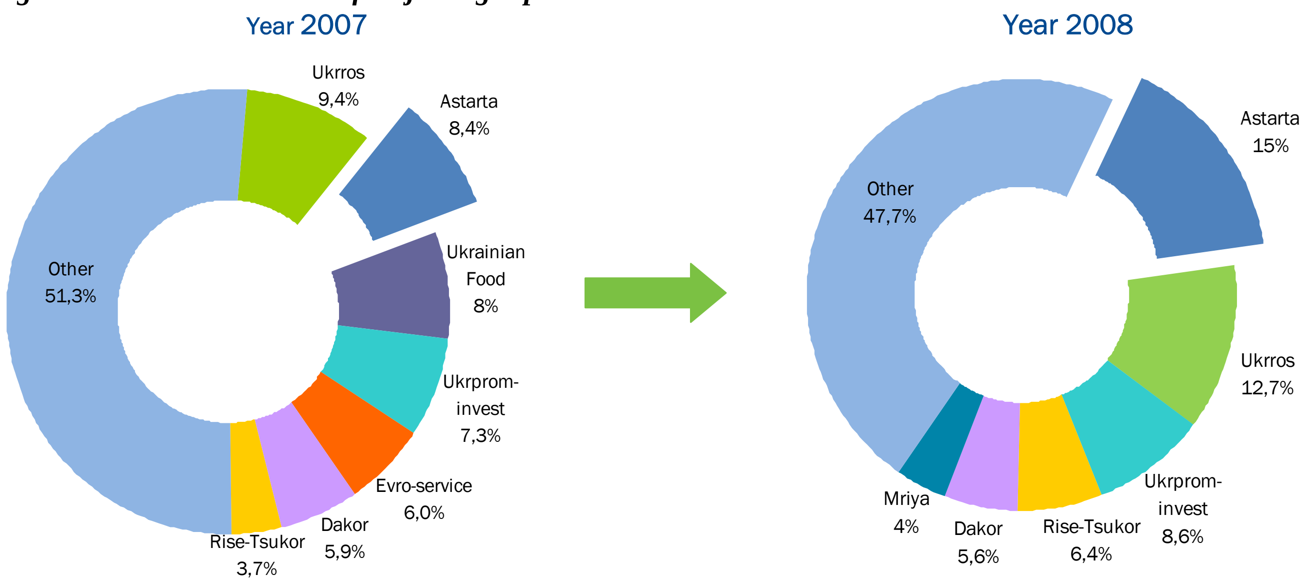
Sugar Segment

Sugar Production

With over 1.7 million tons of sugar beet processed (up 40% y-o-y) and 235.6 thousand tons of sugar produced, ASTARTA became Ukraine's No. 1 sugar producer and gained a 15% production share in the overall Ukrainian sugar output in 2008. The growth in sugar production was achieved first due to better capacity utilization, with average duration of the sugar campaign of 75 days, together with the launching of the Narkevychi sugar plant acquired in summer of 2008 and the season lease of the Volochisk sugar plant.

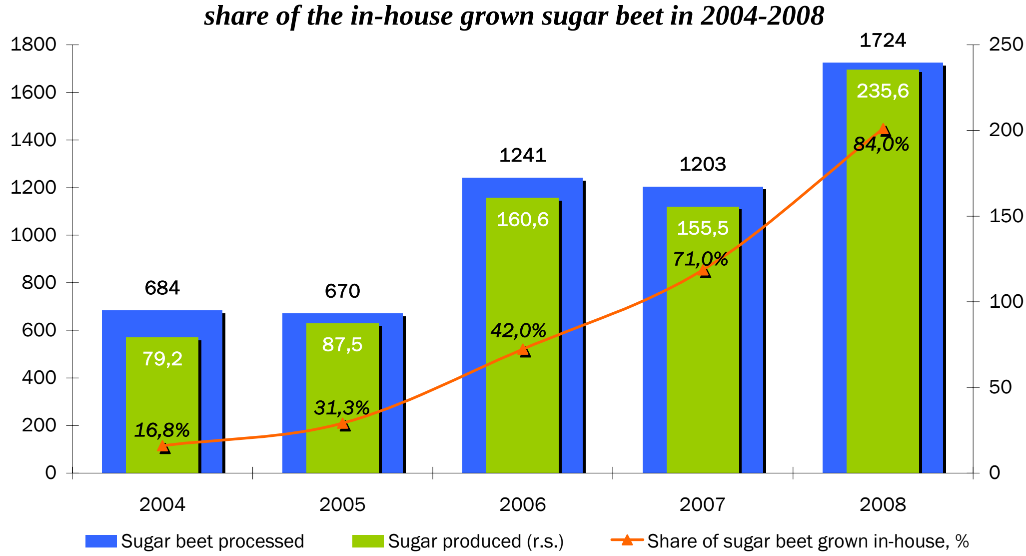
In 2008, the Ukrainian sugar industry continued its consolidation with the six largest sugar companies producing over 52% of total sugar, while in 2007 the production share of seven largest companies was about 48%.

Figure 4. Production shares of major sugar producers in Ukraine in 2007 and 2008



Source: National Sugar Producers Association Ukrtsukor, management estimates.

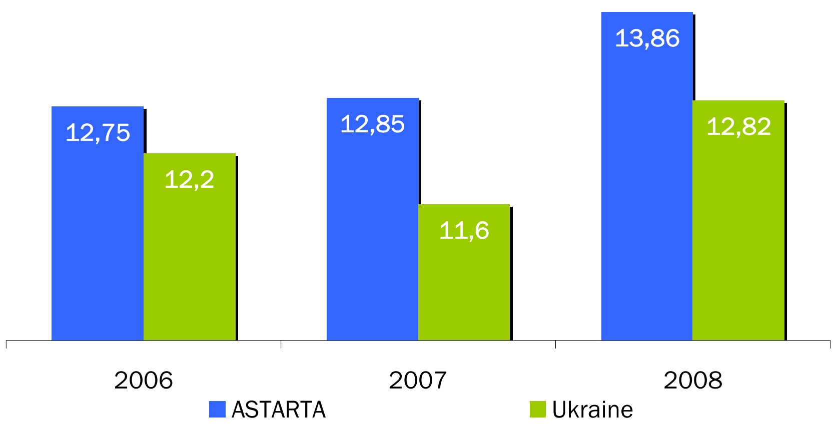
Figure 5. Production of sugar beet and sugar by the Group and the share of the in-house grown sugar beet in 2004-2008



We continued to fulfill our strategic goal to strengthen vertical integration by increasing own production of sugar beet as the basic raw material for sugar extraction. In 2008, about 84% (71% in the previous year) of sugar beet were provided to ASTARTA plants by the Group's agri-companies. Vertical integration of our business allows us to build a value added chain for our core product sugar, since the costs of raw materials comprise c. 60% of sugar production costs. The price for own produced sugar beet is significantly lower than for those purchased from other agricultural producers in the market, while its quality is generally higher.

In line with its development strategy, in 2008 the Group implemented a large-scale sugar plant modernization, mainly focused on cutting energy consumption. In 2008, ASTARTA purchased and installed Larox filter presses, Silver Weibull centrifugals, MAGUIN and Putsch beet slicers, Siemens-Elmo liquid-packed ring gas compressors, as well as other equipment of leading international producers. The modernization allows the plants, inter alia, to increase the sugar yield and to cut water used in the production process and, as a result, to reduce natural gas needed for water heating and evaporation.

Figure 6. Average sugar yield in Ukraine and at ASTARTA plants in 2006-2008, %



Source: National Sugar Producers Association Ukrtsukor, management estimates.

The mills modernization and implementation of the energy saving program contributed to the 15% cut in natural gas consumption per ton of sugar produced y-o-y. The average sugar yield per ton of beet improved from 12.85% in 2007 to 13.86% in 2008, while the average Ukrainian figure reached 12.82% (11.6% in 2007). The Yareskivsky sugar mill produced the best sugar yield among the Group's mills, reaching 14.32%, with a 130-day long production campaign.

Alongside with the large-scale modernization of the sugar plants, the Group also improved beet supply logistics. About 60% of sugar beet was delivered on a just-in-time basis, which resulted in a better quality of the beet processed, better sugar yield, and a reduction in beet losses from transportation and storage.

Sales of Sugar

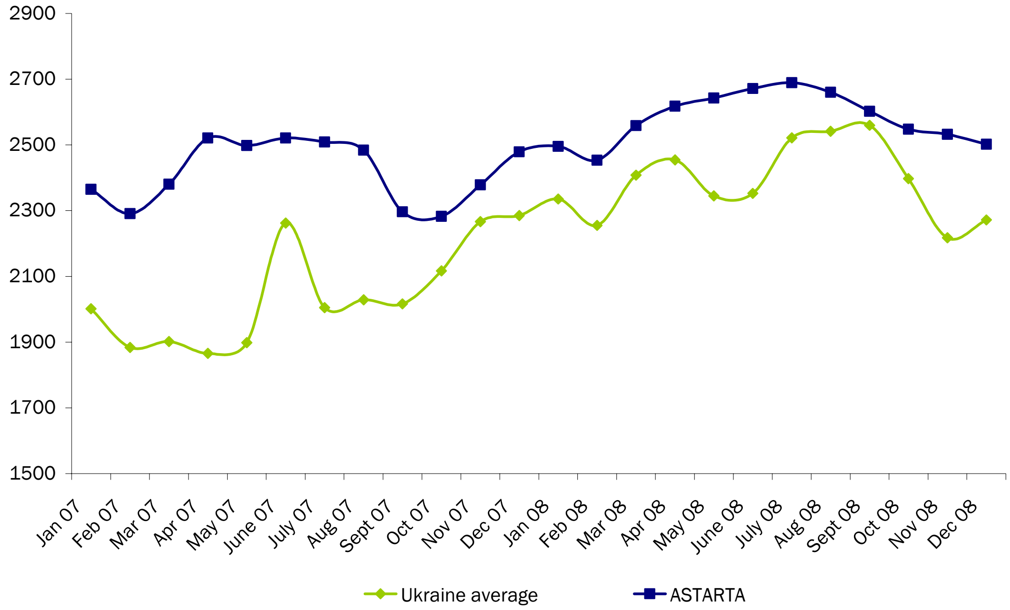
Sales of sugar, sugar by-products and revenues from related business accounted for 67% of the total revenues and amounted to EUR 81.7 million, up 40% y-o-y. In terms of volumes, sugar sales increased from 141.2 thousand tons to almost 211.9 thousand tons or by 50%. While the total Ukrainian sugar consumption stands at approximately 2 million tons, the Group’s share in the total sales volume in Ukraine increased from 7% in 2007 to 11% in 2008. Table 2 shows the aggregate ASTARTA's quarterly sugar sales in 2007 and 2008.

Table 3. Quarterly sugar sales in 2007 and 2008, tons

	2008	**2007**	**2008/2007 change, %**
1 quarter	36,163	25,327	+42.8
2 quarter	40,981	26,202	+56.4
3 quarter	36,303	29,821	+21.7
4 quarter	98,420	59,840	+64.5
Total:	**211,867**	**141,190**	**+50.1**

Throughout the year, ASTARTA managed to keep its usual positive margin in its selling price over the market average while substantially expanding market share and winning new big customers among confectionaries and drink producers.

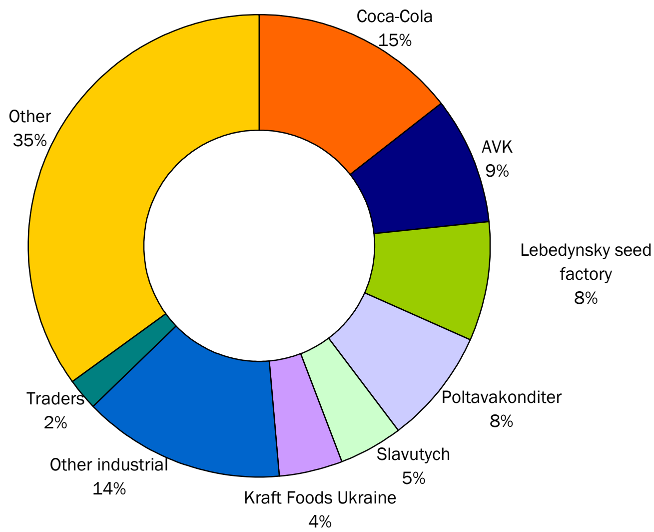
Figure 7. The Group's pricing power in 2007 and 2008, UAH per ton, VAT excl.



Source: National Sugar Producers Association Ukrtsukor, management estimates.

In 2008, ASTARTA was following its marketing strategy and continued to focus on large-scale industrial consumers. However, in the last quarter of 2008, the Group faced a temporary change in the sugar market, when major industrial consumers cut their production and decreased their sugar orders. Eventually, Coca-Cola remained the largest sugar consumer, absorbing 15% of the Group's sugar sales. Sugar purchases by the traditional largest confectionary clients (AVK, Kraft Foods Ukraine and Poltavakonditer) remained high, granting them an aggregate 21% share. Among other industrial customers, two new clients contracted in the third quarter, Nestle Ukraine and Konti (leading confectionary producers in Ukraine) actively started their sugar purchases from ASTARTA, with the aggregate share of approximately 3% of the yearly sales.

Figure 8. The breakdown of sugar sales by clients in 2008, volume



As a result of ASTARTA's marketing efforts and following a successful two years of cooperation with the leading beverage producer in Ukraine, ASTARTA and Coca-Cola Beverages Ukraine pioneered a new practice in the Ukrainian sugar sector. In September 2008, Astarta-Kyiv and Coca-

Cola Beverages Ukraine signed a three-year contract for sugar sales for 2009 through 2011, with a monthly delivery schedule throughout the term.

We also managed to increase sales of sugar by-products. The Group sold wet pulp produced by our sugar plants to local agricultural companies as cattle feed and exported almost all dry granulated pulp to Turkish consumers as a high-quality animal feed. Unlike in 2007, molasses was mainly sold to Ukrainian consumers (distilleries and yeast producers), with only approximately 6% exported to EU-27 consumers.

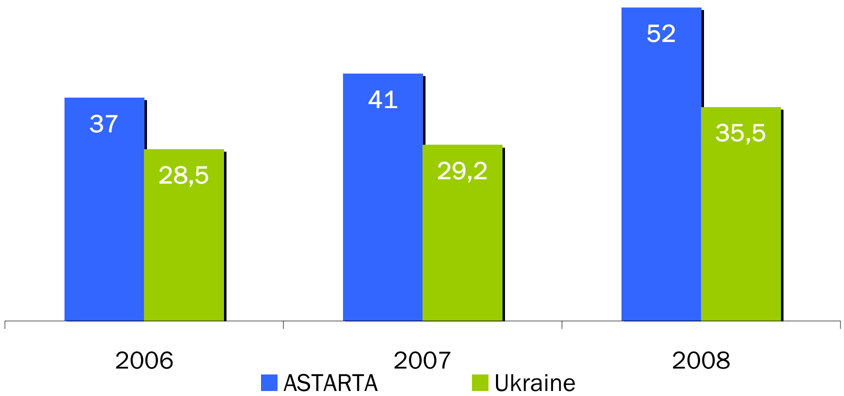
The hryvnia weakening in the fourth quarter 2008 and rising world prices for sugar increased the competitiveness of Ukrainian sugar producers on foreign markets. Taking advantage of this situation, ASTARTA initiated foreign sales of sugar that also resulted in securing new customers in Eastern Europe and CIS at the beginning of 2009.

Agricultural Segment

Agricultural Production

In 2008, ASTARTA was actively developing its agricultural business and expanding its land bank to over 166,000 hectares of agricultural land under lease (including 156,000 hectares of arable land and over 10,000 hectares of other agricultural land). In order to further develop its agricultural segment, the Group also implemented the large-scale investment into agricultural machinery purchased from leading producers from Ukraine, the EU and the USA. In 2008, ASTARTA purchased cultivators, beet sowing equipment and beet harvesters from Amity Technology, grain harvesters from Claas, trucks, as well as other agricultural machinery from CASE, Gebo and other producers. As a result of the land bank expansion, as well as application of the state-of-the-art agricultural technologies and materials, the Group almost doubled its grain and oilseed production and increased its sugar beet output by two-thirds.

Figure 9. Average gross yields of sugar beet in Ukraine and at ASTARTA agricultural companies in 2006-2008, tons per hectare

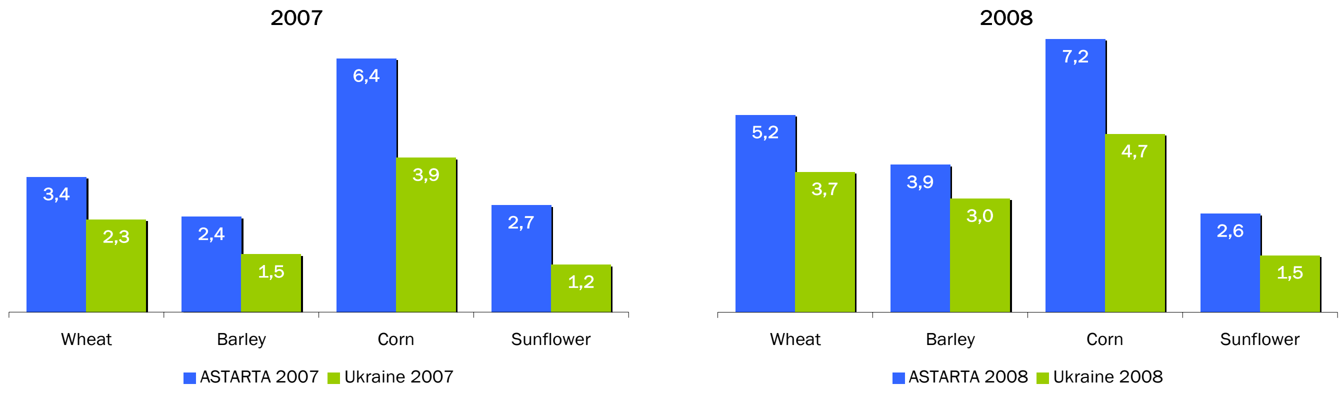


Source: State Statistics Committee of Ukraine, management estimates.

To achieve higher vertical integration, ASTARTA increased the area under sugar beet production from 23,000 hectares in 2007 to 30,000 hectares in 2008, or by 31%. We also introduced advanced technologies, as well as seeds, fertilizers and plant protection agents by leading global and European producers. This allowed us to increase the gross yield of this crop from 41.0 tons per hectare in 2007 to 52.0 tons per hectare in 2008, or by 27%. At the same time, in 2008 like in 2007, the Group's gross sugar beet yield was substantially higher (47% and 41%, respectively) than the Ukrainian average (see Figure 9).

The growth in grains and oilseeds production was also achieved due to an increase in land under cultivation and a boost of productivity: the average yield of winter wheat in 2008 was about 5.2 tons per hectare (up by 51% y-o-y), 4.0 tons per hectare for winter barley (up by 39% y-o-y), 3.9 tons per hectare for spring barley (up by 68% y-o-y). Due to the continued improvement of soil and significant investments into agricultural machinery, in 2008 the yield of basic grains and oilseeds by the Group's agricultural companies notably exceeded Ukrainian averages. Moreover, in 2008, some of ASTARTA's agricultural companies that had been part of the Group for more than three years, more than doubled the average Ukrainian yields. Figure 10 shows average Ukrainian and ASTARTA yields in 2007 and 2008.

Figure 10. Average crop yields in 2007 and 2008 at ASTARTA farms and in Ukraine, tons per ha



Source: State Statistics Committee of Ukraine, management estimates

Sales of Agricultural Produce

Crops Sales

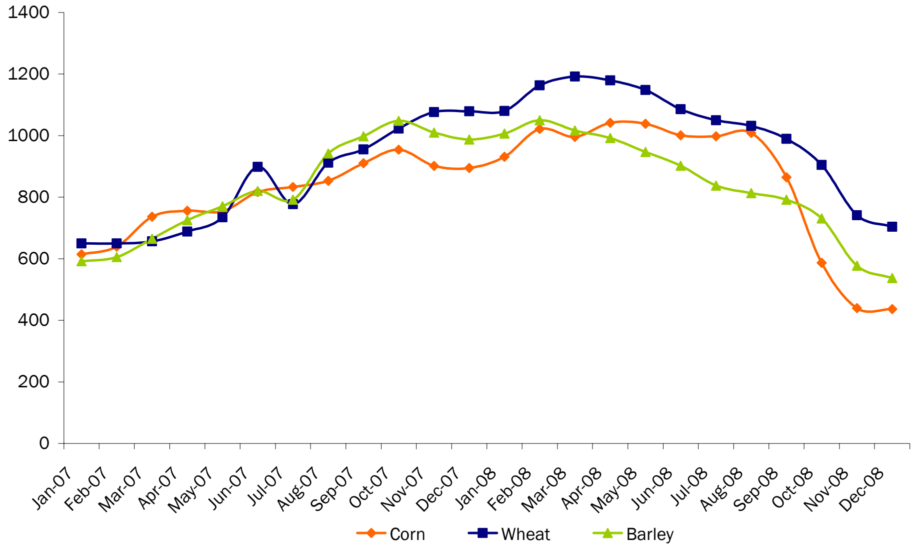
Sales of crops accounted for 24% of the total revenues and amounted to EUR 29.6 million (up 39% y-o-y). In terms of volumes, in 2008 sales of the key five crops grew 67% compared to 2007 (Table 4). The increase in crops sales was caused by the larger output in the new season.

Table 4. Crops sales in 2007 and 2008, thousands tons

	2008	**2007**	**2008/2007 change, %**
Wheat	81.6	44.7	+82.6
Barley	61.5	23.5	+161.7
Corn	38.3	27.6	+38.8
Sunflower seed	18.3	19.2	-4.7
Soybeans	14.5	13.4	+8.2
Total:	**214.2**	**128.4**	**+66.8**

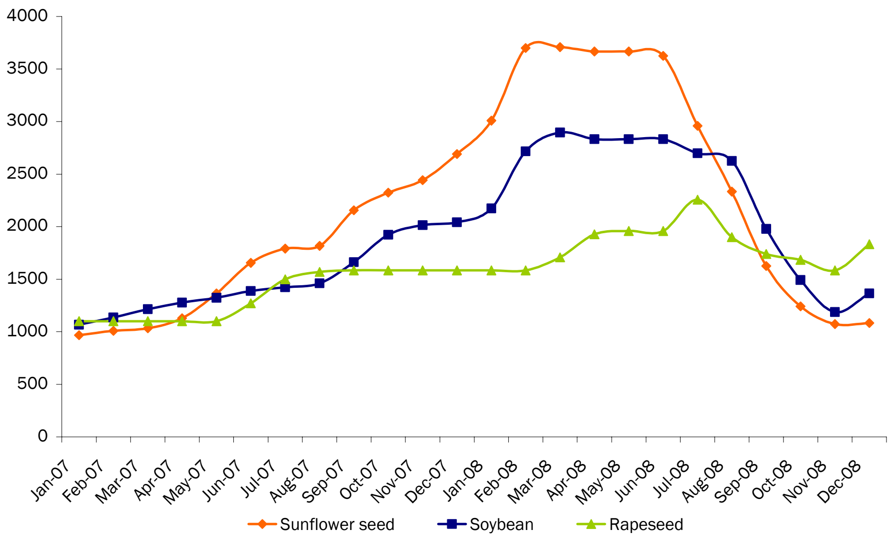
In the first half of 2008, the Group benefited from the re-emerging export opportunities after the lifting of export restrictions and high prices for grains and oilseeds in the world market. However, in the second half of 2008, prices for agricultural crops in Ukraine and worldwide started to decline sharply. Facing a record-high crop harvest and responding to the global financial instability, prices continued their downward trend in autumn, reaching their lows in early December, and began an upward correction in January 2009 (Figure 11 and 12).

Figure 11. Average Ukrainian prices for grains in 2007-2008, UAH per ton, VAT incl.



Source: APK-inform analytical agency

Figure 12. Average Ukrainian prices for oilseeds in 2007-2008, UAH per ton, VAT incl.

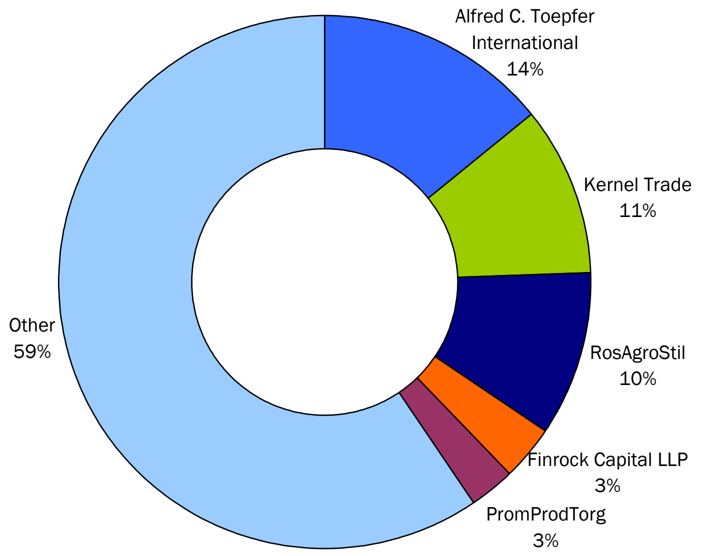


Source: APK-inform analytical agency

In 2008, the Group fully benefited from the re-emerging export opportunities. Lifted export restrictions and the Ukrainian hryvnia devaluation against the US dollar and Euro in 4Q2008 contributed to active export sales. As a result, export supplies of grains and oilseeds generated 24% of the total revenues from crops sales in 2008.

The major international traders (Alfred C. Toepfer International and Finrock Capital LLP) became the largest clients in crop sales. The Group also sold crops to RosAgroStil (export sales to Belarus and Russian Federation), Kernel Trade and PromProdTorg (a Ukrainian trading company). These companies are the Group's traditional partners. More than a half of the crops were sold to smaller clients, whose individual shares were less than 3%. Figure 13 shows the breakdown of crops sales by clients in terms of revenues.

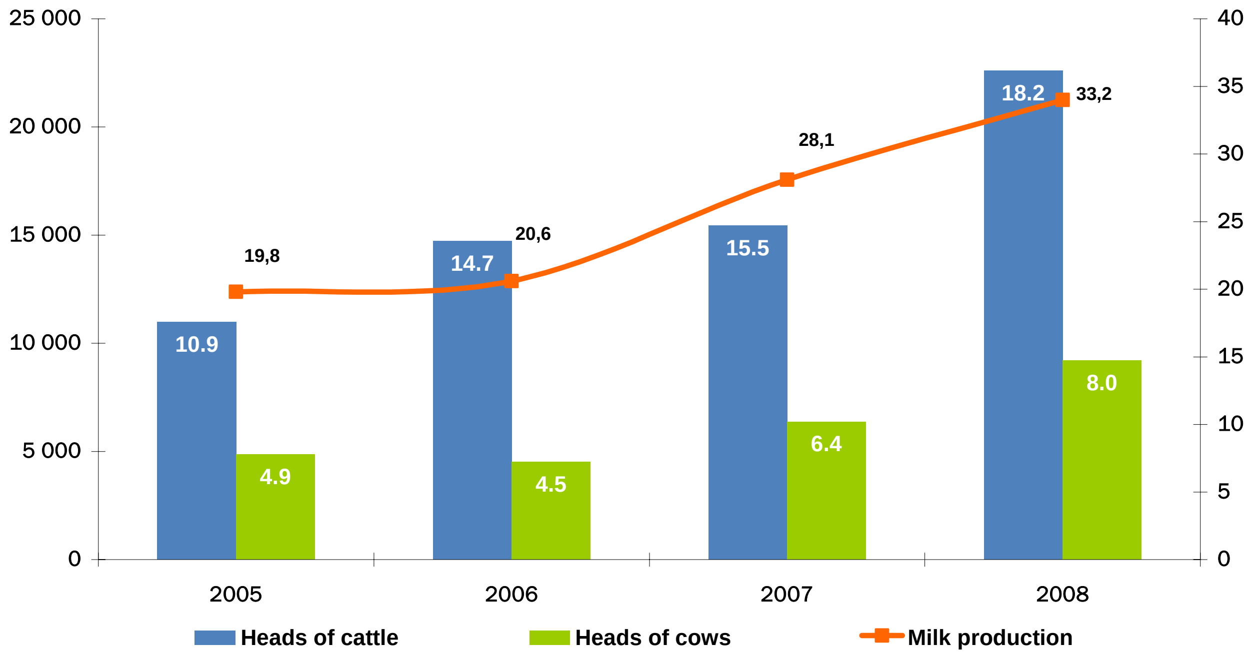
Figure 13. The breakdown of crops sales by clients in 2008, value



Production and Sales of Cattle Farming Produce

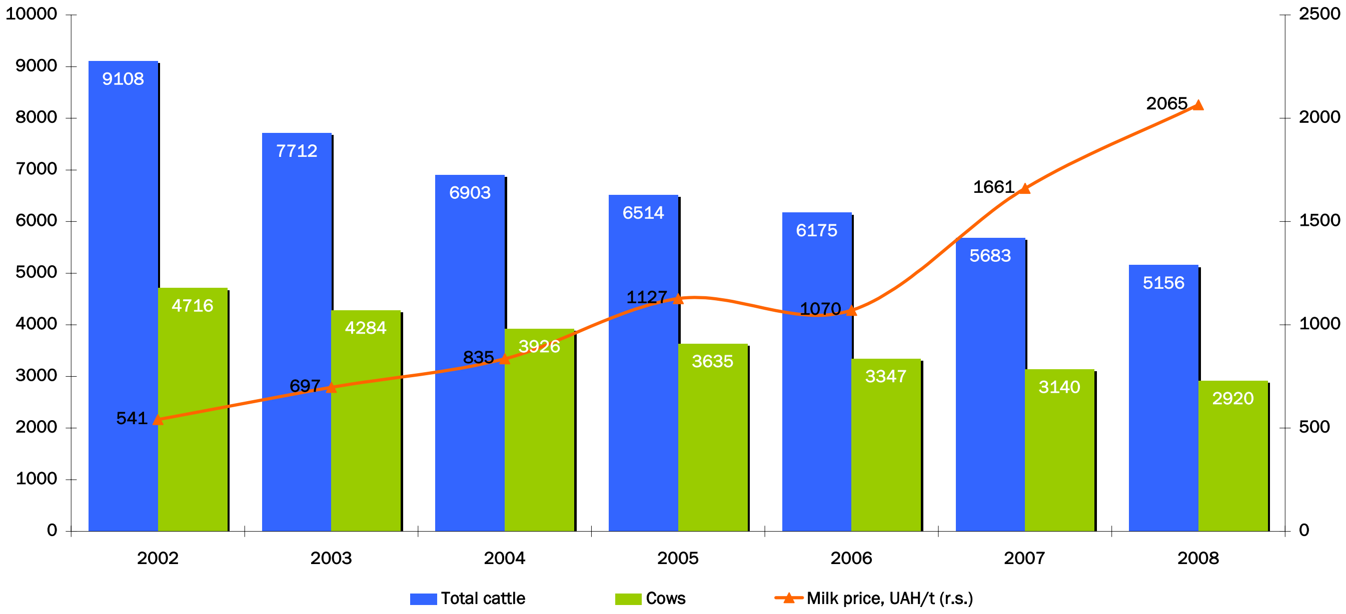
In 2008, the ASTARTA actively developed its cattle farming segment. The Group fully benefited from the favorable market situation and rising prices for cattle farming produce, increasing its milk production by 18% from 28.1 thousand tons to 33.2 thousand tons and milk sales by 24% from 25.9 thousand tons to 32 thousand tons accordingly. Sales of cattle farming produce accounted for 7% in 2008 (compared to 8% in 2007) worth EUR 9.1 million (up 25% y-o-y).

Figure 14. Cattle headcount and milk output at ASTARTA farms in 2003-2008



With Ukrainian milk production declining and cattle herds shrinking, in 2008, average prices for raw milk in Ukraine continued their growth, gaining 24% by the year-end. This trend proves that cattle farming is an advantageous activity for the further development by the Group.

Figure 15. Cattle headcount and average yearly milk prices in Ukraine in 2002-2008 (as of December 31), thousands heads and UAH per ton, VAT excl.



Source: State Statistics Committee of Ukraine

Financial Performance and Financial Position

Financial Performance

In the fourth quarter of 2008, the global financial crisis affected Ukraine, resulting in more difficult business conditions and Ukrainian Hryvnia devaluation, and exerting a detrimental effect on the Group's yearly financial results. In autumn 2008, just in the high sugar production season, many of our clients faced difficulties in obtaining loans due to the policy of the regulating body, the National Bank of Ukraine. As a result, the average collection period for accounts receivable temporarily became longer, and the Group had to boost sales at the period of sharply falling sugar prices in order to provide working capital for sugar production. Prices for crops also fell due to high output and global price drop for all commodities caused by the financial crisis. Even though the Group sold sugar under long-term contracts with a premium over the market average, ASTARTA prices were lower than those forecasted earlier. The sharp Hryvnia devaluation also had a negative impact on the results due to currency translation losses incurred on loans received in foreign currencies.

Table 5. Summary income statement

	(in thousands of Euros)		*(in thousands of Ukrainian hryvnias)*	
	2008	**2007**	**2008**	**2007**
Revenues	123,382	87,747	970,736	615,286
Cost of revenues including remeasurement gains	(88,735)	(63,145)	(717,020)	(442,988)
Gross profit	**34,647**	**24,602**	**253,716**	**172,298**
Changes in fair value of biological assets	(31)	9,196	1,615	62,833
Other operating income	11,661	6,507	89,004	44,561
General and administrative expense	(11,959)	(7,572)	(91,467)	(52,560)
Selling and distribution expense	(6,926)	(4,185)	(53,491)	(29,130)
Other operating expense	(5,949)	(2,771)	(48,583)	(19,155)
Profit from operations (EBIT)	**21,443**	**25,777**	**150,794**	**178,847**
Net financial expense	(41,197)	(9,409)	(341,216)	(65,618)
Gain on acquisition of subsidiaries and other income (expenses)	8,951	5,050	73,965	35,150
(Loss) profit before tax	**(10,803)**	**21,418**	**(116,457)**	**148,379**
Income tax benefit	3,209	80	27,209	648
Net (loss) profit	**(7,594)**	**21,498**	**(89,248)**	**149,027**
Net (loss) profit attributable to:				
Minority interests	75	(90)	647	(684)
Equity holders of parent company	**(7,669)**	**21,588**	**(89,895)**	**149,711**
Earnings per share attributable to shareholders of the parent (in Euros)	**(0.31)**	**0.86**	**(3.60)**	**5.99**

Revenues

In 2008, revenues grew 41% from EUR 87,747 thousand to EUR 123,382 thousand (58% in the hryvnia equivalent). Such growth resulted from an increase in production and sales in all key products.

Revenues from sugar sales grew 44% in the Euro equivalent to EUR 70,679 thousand (62% in the hryvnia equivalent) mainly resulting from an increase in volumes of the product sold. Thus, in terms of volumes, sugar sales grew from 141.2 thousand tons in 2007 to 211.9 thousand tons in

2008 or by 50%. The average market price for sugar in the hryvnia equivalent grew 17% y-o-y, while the Group retained its positive margin over the market price. However, this margin lowered, as the Group's prices grew only 8% y-o-y due to a major increase in sugar sales in the fourth quarter 2008, when the seasonal factors and general economic slowdown pushed the prices down. In the Euro equivalent, the rise in revenues from sugar sales was less sharp due to the hryvnia devaluation, which led to a 4% drop in the Group's sugar prices in Euro.

Revenues from crop sales grew in the Euro equivalent by 40% to EUR 29,577 thousand (57% growth in the hryvnia equivalent). This increase in revenues represents a net result of two factors: an increase in crops sales in terms of volumes and high volatility of prices throughout the year. Sales of the five key crops in terms of volumes grew 67% from 128.4 thousand tons in 2007 to 214.2 thousand tons in 2008 as a result of the doubled output in the second half of 2008 (due to better productivity and additional production capacities). At the same time, crop inventories were low in the first half of the year, when prices reached their highs. Crop sales were boosted in the second half of the year, after the harvesting campaign, when prices started to fall both in the Ukrainian and global markets.

Revenues from sales of cattle farming produce in the Euro equivalent grew 25% to EUR 9,148 thousand (40% in the hryvnia equivalent). The volumes of milk sales grew from 25.9 thousand tons in 2007 to 32 thousand tons in 2008 or by 24%, while the average market price for milk in Ukraine grew 24%. *(For more information on the Group's sales, refer to the section Key Products, Production and Sales).*

Gross profit and cost of revenues

The cost of revenues demonstrated a 44% growth to EUR 96,262 thousand in 2008 from EUR 66,867 thousand in 2007 (64% in the hryvnia equivalent). The gross profit grew 41% from EUR 24,602 thousand in 2007 to EUR 34,647 thousand in 2008 (47% in the hryvnia equivalent). The gross margin remained stable at 28%. We believe that the consistency of the Group’s gross margin in the adverse economic conditions is an important sign of its business stability and timely management actions to react to changes.

Sales were growing more in the second half of the year due to the increased output. At the same time, inputs in cost of production of the goods sold changed differently in 2008 compared to 2007.

Some factors out of the management's control contributed to an increase in costs. In particular, the price for the key energy source for sugar production, natural gas, grew from USD 202 per 1000 cubic meters in 2007 to USD 255 per 1000 cubic meters in 2008 or by 26% (including VAT and transportation costs). Due to the sugar production seasonality, the major part of natural gas was consumed in the fourth quarter 2008 when the Ukrainian hryvnia sharply depreciated against the US dollar, which contributed to even higher price rise in the hryvnia equivalent (52%). Wages of production workforce are calculated based on a tariff scale linked to the minimal wage set by the government. This minimal wage grew 18% in 2008. At the same time, the cost of sugar beet purchased from individual farmers grew 17% in the hryvnia equivalent. However, in the Euro equivalent it decreased 25-27% to EUR 20-22 per ton.

Management made a considerable effort to facilitate cost cutting in view of growing prices for inputs. In particular, the share of in-house grown sugar beet in 2008 reached 84% of the total volume processed by the Group's sugar plants (71% in 2007). Since the cost of own grown sugar beet is 18-20% lower than the market price, and its quality (i.e. sugar content) is better than that purchased from the market, this had a significant impact on the prime costs of sugar produced in 2008. Also, in 2008 ASTARTA continued its program of sugar plant modernization aimed at decreasing fuel consumption and increasing efficiency. The modernization of production facilities resulted in an increase in sugar extraction rate and better plant productivity contributing to a decrease in costs. This year's modernization also contributed to 15% cut in natural gas consumption per ton of sugar produced. Thus, the costs of sugar production were lower than they could have been if sugar beet was purchased from the market and energy consumption was unchanged.

We also continued to fulfill the Group's strategic goal to improve the productivity of the key crops, since a decrease in the costs of production due to better yields of sugar beet, grains and oilseeds contributes to the Group's additional competitiveness on its target markets. *(For more information on the Group's production, refer to the section Key Products, Production and Sales).*

The gain on remeasurement of agricultural produce to fair value also contributed to an increase in gross profit and stability of the gross margin. This fair value represents the value of agricultural produce at the time of harvest. In 2008, the gain on such remeasurement almost doubled to EUR 7,527 thousand (UAH 49,745 thousand) due to a considerable increase in production, as well as higher prices (mainly for wheat).

Profit from operations (EBIT)

Operating income and expense in 2008 grew generally in line with the increase in revenues. In particular, general and administrative expense was 9.7% of the revenues in 2008 (8.6% in 2007). This minor increase in the share of administrative expense resulted from the active business expansion and acquisition of new production assets in 2008. Thus, general and administrative expense amounted to EUR 11,959 thousand compared to EUR 7,572 thousand in 2007. Administrative salary and related charges represent 45% of the total general and administrative expense. An increase in this expense resulted from both a growth in the number of administrative personnel due to new acquisitions and from hiring new highly skilled professionals. This expense also includes bonuses paid to the Board members for the results of 2007 year. *(For more information on Directors' remuneration, refer to Corporate Governance Report).* An increase in professional services (auditors and legal advisers) also contributed to the growth in the general and administrative expense. *(For more information on collaboration with independent auditors, refer to the section Collaboration with Independent Auditors).*

Selling and distribution expenses constituted 5.6% of revenues compared to 4.8% in 2007. They grew to EUR 6,926 thousand vs. EUR 4,185 thousand in 2007 due to increased sales and an increase in prices of purchased transportation and storage services following high grain output in Ukraine. In particular, a national monopolist railway operator, Ukrzaliznytsia, raised its grain transportation tariffs several times in 2008, resulting in a 59.3% increase by the end of the year. The prices for truck transportation also grew due to high fuel prices in the first half of the year. Due to these reasons, costs of an outsourced transportation services grew 2.5 times. In 2009, the Group will intensively use its new truck fleet, which was expanded significantly in 2008, thus cutting transportation costs.

At the same time, in 2008 government subsidies for agricultural producers reported as other operating income almost doubled in the hryvnia equivalent and grew 83% in the Euro equivalent to EUR 11,209 thousand compared to EUR 6,119 thousand in 2007. The following factors contributed to this growth: a new subsidy for beet growing introduced in spring 2008, as well as an expansion of the land under key crops. Cattle farming subsidies also grew, as well as did government subsidies relating to interest and finance cost.

In 2008, the change in fair value of biological assets in cattle farming was minor, because an increase in the cattle headcount and growing prices for milk were offset by growing cost of production. Also, despite a 25% expansion of sowing areas under winter crops from 27.5 thousand hectares as of December 31, 2007, to 34.4 thousand hectares as of December 31, 2008, the revaluation of fair value of current biological assets (plants) resulted in a loss of EUR 28 thousand (income of EUR 3,987 thousand in 2007). This loss resulted from a decrease in grain prices and an increase in the cost of production, which offset the expansion of area under cultivation.

Thus, the above factors contributed to a 17% decrease in the profit from operations (EBIT) in 2008, which dropped from EUR 25,777 thousand to EUR 21,443 thousand (16% drop in the hryvnia equivalent). The EBIT margin decreased to 17% in 2008 compared to 29% in the previous year.

However, excluding the change in the fair value of biological assets in 2007 and 2008, the operating income and expense grew in line with revenues, and the operation margin in 2008 lost 2 ppt from 19% to 17%.

Non-operating income and expense
When analyzing non-operating incomes and expenses, it should be noted that in 2008 the gain on the acquisition of subsidiaries amounted to EUR 8,951 thousand. During the reporting year, the Group acquired 23 agricultural companies with net assets totaling EUR 11,440 thousand and 29.4 thousand hectares of agricultural land in operation. The excess of the fair value of net assets acquired over the consideration paid is recognized in the statement of operations 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 lack of financial resources in the acquired companies that prevents them from efficient use of their assets, and a lack of interested buyers. Management believes that the acquired companies will generate a positive cash flow and profits from their operations in the future. *(For more information on acquisitions, refer to the note 5 to the Consolidated Financial Statements).*
For business combinations in 2008, the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the dates of acquisition. Management commissioned an independent appraiser to perform the assessment of the land lease rights. Prior to 2008, management believed that it was not possible to reliably estimate the fair value of land lease rights due to the lack of comparable transactions. *(For more information on acquisitions, refer to the note 5 to the Consolidated Financial Statements).*

Net financial expense
To finance its development and expanding operations the Group attracts borrowings, primarily received in foreign currencies. This approach is applied due to the fact that interest on such loans is in most cases substantially lower than on those received in Ukrainian hryvnia. In accordance with IFRS, liabilities denominated in foreign currencies are translated to Hryvnia at the foreign exchange rate ruling at the balance sheet date. The significant devaluation of Ukrainian hryvnia caused substantial foreign currency translation losses of UAH 276.2 million (EUR 33,187 thousand). This unrealized transaction is reported in the consolidated statement of operations as part of the net financial expense resulting in a loss before tax and net loss. *(Also refer to notes 18 and 30 in the Consolidated Financial Statements).*

(Loss) profit before tax
Loss before tax in 2008 constituted EUR 10,803 thousand against net profit of EUR 21,418 thousand in 2007. If disregarding the abovementioned foreign currency losses, the Group's profit before tax in 2008 would have amounted to EUR 22,374 thousand showing a 3% increase.

Income tax benefit
The substantial increase in income tax benefit from EUR 80 thousand in 2007 to EUR 3,209 thousand in 2008 reflects the losses incurred during 2008 and recognition of deferred tax assets relating to the translation of liabilities denominated in foreign currencies that could be allocated to future periods thus decreasing the profits to be taxed.

Net (loss) profit
In 2008 the net loss amounted to EUR 7,594 thousand (net profit in 2007 was EUR 21,498 thousand). The loss per share in 2008 constituted EUR 0.31 compared to earnings per share of EUR 0.86 a year before.

Financial Position

Table 6. Summary Balance sheet as of December 31

	(in thousands of Euros)		*(in thousands of Ukrainian hryvnias)*	
	2008	**2007**	**2008**	**2007**
Property, plant and equipment	72,717	77,919	818,060	578,119
Non-current biological assets	5,150	6,380	57,946	47,331
Other non-current assets	5,796	1,228	65,204	9,110
Total non-current assets	**83,663**	**85,527**	**941,210**	**634,560**
Inventories	55,372	51,855	622,917	384,737
Biological assets	14,620	15,216	164,470	112,892
Trade and other accounts receivable, prepayments and promissory notes	14,689	19,026	165,248	141,169
Short-term deposits	4,393	-	49,422	-
Cash and cash equivalents	949	1,068	10,680	7,926
Current income tax	6	3	66	19
Total current assets	**90,029**	**87,168**	**1,012,803**	**646,743**
Total assets	**173,692**	**172,695**	**1,954,013**	**1,281,303**
Share capital	250	250	1,663	1,663
Additional paid-in capital and reserves	78,335	78,482	538,257	540,050
Retained earnings	20,870	28,038	107,955	192,042
Currency translation adjustment	(42,811)	(8,710)	(10,640)	(6,199)
Minority interests relating to open joint stock companies	967	1,014	10,876	7,520
Total equity	**57,611**	**99,074**	**648,111**	**735,076**
Long-term loans and borrowings	11,897	5,647	133,843	41,897
Minority interests relating to limited liability companies	3,894	3,566	43,802	26,457
Other long-term liabilities, promissory notes issued, deffered tax liabilities	2,883	6,688	32,434	49,622
Total non-current liabilities	**18,674**	**15,901**	**210,079**	**117,976**
Short-term loans and current portion of loans and borrowings	80,517	45,634	905,812	338,578
Trade accounts payable, promissory notes, other liabilities and accounts payable	16,889	12,085	190,003	89,662
Current income tax	1	1	7	11
Total current liabilities	**97,407**	**57,720**	**1,095,823**	**428,251**
Total equity and liabilities	**173,692**	**172,695**	**1,954,013**	**1,281,303**

Table 7. Liquidity analysis information

	2008	**2007**
Production and inventory cycle, days	183	227
Average collection period, days	18	45
Average payment period, days	17	48
Average operating cycle (cash conversion period), days	184	224
Working capital, thousands of Euro	-7,378	29,448
EBITDA, thousands of Euro	30,893	30,820
Current ratio	0.92	1.51
Quick ratio	0.21	0.35
Cash ratio	0.06	0.02

Definitions:
- Production and inventory cycle, days: average agriculture biological assets and inventory to sales revenue times number of days in the period;
- Average collection period, days: average trade receivable to sales revenue times number of days in the period;
- Average payment period, days: average trade payables times number of days in the period to cost of sales;
- Average operating cycle (cash conversion period), days: total of average production and inventory cycle and average collection period less average payment period;
- Working capital: difference between current assets and current liabilities;
- EBITDA: Profit (loss) from operations plus depreciation and amortization;
- Current ratio: current assets to current liabilities;
- Quick ratio: current assets less inventories to current liabilities;
- Cash ratio: cash and cash equivalents to current liabilities;

Table 8. Capital structure and solvency analysis information (if analyzed in Euro)

	2008	2007
Total debt ratio	0.67	0.43
Times interest earned	(0.51)	5.00
Net debt / EBITDA	2.82	1.63
Net debt / Sales	0.71	0.57

Definitions:
- Total debt ratio: total liabilities to total assets
- Long-term debt to equity ratio: total long-term liabilities to shareholders' equity
- Times interest earned: income before interest and income taxes to interest expense
- Net debt: Short-term and long-term finance debt less cash

Figure.16 Assets structure in 2005-2008, thousands Euro

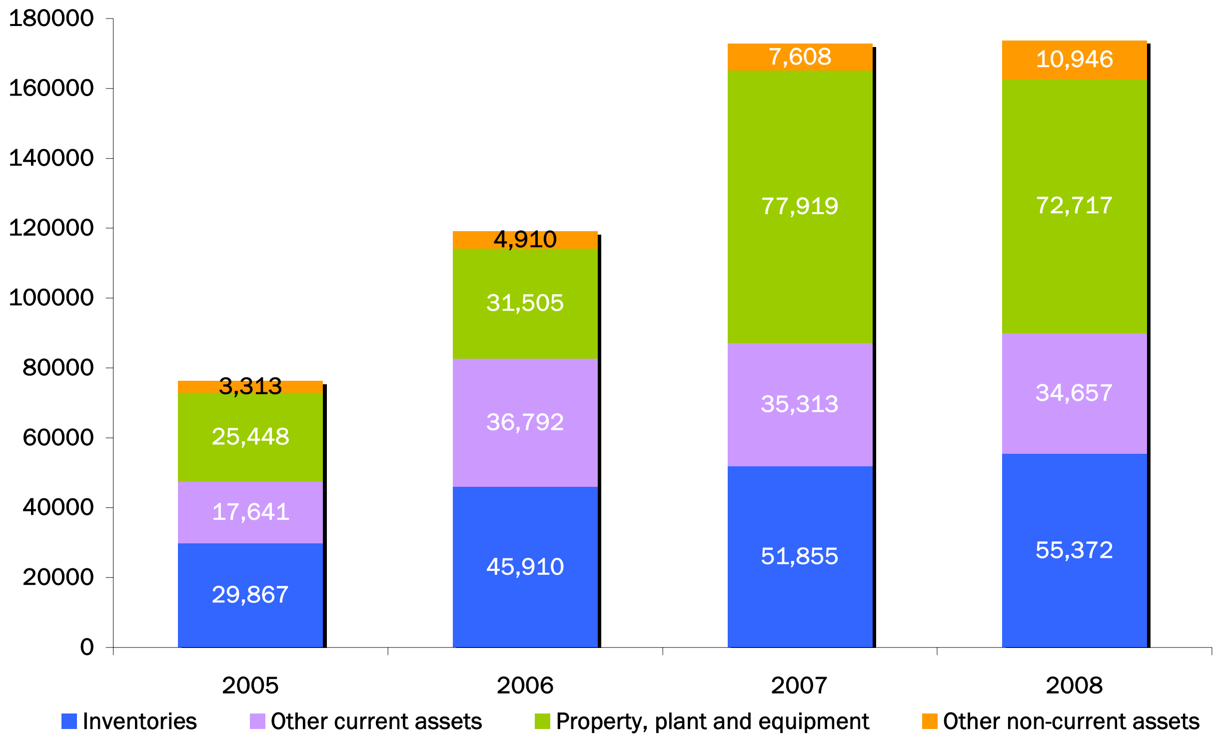


Figure.17 Equity and liabilities of the Group in 2005-2008, thousands Euro

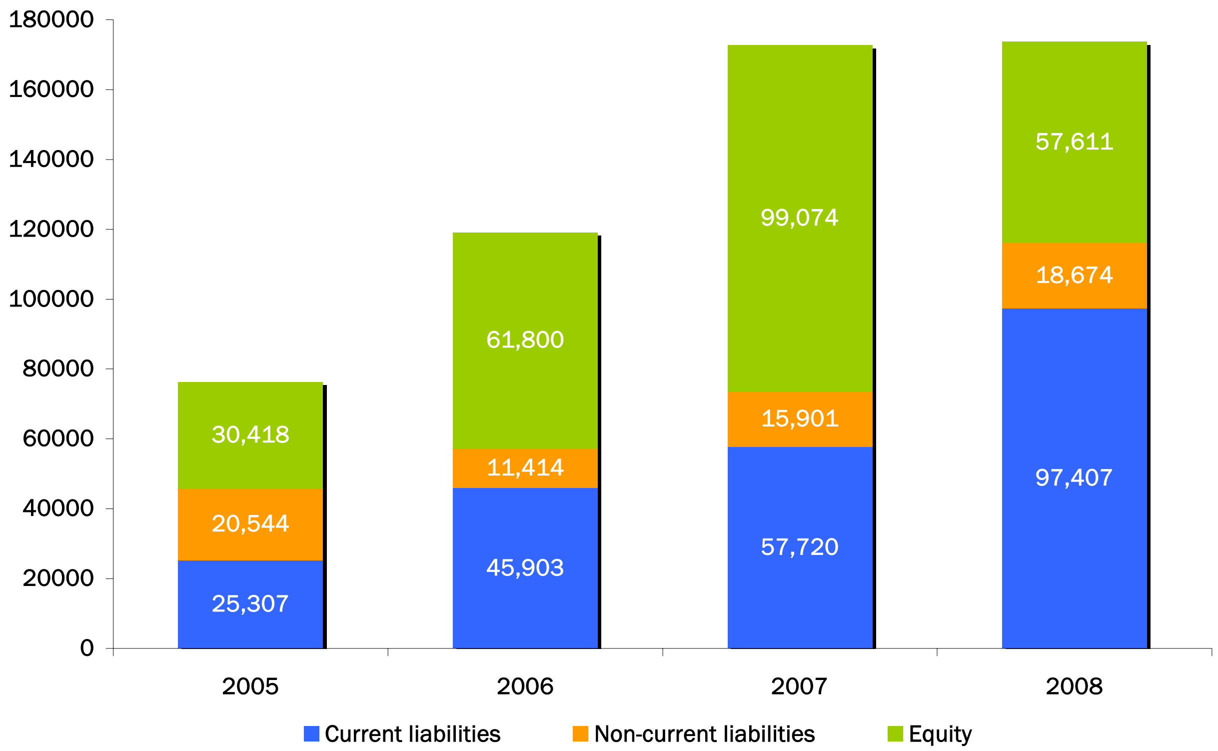
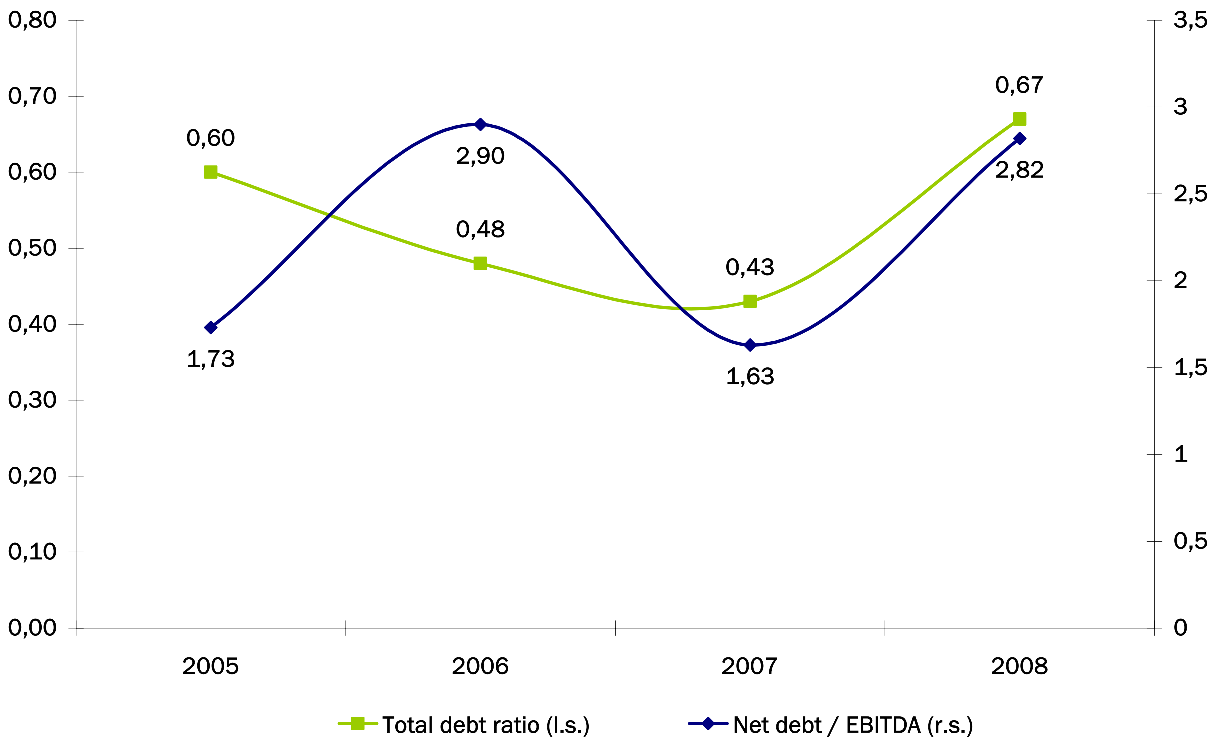


Figure.18 Selected debt ratios of the Group in 2005-2008



Assets

Total assets grew 53% from UAH 1,281,303 thousand as of 31 December 2007 to UAH 1,954,013 thousand a year later. Non-current assets in 2008 increased to UAH 941,210 thousand from UAH 634,560 thousand a year before, or by 48%, while current assets increased 57% to UAH 1,012,803 thousand compared to UAH 646,743 thousand.

Represented in Euro equivalent, total assets grew insignificantly from EUR 172,695 thousand to EUR 173,692 thousand over the reporting year. Non-current assets decreased to EUR 83,663 thousand from EUR 85,527 thousand a year before, while current assets increased to EUR 90,029 thousand compared to EUR 87,168 thousand.

The 48% increase in non-current assets (if denominated in UAH) was mainly due to significant investments made over the reporting year in expansion of land in operations, acquisition of an integral property complex of the Narkevychi sugar plant, purchase of substantial amount of agricultural machinery and as well as modernization of sugar plants. During 2008 the Group invested in property, plant and equipment a total of UAH 231,668 thousand or 65% more than the UAH 140,318 thousand invested year before. *(*Also refer to the section *Key Investments in the Reporting Year for more information about the investments in 2008.)*

Non-current assets also grew following acquisition of new agricultural companies. Non-current assets acquired as part of business combinations in 2008 was UAH 92,972 thousand. An increase in non-current assets also resulted from recognition of the fair value of the land lease rights as an intangible asset in amount of UAH 61,182 thousand.

The expansion of current assets was mainly due to a 62% increase in inventories of finished goods of sugar production and agricultural produce as well as in investments into future crops of UAH 622,917 thousand from UAH 384,737 thousand the year before.

At the same time, as a result of the Group’s efficient trading policy, the share of trade accounts receivable in current assets decreased from 22% in 2007 to 16%, despite a significant increase in sales and temporary payment delays by some clients in the fourth quarter of 2008.

Current assets were 52%, and non-current assets 48% of total assets (51% and 49% in 2007).

Equity and liabilities

Equity decreased by EUR 41,463 thousand (UAH 86,965 thousand for the hryvnia denominated consolidated balance sheet) from the year before, mainly because of the decrease in retained earnings and negative currency translation adjustment.

Long-term liabilities increased from UAH 117,976 thousand to UAH 210,079 thousand at the end of 2008. This resulted mainly from an increase in long-term loans and borrowings from UAH 41,897 thousand to UAH 133,843 thousand. Short-term loans grew from UAH 338,578 thousand to UAH 905,812 thousand. This increase in borrowings is related to the expanded financing of working capital and investments into fixed assets. The Ukrainian hryvnia devaluation in 2008 increased the amount of debt received in foreign currency if denominated in hryvnia.

If denominated in Euro, the Group's long-term liabilities increased from EUR 15,901 thousand as of 31 December 2007 to EUR 18,674 thousand a year later. Short-term liabilities also grew from EUR 57,720 thousand to EUR 97,407 thousand, with an increase in short-term loans from EUR 41,465 thousand to EUR 74,834 thousand, and the current portion of long-term borrowings from EUR 4,169 thousand to EUR 5,683 thousand a year later.

As at 31 December 2008, certain financial covenants under the long-term loan agreements with the Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), the European Bank for Reconstruction and Development (EBRD) and Piraeus Bank, were breached. As a result, the long-term loans from FMO in the amount of UAH 186,370 thousand (EUR 16,566 thousand), Piraeus Bank in the amount of UAH 27,650 thousand (EUR 2,458 thousand) and the long-term portion of the long-term loan from EBRD in the amount of UAH 144,833 thousand (EUR 12,874 thousand) were reclassed as short-term loans.

Subsequent to the 31 December 2008 the borrowers received a period of grace for more than twelve months after the balance sheet date to rectify the breach of the aforementioned financial covenants under long-term loan agreements Therefore, management and the lenders consider these loans as long-term loans. Management believes that all the requirements of the aforementioned loan agreements will be complied with within the period of grace.

(Also refer to note 18 in the Consolidated Financial Statements).

Equity was 33%, non-current liabilities - 11% and current liabilities - 56% in the total structure of equity and liabilities (respectively: 57%, and 9%, and 34% as of 31 December, 2007).

Key Investments in the Reporting Year

In 2008, the Group intensively invested into fixed assets and the acquisition of corporate rights in agricultural enterprises. Table 9 below lists the key investments by types in 2005 through 2008.

Table 9. Key investments in 2005 through 2008, thousands of Euros

	2008	2007	2006	2005
Acquisition of property, plant and equipment				
Buildings	1,693	918	490	763
Constructions	1,829	1,162	399	625
Equipment and machinery	22,421	16,223	6,179	4,053
Vehicles	4,091	1,896	1,994	749
Other fixed assets	92	79	187	59
Total acquisition of property, plant and equipment	***30,126***	***20,278***	***9,249***	***6,249***
Acquisition of controlling interest in agricultural companies	2,496	***2,555***	***495***	***42***
Other investments	246	***175***	***111***	**-**
Total investments	**32,868**	**23,008**	**9,855**	**6,291**

Mainly, investments in 2008 were made in following key directions:

- acquisition of new sugar production capacities,
- modernization of existing sugar production capacities, aimed at cutting consumption of fuel and increasing efficiency of production equipment,
- increase of agricultural land in use, and
- purchases of agricultural machinery mostly connected with a significant increase in plough lands in Western Ukraine.

Other investments represent increases in the controlling stakes in subsidiaries.

Currency Exchange Risk Hedging

The total interest expense in 2008 was EUR 7,131 thousand. All interest on loans received in foreign currency was paid from foreign currency receipts from export revenues, which totaled EUR 9,930 thousand.

Management attempts to secure a balance of proceeds from export sales with interest to be paid on loans received in foreign currencies. This policy is supported by increasing competitiveness of the Group’s products on international markets following the hryvnia devaluation, a fundamentally growing demand for food, and also well established cooperation with international traders and consumers abroad.

Differences between Financial Results and Published Financial Forecasts

In June 2008, ASTARTA published its development model for 2008 through 2012, which included financial forecasts for 2008 that differ from the actual results of the year.

Table 10. Forecast and actual financials for the year 2008, thousands of Euros

	Forecast	**Actual 2008 result**
Sales	124,000	123,382
EBITDA	39,000	30,893
Net profit	24,000	(7,594)
EBITDA margin	31%	25%
Net margin	19%	-

Such deviations were caused by negative changes in global and Ukrainian economy in the second half of 2008. (*For more details please refer to section Financial Performance).*

Loans and Borrowings Contracted by the Group

For more details, please refer to *note 18 to the Consolidated Financial Statements and Material Factors and Events.*

Related Party Transactions

For more details, please refer to *note 38 to the Consolidated Financial Statements.*

Financial instruments

For more details, please refer to *notes 9 and 10 to the Consolidated Financial Statements.*

Investment Plans for 2009 and the Sources of their Financing

In the year 2009, we will concentrate our investments in order to achieve the strategic goals of the Group. First of all, we will invest in the reconstruction and modernization of the sugar plants with the purpose to reduce the power consumption in production and further development the agricultural business in Khmelnitsky region. Such investments will be financed within the FMO and EBRD credit facility agreements signed in 2008 and with working capital.

Research and Development

To increase productivity and effectiveness of agricultural and sugar production, in cooperation with leading Ukrainian and foreign scientific and R&D institutions and companies, we adjust to our needs advanced technologies and applications. In agriculture, we develop seeding material of sugar beet and other crops, plants' treatment methodologies and crops rotation combinations that enable stable high harvests for particular climate conditions and land morphology. At sugar plants, we install and adopt modern equipment to ensure high energy efficiency and best product quality. Main production departments (agricultural or sugar production) in the Group have development project managers, who supervise the implementation of advanced technologies in their field.

Basis of Preparation

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

Shareholder Structure and Stock Performance

Shareholder Structure of ASTARTA Holding N.V.

According to information available, as of December 31, 2008, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership of at least 5% of the total votes at the General Shareholders Meeting of ASTARTA Holding N.V.

Table 11. Shareholder structure of ASTARTA Holding N.V. as of December 31, 2008

Shareholder	Number of shares	Percentage of owned share capital	Number of votes at the General Meeting	Percentage of votes at the General Meeting
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	10,000,000	40.00	10,000,000	40.00
Valeriy Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	10,000,000	40.00	10,000,000	40.00
Other shareholders	5,000,000	20.00	5,000,000	20.00
TOTAL	**25,000,000**	**100.00**	**25,000,000**	**100.00**

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

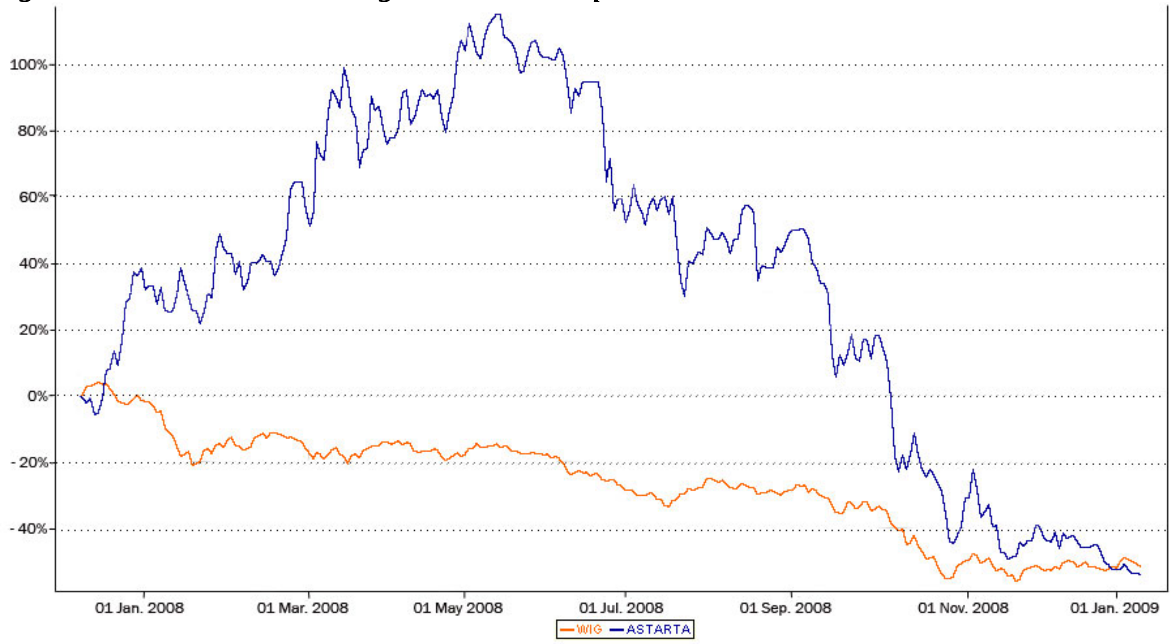
In May 2008, ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty disposed shares of Astarta Holding N.V., reducing its shareholding to less than 5%. As at 20 May 2008 ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty owned 1,238,061 shares of ASTARTA Holding N.V., representing 4.95% of registered capital of the Company.
In June 2008, ING Fundusz Inwestycyjny Zamknięty Stabilnego Wzrostu, ING Fundusz Inwestycyjny Zarnknięty Akcji and ING Parasol Specjalisryczny Fundusz Inwestycyjny Otwarty jointly disposed shares of Astarta Holding N.V., reducing their shareholding to less than 5%. As of June 5 2008, the shares possessed by all the investment funds mentioned above owned 1,237,894 of voting rights on the general shareholders meeting, representing 4.95% of all voting rights on the General Shareholders Meeting of Astarta Holding N.V.

Share Price Performance of ASTARTA Holding N.V. on the Warsaw Stock Exchange

ASTARTA Holding N.V.'s share price moved in different directions in 2008. The year started with the price PLN 31.30 per share as of January 02, 2008 (the first trading day). Due to the Group's effective business strategy, its expansion and the positive operational results, the share price progressively grew until mid-May 2008. The highest trading price was PLN 50.70 as of May 12, 2008. The financial crisis brought negative changes to the stock markets and to ASTARTA Holding N.V.'s share price. It started to fall and reached its minimum on December 31, 2008 with the price PLN 10.13 per share. In addition to the negative influence of the international financial crisis, the price of ASTARTA Holding N.V. has been affected by country specific risks and in particular the worsening macroeconomic situation in Ukraine and instability of its financial system in the 2H2008. This situation was not ASTARTA-specific; the price of shares of most Ukrainian companies publicly listed abroad fell 50%-95% by the end of 2008. Moreover, by late December, ASTARTA shares maintained a positive margin over Warsaw indices and only by the year-end, the loss on ASTARTA's shares edged towards the yearly loss on the Warsaw Stock Exchange Index

(WIG). The quotations of ASTARTA Holding N.V. shares on the Warsaw Stock Exchange compared with the WIG index are shown in Figure 15.

Figure 19. ASTARTA Holding N.V. vs. WIG quotations in 2008



Source: Warsaw Stock Exchange

Importantly, these changes in ASTARTA's share price in 2008 were accompanied by an increase in the liquidity of shares, which resulted in an almost tripling of trading turnover in PLN equivalent.

The Company's significant stock quotation data are as follows

	2008	**2007**
Opening price (PLN)	31.30	17.09
Highest trading price (PLN)	50.70	32.00
Lowest trading price (PLN)	10.13	12.10
Closing price (PLN)	11.00	32.00
Closing price (EUR)	2.64	8.93
Year price change	- 64.8%	87.2%
EPS (EUR)	-0.31	0.86
Price / earnings (P/E)	-8.59	10.35
Market capitalization (thousands of PLN) as of 31 December	275,000	800,000
Market capitalization (thousands of EUR) as of 31 December	65,909	223,339
Share trading turnover (thousands of PLN)	412,965	152,800
Share trading turnover (thousands of EUR)	117,320	40,458

Management and Personnel

Management

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

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

The rest of the directors do not own, directly or indirectly, any shares or other securities giving them rights to acquire these shares, either from the date of the Company's registration up to the date of this statement, or after this period. *(Refer to Corporate Governance Report for more information on Management).*

The Group's Structure

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

Personnel

As of December 31, 2008, headcount comprised 7,598 employees, including 158 employees of the head office in Kyiv and 715 temporary workers. As the ASTARTA's production activities are arranged through production subsidiaries, the majority of our personnel are based outside Kyiv. After the optimization of personnel, the number of personnel decreased by 11.8% compared to 2007.

The key companies within the Group have their own HR managers and are responsible for hiring and dismissing their personnel. Production company staffing structure comprises about 7% charged with managerial functions and about 16% are service staff. The remaining 77% are approximately equally divided between core and auxiliary production work force. Approximately 65% of our employees are male and 35% are female. We provide equal employment opportunities to everyone, regardless of their gender, religion or nationality.

Training and Professional Development for Personnel

In 2008, the Group created the Internal System of Staff Training and Development. ASTARTA's specialists in accordance with ISO 10015:1999 standard developed all documents.

In 2008, we held seven workshops on the implementation of an integral management system for the top- and middle-level managers and specialists of sugar plants, and seven workshops on the implementation of international standards and management quality system at the sugar plants. Corporate education programs were focused on developing management competences of top- and middle-level managers, and improving the professional qualifications of specialists.

ASTARTA continues to implement and finance the training program for young professionals. Nine employees from ASTARTA entered universities in 2008. The Group provided for the education of 47 persons with specializations that are currently in demand in the agricultural business and food industry and will be in demand for the Group in the nearest years. Our future employees study at the National University of Food Technologies, Poltava National University, Kremenchug State Polytechnic University, National University of Transport, Poltava State Agricultural Academy, Sumy National Agricultural University, and Kyiv Institute for International Economic Affairs and Business, National Aerospace University named after Zhukovskyi, and Kharkiv Aviation Institute.

In 2008, nine people graduated from universities and were successfully involved in the Group's business.

Due to the corporate education and support of the future specialists, ASTARTA increases educational and professional level of staff resulting in the effective and qualified work.

Corporate Social Responsibility

Our Group is committed to its employees, customers and the public at large. For ASTARTA Holding, 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.

This means that not only do we pay attention to environmental issues by implementing state-of-the-art technologies. We also develop social infrastructure in those areas where our enterprises operate, and are concerned with improving the wellbeing of the community. As part of our corporate responsibility approach, we aim to invest in a range of local community activities to create additional benefits for affected communities. In 2008, ASTARTA expended its operations to the new regions of Ukraine and took an active part in the community life there. Among other initiatives, ASTARTA donated an ambulance to Narkevychi community where Narkevychi sugar plant is situated, as well as introduced a number of other social initiatives. *(For information about charity and social expenses, refer to note 28 to the Consolidated Financial Statements).*

ASTARTA is determined to fulfill its responsibilities on safety and environmental issues and believes this will increase the Group's competitiveness and have a positive effect on achieving its strategic targets. The Group is confident that in the long run such an approach will help ASTARTA strengthen its position in the market and increase the confidence of society in the Group.

For ASTARTA, our core priority is to safeguard our workforce and community where we operate, as well as minimize environmental impacts. The Group is devoted to stable development and seeks to improve its opportunities to manage social and ecological risks.

In line with its environmental policy, ASTARTA managed to cut energy consumption at its sugar plants and carbon emissions in 2008. As a result of these efforts, the Group signed an agreement with the Multilateral Carbon Credit Fund (MCCF) established by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), to sell the carbon credits. Check section *Other Material Events* below for more details about this agreement.

The Group actively develops measures to prevent, reduce and mitigate any negative social and ecological effects of our business practices. ASTARTA builds up its development plans, taking into account their positive influence on economic, social and ecological components in the development of Ukraine.

Global Compact and Social Responsibility of Business

ASTARTA Holding N.V. is committed to complying with transparency and corporate responsibility standards in all areas of business operations. To comply with this commitment, Astarta-Kyiv joined the Global Compact of the United Nations.

The Global Compact is a voluntary international citizenship 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, 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 Compact is to further develop common values to impart a “human face” to global business.

By signing this Compact our Group committed itself to adhere to, support, and implement basic values in the areas of human rights protection, employment, environment protection, and fighting corruption as part of its operations.

Material Factors and Events

Material Factors and Events that Affected Operations and Financial Results in 2008

Acquisition of Subsidiaries

- In February 2008, Astarta-Kyiv signed a Protocol of intention to acquire two sugar plants and six agricultural companies with 8.2 thousand hectares of agricultural land under lease in Khmelnytsky region.
- In April 2008, LLC Firm “Astarta-Kyiv” established a new 100% owned subsidiary SC “Tsukrovyk Podillia”. Astarta-Kyiv contributed UAH50 thousand (EUR7 thousand) into charter capital of this entity. This subsidiary was established to control sugar production facilities in Khmelnytsky Oblast.
- On July 12, 2008, SC "Tsukrovyk Podillia" acquired the integral property complex of the Narkevychi sugar plant in Khmelnitsky Oblast. The property complex was endowed to the subsidiary's subdivision Narkevychi sugar plant. During the sugar production campaign of 2008, the Group also leased the Volochisk sugar plant. The Volochisk sugar plant is located near the Group's agricultural companies. The lease of this plant provided the Group with additional sugar production capacities and was aimed at increasing production, while cutting logistics costs.
- In 2008, Astarta-Kyiv acquired controlling stakes in 23 agricultural companies in Vinnitsa, Zhitomir, Khmelnytsky and Ternopil Oblasts (administrative regions). These acquisitions were made to implement the Group’s strategy to expand agricultural land under lease and increase the production of sugar beet and crops. Existing agricultural companies of the Group also increased their land bank. As a result, in 2008 the Group's agricultural land in operation grew from 135 thousand hectares to over 166 thousand hectares.

Loan Portfolio Optimization

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

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

- On October 8, 2008, LLC Firm "Astarta-Kyiv" and ABN AMRO BANK N.V. signed the Addendum No. 2 to the Revolving Facility Agreement dated 9 October 2007, whereby they agreed to the extension of the Final Maturity Date of the Agreement for an additional period of 12 months, i.e., until 8 October 2009. The Revolving Facility Agreement with ABN AMRO Bank N.V. opened the one-year facility line of USD 25 million with a possibility to extend it for two additional periods of twelve months.
- On 23 October 2008, the Term Facility Agreement with Netherlands Development Finance Company (FMO) was signed to provide financing to ASTARTA Holding N.V. In accordance with the Term Facility Agreement, FMO makes available a 7-years term facility in an aggregate amount of USD 25,000,000. The facility was applied towards the refinancing of the bridge finance of USD 15,000,000 provided by ABN AMRO Bank N.V., as well as financing capital expenditures in the sugar and agricultural sectors and financing working capital needs.

Devaluation of the Ukrainian Hryvnia against Major Currencies

In the first months of 2008, the National Bank of Ukraine continued to pursue the policy of supporting a fixed exchange rate of the Ukrainian hryvnia to the US dollar. In April, the National Bank of Ukraine revaluated Ukrainian hryvnia to the US dollar by approximately 4%. Since the Euro significantly appreciated in relation to the US dollar on the world markets, its exchange rate also improved compared to the Ukrainian hryvnia. In the fourth quarter 2008, the global financial crisis pressure led to an almost 60% hryvnia devaluation against both currencies. The Group's operating subsidiaries in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency, while consolidated financial statements are presented in two currencies, EUR and UAH. Thus, due to devaluation of hryvnia, the financial results of the Group in 2008 translated to Euro were subject to a negative currency translation adjustment.

Sale of shares

Please refer to section *Shareholder Structure of ASTARTA Holding N.V.* for information about sales of shares.

Material Events in the Marketing

- On September 17, 2008, LLC Firm "Astarta-Kyiv" and FE "Coca-Cola Beverages Ukraine Limited" signed a contract for sugar sale for 2009 through 2011. Under the terms of the contract, LLC Firm "Astarta-Kyiv" supplies FE "Coca-Cola Beverages Ukraine Limited" with sugar according to a monthly schedule. This is the first three-year contract for sugar supplies in the Ukrainian market.
- In November 2008, Astarta-Kyiv and Slavutych (Part of the Carlsberg Group, formerly, BBH) signed a contract for sugar sale for 2009. Under the terms of the contract, Astarta-Kyiv supplies Slavutych with sugar according to a monthly schedule. Slavutych is one of the leading beer and soft drinks producers in Ukraine, producing, *inter alia* Pepsi and 7UP.
- In November 2008, Astarta-Kyiv and Konti signed a contract for sugar sale for 2009. Under the terms of the contract, Astarta-Kyiv supplies Konti with sugar according to a monthly schedule. Konti is one of the leading confectionery producers in Ukraine.
- In November through December 2008, Astarta-Kyiv signed yearly contracts for sugar sales with its traditional partners, AVK, Kraft Foods Ukraine, and Poltavakonditer. Under the terms of the contract, Astarta-Kyiv supplies these confectionaries with sugar according to their orders, within the preliminary approved monthly quantities.

Material Events on the Ukrainian Sugar and Grain Markets in 2008

The significant events on the Ukrainian sugar and crops market in 2008 are described in the section *The Group's Operations in 2008.*

Material Political and Legal Events in Ukraine in 2008

Ukraine's Accession to the WTO

On May 16, 2008, Ukraine became a WTO member, incurring a number of tariff regime obligations. After this accession, Ukraine introduced import quotas for 260,000 tons of raw cane sugar starting from January 1, 2009. These quotas are not an obligation to purchase sugar, however, if the global market situation is favorable for those who import sugar to Ukraine, this amount can be imported with an import tariff of 2%. The over-quota import tariff will be 50% of the sugar price, while a specific tariff of EUR 300 per ton will not be applied. Thus, the Ukrainian sugar market will be more influenced by global market trends. In line with the WTO agreements, the Ukrainian Government also lifted grain export restrictions introduced in late 2006.

Changes in Taxation System

On October 31, 2008, the Verkhovna Rada (Parliament) of Ukraine adopted the *Law On the Top Priority Measures to Mitigate the Affect of the Financial Crisis and on Amendments of Certain Ukrainian Laws* (the Anti-Crisis Law). This law was signed by President Yuschenko on November 3, 2008.

The Anti-Crisis Law envisages several agriculture-related changes. Namely, it amends the Law on the Fixed Agricultural Tax and cancels the time of expiration of this tax previously valid until December 31, 2009. In particular, agricultural companies engaged in production, processing and sale of agro products may choose to be registered as payers of the FAT, provided that sales of agro products representing their own production account for more than 75% of their gross revenues. The FAT is paid in lieu of corporate income tax, land tax, water tax, municipal tax and some other taxes. Another amendment introduced by the Anti-Crisis Law retains the existing VAT preference regime for agricultural producers. With this VAT regime, agricultural producers retain the VAT charged on sales to cover VAT paid for inputs and for other production needs.

The Anti-Crisis Law became effective from the date of its publication and shall be valid until January 1, 2011.

The adopted laws shall positively influence ASTARTA's future development compensating the impact from expected slowed economic growth in the world and in Ukraine.

Adoption of the Law on Prolongation of Agricultural Land Sale Moratorium

The Verkhovna Rada (Parliament) of Ukraine adopted a law prolonging the agricultural land sale moratorium until January 1, 2009, which was further prolonged in February 2009 until January 1, 2010. The Law bans the sale of agricultural lands owned by the state and municipalities, as well as changes in use and further disposal of land allotted to individuals and entities for agricultural use. The Law also indicates that sale of such land will be allowed on January 1, 2010, if the Parliament of Ukraine adopts Laws on the State Land Cadastre and Land Market.

Other Material Events

On December 18, 2008, ASTARTA signed an agreement with the Multilateral Carbon Credit Fund (MCCF) established by the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), to sell the carbon credits.

The agreement, which covers the carbon credits generated during the period between 2008 through 2012, is the first deal of the MCCF in Ukraine resulting from the implementation of an energy saving program, financed by a loan provided to ASTARTA by the EBRD according to an Agreement signed in May 2008. This program will ensure a 30% reduction of the energy intake at ASTARTA's sugar plants, thereby increasing efficiency, productivity and competitiveness. In addition to bringing new standards and practices to sugar plants, the Joint Implementation project will generate carbon credits and bring ASTARTA additional revenues from participation in the rapidly growing carbon markets within the framework of the Kyoto protocol. The MCCF, with EUR190 million in commitments, is one of the carbon funds dedicated to countries from Central Europe and Central Asia. The MCCF includes six private (CEZ, Endesa, Gas Natural, PPC, Union

Fenosa and Zeroemissions) and six sovereign participants (Finland, Belgium (Flanders), Ireland, Luxembourg, Spain and Sweden).

Material Events after the Reporting Date

The Group's Restructuring

Concurrently to ASTARTA's business expansion, efforts are made to adjust and optimize the structure of the Group. To streamline the management of operations and accounting, during the first quarter of 2009, sugar production assets and more than 60 agri-companies are being consolidated into five large business units geographically grouped around our sugar plants. This reform will provide for better management, improved logistics, optimization of personnel, more effective exploitation of agricultural machinery, and minimization of unnecessary transaction costs.
The new structure will be reported in the ASTARTA Holding N.V. interim report for the first quarter 2009.

Acquisition of Subsidiaries

On February 18, 2009, Astarta-Kyiv acquired 100% stake in the Private Enterprise Bilohirsky Sokil 2008, an agricultural company in Khmelnytsky Oblast with 1,000 hectares of arable land in use. After this acquisition, Bilohirsky Sokil 2008 was merged to another ASTARTA subsidiary, Volochysk Agro.

Loan Portfolio Optimization

In March 2009, the European Bank for Reconstruction and Development (EBRD) signed a Loan agreement to provide financing to CJSC APO "Tsukrovyk Poltavshchyny", an indirect subsidiary of ASTARTA Holding N.V. The financing of up to USD 20 million was granted to re-finance the portion of the existing Group financial debt and to invest into energy efficiency improvements at its sugar plants and purchase of agricultural machinery. The loan to ASTARTA was the first under the new EBRD Mid-Sized Corporate Support Facility. The financing would comprise a secured long-term loan for 5 years with 18-month grace period, fully guaranteed by ASTARTA Holding N.V.

Marketing Activities

Taking advantage of the Ukrainian weakening of the hryvnia against major hard currencies, ASTARTA initiated exports of its sugar that also resulted in getting new customers in Eastern Europe and CIS at the beginning of 2009.

Changes in the Reporting Obligations

As of January 13, 2009, a major change of Polish securities regulations became effective. Under the new regulations, the reporting obligations of EU companies are primarily governed by the law of the country in which the company has its registered seat. Therefore, the reporting obligations of ASTARTA Holding N.V. will be governed primarily by Dutch law, namely the newly adopted Transparency Directive. Issuing institutions with the Netherlands as their Member State of origin whose securities have been admitted to trading on a regulated market within the European Union are subject to statutory rules on the general availability of financial reports. They should make the annual financial reports available to the public within four months of the end of the financial year. Moreover, issuing institutions are obliged to make their semi-annual financial reports generally available. They should do so within two months of the close of the first six-month period. The issuing dates of ASTARTA Holding N.V. periodic reports in 2009 can be viewed on the Company's website (www.astartakiev.com).

Slowdown of rate of decline of Ukrainian economy

After a sharp decline in the fourth quarter of 2008, Ukrainian economy shows some "gleams of hope". Almost all sectors recorded a slowdown in their rate of decline in March and April.

Agriculture even showed acceleration of growth. While the key characteristic of the current macroeconomic environment is a low level of predictability, there are few potential catalysts that, should they materialize, could trigger recovery.

To date in 2009, the National Bank of Ukraine (NBU) has kept the official exchange rate constant at UAH 7.7 for US$ 1. Further wise administrative measures may allow the NBU to spend less of its FX reserves and keep stability of the hryvnia.

Moreover, according to the IMF press release on 17 April, “The IMF mission reached a staff-level agreement with the Ukrainian authorities on the conclusion of the first review under the SBA. The authorities’ Letter of Intent and Memorandum of Economic and Financial Policies will now be submitted to IMF Management for approval”, meaning that Ukraine has a high chance of receiving the next tranche of US$2.8bn in mid-May and other US$2.8bn in next month, that will add security to the Ukrainian national currency.

Fulfillment of Strategy in 2008 and Outlook for 2009

Fulfillment of Strategy in 2008

In 2008, the Group achieved the following strategic goals:

1. Building up the land bank

In view of the importance of agricultural land as a major production asset for production of grains and oilseeds, as well sugar beet, the Group expanded agricultural land in lease to over 166,000 hectares by the end of 2008.

2. Reinforcing vertical integration

The Group expanded its land under sugar beet cultivation up to 30,000 hectares in 2008. The share of the in-house grown sugar beet in sugar possessing reached 84%.

3. Improving efficiency of agriculture production

Simultaneously with expanding land under cultivation, the Group substantially improved the efficiency of agricultural production, i.e., raised sugar beet gross yield to 52.0 tons per hectare or by 27%. The Group's gross sugar beet yield was 47% higher than the Ukrainian average. The output of grains in 2008 was: 5.2 tons per hectare for wheat (up by 51% y-o-y), 4.0 tons per hectare for winter barley (up by 39% y-o-y), 3.9 tons per hectare for spring barley (up by 68% y-o-y).

4. Raising output of grains and oilseeds

In view of the expanded area of leased arable land under cultivation and higher yields, the Group raised the output of grains and oilseeds by 96.6% to 393.300 tones.

5. Participating in further consolidation of the industry and increasing the Group's share in the Ukrainian sugar market

The Group followed its strategic goal of being one of the industry's major consolidators. The acquisition of the integral property complex of the Narkevychi sugar plant and modernization of other 5 sugar plants in 2008 allowed the Group to increase its processing capacity to 20,262 tons in 2008 season. Consequently, the Group raised its sugar output by 51.5% to 235.6 thousand tons and increased the Group's share in the total production in Ukraine from 8.4% in 2007 to 15.0% in 2008 to become the largest national producer of sugar.

6. Increasing efficiency of sugar production

The modernization of plants also improved energy efficiency and lowered natural gas consumption in the production process by 15% per ton of sugar produced. The sugar extraction increased to 13.9% in 2008 from 12.8 in 2007.

7. Further diversification of sales

In 2008, the Group has proved its flexibility in sales and independence from existing large customers in the sugar segment while quickly reacting to the changing market situation in the 4th quarter. It also managed to gain new large industrial clients in the drink producer and confectionary segments i.e. Slavutych (Part of the Carlsberg Group, former BBH), Nestle Ukraine, and Konti.

8. Improving logistics

In order to raise production efficiency and reduce the costs, the Group improved production logistics by delivering around 60% of sugar beet on the just-in-time basis, which resulted in the better quality of the beet processed, better sugar yield, and a cut in beet losses during transportation and storage.

Outlook for 2009

Based on the results attained, and in view of the current situation on the markets as well as ongoing international economic recession, the Board of Directors sets the following targets for 2009:

1. *Organization & management:*
   - to accomplish a transformation of the organizational structure of the Group, by consolidating agri-companies and sugar plants into five integrated regional business units geographically concentrated around sugar plants
   - to continue optimizing personnel selection, training, and motivation, i.e. to introduce a new system of payment incentives at sugar plants and agri-companies using existing best practices in the industry in Ukraine and abroad

2. *Operations and production:*
   - to increase efficiency of agricultural and sugar production in order to further lower the costs, making good use of investments done in previous years
   - to increase the vertical integration, securing around 90% of in-house sugar beet for the sugar production
   - to continue modernization of sugar plants by improving their energy efficiency and daily processing capacity
   - to further improve logistics and decrease beet losses during transportation and storage
   - to ensure optimal use of agricultural land under cultivation with a focus on return on investments as well as on incremental increase in quality of soils
   - to introduce best practices in sourcing and procurement of external services and goods

3. *Financial & investment policy:*
   - to continue restructuring of the Group's loan portfolio by increasing the share of long-term loans and lowering accordingly the share of short-term debt
   - to complete and launch on time the capacities financed from the past investments to ensure sound ROI
   - to focus on new investment projects with shorter pay-back period and lower risk sensitivity

4. *Marketing & Sales policy*
   - to monitor the situation in the Ukrainian sugar industry, and to study the opportunities to consolidate the Group's leading position
   - to keep the balance of domestic and export sales, securing high profitability and hard currency inflows to cover interest and principal payments on liabilities
   - to be ready to react to market changes, winning new clients and mitigating the influence of a possible reduction in demand in one of the market segments or price fluctuations
   - to study options for further business diversification in the Group's areas of competence

Material Factors which could Influence Operations and Financial Results in 2009

In the opinion of the Board of Directors, the following factors may have a material impact on the Group's development and performance in 2009:

External factors:

- Ongoing financial crisis and economic recession, internationally and in Ukraine;
- Low liquidity of Ukrainian banking system;
- Possible Ukrainian hryvnia devaluation against US dollar and Euro that might lead to an increase in exports sales, and at the same time further losses on currency translation differences;
- Possible political instability in Ukraine on the back of approaching presidential elections;
- Instability of prices for fuel (natural gas, coal, petroleum products), agricultural raw materials (seeds, fertilizers and plant protection agents) with their contingent increase;
- On-going consolidation of the Ukrainian sugar market, with weaker players abandoning production of beet sugar;
- Cheaper workforce in Ukraine, stabilization of the annual lease payments on the land;
- Decreasing individual incomes in Ukraine that might lead to a decreased demand for sugar-containing products (confectionary products, drinks, dairy products);
- Further decrease of livestock in Ukraine and consequent increase of prices for cattle farming products.

Internal factors:

- Restructuring of the Group aimed at cutting operational and administrative costs;
- Increase of market share on the Ukrainian sugar market;
- Further diversification of sales and expansion into new market segments;
- Increasing number of major clients among manufacturers of drinks, dairy products and pharmaceuticals;
- Continued modernization of sugar plants aimed at cutting energy consumption and improving efficiency;
- Implementation of a program to improve crop yields by agricultural companies ;
- Further vertical integration of the business through an increase in the output of in-house grown sugar beet and its share in total beet processing;
- Further expansion of land under grain and oilseed crops.

Material Risk Factors and Threats to the Group

Described below are the risks and uncertainties we believe are significant for the Group, emphasizing the main risk factors and threats faced by the Ukrainian operational company Astarta-Kyiv and its subsidiaries. Management considers appropriate measures to mitigate against the main risk factors and threats faced by the Group in each of the following areas.

Market Risks

- The commodity nature of our 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 the situation on the domestic and world markets. The key factors affecting the market include weather, the seasonal nature of demand and supply, availability and cost of raw materials, biological factors, yield, and state regulation.

  Any of these factors may bring down prices or drive up costs, subjecting our business, operating results and finances to unfavorable effects. The current situation on the Ukrainian sugar and agricultural products market and future prospects are described in the section *The Group's Operations in 2008: Investing into Leadership*.
- In an effort to minimize logistic and administrative expenses, we prefer wholesale trade, especially in white sugar and grains. For this reason, we have established reliable relations with an array of major customers, first of all, with 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 lead to a temporary material decrease in sales volumes, which could have an adverse effect on our business, the results of operations and financial conditions.
- Regular and sufficient raw supplies are prone to weather changes, including possible droughts, floods, and unexpected or strong frosts and storms. These factors can cause delays and stoppages in raw supplies, which could have an adverse effect on our business, the results of operations and financial conditions.
- Energy and labor costs make up a substantial share of our operating expenses. According to state statistics, wages and energy prices have repeatedly risen lately. These expenses are expected to keep growing. Although we are currently working to cut energy consumption and reduce labor intensity, it should not be ruled out that growing wages and energy prices will affect our operating results.
- Most of our customers make contracts for up to one year or just for one transaction with spot prices specified in the contract. We regularly re-execute contracts with our key customers on an annual basis. This practice of short-term contracts is in line with the common commercial practice on Ukraine’s sugar and grain markets.

Liquidity Risks

Please refer to note 35, par. (d) of the Consolidated Financial Statements

Political Risks

- Systemic political risk in Ukraine is high and will remain so in the near future. Ever since the “Orange Revolution” in late 2004, domestic politics have been distorted by constitutional weaknesses that produce continued power struggles between the presidency and parliament as well as fragile coalition governments. The resulting ineffectiveness of the executive branch is a particular problem, as the global financial crisis, which spread to Ukraine in

October 2008, has caused a severe domestic financial and economic crisis, which requires sound economic policy implementation.

- 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 producer and consumer on the international and national levels. Such restrictions tend to affect supply and prices on the national, regional and world markets.

  No guarantee exists that the government of Ukraine will extend the existing, or grant new or additional quotas to domestic agricultural producers or take other protectionist measures. Any change in government resolutions or legislation applicable to our market, the markets on which we compete, or the markets of our competitors could have an adverse effect on our business, the results of operations and financial conditions.

Country Risks

- Despite that over the past 17 years since gaining independence in 1991 Ukraine has made significant progress on its path to a market economy, as well as political and judicial reforms, the country still lacks the appropriate legal and regulatory infrastructure that is critical for economic stability and successful socio-economic reforms.

Economic Risks

- Ukraine has been one of the worst-affected of all emerging economies by the intensification of the global financial crisis since October 2008. Accelerating inflation, a high current account deficit and rapid private sector credit growth increasingly funded by domestic banks borrowing abroad, which boosted total and short-term external debt, raise serious concerns over potential excessive pressure on the exchange rate and foreign exchange reserves as the economy is vulnerable to overheating and external shocks. The external shock came in the form of the intensification of the global financial and economic crisis in recent months, which sharply constrained Ukraine’s access to external financing (as increasingly risk-averse investors turned away from emerging economies) and led to a collapse in the price of and demand for metal products (about 40% of exports and 25% of industrial production).
- In 2001, Ukraine’s government introduced tariffs on cane sugar imports in an effort to encourage domestic sugar beet production and processing. Due to the tariffs, the ex-factory cost of sugar made from raw sugar cane substantially exceeds the cost of sugar made from sugar beet. However, on May 16, 2008, Ukraine became a WTO member.

  After that, Ukraine introduced import quotas for 260,000 tons of raw cane sugar starting from January 1, 2009. These quotas are not an obligation to purchase sugar, however, if the global market situation is favorable for those who import sugar to Ukraine, this amount can be imported with an import tariff as low as 2%. The over-quota import tariff will be 50% of the sugar price, while a specific tariff of EUR 300 per ton will not be applied. Thus, the Ukrainian sugar market will be more influenced by global market trends. Our business, the results of operations and financial condition may be adversely affected by these changes.
- After signing the WTO accession protocol, Ukraine started active discussions with the European Union about the formation of a free trade zone. A free trade zone could open new business opportunities for Ukrainian companies to export their goods to the EU, as well as for EU companies to strengthen competition on the Ukrainian market. The Group's business may be influenced by these changes.
- The government of Ukraine provides financial support in various forms to national agricultural producers. State subsidizing includes subsidies to partially cover interest on loans from commercial banks and insurance premiums paid under crop insurance policies. If

the government decides to end subsidizing the national agricultural producer, the move could have an adverse effect on our business, the results of operations and financial condition.

- 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 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 customs and currency control) are subject to review and study by numerous authorities legally empowered to impose substantial penalties, fines, and interest. All these circumstances create tax risks in Ukraine that are far more serious than those typical of countries with more developed tax systems.

Legal Risks

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. The risks connected with Ukraine's legal system include, but are not limited to, the following:

- some provisions in laws and instructions that are ambiguous and overly abstract, making it difficult to interpret and execute them;
- discrepancies between the Constitution of Ukraine and laws, presidential and parliamentary decrees, ministerial and local orders, resolutions and other regulatory acts;
- lack of judicial and administrative power to construe and interpret Ukrainian legislation, including the complicated mechanism of constitutional jurisdiction of the Constitutional Court of Ukraine;
- relative inexperience of judges and courts in interpreting Ukraine's legislation in the same and similar cases;
- corruption in the judicial branch; and
- high degree of differentiation of powers among government authorities, which may lead to arbitrary moves.

Collaboration with Independent Auditors

In 2008, the Company concluded contracts for the delivery of audit services with CJSC "KPMG Audit" in Ukraine and KPMG Accountants N.V. in the Netherlands. Both of these companies are member firms of the KPMG network of independent member firms affiliated with KPMG International.

The aforementioned contracts envisage the delivery of audit services for 2008. CJSC "KPMG Audit" is responsible for the audit of the consolidated financial statements of Astarta-Kyiv and its subsidiaries. In turn, KPMG Accountants N.V. is responsible for the audit of the financial statements of the parent of the Group – ASTARTA Holding N.V., and the consolidated financial statements of the Group and issuance of an auditor’s opinion on the Company and Group financial statements.

Total fees agreed with KPMG Accountants N.V. are EUR 60 thousand and those of CJSC "KPMG Audit" are USD 200 thousand (equivalent to EUR 132 thousand), VAT and out of pocket expenses excluded.

Also in 2008, CJSC "KPMG Audit" provided services in relation to the review of interim financial statements for the first half of 2008. The fee paid by the Company for these services was USD 50 thousand (EUR 33 thousand).

Additionally, fees agreed with KPMG Accountants N.V. and those of CJSC "KPMG Audit" for the audit for 2007 were increased by EUR 15,000 and fees of EUR 3,550 were agreed for audit-related services in 2008, VAT expenses excluded.

Takeover Directive

In accordance with the Article 10 of EC Takeover Bids Directive, ASTARTA Holding N.V. informs that:

(a) for the information on the structure of the Company's capital, refer to section *Shareholder Structure of ASTARTA Holding N.V.*;

(b) there are no restrictions on the transfer of the Company's securities, such as limitations on the holding of securities nor the need to obtain the approval of the Company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;

(c) for the information on the significant direct and indirect shareholdings, refer to sections *Shareholder Structure of ASTARTA Holding N.V.* and *Changes in the Shareholder Structure of ASTARTA Holding N.V.;*

(d) there are no holders of any Company's securities with special control rights;

(e) there are no employee share schemes within the Company, nor other forms of remuneration, bonuses or benefits (whether in cash, in kind or in any other form), including those resulting from share-based incentive or bonus schemes, and in particular schemes based on bonds with pre-emptive rights, convertible bonds, subscription warrants, paid, payable or potentially payable to management and supervisory personnel;

(f) there are no restrictions on voting rights;

(g) there are no agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC;

(h) refer to *Corporate Governance Report* for the information on the rules governing the appointment and replacement of members of the Board of Directors;

(j) there are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effects thereof;

(k) there are no agreements between the Company and its Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid or which provide for compensation in case of their resignation or being removed from their position without a good reason;

(l) On 27 June 2008 the General Meeting of Shareholders authorized the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued and paid in share capital and to limit or to cancel any existing pre-emptive rights in connection therewith, all for a period of one year starting from 27 June 2008 and ending but not including 27 June 2009, which authorization may not be withdrawn. As of the day of issuance of the given annual report, the Board of Directors did not realize this authorization.

There is no authorization of the General Meeting of Shareholders given to the Board of Directors for buying back the Company's shares.

As the two leading shareholders – Mr. Ivanchyk and Mr. Korotkov – are controlling each 40% of the Company's share capital and votes in the General Meeting of Shareholders of the Company, the change of control over the Company is not possible without their consent and involvement. In addition, the two leading shareholders are represented both in the Board of Directors of the Company.

The Company did not take any anti-takeover measures and does not expect any circumstances in which such measures may be required to avoid a take-over.

CORPORATE GOVERNANCE REPORT

1. General

ASTARTA Holding N.V. is a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law. 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 June 9, 2006 and amended by a deed of July 15, 2008. The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 34248891.

2. Board of Directors

A Structure of Management

The Company is managed by the Board of Directors, which is responsible for the management of the Company, its overall results, as well as its mission, vision and strategy. It has a one-tier board structure consisting of executive and non-executive Board of Directors' members.

The Board of Directors is required to consist of at least one Executive Director A, one Executive Director B and one Director C, being a Non-Executive Director. All members of the Board of Directors may be appointed and/or dismissed by the General Meeting of Shareholders.

At present, our Board of Directors consists of five members: three Executive Directors (two Executive Directors A and one Executive Director B) and two Non-Executive Directors.

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.

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 fulfillment 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) and Best practice provisions No. 28 and No. 40 of the WSE 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.astartakiev.com).

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.

In the event that the Company has 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, the Company shall be represented by one of the other Directors, with due observance of the above alinea. If there are no such other Directors, the Company shall be represented by two Non-Executive Directors. If there are no such two Non-Executive Directors, the General Meeting of Shareholders shall appoint a person to that effect. Such person may be the Director in relation to whom the conflict of interest exists. In all other cases of a conflict of interest between the Company and a Director, the Company can also be represented by that Director. The General Meeting of Shareholders shall at all times be authorized to appoint one or more other persons to that effect.

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.

On 27 June 2008 the General Meeting of Shareholders appointed 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. Valery Laskov was appointed 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.astartakiev.com).

The Board of Directors is formed by the following persons:

VIKTOR IVANCHYK (born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

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: 10 million 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 national

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 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 national

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 the General Counsel of NBM-Amstelland N.V., the Chairman of the Board of NBM-Amstelland Insurance AG, Zug (CH), Director at Montferland Beheer B.V. and Voorgrond Beheer B.V., both in Schoonhoven, Director at Nice Group B.V., Amsterdam, Director at GMT (PEP com) B.V., Amsterdam and the Director at Sympak International B.V., Amsterdam. Mr. van Campen is still holding the positions in the following entities: Montferland Beheer B.V., Nice Group B.V., GMT (PEP com) B.V. and Voorgrond Beheer B.V.

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 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: 10 million 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, Mr. Bartoszewski works for Credit Suisse, currently 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 Managing 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 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.astartakiev.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) reappointment	Max. term
VIKTOR IVANCHYK	June 2006	June 2010	Not Applicable
PETRO RYBIN	June 2006	June 2010	Not Applicable
MARC VAN CAMPEN	June 2006	June 2010	Not Applicable
VALERY KOROTKOV	June 2006	June 2010	June 2018
WLADYSLAW BARTOSZEWSKI	June 2006	June 2010	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 is 20 million amounting to 80% of the issued and paid up share capital of the Company.

With respect to acquiring ownership interest of securities and transactions in securities by the Directors, the Company has the 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.astartakiev.com).

E Chairman of the Board of Directors and the Corporate Secretary

The Chairman of the Board of Directors determines the agenda and presides over meetings of the Board of Directors. The Chairman is responsible for the proper functioning of the Board of Directors.

The Chairman of the Board of Directors shall always be a Non-Executive Director and is appointed by the Board of Directors at its first meeting.

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 the Board of Directors procedures are followed and that the Board of Directors acts in accordance with its statutory obligations under the Articles of Association. The corporate secretary is appointed and dismissed by the Board of Directors.

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.astartakiev.com).

3. Committees of the Board of Directors

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 will be responsible for reviewing annually and reassessing the adequacy of the rules governing the committee as established by the Board of Directors. The audit committee will be 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.

The members of the Audit Committee of the Company are Mr. Bartoszewski (the Chairman and financial expert) and Mr. van Campen.

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

B Remuneration Committee

The remuneration committee is appointed by the Board of Directors to propose a remuneration policy for members of the Board of Directors and to draft a proposal for the remuneration of the individual members of the Board of Directors for adoption by the General Meeting of Shareholders.

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

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

4. 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.

The Remuneration Policy and the remuneration of each Director were determined at the Company's General Meeting of Shareholders on 29 June 2007. On 27 June 2008 the General Meeting of Shareholders adopted an amended Remuneration Policy.

In accordance with the amended Remuneration Policy, annual fixed fees for the Executive Directors A may be adjusted every year (within the range of this remuneration policy) by the Board of Directors after negotiation with the remuneration committee and after adoption of the annual accounts of the preceding financial year, showing that remuneration in the higher range of the following year is justified. Besides this, the Directors A also may be granted a cash bonus of up to 150% of their fixed annual fee in a year, after adoption of the annual accounts of the preceding financial 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, which proposal needs to be based on the adopted annual accounts. The entire bonus is at the discretion of the Board of Directors upon proposal of the Remuneration Committee.

Besides remuneration, shall each Director be reimbursed by the Company for all the expenses incurred by him in connection with the attendance at the Board of Directors' or the Board of Directors' committees' meeting and for other fees payable to third parties such as legal fee, notaries, tax advice and disbursements in connection with performing his or her duties at the Board of Directors.

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

5. Shareholders Meetings, Board Meetings and Committee Meetings in 2008

The annual General Meeting of Shareholders was held in Amsterdam, the Netherlands on 27 June 2008, in which meeting – inter alia - the following issues were discussed:

1. Annual report 2007;
2. Amendment to the Articles of Association;
3. Company's corporate governance documents in relation to the amendment to the Articles of Association;
4. Amended remuneration policy;
5. Company's external auditor for 2008 year.

The Pre-Meeting of this shareholders meeting was held on 26 June 2008 in Warsaw, Poland, in which meeting the same issues were discussed as stated above for the annual General Meeting of Shareholders.

Within the 2008 financial year, the Board of Directors held the following meetings:

- two meetings were held in Amsterdam, the Netherlands, in May, in which the following main issues were discussed:
  on 12 May 2008:
  1. 1st Quarter 2008 Report;
  2. Preparation for General Meeting of Shareholders;
  3. Sensitivity of the group results to external circumstances and variables;
  4. Remuneration policy.

  and on 13 May 2008:
  1. Findings of audit procedures on annual statements;
  2. Annual report 2007.
- one meeting was held in Kyiv, Ukraine, on 17 September, in which the following main issues were discussed:
  1. 1st half 2008 Report;
  2. Cooperation with external auditor;
  3. IR activity.
- three meetings were held via conference call, in which the following main issues were discussed:
  on 21 February 2008: 4th Quarter 2007 Report,
  on 11 August 2008: 2nd Quarter 2008 Report, and
  on 11 November 2008:
  1. 3rd Quarter 2008 Report;
  2. Crisis management.

The Audit Committee held the following meetings:

- one meeting was held in Amsterdam, the Netherlands, on 12 May 2008, in which the following main issues were discussed:
  1. 1st Quarter 2008 Report;
  2. Findings of audit procedures on annual statements.
- one meeting was held in Kyiv, Ukraine, on 17 September 2008, in which the following main issues were discussed:
  1. 1st half 2008 year Report;
  2. Cooperation with external auditor;
  3. Strategy of financing of the Company.

The Remuneration Committee held the following meetings:

- one meeting was held via conference call on 30 June 2008, in which the following main issues were discussed:
  1. The amount of the fixed remuneration of the members of the Board of Directors for the year 2008;
  2. Granting of the bonuses to the Executive Directors A.
- one meeting was held in Kyiv, Ukraine, on 17 September 2008, in which the long-term motivation of employees of the Company was discussed.

Mr. Korotkov was absent at the meetings of the Board of Directors on 12 and 13 May.

On 27 June 2008, the General Meeting of Shareholders adopted the amended Articles of Association. In accordance with the Articles, all articles and paragraphs referring to the Pre-Meeting were removed. Between other amendments, this amendment are made to improve the existing Articles of Association with the aim to simplify the regulation procedure of management of the Company, to reduce its price, to update them in connection with the latest amendments to Dutch company law.

6. 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 (the “Dutch Corporate Governance Code”). The Dutch Corporate Governance Code contains 21 principles and 113 best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The provisions of the Dutch Corporate Governance Code took effect on 1 January 2004 and apply to annual reports for financial years beginning on or after 1 January 2004. 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. The Dutch Corporate Governance Code was amended on 10 December 2008. The amended Dutch Corporate Governance Code has to be reflected in the Company’s annual accounts of the financial year 2009 and onwards.

B WSE Corporate Governance Rules

In Poland the Polish principles of corporate governance contained in “Best Practices in Public Companies in 2007” (the "WSE Corporate Governance Rules") 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.

On 27 June 2008, the General Meeting of Shareholders adopted an amended Remuneration Policy and 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.

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

All adopted corporate governance documents are published on the Company's website www.astartakiev.com.

7. Internal Control and Audit

The Company's internal control and audit system is an integral part of its corporate governance. It provides for efficiency of the Group's operations and supports the interests of its shareholders and investors.

In accordance with International Professional Standards on Internal Audit (IPSIA), the following segments of the Group's activities are subject of an assessment of risks, adequacy and efficiency control by the internal audit department:

- reliability and authenticity of information;
- profitability and efficiency of economic activities;
- preservation of assets;
- compliance with laws, regulatory acts, and contractual obligations.

In 2008, the internal audit department developed several recommendations to the management to improve certain business processes in agricultural and sugar production, and supervised its' implementation. Important engagements were made to increase effectiveness and efficiency of operations, ensure reliability of financial reporting, and compliance with laws and regulations.

The recommendations were also made to increase effectiveness in sourcing and procurement of external services and goods, by disseminating best available practices in the Group's subsidiaries. At the beginning of 2009, new tender procedures to make the use of funds as effective as possible while promoting the principles of openness and non-discriminatory treatment of suppliers and prompt decision taking were introduced.

Taking into account the ongoing restructuring of the Group and consolidation of its structure, in 2009, it is planned to strengthen control over expenses by subsidiaries by appointment of a regional financial controllers, as well as by introducing risk-based sampling and testing approach to determine whether the most important controls are operating as intended.

8. Deviation from the Dutch Corporate Governance Code

As the Company is incorporated under the laws of the Netherlands, apart from applying the WSE Corporate Governance Rules, 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 with the exception of the following provisions:

Best practice provision 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. 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.

9. Remuneration Report

As mentioned, 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 1 July 2008, in accordance with the amended Remuneration Policy, the Board of Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 25,000, of Mr. Korotkov at EUR 25,000, and of Mr. Van Campen at EUR 25,000 for the 2008 financial year. The remuneration of Mr. Ivanchyk and Mr. Rybin, in an amount equivalent to EUR 200,000 and EUR 160,000, respectively, were ratified by the same resolution of the Board of Directors.

The abovementioned resolutions have been approved based on the results of examination of the consolidated financial statements as at and for the year ended 31 December 2007 as well as upon the Remuneration Committee's proposal dated 30 June 2008.

The Executive Directors Mr. Ivanchyk and Mr. Rybin are remunerated by the subsidiary of the Company – LLC Firm "Astarta-Kyiv". On 01 July 2008, the Board of Directors took the decision to grant to Mr. Ivanchyk and Mr. Rybin bonuses for the results of 2007 year.

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	June 2006-June 2007			July 2007-June 2008			2008		
		Remuneration for rendered services	Reimbur-sable expenses	Total	Remuneration for rendered services	Reimbur-sable expenses	Total	Remuneration for rendered services	Reimbur-sable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	18,000	4,184	22,184	20,250	1,981	22,231	25,000	-	25,000
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	12,500	2,000	14,500	14,100	2,000	16,100	25,000	2,000	27,000
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	12,000	800	12,800	13,500	5,168	18,668	25,000	3,200	28,200
Total				49,484			56,999			80,200

* Amended Remuneration Policy adopted by the General Meeting of Shareholders on 27 June 2008 changed the payment period: starting from 2008 financial year the remuneration payable on the calendar year basis.

Information about the remunerations and bonuses paid 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	2006		2007		2008		
		Remuneration for rendered services	Total	Remuneration for rendered services	Total	Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	55,970	55,970	127,500	127,500	200,000	202,500	402,500
P. Rybin	Executive Director and Chief Operating and Financial Officer	46,642	46,642	102,000	102,000	160,000	162,000	322,000
Total			102,612		229,500			724,500

10. 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 2008.

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.

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 is a member of the Remuneration Committee and of the Audit Committee.

Since the Remuneration Policy has been set by the Company's General Meeting of Shareholders until the end of the 2008 financial year, the Remuneration Committee performed their task, including monitoring whether the Remuneration Policy has been complied with.

As for Mr. Bartoszewski, as a member of the Audit Committee, he has had several meetings with Mr. Van Campen as mentioned in paragraph 7 and provided the Board of Directors with advice in this respect.

There were no irregularities in the 2008 financial year that required interventions by the Non-Executive Directors.

11. 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 2008 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 2008 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2008 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2008, 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 KPMG Accountants N.V., which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2008, 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 2008, 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 2009.

Board of Directors of ASTARTA Holding N.V.

29 April 2009,
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.

ASTARTA HOLDING N.V.

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2008

These consolidated financial statements contain 92 pages

CONTENTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
Assets			
Non-current assets			
Property, plant and equipment	*6*	**818,060**	578,119
Intangible assets	*7*	**55,244**	992
Biological assets	*8*	**57,946**	47,331
Financial instruments held-to-maturity	*9*	**-**	4,987
Financial instruments available-for-sale	*10*	**5,132**	1,795
Other long-term assets		**552**	431
Deferred tax assets	*32*	**4,276**	905
		941,210	634,560
Current assets			
Inventories	*11*	**622,917**	384,737
Biological assets	*8*	**164,470**	112,892
Trade accounts receivable	*12*	**73,880**	60,028
Other accounts receivable and prepayments	*13*	**88,406**	75,509
Current income tax		**66**	19
Promissory notes available-for-sale		**2,962**	5,632
Short-term deposits	*14*	**49,422**	-
Cash and cash equivalents	*15*	**10,680**	7,926
		1,012,803	646,743
Total assets		**1,954,013**	1,281,303

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 16 to 92.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
Equity and liabilities			
Equity	*16*		
Share capital		**1,663**	1,663
Additional paid-in capital		**372,042**	371,733
Retained earnings		**107,955**	192,042
Fair value reserve		**4,176**	-
Revaluation surplus		**162,039**	168,317
Currency translation adjustment		**(10,640)**	(6,199)
Total equity attributable to equity holders of the company		**637,235**	727,556
Minority interests relating to open joint stock companies	*17*	**10,876**	7,520
Total equity		**648,111**	735,076
Non-current liabilities			
Loans and borrowings	*18*	**133,843**	41,897
Minority interests relating to limited liability companies	*17*	**43,802**	26,457
Other long-term liabilities		**8,682**	4,324
Promissory notes issued	*19*	**3,094**	-
Deferred tax liabilities	*32*	**20,658**	45,298
		210,079	117,976
Current liabilities			
Short-term loans and borrowings	*18*	**841,883**	307,648
Current portion of long-term loans and borrowings	*18*	**63,929**	30,930
Trade accounts payable		**91,899**	40,476
Promissory notes issued	*19*	**9,650**	-
Current income tax		**7**	11
Other liabilities and accounts payable	*20*	**88,455**	49,186
		1,095,823	428,251
Total equity and liabilities		**1,954,013**	1,281,303

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 16 to 92.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(in thousands of Euros)		**2008**	**2007**
Assets			
Non-current assets			
Property, plant and equipment	*6*	**72,717**	77,919
Intangible assets	*7*	**4,911**	134
Biological assets	*8*	**5,150**	6,380
Financial instruments held-to-maturity	*9*	**-**	672
Financial instruments available-for-sale	*10*	**456**	242
Other long-term assets		**49**	58
Deferred tax assets	*32*	**380**	122
		83,663	85,527
Current assets			
Inventories	*11*	**55,372**	51,855
Biological assets	*8*	**14,620**	15,216
Trade accounts receivable	*12*	**6,567**	8,091
Other accounts receivable and prepayments	*13*	**7,859**	10,176
Current income tax		**6**	3
Promissory notes available-for-sale		**263**	759
Short-term deposits	*14*	**4,393**	-
Cash and cash equivalents	*15*	**949**	1,068
		90,029	87,168
Total assets		**173,692**	172,695

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 16 to 92.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, CONTINUED

(in thousands of Euros)		**2008**	**2007**
Equity and liabilities			
Equity	*16*		
Share capital		**250**	250
Additional paid-in capital		**55,837**	55,797
Retained earnings		**20,870**	28,038
Fair value reserve		**371**	-
Revaluation surplus		**22,127**	22,685
Currency translation adjustment		**(42,811)**	(8,710)
Total equity attributable to equity holders of the company		**56,644**	98,060
Minority interests relating to open joint stock companies	*17*	**967**	1,014
Total equity		**57,611**	99,074
Non-current liabilities			
Loans and borrowings	*18*	**11,897**	5,647
Minority interests relating to limited liability companies	*17*	**3,894**	3,566
Other long-term liabilities		**772**	583
Promissory notes issued	*19*	**275**	-
Deferred tax liabilities	*32*	**1,836**	6,105
		18,674	15,901
Current liabilities			
Short-term loans and borrowings	*18*	**74,834**	41,465
Current portion of long-term loans and borrowings	*18*	**5,683**	4,169
Trade accounts payable		**8,169**	5,455
Promissory notes issued	*19*	**858**	-
Current income tax		**1**	1
Other liabilities and accounts payable	*20*	**7,862**	6,630
		97,407	57,720
Total equity and liabilities		**173,692**	172,695

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 16 to 92.

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
			(restated)
Revenues	*22*	**970,736**	615,286
Cost of revenues	*23*	**(766,765)**	(467,572)
Gain arising from remeasurement of agricultural produce to fair value	*24*	**49,745**	24,584
Gross profit		**253,716**	172,298
Changes in fair value of biological assets	*29*	**1,615**	62,833
Other operating income	*25*	**89,004**	44,561
General and administrative expense	*26*	**(91,467)**	(52,560)
Selling and distribution expense	*27*	**(53,491)**	(29,130)
Other operating expense	*28*	**(48,583)**	(19,155)
Profit from operations		**150,794**	178,847
Financial expense	*30*	**(344,113)**	(63,277)
Financial income	*30*	**1,821**	812
Other income (expense)	*31*	**1,076**	(3,153)
Gain on acquisition of subsidiaries	*5*	**73,965**	35,150
(Loss) profit before tax		**(116,457)**	148,379
Income tax benefit	*32*	**27,209**	648
Net (loss) profit		**(89,248)**	149,027
Net (loss) profit attributable to:			
Minority interests of open joint stock company subsidiaries	*17*	**647**	(684)
Equity holders of the company		**(89,895)**	149,711
Net (loss) profit		**(89,248)**	149,027
Weighted average basic and diluted shares outstanding (in thousands of shares)	*16*	**25,000**	25,000
Basic and diluted (loss) earnings per share attributable to shareholders of the company (in Ukrainian hryvnias)	*16*	**(3.60)**	5.99

The consolidated statement of operations is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2008**	**2007**
			(restated)
Revenues	*22*	**123,382**	87,747
Cost of revenues	*23*	**(96,262)**	(66,867)
Gain arising from remeasurement of agricultural produce to fair value	*24*	**7,527**	3,722
Gross profit		**34,647**	24,602
Changes in fair value of biological assets	*29*	**(31)**	9,196
Other operating income	*25*	**11,661**	6,507
General and administrative expense	*26*	**(11,959)**	(7,572)
Selling and distribution expense	*27*	**(6,926)**	(4,185)
Other operating expense	*28*	**(5,949)**	(2,771)
Profit from operations		**21,443**	25,777
Financial expense	*30*	**(41,526)**	(9,100)
Financial income	*30*	**218**	117
Other income (expense)	*31*	**111**	(426)
Gain on acquisition of subsidiaries	*5*	**8,951**	5,050
(Loss) profit before tax		**(10,803)**	21,418
Income tax benefit	*32*	**3,209**	80
Net (loss) profit		**(7,594)**	21,498
Net (loss) profit attributable to:			
Minority interests of open joint stock company subsidiaries	*17*	**75**	(90)
Equity holders of the company		**(7,669)**	21,588
Net (loss) profit		**(7,594)**	21,498
Weighted average basic and diluted shares outstanding (in thousands of shares)	*16*	**25,000**	25,000
Basic and diluted (loss) earnings per share attributable to shareholders of the company (in Euros)	*16*	**(0.31)**	0.86

The consolidated statement of operations is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2008**	**2007**
Operating activities			
(Loss) profit before tax		**(116,457)**	148,379
Adjustments for:			
Depreciation and amortization		**72,667**	34,902
Allowance for trade and other accounts receivable	*21*	**1,079**	4,851
Gain on acquisition of subsidiaries	*5*	**(73,965)**	(35,150)
Loss (gain) on sales of property, plant and equipment		**1,829**	(231)
Write down of inventories and NRV allowance		**4,991**	2,444
Interest expense	*30*	**59,356**	37,220
Gain from changes in fair value of biological assets	*29*	**(1,615)**	(62,833)
Increase in inventories		**(203,581)**	(53,567)
(Increase) decrease in trade and other receivables		**(15,979)**	38,259
(Increase) decrease in other long-term assets		**1,179**	318
Increase in biological assets due to other changes		**(49,778)**	(23,232)
Increase (decrease) in trade and other payables		**52,793**	(42,986)
Increase (decrease) in other long-term payables		**2,195**	2,393
Income taxes paid		**(1,016)**	(965)
Interest paid		**(52,373)**	(35,831)
Forex loss on loans and borrowings		**271,557**	-
Cash flows (used in) provided by operating activities		**(47,118)**	13,971
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(293,231)**	(153,083)
Proceeds from sales of property, plant and equipment		**3,997**	10,099
Purchase of long-term investments		**(3,337)**	(1,349)
Sale (purchase) of promissory notes available-for-sale		**2,670**	(1,626)
Interest received	*30*	**1,821**	812
Proceeds from sales of bonds receivable from related party		**3,687**	589
Acquisition of subsidiaries net of cash acquired	*5*	**(18,963)**	(17,676)
Short-term deposits placement		**(49,422)**	-
Acquisitions from minority shareholders	*17*	**(309)**	(134)
Cash flows used in investing activities		**(353,087)**	(162,368)

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)	**2008**	**2007**
Financing activities		
Proceeds from loans and borrowings	**784,169**	444,509
Principal payments on loans and borrowings	**(398,130)**	(305,329)
Increase (decrease) in promissory notes issued	**16,920**	(2,751)
Cash flows provided by financing activities	**402,959**	136,429
Net increase (decrease) in cash and cash equivalents	**2,754**	(11,968)
Cash and cash equivalents as at 1 January	**7,926**	19,894
Cash and cash equivalents as at 31 December	**10,680**	7,926

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2008**	**2007**
Operating activities			
(Loss) profit before tax		**(10,803)**	21,418
Adjustments for:			
Depreciation and amortization		**9,450**	5,043
Allowance for trade and other accounts receivable	*21*	**140**	701
Gain on acquisition of subsidiaries	*5*	**(8,951)**	(5,050)
Loss (gain) on sales of property, plant and equipment		**238**	(33)
Write down of inventories and NRV allowance		**649**	353
Interest expense	*30*	**7,131**	5,350
Loss (gain) from changes in fair value of biological assets	*29*	**31**	(9,196)
Increase in inventories		**(26,474)**	(7,741)
(Increase) decrease in trade and other receivables		**(2,078)**	5,533
(Increase) decrease in other long-term assets		**153**	46
Increase in biological assets due to other changes		**(6,714)**	(3,242)
Increase (decrease) in trade and other payables		**6,997**	(6,216)
Increase (decrease) in other long-term payables		**285**	346
Income taxes paid		**(132)**	(139)
Interest paid		**(6,811)**	(5,178)
Forex loss on loans and borrowings		**35,313**	-
Cash flows (used in) provided by operating activities		**(1,576)**	1,995
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(38,133)**	(22,124)
Proceeds from sales of property, plant and equipment		**520**	1,459
Purchase of long-term investments		**(434)**	(195)
Sale (purchase) of promissory notes available-for-sale		**347**	(235)
Interest received	*30*	**218**	117
Proceeds from sales of bonds receivable from related party		**480**	85
Acquisition of subsidiaries net of cash acquired	*5*	**(2,295)**	(2,541)
Short-term deposits placement		**(4,393)**	-
Acquisitions from minority shareholders	*17*	**(40)**	(18)
Cash flows used in investing activities		**(43,730)**	(23,452)

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, CONTINUED

(in thousands of Euros)	2008	2007
Financing activities		
Proceeds from loans and borrowings	**101,975**	64,116
Principal payments on loans and borrowings	**(51,773)**	(44,125)
Increase (decrease) in promissory notes issued	**2,200**	(398)
Cash flows provided by financing activities	**52,402**	19,593
Net increase (decrease) in cash and cash equivalents	**7,096**	(1,864)
Cash and cash equivalents as at 1 January	**1,068**	2,991
Currency translation difference	**(7,215)**	(59)
Cash and cash equivalents as at 31 December	**949**	1,068

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the consolidated statements set out on pages 16 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the company								
(in thousands of Ukrainian hryvnias)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2008	**1,663**	**371,733**	**192,042**	**-**	**168,317**	**(6,199)**	**727,556**	**7,520**	**735,076**
Net loss	**-**	**-**	**(89,895)**	**-**	**-**	**-**	**(89,895)**	**-**	**(89,895)**
Net profit attributable to minority shareholders of open joint stock companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**647**	**647**
Change in fair value of promissory notes available-for-sale (note 19)	**-**	**-**	**-**	**4,176**	**-**	**-**	**4,176**	**-**	**4,176**
Realisation of revaluation surplus (note 16)	**-**	**-**	**6,278**	**-**	**(6,278)**	**-**	**-**	**-**	**-**
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**(4,441)**	**(4,441)**	**-**	**(4,441)**
Total recognized income and expenses	**-**	**-**	**(83,617)**	**4,176**	**(6,278)**	**(4,441)**	**(90,160)**	**647**	**(89,513)**
Acquisitions of entities under common control (note 5)	**-**	**-**	**(470)**	**-**	**-**	**-**	**(470)**	**-**	**(470)**
Acquisitions from minority shareholders and other changes	**-**	**309**	**-**	**-**	**-**	**-**	**309**	**(203)**	**106**
Other changes (note 17)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,912**	**2,912**
As at 31 December 2008	**1,663**	**372,042**	**107,955**	**4,176**	**162,039**	**(10,640)**	**637,235**	**10,876**	**648,111**

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 16 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the company								
(in thousands of Euros)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2008	**250**	**55,797**	**28,038**	**-**	**22,685**	**(8,710)**	**98,060**	**1,014**	**99,074**
Net loss	-	-	(7,669)	-	-	-	(7,669)	-	(7,669)
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	75	75
Change in fair value of promissory notes available-for-sale (note 19)	-	-	-	371	-	-	371	-	371
Realisation of revaluation surplus (note 16)	-	-	558	-	(558)	-	-	-	-
Currency translation differences	-	-	-	-	-	(34,101)	(34,101)	(437)	(34,538)
Total recognized income and expenses	-	-	(7,111)	371	(558)	(34,101)	(41,399)	(362)	(41,761)
Acquisitions of entities under common control (note 5)	-	-	(57)	-	-	-	(57)	-	(57)
Acquisitions from minority shareholders and other changes	-	40	-	-	-	-	40	(23)	17
Other changes (note 17)	-	-	-	-	-	-	-	338	338
As at 31 December 2008	**250**	**55,837**	**20,870**	**371**	**22,127**	**(42,811)**	**56,644**	**967**	**57,611**

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 16 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the company								
(in thousands of Ukrainian hryvnias)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2007	1,663	371,599	40,969	(233)	-	(2,979)	411,019	-	411,019
Net profit	-	-	149,711	-	-	-	149,711	-	149,711
Net loss attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	(684)	(684)
Change in fair value of promissory notes available-for-sale	-	-	-	233	-	-	233	-	233
Currency translation differences	-	-	-	-	-	(3,220)	(3,220)	-	(3,220)
Revaluation of property	-	-	-	-	209,366	-	209,366	-	209,366
Deferred tax liability attributable to revalued property	-	-	-	-	(41,049)	-	(41,049)	-	(41,049)
Total recognized income and expenses	-	-	149,711	233	168,317	(3,220)	315,041	(684)	314,357
Acquisitions of entities under common control (note 5)	-	-	1,362	-	-	-	1,362	-	1,362
Acquisition of open joint stock companies	-	-	-	-	-	-	-	8,095	8,095
Acquisitions from minority shareholders	-	134	-	-	-	-	134	109	243
As at 31 December 2007	1,663	371,733	192,042	-	168,317	(6,199)	727,556	7,520	735,076

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 16 to 92.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the company								
(in thousands of Euros)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2007	250	55,778	6,254	(35)	-	(447)	61,800	-	61,800
Net profit	-	-	21,588	-	-	-	21,588	-	21,588
Net loss attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	(90)	(90)
Change in fair value of promissory notes available-for-sale	-	-	-	35	-	-	35	-	35
Currency translation differences	-	1	-	-	-	(8,263)	(8,262)	(81)	(8,343)
Revaluation of property	-	-	-	-	28,218	-	28,218	-	28,218
Deferred tax liability attributable to revalued property	-	-	-	-	(5,533)	-	(5,533)	-	(5,533)
Total recognized income and expenses	-	1	21,588	35	22,685	(8,263)	36,046	(171)	35,875
Acquisitions of entities under common control (note 5)	-	-	196	-	-	-	196	-	196
Acquisition of open joint stock companies	-	-	-	-	-	-	-	1,170	1,170
Acquisitions from minority shareholders	-	18	-	-	-	-	18	15	33
As at 31 December 2007	250	55,797	28,038	-	22,685	(8,710)	98,060	1,014	99,074

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 16 to 92.

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 a number of subsidiaries in Ukraine.

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

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

Two 40.00% shareholders ultimately control the Group.

(b) Ukrainian business environment

Since becoming independent in 1991, Ukraine has struggled to shift from a centrally planned economy to a market environment. Since 2000, Ukraine has implemented significant positive economic and legal reforms. The economy grew at an annual rate exceeding 7% over the period to 2007, including 12% growth in 2004. The growth was fuelled by strong domestic demand, low inflation, and solid consumer and investor confidence. However, in late 2008, the country suffered from the global financial crisis resulting in a sharp economic slowdown, a higher inflation rate, and a sizable exchange rate adjustment. Real GDP growth decelerated to an annual rate of 2.1 percent in 2008, implying an 8 percent decline in the fourth quarter. Industrial production contracted sharply, over 25 percent in the last two months of 2008 and by 32 percent in January-February 2009, dragged down by declining export demand. Ukraine's medium term growth prospects are likely to depend heavily on its ability to improve productivity.

Ukraine generally encourages foreign trade and investment, and laws allow foreigners to purchase businesses and property (but not agricultural land), repatriate revenue and profits, and receive compensation if property is nationalized. Much reform is still needed, as complex laws and regulations and weak enforcement of contracts by the courts still create risks that are not typical for the more developed economies.

These consolidated financial statements reflect management's current assessment of the possible impact of the Ukrainian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment. The impact of such differences on the operations and the financial position may be significant.

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Titile 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 authorised by the Board of Directors on 29 April 2009.

(b) Basis of consolidation

Subsidiaries are those enterprises 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 it activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Company from the date that control effectively commences until the date that control effectively ceases.

Associates are those enterprises in which the Company has significant influence, but not control, over its financial and operating policies. The 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 carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred obligations in respect of the associate.

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

During the year ended 31 December 2008 the Company increased its ownership in OJSC "Agricultural Company "Agrocomplex" to 81.24%, LLC "Dobrobut" (Novo-Sanzharskiy region) to 99.88% and acquired 24 companies.

During the reporting period the subsidiary companies SC "Tsukrovyk Podillya", SC "Zoloty Kolos Podillya", LLC "Agricultural Company "Sidorenkove", SC "Agricultural company "Ridny kray" and SC "Agricultural company "Lubenska Zoria" were established.

On 3 September 2008 LLC "APO "Tsukrovyk Poltavshchyny" was reorganized into OJSC "APO "Tsukrovyk Poltavshchyny". In the fourth quarter of 2008 LLC "Agricultural company "Fydrivske" was merged with LLC "Agricultural company "Kozatsky stan". The name of the entity remained LLC "Agricultural company "Kozatsky stan". The ownership share of the Group in this company did not change.

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 2008 % of ownership	31 December 2007 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	100.00%	100.00%
LLC Firm “Astarta-Kyiv”	Asset management	99.98%	99.98%
LLC “Agropromtsukor”	Sugar production	99.98%	99.98%
OJSC “APO “Tsukrovyk Poltavshchyny”	Sugar production	98.53%	98.53%
LLC “Agricultural company “Zolota Gora”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Dovzhenko”	Agricultural	96.98%	96.98%
LLC “Agricultural company “Gogolevo”	Agricultural	96.98%	96.98%
LLC “Shyshaki combined forage factory”	Fodder production	82.71%	82.71%
LLC “Agricultural company “Shyshatska”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Stepove”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Fydrivske”	Agricultural	-	97.98%
LLC “Agricultural company “Troyitska"	Agricultural	97.98%	97.98%
LLC “Agricultural company “Mriya”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Pustoviytove”	Agricultural	99.78%	99.78%
LLC “Agricultural company “Shevchenko”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Grynky”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Ordanivka”	Agricultural	97.98%	97.98%
SC “Agricultural company “Sofiivka”	Agricultural	99.98%	99.98%
LLC “Agricultural company “Kozatsky stan”	Agricultural	97.98%	97.98%
LLC “Agricultural company “Dobrobut”	Agricultural	97.99%	97.99%
LLC “Agricultural company “Musievske”	Agricultural	74.99%	74.99%
LLC “Agricultural company “Zorya”	Agricultural	74.99%	74.99%
LLC “Agricultural company “Nadiya”	Agricultural	74.99%	74.99%
LLC “Agricultural company “Viytovetske”	Agricultural	99.98%	99.98%
LLC “Agricultural company “named after Bohdan Khmelnitskiy”	Agricultural	74.99%	74.99%
Globino canning factory "Globus”	Canning production, trade	99.98%	99.98%
SC “Agricultural company “Semenivska”	Agricultural	99.98%	99.98%
LLC “Agricultural company “named after Shevchenko” (Gadiach region)	Agricultural	81.98%	81.98%
LLC “Dobrobut” (Novo-Sanzharskiy region)	Agricultural	99.88%	97.98%
LLC “Zoria” (Novo-Sanzharskiy region)	Agricultural	97.98%	97.98%
LLC “Baliasne”	Agricultural	97.98%	97.98%
LLC “Agricultural Company “Agro-Maiak”	Agricultural	81.98%	81.98%
OJSC “Agricultural Company “Agrocomplex”	Agricultural	81.24%	79.07%
LLC "Agricultural company “Stozhary”	Agricultural	63.99%	63.99%
OJSC “Agricultural Company “Zhdanivske”	Agricultural	60.05%	60.05%
LLC “Agricultural Company “LAN-2007”	Agricultural	97.98%	97.98%
LLC “Agricultural Company “Ukraina-Porik”	Agricultural	99.98%	99.98%
LLC “Agricultural Company “Shedievo”	Agricultural	97.98%	97.98%
LLC “Investment company “Poltavazernoproduct”	Agricultural	99.88%	99.88%
LLC “Agricultural Company “Nauka-Agro-Mayak”	Agricultural	99.88%	99.88%
LLC “Agricultural Company “Vasilivske”	Agricultural	74.99%	74.99%
LLC “Agricultural Company “Khlib I Liudi”	Agricultural	79.98%	79.98%
LLC “Agricultural Company “Progres”	Agricultural	77.48%	77.48%
LLC "STOV Nadiya"	Agricultural	74.99%	-
LLC “List-Ruchky”	Agricultural	74.99%	-
LLC "Agropromgaz"	Trade	89.98%	-
LLC “Niva-Agro-K”	Agricultural	74.99%	-
LLC “Khlibny Dar”	Agricultural	74.99%	-

Name	Activity	31 December 2008 % of ownership	31 December 2007 % of ownership
Subsidiaries:			
LLC "Khliborob"	Agricultural	74.99%	-
SC "Avratin-agro"	Agricultural	99.98%	-
Private Company "Agrometa"	Agricultural	99.98%	-
Private Company "Agro-Nadra"	Agricultural	99.98%	-
LLC "Khmilnitske"	Agricultural	79.98%	-
LLC "SVK Niva"	Agricultural	79.64%	-
LLC "SVK Ranok"	Agricultural	82.48%	-
LLC "Volochysk-Agro"	Agricultural	99.98%	-
LLC "Chervona Zirka"	Agricultural	74.99%	-
SC "Zoloty Kolos Podillya"	Agricultural	99.98%	-
LLC "Bagrinivske"	Agricultural	74.99%	-
Private Company "Galichanka"	Agricultural	99.98%	-
LLC "Avangard"	Agricultural	82.13%	-
LLC "Agricultural Company "Sidorenkove"	Agricultural	99.98%	-
Private Company "Smotrych-PD"	Agricultural	99.98%	-
SC "Tsukrovyk Podillya"	Sugar production	99.98%	-
SC "Agricultural company "Ridny kray"	Agricultural	99.98%	-
Private Company "Oriana-2008"	Agricultural	99.98%	-
Private Company "Zherdyanske"	Agricultural	99.98%	-
LLC "Svit Podillya"	Agricultural	79.98%	-
LLC "Zhvanchyk"	Agricultural	74.99%	-
LLC "Ukraine-Brataliv"	Agricultural	74.99%	-
SC "Agricultural company "Lubenska Zoria"	Agricultural	99.98%	-
LLC "Victoriya"	Agricultural	74.99%	-
Associate:			
LLC "Agricultural company "Pokrovska"	Agricultural	49.99%	49.99%

Ancor Investments LTD is incorporated under Cyprus legislation and all other subsidiaries and the associate are incorporated in Ukraine.

(c) Acquisition and disposal of minority interests

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

(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) Common control transactions

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

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

(f) Basis of accounting

The consolidated financial statements are prepared using the fair value basis for property, biological assets, agricultural produce and promissory notes available-for-sale. Biological assets are stated at their fair value less estimated point-of-sale costs, whereas agricultural produce is stated at its fair value less estimated point-of-sale costs at the point of harvest. Promissory notes available-for-sale are stated at fair value. As from 31 December 2007 property (buildings) is carried at fair value as determined by independent appraisal. Promissory notes issued are stated at amortised cost. All other assets and liabilities are carried at historical cost.

(g) Minority 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 his share in a company. In such case, the company is obliged to pay the withdrawing participant’s share of the net assets of the company determined in accordance with Ukrainian National Accounting Standards not later than 12 months from the date of the withdrawal. Consequently, minority interests in limited liability companies that are subsidiaries are recognized as a non-current liability. Limited liability company minority 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 his share in a company, the corresponding minority interests are recognized in equity.

(h) Functional and presentation currency

The functional currency of the Company is Euro (EUR). The operating subsidiaries and the associate in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency. The financial data of the companies registered in Ukraine are converted from UAH to EUR and are rounded to the nearest thousand. As operating activity of the Group is performed in Ukraine, Ukrainian hryvnia is chosen as the functional currency of the Group.

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 balance sheet 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 recognised in equity.

(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 judgement and the use of assumptions. Management engaged external independent appraisers to estimate the fair value of property as at 31 December 2007. Prior to 31 December 2007 property was stated at cost less accumulated depreciation and impairment losses. Buildings were not subject to revaluation in 2008 due to insignificant changes in fair value.

Fair value of biological assets

Due to the lack of an active market as defined by International Financial Reporting Standard IAS 41 *Agriculture*, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate. Management uses the assistance of independent appraiser to estimate expected cash flows in 2008. The discount rate is based on the average cost of capital for the Group in Ukraine effective at the reporting date. In the year 2007 the discount rate was based on the current market rate on deposits in Ukrainian hryvnia that was in line with average cost of capital for the Group. The fair value is then reduced for estimated point-of-sale costs.

Fair value of agricultural produce

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Application of new International Financial Reporting Standards

IFRS 8 *Operating Segments* was early adopted by the Group in 2007. IFRS 8 replaces IAS 14. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

(b) 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 the balance sheet 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. Foreign exchange differences arising on translation are recognized in the statement of operations.

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

Currency	Average reporting period rate		Reporting date rate	
	2008	**2007**	**2008**	**2007**
EUR	**7.6899**	6.9196	**11.2500**	7.4195
USD	**5.3300**	5.0500	**7.900**	5.0500

Prior to April 2008, the Group used the official exchange rates of the National Bank of Ukraine (NBU), which represented the rate at which the Group expected to settle these transactions. Beginning April 2008, the official foreign exchange rates of the NBU began to differ from the interbank foreign exchange rates, and, accordingly, the Group began using the interbank foreign exchange rates since the Group expects to settle foreign currency transactions at these rates. As at the date of these consolidated financial statements, 29 April 2009, the average interbank exchange rate is UAH 8.09 to USD 1.000 and UAH 10.57 to EUR 1.000.

(c) Property, plant and equipment

Owned assets

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

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

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

Items of property, plant and equipment, other than buildings, acquired before 1 January 2003 are stated at deemed cost less subsequent accumulated depreciation and impairment losses. Deemed cost is based on the fair values of property, plant and equipment, other than buildings, as at 1 January 2003 based on an independent appraisal. Items of property, plant and equipment, other than buildings, acquired on or after 1 January 2003 are stated at cost less accumulated depreciation and impairment losses.

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.

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.

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 statement of operations.

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 statement of operations as expenses as incurred.

Depreciation and amortization

Depreciation on property, plant and equipment is charged to the statement of operations on a straight-line basis over the estimated useful lives of the individual assets. Depreciation on revalued assets is charged to the statement of operations. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

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 on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land and assets under construction are not depreciated. Amortization on land lease rights is charged to the statement of operations on a straight-line basis over the operating lease agreements contract time that typically run for an initial period of 5 to 10 years.

The estimated useful lives are as follows:

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

(d) Intangible assets

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 in 2008 the fair value of land lease rights acquired is recognised as part of the identifiable intangible assets at the dates 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. Prior to 2008 it was not possible to reliably estimate the fair value of land lease rights due to the lack of comparable transactions. Non-cancellable operating lease agreements typically run for an initial period of 5 to 10 years. As such, the land lease rights are amortized over 5 to 10 years on a straight line basis.

Software is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the statement of operations on a straight-line basis over the estimated useful lives, normally 4 years.

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

(e) Biological assets

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

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

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

(f) Agricultural produce

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

(g) Financial instruments

(i) Non-derivative financial instruments

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Investments 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.

Investments at fair value through profit or loss

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

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Fair value measurement principles

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

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

(h) 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 are stated at cost. Cost includes the cost of raw materials, labor and manufacturing overheads allocated proportionately to the stage of completion of the inventory.

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

(i) 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.

(j) Impairment

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

Reversal of impairment

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

(k) 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.

(l) Loans and borrowings

Loans and borrowings are recognized initially at cost, 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 statement of operations 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 statement of operations.

(m) Trade accounts payable

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

(n) Income tax

In accordance with the Law of Ukraine "On the Fixed Agricultural Tax", dated 17 December 1998, as amended (the Law on Fixed Agricultural Tax), agricultural companies engaged in the production, processing and sale of agricultural products may choose to be registered as payers of fixed agricultural tax (FAT), provided that their sales of agricultural goods of their own production account for more than 75% of their gross revenues.

FAT is paid in lieu of corporate income tax, land tax, duties for special use of water 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.

On 31 October 2008, the Verkhovna Rada (Parliament) of Ukraine adopted the *Law On the Top Priority Measures to Mitigate the Affect of the Financial Crisis and on Amendments of Certain Ukrainian Laws* (the Anti-Crisis Law). This Anti-Crisis Law was signed on 3 November 2008. According to the Anti-Crisis Law, the FAT regime will remain in effect untill 1 January 2011.

In accordance with the Anti-Crisis Law, 58 subsidiaries elected to pay FAT in lieu of other taxes in 2008 and 2007. The remaining companies are subject to income taxes at a 25% rate.

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

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. No deferred tax is recognized for companies that are involved in the agricultural business and that are exempt from income taxes until 1 January 2011 as management believes it is likely that this exemption will be extended as has historically been the case.

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

(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.

VAT refunds for agriculture and cattle farming

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

An amendment introduced by the Anti-Crisis Law signed on 3 November 2008 retains the existing VAT preference regime for agricultural producers in 2008. With this VAT regime, agricultural producers retain the VAT charged on sales to cover VAT paid for inputs and for other production needs.

Government grants related to crop growing

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

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

Government grants related to processing of animal products

Agricultural producers who breed poultry and cattle are entitled to state subsidies for every item of poultry or cattle either slaughtered at their own (owned or leased) facilities or transferred for slaughtering and processing to other entities. As from 1 January 2008, financial support for bred and slaughtered cattle and poultry is granted in the following amounts: UAH 2.90 (EUR 0.38) per kilogramme of beef, UAH 2.15 (EUR 0.28) per kilogramme of pork and UAH 1.40 (EUR 0.18) per kilogramme of poultry, in each case based on live weight at time of slaughter. Financial support for milk is granted in amount of UAH 500 (EUR 65) per ton of milk.

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

Partial compensation for finance costs and other subsidies

Companies that are subject to FAT are also eligible for reimbursement by the government for a portion of interest incurred on borrowings. The amount of interest subsidy depends on the terms and purposes of financing obtained from banks. The interest subsidy falls within the range of 8.5% and 10-12% for loans received in foreign and local currency, respectively. Because the interest subsidy is payable only when the governmental budget allows, it is recognized on cash basis, and is reflected in other operating income.

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

(p) Revenue

Revenues from the sale of goods are recognized in the statement of operations 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) Non-monetary transactions

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

(r) Expenses

Expenses are accounted for on an accrual basis.

(s) Operating lease payments

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

(t) Financial expense and income

All interests and other costs incurred in connection with borrowings are expensed as incurred as part of financial expens. The interest expense component of finance lease payments is recognized in the statement of operations using the effective interest method. Interest income is recognised in the statement of operations as incurred as part of financial income.

(u) Employee benefits

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

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

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

(v) 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.

(w) Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, financial leases, 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

(x) New standards and interpretations not yet adopted

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

Standard / Interpretation	**Effective for annual accounting periods beginning on or after:**
IAS 1 "Presentation of Financial Statements" (Revised September 2007)	1 January 2009
IAS 23 "Borrowing Costs" (Revised March 2007)	1 January 2009
IFRS 1 "First-time Adoption of International Financial Reporting Standards (Revised November 2008)	1 July 2009*
IFRS 3 "Business Combinations" (Revised January 2008)	1 July 2009*
IFRIC 13 "Customer Loyalty Programmes "	1 July 2008
IFRIC 15 "Agreements for the Construction of Real Estate"	1 January 2009*
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	1 October 2008*
IFRIC 17 "Distributions of Non-cash Assets to Owners"	1 July 2009*
IFRIC 18 "Transfers of Assets from Customers"	1 July 2009*
Amendments to IAS 27 "Consolidated and Separate Financial Statements" (January 2008)	1 July 2009*
Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items (July 2008)	1 July 2009*

Standard / Interpretation	**Effective for annual accounting periods beginning on or after:**
Amendment to IAS 39 “Financial Instruments: Recognition and Measurement” – Effective Date and Transition (November 2008)	1 July 2008*
Amendment to IFRS 7 “Financial Instruments: Disclosures” (March 2009)	1 January 2009*
Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” andI AS 39 “Financial Instruments: Recognition and Measurement”	30 June 2009*

* Standards and Interpretations not endorsed by the European Union

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

4 ADJUSTMENT

The Company made an adjustment for its limited liability company minority interest share in the net profit for the year 2007 which was restated from net profit appropriation to financial expense. The Company’s total equity as per 31 December 2007 did not change. The effect of this adjustment is as follows:

(in thousands of Ukrainian hryvnias)	**as originally reported**	**adjustment**	**as restated**
Financial expense	(52,552)	(10,725)	(63,277)
Net profit	159,752	(10,725)	149,027

(in thousands of Euros)	**as originally reported**	**adjustment**	**as restated**
Financial expense	(7,554)	(1,546)	(9,100)
Net profit	23,044	(1,546)	21,498

5 BUSINESS COMBINATIONS

During 2008, the Group completed acquisitions of 24 entities. The purchase consideration consisted only of cash, and the direct costs related to these acquisitions are not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
LLC "STOV Nadiya"	Ukraine	Agricultural	07.02.2008	74.99%
LLC "Khmilnitske"	Ukraine	Agricultural	01.04.2008	79.98%
LLC "Avangard"	Ukraine	Agricultural	01.04.2008	82.13%
Private Company "Galichanka"	Ukraine	Agricultural	02.04.2008	99.98%
LLC "Khliborob"	Ukraine	Agricultural	03.04.2008	74.99%
SC "Avratin-agro"	Ukraine	Agricultural	10.04.2008	99.98%
Private Company "Agrometa"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "SVK Ranok"	Ukraine	Agricultural	10.04.2008	82.48%
LLC "SVK Niva"	Ukraine	Agricultural	10.04.2008	79.64%
Private Company "Agro-Nadra"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "Volochysk-Agro"	Ukraine	Agricultural	10.04.2008	99.98%
LLC "Khlibny Dar"	Ukraine	Agricultural	16.04.2008	74.99%
LLC "Bagrinivske"	Ukraine	Agricultural	17.04.2008	74.99%
LLC "List-Ruchky"	Ukraine	Agricultural	24.04.2008	74.99%
LLC "Niva-Agro-K"	Ukraine	Agricultural	30.04.2008	74.99%
LLC "Chervona Zirka"	Ukraine	Agricultural	30.04.2008	74.99%
LLC "Agropromgaz"	Ukraine	Trade	03.06.2008	89.98%
Private Company "Smotrych-PD"	Ukraine	Agricultural	20.06.2008	99.98%
Private Company "Oriana -2008"	Ukraine	Agricultural	18.09.2008	99.98%
Private Company "Zherdyanske"	Ukraine	Agricultural	24.09.2008	99.98%
LLC "Svit Podillya"	Ukraine	Agricultural	24.09.2008	79.98%
LLC "Zhvanchyk"	Ukraine	Agricultural	24.09.2008	74.99%
LLC "Ukraine-Brataliv"	Ukraine	Agricultural	25.11.2008	74.99%
LLC "Victoriya"	Ukraine	Agricultural	17.12.2008	74.99%

For business combinations in 2008 the fair value of land lease rights acquired is recognised as part of the identifiable intangible assets at the dates of acquisition. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Prior to 2008 it was not possible to reliably estimate the fair value of land lease rights due to the lack of comparable transactions. From the date of acquisition the net loss incurred by the acquired companies amounted to UAH 11,132 thousand (EUR 1,448 thousand). .

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

	Recognised fair value at acquisition												
(in thousands of Ukrainian hryvnias)	**STOV Nadiya**	**Khmil-nitske**	**Avan-gard**	**Gali-chanka**	**Khlibo-rob**	**Avratin-Agro**	**Agro-meta**	**SVK Ranok**	**SVK Niva**	**Agro-Nadra**	**Volochysk-Agro**	**Khlibny Dar**	**Zhvan-chyk**
Non-current assets													
Property, plant and equipment	**1,613**	**551**	**1,101**	**2,551**	**505**	**505**	**614**	**86**	**4,698**	**453**	**825**	**-**	**428**
Construction in progress	**-**	**18**	**126**	**-**	**-**	**-**	**-**	**26**	**-**	**22**	**105**	**87**	**88**
Non-current biological assets	**-**	**-**	**29**	**-**	**-**	**114**	**-**	**-**	**-**	**143**	**350**	**-**	**279**
Intangible assets	**2,849**	**440**	**2,311**	**1,855**	**2,847**	**3,477**	**5,347**	**1,501**	**3,025**	**3,496**	**2,703**	**1,656**	**2,012**
Other non-current assets	**-**	**131**	**314**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current assets													
Inventories	**477**	**456**	**696**	**662**	**1,530**	**1,674**	**3,574**	**1,464**	**2,999**	**2,207**	**1,895**	**332**	**1,919**
Current biological assets	**68**	**-**	**473**	**-**	**609**	**203**	**-**	**93**	**804**	**515**	**436**	**106**	**274**
Trade accounts receivable	**-**	**12**	**2**	**-**	**17**	**895**	**-**	**36**	**569**	**357**	**1,590**	**-**	**395**
Other accounts receivable and prepayments	**-**	**79**	**10**	**-**	**102**	**192**	**1,678**	**159**	**3**	**180**	**16**	**60**	**124**
Cash and cash equivalents	**-**	**3**	**5**	**-**	**10**	**1**	**2**	**-**	**10**	**3**	**9**	**40**	**157**
Non-current liabilities													
Long-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22)**
Other long-term liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(258)**
Current liabilities													
Short-term loans and borrowings	**-**	**-**	**(113)**	**-**	**-**	**-**	**(1,000)**	**-**	**-**	**-**	**(170)**	**-**	**(150)**
Trade accounts payable	**(629)**	**(198)**	**(50)**	**(249)**	**(1,509)**	**(255)**	**(1,973)**	**(1,376)**	**-**	**(137)**	**(1,219)**	**(462)**	**(1,946)**
Other liabilities and accounts payable	**(268)**	**(185)**	**(202)**	**(261)**	**(150)**	**(768)**	**(391)**	**(246)**	**(1,516)**	**(1,092)**	**(293)**	**(87)**	**(323)**
Minority interest acquired	**(1,028)**	**(262)**	**(840)**	**(1)**	**(991)**	**(1)**	**(2)**	**(305)**	**(2,156)**	**(1)**	**(1)**	**(433)**	**(745)**
Net identifiable assets, liabilities and contingent liabilities	**3,082**	**1,045**	**3,862**	**4,557**	**2,970**	**6,037**	**7,849**	**1,438**	**8,436**	**6,146**	**6,246**	**1,299**	**2,232**
Excess of net assets acquired over consideration paid:													
acquisitions from third parties	**2,855**	**916**	**3,278**	**3,325**	**2,586**	**5,152**	**6,282**	**530**	**6,797**	**4,847**	**5,836**	**1,260**	**722**
acquisitions from entities under common control	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consideration paid	**(227)**	**(129)**	**(584)**	**(1,232)**	**(384)**	**(885)**	**(1,567)**	**(908)**	**(1,639)**	**(1,299)**	**(410)**	**(39)**	**(1,510)**
Cash acquired	**-**	**3**	**5**	**-**	**10**	**1**	**2**	**-**	**10**	**3**	**9**	**40**	**157**
Net cash outflow	**(227)**	**(126)**	**(579)**	**(1,232)**	**(374)**	**(884)**	**(1,565)**	**(908)**	**(1,629)**	**(1,296)**	**(401)**	**1**	**(1,353)**

The acquisitions during 2008 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired (continued):

(in thousands of Ukrainian hryvnias)	**Recognised fair value at acquisition**											
	Bagri-nivske	**List-Ruchky**	**Niva-Agro-K**	**Cher-vona Zirka**	**Agro-promgaz**	**Smotrych-PD**	**Oriana-2008**	**Zher-dyanske**	**Svit Podillya**	**Ukraina-Brataliv**	**Vikto-riya**	**Total**
Non-current assets												
Property, plant and equipment	**-**	**29**	**511**	**905**	**56**	**221**	**-**	**3,307**	**866**	**5,238**	**2,819**	**27,882**
Construction in progress	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**210**	**-**	**-**	**-**	**684**
Non-current biological assets	**-**	**-**	**8**	**634**	**-**	**-**	**-**	**542**	**-**	**48**	**-**	**2,147**
Intangible assets	**2,343**	**3,837**	**860**	**5,962**	**-**	**799**	**3,240**	**3,642**	**1,367**	**2,904**	**2,709**	**61,182**
Other non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**357**	**161**	**-**	**114**	**-**	**1,077**
Current assets												
Inventories	**772**	**897**	**487**	**4,025**	**4,037**	**1,698**	**23**	**2,816**	**1,405**	**1,672**	**1,873**	**39,590**
Current biological assets	**-**	**-**	**5**	**2,353**	**-**	**-**	**-**	**656**	**-**	**163**	**818**	**7,576**
Trade accounts receivable	**42**	**430**	**-**	**159**	**930**	**-**	**1**	**161**	**-**	**42**	**27**	**5,665**
Other accounts receivable and prepayments	**-**	**99**	**21**	**242**	**1,872**	**113**	**15**	**807**	**213**	**135**	**64**	**6,184**
Cash and cash equivalents	**7**	**35**	**43**	**67**	**1,120**	**21**	**30**	**5**	**64**	**22**	**8**	**1,662**
Non-current liabilities												
Long-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(19)**	**-**	**(46)**
Other long-term liabilities	**-**	**-**	**-**	**(426)**	**-**	**-**	**-**	**(705)**	**-**	**-**	**(774)**	**(2,163)**
Current liabilities												
Short-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**-**	**(100)**	**(1,538)**
Trade accounts payable	**(536)**	**(1,869)**	**(309)**	**(834)**	**(23)**	**(242)**	**(28)**	**(1,557)**	**(2,083)**	**(25)**	**(1,308)**	**(18,817)**
Other liabilities and accounts payable	**(60)**	**(144)**	**(47)**	**(3,851)**	**(8,474)**	**(651)**	**(1)**	**(883)**	**(49)**	**(2,029)**	**(187)**	**(22,158)**
Minority interest acquired	**(642)**	**(829)**	**(395)**	**(2,310)**	**48**	**-**	**(1)**	**(2)**	**(355)**	**(2,067)**	**(1,488)**	**(14,807)**
Net identifiable assets, liabilities and contingent liabilities	**1,926**	**2,487**	**1,184**	**6,926**	**(434)**	**1,959**	**3,636**	**9,160**	**1,418**	**6,198**	**4,461**	**94,120**
Excess of net assets acquired over consideration paid:												
acquisitions from third parties	**211**	**1,987**	**895**	**6,388**	**-**	**1,334**	**2,636**	**5,156**	**1,377**	**5,655**	**3,940**	**73,965**
acquisitions from entities under common control	**-**	**-**	**-**	**-**	**(470)**	**-**	**-**	**-**	**-**	**-**	**-**	**(470)**
Consideration paid	**(1,715)**	**(500)**	**(289)**	**(538)**	**(36)**	**(625)**	**(1,000)**	**(4,004)**	**(41)**	**(543)**	**(521)**	**(20,625)**
Cash acquired	**7**	**35**	**43**	**67**	**1,120**	**21**	**30**	**5**	**64**	**22**	**8**	**1,662**
Net cash outflow	**(1,708)**	**(465)**	**(246)**	**(471)**	**1,084**	**(604)**	**(970)**	**(3,999)**	**23**	**(521)**	**(513)**	**(18,963)**

The acquisitions during 2008 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired (continued):

(in thousands of Euros)	Recognised fair value at acquisition												
	STOV Nadiya	**Khmil-nitske**	**Avan-gard**	**Gali-chanka**	**Khlibo-rob**	**Avratin-Agro**	**Agro-meta**	**SVK Ranok**	**SVK Niva**	**Agro-Nadra**	**Volochysk-Agro**	**Khlibny Dar**	**Zhvan-chyk**
Non-current assets													
Property, plant and equipment	**195**	**67**	**132**	**309**	**61**	**61**	**74**	**10**	**569**	**55**	**100**	**-**	**52**
Construction in progress	**-**	**2**	**15**	**-**	**-**	**-**	**-**	**3**	**-**	**3**	**13**	**11**	**11**
Non-current biological assets	**-**	**-**	**4**	**-**	**-**	**14**	**-**	**-**	**-**	**17**	**41**	**-**	**34**
Intangible assets	**345**	**53**	**280**	**224**	**345**	**421**	**647**	**182**	**366**	**423**	**327**	**200**	**243**
Other non-current assets	**-**	**16**	**38**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current assets													
Inventories	**58**	**55**	**84**	**80**	**185**	**203**	**433**	**177**	**363**	**267**	**229**	**40**	**232**
Current biological assets	**8**	**-**	**57**	**-**	**74**	**25**	**-**	**11**	**97**	**62**	**53**	**13**	**33**
Trade accounts receivable	**-**	**1**	**-**	**-**	**2**	**109**	**-**	**4**	**69**	**43**	**193**	**-**	**48**
Other accounts receivable and prepayments	**-**	**10**	**1**	**-**	**12**	**23**	**203**	**19**	**-**	**21**	**1**	**7**	**15**
Cash and cash equivalents	**-**	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**1**	**5**	**19**
Non-current liabilities													
Long-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**
Other long-term liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31)**
Current liabilities													
Short-term loans and borrowings	**-**	**-**	**(14)**	**-**	**-**	**-**	**(120)**	**-**	**-**	**-**	**(21)**	**-**	**(18)**
Trade accounts payable	**(76)**	**(24)**	**(6)**	**(30)**	**(183)**	**(31)**	**(239)**	**(167)**	**-**	**(17)**	**(148)**	**(56)**	**(235)**
Other liabilities and accounts payable	**(32)**	**(22)**	**(24)**	**(32)**	**(18)**	**(93)**	**(47)**	**(30)**	**(183)**	**(132)**	**(35)**	**(11)**	**(39)**
Minority interest acquired	**(124)**	**(32)**	**(102)**	**-**	**(120)**	**-**	**-**	**(37)**	**(262)**	**-**	**-**	**(52)**	**(90)**
Net identifiable assets, liabilities and contingent liabilities	**374**	**126**	**466**	**551**	**359**	**732**	**951**	**172**	**1,020**	**742**	**754**	**157**	**271**
Excess of net assets acquired over consideration paid:													
acquisitions from third parties	**346**	**111**	**397**	**402**	**313**	**623**	**760**	**64**	**823**	**587**	**706**	**152**	**87**
acquisitions from entities under common control	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consideration paid	**(28)**	**(15)**	**(69)**	**(149)**	**(46)**	**(109)**	**(191)**	**(108)**	**(197)**	**(155)**	**(48)**	**(5)**	**(184)**
Cash acquired	**-**	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**1**	**5**	**19**
Net cash outflow	**(28)**	**(15)**	**(68)**	**(149)**	**(45)**	**(109)**	**(191)**	**(108)**	**(196)**	**(155)**	**(47)**	**-**	**(165)**

The acquisitions during 2008 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired (continued):

(in thousands of Euros)	Recognised fair value at acquisition											
	Bagri-nivske	**List-Ruchky**	**Niva-Agro-K**	**Cher-vona Zirka**	**Agro-promgaz**	**Smotrych-PD**	**Oriana-2008**	**Zher-dyanske**	**Svit Podillya**	**Ukraina-Brataliv**	**Vikto-riya**	**Total**
Non-current assets												
Property, plant and equipment	**-**	**4**	**62**	**110**	**7**	**27**	**-**	**399**	**105**	**634**	**341**	**3,374**
Construction in progress	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**-**	**-**	**-**	**83**
Non-current biological assets	**-**	**-**	**1**	**77**	**-**	**-**	**-**	**66**	**-**	**6**	**-**	**260**
Intangible assets	**284**	**464**	**104**	**722**	**-**	**97**	**392**	**441**	**165**	**351**	**328**	**7,404**
Other non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**43**	**19**	**-**	**14**	**-**	**130**
Current assets												
Inventories	**93**	**109**	**59**	**487**	**489**	**205**	**3**	**341**	**170**	**202**	**227**	**4,791**
Current biological assets	**-**	**-**	**1**	**285**	**-**	**-**	**-**	**79**	**-**	**20**	**99**	**917**
Trade accounts receivable	**5**	**52**	**-**	**19**	**114**	**-**	**-**	**19**	**-**	**5**	**3**	**686**
Other accounts receivable and prepayments	**-**	**12**	**3**	**29**	**228**	**14**	**2**	**98**	**26**	**16**	**8**	**748**
Cash and cash equivalents	**1**	**4**	**5**	**8**	**135**	**3**	**4**	**1**	**8**	**3**	**1**	**201**
Non-current liabilities												
Long-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(2)**	**-**	**(6)**
Other long-term liabilities	**-**	**-**	**-**	**(52)**	**-**	**-**	**-**	**(85)**	**-**	**-**	**(94)**	**(262)**
Current liabilities												
Short-term loans and borrowings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(12)**	**(186)**
Trade accounts payable	**(65)**	**(226)**	**(37)**	**(101)**	**(3)**	**(29)**	**(3)**	**(188)**	**(252)**	**(3)**	**(158)**	**(2,277)**
Other liabilities and accounts payable	**(7)**	**(17)**	**(6)**	**(466)**	**(1,026)**	**(79)**	**-**	**(107)**	**(6)**	**(246)**	**(23)**	**(2,681)**
Minority interest acquired	**(78)**	**(100)**	**(48)**	**(280)**	**6**	**-**	**-**	**-**	**(43)**	**(250)**	**(180)**	**(1,792)**
Net identifiable assets, liabilities and contingent liabilities	**233**	**302**	**144**	**838**	**(50)**	**238**	**441**	**1,108**	**171**	**750**	**540**	**11,390**
Excess of net assets acquired over consideration paid:												
acquisitions from third parties	**26**	**240**	**108**	**773**	**-**	**161**	**319**	**624**	**167**	**685**	**477**	**8,951**
acquisitions from entities under common control	**-**	**-**	**-**	**-**	**(57)**	**-**	**-**	**-**	**-**	**-**	**-**	**(57)**
Consideration paid	**(207)**	**(62)**	**(36)**	**(65)**	**(7)**	**(77)**	**(122)**	**(484)**	**(4)**	**(65)**	**(63)**	**(2,496)**
Cash acquired	**1**	**4**	**5**	**8**	**135**	**3**	**4**	**1**	**8**	**3**	**1**	**201**
Net cash outflow	**(206)**	**(58)**	**(31)**	**(57)**	**128**	**(74)**	**(118)**	**(483)**	**4**	**(62)**	**(62)**	**(2,295)**

During 2007, the Group completed acquisitions of 12 entities. The purchase consideration consisted only of cash, and the direct costs related to these acquisitions are not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
LLC “Agricultural Company “HTZ”	Ukraine	Agricultural	21.03.2007	99.98%
OJSC “Agricultural Company “Agrocomplex”	Ukraine	Agricultural	28.03.2007	79.07%
LLC “Agricultural Company “Stozhary”	Ukraine	Agricultural	24.05.2007	63.99%
OJSC “Agricultural Company “Zhdanivske”	Ukraine	Agricultural	17.07.2007	60.05%
LLC “Agricultural Company “LAN-2007”	Ukraine	Agricultural	31.08.2007	97.98%
LLC “Agricultural Company “Ukraina-Porik”	Ukraine	Agricultural	11.09.2007	99.98%
LLC “Agricultural Company “Shedievo”	Ukraine	Agricultural	04.10.2007	97.98%
LLC “Investment company “Poltavazernoproduct”	Ukraine	Agricultural	09.10.2007	99.88%
LLC “Agricultural Company “Nauka-Agro-Mayak”	Ukraine	Agricultural	10.10.2007	99.88%
LLC “Agricultural Company “Vasilivske”	Ukraine	Agricultural	30.10.2007	74.99%
LLC “Agricultural Company “Khlib I Liudi”	Ukraine	Agricultural	05.11.2007	79.98%
LLC “Agricultural Company “Progres”	Ukraine	Agricultural	14.11.2007	77.48%

The acquisition of these companies during 2007 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

(in thousand of Ukrainian hryvnias)	**Recognized fair value at acquisition**												
	HTZ	**Agro-kom-plex**	**Sto-zhary**	**Zhda-nivske**	**LAN-2007**	**Ukra-ina-Porik**	**She-dievo**	**Poltava zerno-produkt**	**Nauka-agro-mayak**	**Vasi-livske**	**Khlib I Liudi**	**Prog-res**	**Total**
Non-current assets													
Property, plant and equipment	1,633	1,570	1,082	18,747	5,303	11,800	3,767	-	237	808	284	2,115	47,346
Construction in progress	-	-	-	-	27	168	-	-	-	325	202	129	851
Non-current biological assets	-	-	-	396	310	851	-	-	-	-	657	-	2,214
Other non-current assets	-	-	365	-	-	-	-	-	-	143	238	-	746
Current assets													
Inventories	43	231	1,974	7,672	1,892	2,852	2,672	16	5,775	2,165	2,649	1,397	29,338
Current biological assets	-	-	-	161	53	663	11	-	-	381	275	206	1,750
Trade accounts receivable	-	523	386	173	26	121	-	52	2,479	16	15	17	3,808
Other accounts receivable and prepayments	40	17	242	462	-	753	389	-	1,183	-	-	-	3,086
Promissory notes received	-	2,417	-	-	-	-	-	-	-	-	-	-	2,417
Cash and cash equivalents	-	5	10	7	10	11	14	1	14	8	14	4	98
Non-current liabilities													
Long-term loans and borrowings	-	(70)	-	-	(84)	-	(9)	-	-	(300)	-	-	(463)
Other long-term liabilities	-	-	-	-	-	-	(34)	-	-	-	-	(432)	(466)
Current liabilities													
Short-term loans and borrowings	-	-	-	(1,938)	(350)	-	-	-	-	(510)	(340)	(418)	(3,556)
Trade accounts payable	(10)	(92)	(3,099)	(4,951)	(690)	(952)	(162)	-	(2,552)	(1,255)	(249)	(239)	(14,251)
Other liabilities and accounts payable	(3)	(2,608)	(354)	(1,962)	(220)	(1,286)	(381)	(58)	(389)	(342)	(104)	(816)	(8,523)
Minority interest acquired	-	(597)	(218)	(7,498)	(127)	(3)	(127)	-	(8)	(360)	(729)	(442)	(10,109)
Net identifiable assets, liabilities and contingent liabilities	1,703	1,396	388	11,269	6,150	14,978	6,140	11	6,739	1,079	2,912	1,521	54,286
Excess of net assets acquired over consideration paid:	-												
acquisitions from third parties	704	-	-	9,415	5,607	11,359	2,103	3	2,253	21	2,331	1,354	35,150
acquisitions from entities under common control	-	1,296	66	-	-	-	-	-	-	-	-	-	1,362
Consideration paid	(999)	(100)	(322)	(1,854)	(543)	(3,619)	(4,037)	(8)	(4,486)	(1,058)	(581)	(167)	(17,774)
Cash acquired	-	5	10	7	10	11	14	1	14	8	14	4	98
Net cash outflow	(999)	(95)	(312)	(1,847)	(533)	(3,608)	(4,023)	(7)	(4,472)	(1,050)	(567)	(163)	(17,676)

The acquisitions during 2007 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired (continued):

(in thousand of Euros)	Recognized fair value at acquisition												
	HTZ	**Agro-kom-plex**	**Sto-zhary**	**Zhda-nivske**	**LAN-2007**	**Ukra-ina-Porik**	**She-dievo**	**Poltava-zerno-produkt**	**Nauka-agro-mayak**	**Vasi-livske**	**Khlib I Liudi**	**Prog-res**	**Total**
Non-current assets													
Property, plant and equipment	235	226	156	2,694	762	1,696	541	-	34	116	41	304	6,805
Construction in progress	-	-	-	-	4	24	-	-	-	46	29	19	122
Non-current biological assets	-	-	-	57	45	122	-	-	-	-	94	-	318
Other non-current assets	-	-	52	-	-	-	-	-	-	21	34	-	107
Current assets													
Inventories	6	33	284	1,103	272	410	384	2	830	311	381	200	4,216
Current biological assets	-	-	-	23	8	95	1	-	-	55	40	30	252
Trade accounts receivable	-	75	55	26	4	18	-	7	356	2	2	2	547
Other accounts receivable and prepayments	6	2	35	66	-	108	56	-	171	-	-	-	444
Promissory notes received	-	347	-	-	-	-	-	-	-	-	-	-	347
Cash and cash equivalents	-	1	1	1	1	2	2	-	2	1	2	1	14
Non-current liabilities													
Long-term loans and borrowings	-	(10)	-	-	(13)	-	(1)	-	-	(43)	-	-	(67)
Other long-term liabilities	-	-	-	-	-	-	(5)	-	-	-	-	(62)	(67)
Current liabilities													
Short-term loans and borrowings	-	-	-	(279)	(50)	-	-	-	-	(73)	(49)	(60)	(511)
Trade accounts payable	(1)	(13)	(445)	(712)	(99)	(137)	(23)	-	(367)	(180)	(36)	(35)	(2,048)
Other liabilities and accounts payable	-	(375)	(51)	(282)	(32)	(185)	(55)	(8)	(56)	(49)	(15)	(117)	(1,225)
Minority interest acquired	-	(86)	(31)	(1,084)	(18)	-	(18)	-	(1)	(52)	(99)	(64)	(1,453)
Net identifiable assets, liabilities and contingent liabilities	246	200	56	1,613	884	2,153	882	1	969	155	424	218	7,801
Excess of net assets acquired over consideration paid:													
acquisitions from third parties	101	-	-	1,353	806	1,633	302	-	324	3	334	194	5,050
acquisitions from entities under common control	-	186	10	-	-	-	-	-	-	-	-	-	196
Consideration paid	(145)	(14)	(46)	(260)	(78)	(520)	(580)	(1)	(645)	(152)	(90)	(24)	(2,555)
Cash acquired	-	1	1	1	1	2	2	-	2	1	2	1	14
Net cash outflow	(145)	(13)	(45)	(259)	(77)	(518)	(578)	(1)	(643)	(151)	(88)	(23)	(2,541)

It is not practicable to determine what would be the total revenue and net profit for the year ended 31 December 2008 had the acquisitions occurred on 1 January 2008 in accordance with IFRS because the acquired companies' financial statements were prepared only in accordance with Ukrainian National Accounting Standards, which are significantly different from IFRSs.

The excess of net assets acquired over the consideration paid is recognized in the statement of operations 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 that 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 agribusinesses 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.

From the date of acquisition the contribution to net profit by the acquired companies amounted to UAH 10,390 thousand, EUR 1,502 thousand

6 PROPERTY, PLANT AND EQUIPMENT

A summary of activity in property, plant equipment for the year ended 31 December 2008 is as follows:

(in thousands of Ukrainian hryvnias)	**Buildings**	**Construc-tions**	**Machines and equipment**	**Vehicles**	**Other fixed assets**	**Un-installed equipment**	**Total**
Cost 1 January 2008	**304,001**	**52,202**	**233,095**	**45,365**	**2,097**	**25,406**	**662,166**
Additions	**13,019**	**14,068**	**172,417**	**31,459**	**705**	**61,172**	**292,840**
Additions from acquisition of subsidiaries	**14,620**	**3,338**	**7,616**	**2,261**	**47**	**684**	**28,566**
Disposals	**(4,245)**	**(3,891)**	**(9,684)**	**(978)**	**(57)**	**-**	**(18,855)**
31 December 2008	**327,395**	**65,717**	**403,444**	**78,107**	**2,792**	**87,262**	**964,717**
Accumulated depreciation 1 January 2008	**237**	**6,455**	**62,462**	**14,308**	**585**	**-**	**84,047**
Depreciation charge	**7,487**	**5,237**	**44,492**	**7,533**	**597**	**-**	**65,346**
Disposals	**(89)**	**(539)**	**(1,745)**	**(333)**	**(30)**	**-**	**(2,736)**
31 December 2008	**7,635**	**11,153**	**105,209**	**21,508**	**1,152**	**-**	**146,657**
Net book value 31 December 2008	**319,760**	**54,564**	**298,235**	**56,599**	**1,640**	**87,262**	**818,060**

A summary of activity in property, plant equipment for the year ended 31 December 2008 (continued):

(in thousands of Euros)	**Buildings**	**Construc-tions**	**Machines and equipment**	**Vehicles**	**Other fixed assets**	**Un-installed equipment**	**Total**
Cost 1 January 2008	**40,973**	**7,036**	**31,417**	**6,114**	**283**	**3,424**	**89,247**
Additions	**1,693**	**1,829**	**22,421**	**4,091**	**92**	**7,955**	**38,081**
Additions from acquisition of subsidiaries	**1,769**	**404**	**921**	**274**	**6**	**83**	**3,457**
Disposals	**(552)**	**(506)**	**(1,259)**	**(127)**	**(7)**	**-**	**(2,451)**
Currency translation differences	**(14,781)**	**(2,922)**	**(17,638)**	**(3,409)**	**(126)**	**(3,705)**	**(42,581)**
31 December 2008	**29,102**	**5,841**	**35,862**	**6,943**	**248**	**7,757**	**85,753**
Accumulated depreciation 1 January 2008	**32**	**870**	**8,419**	**1,928**	**79**	**-**	**11,328**
Depreciation charge	**974**	**681**	**5,785**	**980**	**78**	**-**	**8,498**
Disposals	**(12)**	**(70)**	**(227)**	**(43)**	**(4)**	**-**	**(356)**
Currency translation differences	**(1,673)**	**(2,472)**	**(23,329)**	**(4,777)**	**(255)**	**-**	**(32,506)**
31 December 2008	**679**	**991**	**9,352**	**1,912**	**102**	**-**	**13,036**
Net book value 31 December 2008	**28,423**	**4,850**	**26,510**	**5,031**	**146**	**7,757**	**72,717**

A summary of activity in property, plant equipment for the year ended 31 December 2007 is as follows:

(in thousand of Ukrainian hryvnias)	**Buildings**	**Construc-tions**	**Machines and equipment**	**Vehicles**	**Other fixed assets**	**Un installed equipment**	**Total**
Cost 1 January 2007	69,339	39,756	117,083	35,963	1,582	12,481	276,204
Additions	6,356	8,044	112,257	13,117	544	12,074	152,392
Additions from acquisition of subsidiaries	28,893	6,746	10,499	1,142	66	851	48,197
Disposals	(2,014)	(2,344)	(6,744)	(4,857)	(95)	-	(16,054)
Revaluation surplus	201,427	-	-	-	-	-	201,427
31 December 2007	304,001	52,202	233,095	45,365	2,097	25,406	662,166
Accumulated depreciation 1 January 2007	5,852	5,359	43,111	12,183	164	-	66,669
Depreciation charge	2,778	1,355	24,458	5,482	430	-	34,503
Disposals	(454)	(259)	(5,107)	(3,357)	(9)	-	(9,186)
Decrease due to revaluation	(7,939)	-	-	-	-	-	(7,939)
31 December 2007	237	6,455	62,462	14,308	585	-	84,047
Net book value 31 December 2007	303,764	45,747	170,633	31,057	1,512	25,406	578,119

A summary of activity in property, plant equipment for the year ended 31 December 2007 (continued):

(in thousand of Euros)	Buildings	Construc-tion	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost							
1 January 2007	10,426	5,978	17,604	5,407	238	1,877	41,530
Additions	918	1,162	16,223	1,896	79	1,745	22,023
Additions from acquisition of subsidiaries	4,153	970	1,509	164	10	121	6,927
Disposals	(291)	(339)	(974)	(702)	(14)	-	(2,320)
Revaluation surplus	27,148	-	-	-	-	-	27,148
Currency translation difference	(1,381)	(735)	(2,945)	(651)	(30)	(319)	(6,061)
31 December 2007	40,973	7,036	31,417	6,114	283	3,424	89,247
Accumulated depreciation							
1 January 2007	880	806	6,482	1,832	24	-	10,024
Depreciation charge	401	196	3,535	792	62	-	4,986
Disposal	(65)	(39)	(738)	(485)	(1)	-	(1,328)
Decrease due to revaluation	(1,070)	-	-	-	-	-	(1,070)
Currency translation difference	(114)	(93)	(860)	(211)	(6)	-	(1,284)
31 December 2007	32	870	8,419	1,928	79	-	11,328
Net book value 31 December 2007	40,941	6,166	22,998	4,186	204	3,424	77,919

As at 31 December 2007 an independent valuation of the Group's buildings was performed in accordance with International Valuation Standards by certified appraiser LLC "Konsultingova grupa "BINEK" to estimate their fair value. The administrative building of LLC Firm "Astarta-Kiev" was valued using the market approach (2007: UAH 35,203 thousand; EUR 4,745 thousand). The valuation of other buildings was performed using the depreciated replacement cost approach (2007: UAH 268,561 thousand; EUR 36,196 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 lack of an active market for the types of buildings used in the operation. 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 2008 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 110,473 thousand or EUR 9,820 thousand (2007: UAH 91,398 thousand; EUR 12,723 thousand)

For amount of property, plant and equipment pledged to secure bank loans refer to note 18.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. A summary of activity is as follow:

	(in thousands of Ukrainian hryvanias)		_(in thousands of Euros)_	
	2008	**2007**	**2008**	**2007**
Lease right	**48,043**	10,528	**6,295**	1,583
Accumulated depreciation, 1 January	**(695)**	(98)	**(102)**	(16)
Depreciation charge for the year	**(3,111)**	(597)	**(405)**	(86)
Currency translation difference	**-**	-	**(1,856)**	(156)
Net book value at 31 December	**44,237**	9,833	**3,932**	1,325

7 INTANGIBLE ASSETS

A summary of activity in intangible assets for the year ended 31 December 2008 is as follows:

(in thousands of Ukrainian hryvnias)	**Land lease rights**	**Other intangible assets**	**Total**
Cost 1 January 2008	**-**	**1,617**	**1,617**
Additions	**-**	**391**	**391**
Additions through acquisition of subsidiaries	**61,182**	**-**	**61,182**
31 December 2008	**61,182**	**2,008**	**63,190**
Accumulated amortization 1 January 2008	**-**	**625**	**625**
Amortization charge	**7,000**	**321**	**7,321**
31 December 2008	**7,000**	**946**	**7,946**
Net book value 31 December 2008	**54,182**	**1,062**	**55,244**

(in thousands of Euros)	**Land lease rights**	**Other intangible assets**	**Total**
Cost 1 January 2008	**-**	**218**	**218**
Additions	**-**	**52**	**52**
Additions through acquisition of subsidiaries	**7,404**	**-**	**7,404**
Currency translation differences	**(1,966)**	**(91)**	**(2,057)**
31 December 2008	**5,438**	**179**	**5,617**
Accumulated amortization 1 January 2008	**-**	**84**	**84**
Amortization charge	**910**	**42**	**952**
Currency translation differences	**(288)**	**(42)**	**(330)**
31 December 2008	**622**	**84**	**706**
Net book value 31 December 2008	**4,816**	**95**	**4,911**

A summary of activity in intangible assets for the year ended 31 December 2007 is as follows:

(in thousands of Ukrainian hryvnias)	**Land lease rights**	**Other intangible assets**	**Total**
Cost 1 January 2007	-	917	917
Additions	-	691	691
Additions through acquisition of subsidiaries	-	9	9
31 December 2007	-	1,617	1,617
Accumulated amortization 1 January 2007	-	226	226
Amortization charge	-	399	399
31 December 2007	-	625	625
Net book value 31 December 2007	-	992	992

(in thousands of Euros)	**Land lease rights**	**Other intangible assets**	**Total**
Cost 1 January 2007	-	138	138
Additions	-	101	101
Additions through acquisition of subsidiaries	-	1	1
Currency translation differences	-	(22)	(22)
31 December 2007	-	218	218
Accumulated amortization 1 January 2007	-	36	36
Amortization charge	-	57	57
Currency translation differences	-	(9)	(9)
31 December 2007	-	84	84
Net book value 31 December 2007	-	134	134

8 BIOLOGICAL ASSETS

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	**2008**		**2007**	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**6,501**	**55,959**	5,479	46,510
Other livestock		**1,987**		821
		57,946		47,331
Current biological assets:				
Cattle	**12,600**	**66,703**	9,987	50,820
Other livestock		**1,871**		796
		68,574		51,616
Crops:	**Hectares**		**Hectares**	
Wheat	**29,041**	**91,392**	24,592	55,764
Barley	**1,438**	**2,667**	1,364	3,083
Rye	**1,498**	**1,837**	1,538	2,429
	31,977	**95,896**	27,494	61,276
		164,470		112,892
Total biological assets		**222,416**		160,223

(in thousands of Euros)	2008		2007	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**6,501**	**4,974**	5,479	6,269
Other livestock		**176**		111
		5,150		6,380
Current biological assets:				
Cattle	**12,600**	**5,929**	9,987	6,850
Other livestock		**167**		107
		6,096		6,957
Crops:	**Hectares**		**Hectares**	
Wheat	**29,041**	**8,124**	24,592	7,516
Barley	**1,438**	**237**	1,364	416
Rye	**1,498**	**163**	1,538	327
	31,977	**8,524**	27,494	8,259
		14,620		15,216
Total biological assets		**19,770**		21,596

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

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

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

- crops revenue 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 state statistical reports as at the end of the reporting period
- production and point-of-sale costs are projected based on actual operating costs
- the growth in sales prices as well as in production and point-of-sale costs is assumed to be in line with forecasted consumer price index in Ukraine
- a pre-tax discount rate of 20.78% (2007: 15%) is applied in determining fair value of biological assets. The discount rate is based on the average cost of capital for the Group in Ukraine effective 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.

Changes in key assumptions used to estimate biological assets would have the following effect on biological assets and on earnings per share attributable to shareholders of the Company as at and for the year ended 31 December :

	2008			
	Effect on biological assets		*Effect on earnings per share*	
	(thousand of Ukrainian hryvnias)	*(thousand of Euros)*	*(Ukrainian hryvnias)*	*(thousand of Euros)*
1% increase in discounting rate	**(2,627)**	**(234)**	**(0.11)**	**(0.01)**
1% decrease in discounting rate	**2,964**	**263**	**0.12**	**0.01**
10% increase in price for milk	**19,205**	**1,707**	**0.77**	**0.07**
10% decrease in prices for milk	**(19,205)**	**(1,707)**	**(0.77)**	**(0.07)**
10% increase in price for meat	**4,626**	**411**	**0.19**	**0.02**
10% decrease in price for meat	**(4,626)**	**(411)**	**(0.19)**	**(0.02)**
10% increase in prices for crops	**10,013**	**890**	**0.40**	**0.04**
10% decrease in prices for crops	**(10,013)**	**(890)**	**(0.40)**	**(0.04)**
5% increase in annual consumer price index	**2,056**	**183**	**0.08**	**0.01**
5% decrease in annual consumer price index	**(1,775)**	**(158)**	**(0.07)**	**(0.01)**

	2007			
	Effect on biological assets		*Effect on earnings per share*	
	(thousand of Ukrainian hryvnias)	*(thousand of Euros)*	*(Ukrainian hryvnias)*	*(thousand of Euros)*
1% increase in discount rate	(2,743)	(370)	(0.11)	(0.01)
1% decrease in discount rate	2,826	381	0.11	0.01
10% increase in price for milk	14,416	1,943	0.58	0.08
10% decrease in price for milk	(14,416)	(1,943)	(0.58)	(0.08)
10% increase in price for meat	1,364	184	0.05	0.01
10% decrease in price for meat	(1,364)	(184)	(0.05)	(0.01)
10% increase in price for crops	9,619	1,297	0.38	0.05
10% decrease in price for crops	(9,619)	(1,297)	(0.38)	(0.05)
5% increase in annual consumer price index	9,535	1,285	0.38	0.05
5% decrease in annual consumer price index	(8,466)	(1,141)	(0.34)	(0.05)

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 2007	24,614	25,692	21,908	72,214
Purchases	141	2,048	-	2,189
Additions from acquisitions of subsidiaries	2,214	1,087	663	3,964
Investments into livestock and future crops	1,104	15,165	321,503	337,772
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	16,314	19,731	51,372	87,417
Transfers	3,383	(3,383)	-	-
Sales	(439)	(8,724)		(9,163)
Decrease due to haverst	-	-	(334,170)	(334,170)
As at 1 January 2008	**47,331**	**51,616**	**61,276**	**160,223**
Purchases	**206**	**2,547**	**-**	**2,753**
Additions from acquisitions of subsidiaries	**2,147**	**7,576**	**-**	**9,723**
Investments into livestock and future crops	**2,850**	**28,213**	**751,748**	**782,811**
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(320)**	**474**	**51,206**	**51,360**
Transfers	**5,914**	**(5,914)**	**-**	**-**
Sales	**(182)**	**(15,938)**	**-**	**(16,120)**
Decrease due to haverst	**-**	**-**	**(768,334)**	**(768,334)**
As at 31 December 2008	**57,946**	**68,574**	**95,896**	**222,416**

(in thousands of Euros)	**Non-current livestock**	**Current livestock**	**Crops**	**Total**
As at 1 January 2007	3,701	3,863	3,294	10,858
Purchases	20	296	-	316
Additions from acquisitions of subsidiaries	318	157	95	570
Investments into livestock and future crops	174	2,384	46,347	48,905
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	2,358	2,851	7,709	12,918
Transfers	489	(489)	-	-
Sales	(63)	(1,261)	-	(1,324)
Decrease due to haverst	-	-	(48,293)	(48,293)
Currency translation difference	(617)	(844)	(893)	(2,354)
As at 1 January 2008	**6,380**	**6,957**	**8,259**	**21,596**
Purchases	**27**	**331**	**-**	**358**
Additions from acquisitions of subsidiaries	**260**	**917**	**-**	**1,177**
Investments into livestock and future crops	**371**	**3,669**	**97,758**	**101,798**
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	**6**	**(9)**	**7,499**	**7,496**
Transfers	**769**	**(769)**	**-**	**-**
Sales	**(24)**	**(2,072)**	**-**	**(2,096)**
Decrease due to haverst	**-**	**-**	**(99,915)**	**(99,915)**
Currency translation difference	**(2,639)**	**(2,928)**	**(5,077)**	**(10,644)**
As at 31 December 2008	**5,150**	**6,096**	**8,524**	**19,770**

Risk management in agricultural business

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

Price fluctuation risk

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

Climate and other risks

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

Regulatory and environmental risks

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

9 FINANCIAL INSTRUMENT HELD-TO-MATURITY

Financial instruments held-to-maturity as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	**Interest rate**	**Due date**	**2008**	**2007**
Bonds receivable	16.0%	21 June 2009	-	4,287
Investments held-to-maturity			-	700
			-	4,987

(in thousands of Euros)	**Interest rate**	**Due date**	**2008**	**2007**
Bonds receivable	16.0%	21 June 2009	-	578
Investments held-to-maturity			-	94
			-	672

In February 2008 UAH denominated series A bonds totaling UAH 4,287 thousand (EUR 557 thousand) were sold to third parties. The face value of each bond is UAH 1,000 (EUR 89). The bonds' original maturity date was 21 June 2009 and they had an initial interest of 16.0% per annum.

As a result of the sale, all held-to-maturity investments as at 31 December 2008 are reclassified to financial instruments available-for-sale because the Group no longer has the intent to hold them to maturity. Also, under IFRS the Company is precluded from classifying any financial instrument as held-to-maturity until 1 January 2011.

10 INVESTMENTS AVAILABLE-FOR-SALE

Investments as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Investments in agricultural partnership	**3,889**	1,037	**346**	140
Other investments	**643**	758	**57**	102
Venture fund certificates	**600**	-	**53**	-
	5,132	1,795	**456**	242

Investments in agriculture partnerships represent non-controlling stakes in entities formed to manage assets of non-operating state agriculture companies. Other investments represent non-controlling stakes acquired with new companies.

As described in note 9, in 2008 the Group sold bonds classified as held-to-maturity. Accordingly, the remaining investments previously classified as held-to-maturity of UAH 600 thousand (EUR 53 thousand) were reclassified to investments available-for-sale. These investments represent venture fund certificates and have the contractual maturity dates in 2030-2032.

All investments are stated at cost as they have no quoted price in an active market. Investments available-for sale are neither past due nor impared. None of investments are collateralized

As at 31 December 2008 the Group has 49.99% ownership in the associate (2007: 49.99%) with carrying value of nil. In 2007 the Group discontinued the 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 2008 is UAH 15,662 thousand or EUR 2,049 thousand (2007: UAH 2,521 thousand, EUR 340 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)*	
	2008	**2007**	**2008**	**2007**
Assets	**51,399**	**39,321**	**4,569**	**5,300**
Liabilities	**86,983**	**48,618**	**7,732**	**6,553**
Revenue	**42,320**	**14,796**	**5,503**	**2,138**
Net (loss) profit	**(26,287)**	**166**	**(3,418)**	**24**

11 INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Finished goods:				
Sugar production	**243,162**	186,305	**21,614**	25,110
Sugar beet	**12,922**	3,361	**1,149**	453
Agricultural produce	**187,706**	75,031	**16,685**	10,113
Cattle farming	**6,260**	3,425	**556**	462
Other production	**2,856**	2,346	**254**	316
Raw materials and consumables for:				
Sugar production	**18,110**	14,624	**1,610**	1,971
Agricultural produce	**30,575**	40,660	**2,718**	5,480
Cattle farming	**2,879**	1,899	**256**	256
Other production	**739**	3,210	**66**	433
Investments into future crops	**131,813**	54,981	**11,718**	7,410
NRV allowance	**(14,105)**	(1,105)	**(1,254)**	(149)
	622,917	384,737	**55,372**	51,855

12 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Trade receivables	**79,704**	68,267	**7,085**	9,201
Less allowance (note 21)	**(5,824)**	(8,239)	**(518)**	(1,110)
	73,880	60,028	**6,567**	8,091

Trade receivables that are not past due or are less than one month past due are not considered impaired. As at 31 December 2008 trade receivables of UAH 24,364 thousand (2007: UAH 27,368 thousand) or EUR 2,167 thousand (2007: EUR 3,689 thousand) are past due but not impaired. These relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable. None of the trade receivables are collateralized.

13 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)*	
	2008	**2007**	**2008**	**2007**
Taxes recoverable and prepaid	**61,229**	43,143	**5,443**	5,815
Advances to suppliers	**13,306**	23,199	**1,183**	3,126
Other receivables	**18,065**	13,134	**1,606**	1,770
Less allowance (note 21)	**(4,194)**	(3,967)	**(373)**	(535)
	88,406	75,509	**7,859**	10,176

14 SHORT-TERM DEPOSITS

Short-term deposits as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**2008 Amount**	**2007 Amount**
Short-term bank deposits in UAH	Fixed	17.0%	17.0%	**25,000**	-
Short-term bank deposits in USD	Fixed	9.0%	9.0%	**17,940**	-
Short-term bank deposits in USD	Fixed	2.0%	2.0%	**6,482**	-
				49,422	-

(in thousands of Euros)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**2008 Amount**	**2007 Amount**
Short-term bank deposits in UAH	Fixed	17.0%	17.0%	**2,222**	-
Short-term bank deposits in USD	Fixed	9.0%	9.0%	**1,595**	-
Short-term bank deposits in USD	Fixed	2.0%	2.0%	**576**	-
				4,393	**-**

As at 31 December 2008 short-term bank deposits totaling UAH 49,422 thousand (EUR 4,393 thousand) are pledged as one part of collateral to secure bank loans in amount of UAH 231,039 thousand (EUR 20,537 thousand). The early withdrawal of bank deposits is permitted only in line with the full repayment of the secured bank loans.

15 CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Cash in banks in UAH	**4,904**	5,269	**436**	711
Cash in banks in USD	**3,904**	-	**347**	-
Cash in banks in EUR	**1,771**	2,578	**157**	347
Cash on hand in UAH	**101**	79	**9**	10
	10,680	7,926	**949**	1,068

There were no restrictions on the use of cash and cash equivalents in the year 2008 and 2007.

16 EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01 (UAH 0.07). All shares have equal voting rights. The number of authorized shares as of 31 December 2008 is 30,000 thousand (2007: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2007: 25,000 thousand).

Share capital as at 31 December is as follows:

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

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

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)*	
	2008	**2007**	**2008**	**2007**
Net (loss) profit attributable to equity holders of the company	**(89,895)**	149,711	**(7,669)**	21,588
Weighted average basic and diluted shares outstanding (in thousands of shares)	**25,000**	25,000	**25,000**	25,000
(Loss) earnings per share attributable to shareholders of the company	**(3.60)**	5.99	**(0.31)**	0.86

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 the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a large capital position.

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

During 2008, the strategy, which is unchanged from 2007, is to maintain the gearing ratio below 45%. As of 31 December, 2008, the gearing ratio was 60% compared to 34% a year before. The increase in gearing ratio is to a great extent attributable to significant devaluation of Ukrainian hryvnia that caused substantial currency translation difference on borrowings designated in foreign currencies.

The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Total borrowings (note 18)	**1,039,655**	380,475	**92,414**	51,281
Less cash, cash equivalents and short-term deposits	**(60,102)**	(7,926)	**(5,342)**	(1,068)
Net debt	**979,553**	372,549	**87,072**	50,213
Total equity	**648,111**	735,076	**57,611**	99,074
Total capital	**1,627,664**	1,107,625	**144,683**	149,287
Gearing ratio	**60%**	34%	**60%**	34%

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. As a result of loans taken by Group companies, the Group is subject to certain covenant requirements. For the disclosure of bank covenants refer to note 18.

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.

Fair value reserve

In the year 2008 the difference between the nominal and fair value of the promissory notes issued of UAH 4,176 thousand (EUR 371 thousand) is recognised in equity as a fair value reserve. It is not freely distributable.

Revaluation reserve

As at 31 December 2007 management adopted the revaluation model of accounting for property (buildings). Revaluation surplus for UAH 168,317 thousand (EUR 22,685 thousand) was recognised in equity. Revaluation surpluses are not freely distributable to shareholders. The revaluation reserve is realised over the remaining depreciation period of the related revalued tangible fixed assets which is UAH 3,856 thousand (EUR 343 thousand) in 2008. The revaluation reserve realised through disposal of buildings is UAH 2,422 thousand (EUR 215 thousand) in 2008.

Cumulative translation adjustment

The cumulative translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities and gains and losses on derivatives that hedge the Company's net investment in foreign operations.

Other distributable reserves

In accordance with the Dutch law and Ukrainian legislation distributable reserves are limited to the balance of retained earnings and additional paid-in capital. As at 31 December 2008 retained earnings, including the loss for the current year of UAH 107,955 thousand or EUR 20,870 thousand (2007: UAH 192,042 thousand; EUR 28,038 thousand).

Dividend policy

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

The dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the 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.

17 MINORITY INTERESTS

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

	(in thousands of Ukrainian hryvanias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Balance as at 1 January	**7,520**	-	**1,014**	-
Share in profit	**647**	(684)	**75**	(90)
(Acquisition) sale to minority shareholders	**(203)**	109	**(23)**	15
Minority interests acquired with new subsidiaries	**-**	8,095	**-**	1,170
Other changes	**2,912**	-	**338**	-
Currency translation difference	**-**	-	**(437)**	(81)
Balance as at 31 December	**10,876**	7,520	**967**	1,014

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

	(in thousands of Ukrainian hryvanias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Balance as at 1 January	**26,457**	13,961	**3,566**	2,099
Minority interests of limited liability company subsidiaries in profit	**5,556**	10,725	**854**	1,546
Acquisitions from minority shareholders	**(106)**	(243)	**(17)**	(33)
Minority interests acquired with new subsidiaries	**14,807**	2,014	**1,792**	283
Other changes	**(2,912)**	-	**(338)**	-
Currency translation difference	**-**	-	**(1,963)**	(329)
Balance as at 31 December	**43,802**	26,457	**3,894**	3,566

On 3 September 2008 LLC “APO “Tsukrovyk Poltavshchyny” was reorganized in OJSC “APO “Tsukrovyk Poltavshchyny”. Since under Ukrainian law a participant in an open joint stock company may not withdraw his share in a company, the corresponding minority interests of UAH 2,912 thousand (EUR 338 thousand) are recognized in equity.

18 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to note 35 for more information about 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)*	
	2008	**2007**	**2008**	**2007**
Long-term loans and borrowings:				
Bank loans	**98,430**	30,638	**8,749**	4,130
Finance lease liabilities (note 36 c)	**30,235**	5,880	**2,688**	792
Interest-bearing vendor financing arrangements	**5,178**	5,379	**460**	725
	133,843	41,897	**11,897**	5,647
Current portion of long-term loans and borrowings:				
Bank loans	**47,668**	10,671	**4,238**	1,439
Finance lease liabilities (note 36 c)	**11,082**	2,362	**985**	318
Interest-bearing vendor financing arrangements	**5,179**	2,897	**460**	390
Bonds payable	**-**	15,000	**-**	2,022
	63,929	30,930	**5,683**	4,169
Short-term loans and borrowings:				
Bank loans	**807,560**	303,748	**71,783**	40,939
Borrowings from non-financial institutions	**4,323**	3,900	**384**	526
Bonds payable	**30,000**	-	**2,667**	-
	841,883	307,648	**74,834**	41,465
	1,039,655	380,475	**92,414**	51,281

During the year ended 31 December 2008 UAH denominated general obligation bonds issued by APO "Tsukrovyk Poltavshchyny" in August 2005 were redeemed on their original maturity date (31 December 2007: UAH 15,000 thousand; EUR 2,022 thousand). The face value of each bond was UAH 1,000 (EUR 89). The bonds paid fixed interest at 15%.

On 16 June 2006 LLC "Astarta-Kiev" issued series A bonds totaling UAH 15,000 thousand (EUR 2,254 thousand). During the year ended 31 December 2008 the bonds were redeemed and resold. As at 31 December 2008 UAH 15,000 thousand (EUR 1,334 thousand) are outstanding. The face value of each bond was UAH 1,000 (EUR 89). The bonds mature on 16 June 2009 and pay fixed interest at 8%.

During the year ended 31 December 2008 UAH 15,000 thousand (EUR 1,333 thousand) series B bonds issued on 26 June 2006 by APO "Tsukrovyk Poltavshchyny" were sold to third parties. As at 31 December 2008 UAH 15,000 thousand (EUR 1,333 thousand) are outstanding. The face value of each bond was UAH 1,000 (EUR 89). The bonds mature on 24 June 2009 and pay fixed interest at 8%.

Bank loans for UAH 867,470 thousand or EUR 77,108 thousand are secured as at 31 December 2008 (2007: UAH 503,267 thousand or EUR 67,830 thousand) as follows:

	(in thousands of Ukrainian hryvnias)		_(in thousands of Euros)_	
	2008	2007	**2008**	2007
Fixed assets	**323,808**	355,176	**28,783**	47,871
Inventories	**317,087**	213,134	**28,186**	28,726
Shares	**258,191**	-	**22,950**	-
Short-term deposits	**49,422**	-	**4,393**	-
Biological assets	**-**	1,207	**-**	163
	948,508	569,517	**84,312**	76,760

According to IAS 1 (Article 65), when an entity breaches an undertaking under a long-term loan agreement on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

As at 31 December 2008, certain financial covenants under the long-term loan agreements with the Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), the European Bank for Reconstruction and Development (EBRD) and Piraeus Bank, were breached.

As a result, the long-term loans from FMO in the amount of UAH 186,370 thousand (EUR 16,566 thousand), Piraeus Bank in the amount of UAH 27,650 thousand (EUR 2,458 thousand) and the long-term portion of the long-term loan from EBRD in the amount of UAH 144,833 thousand (EUR 12,874 thousand) were reclassified as short term loans.

Subsequent to the 31 December 2008 the borrowers received a period of grace for more than twelve months after the balance sheet date to rectify the breach of the aforementioned financial covenants under long-term loan agreements Therefore, management and the lenders consider these loans as long-term loans. Management believes that all the requirements of the aforementioned loan agreements will be complied with within the period of grace.

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

(in thousands of Ukrainian hryvnias)	Interest type	Effective interest rate	Nominal interest rate	2008 Less than one year	2008 From one to two years	2008 More than two years	2008 Total	2007 Less than one year	2007 From one to two years	2007 More than two years	2007 Total
Loans from Ukrainian banks received in UAH	Fixed	15.0%	15.0%	**105,167**	**4,635**	**-**	**109,802**	128,676	6,471	4,570	139,717
Loans from Ukrainian banks received in UAH	Fixed	15.5%	15.5%	**-**	**-**	**-**	**-**	480	-	-	480
Loans from Ukrainian banks received in UAH	Fixed	16.0%	16.0%	**955**	**-**	**-**	**955**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	17.0%	17.0%	**448**	**41**	**-**	**489**	418	93	76	587
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	**28,271**	**-**	**-**	**28,271**	181	121	-	302
Loans from Ukrainian banks received in UAH	Fixed	19.0%	19.0%	**5**	**5**	**-**	**10**	717	105	5	827
Loans from Ukrainian banks received in UAH	Fixed	19.5%	19.5%	**10,200**	**-**	**-**	**10,200**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	20.0%	20.0%	**100**	**-**	**-**	**100**	109	-	-	109
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	**13,283**	**-**	**-**	**13,283**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	36.0%	36.0%	**82**	**19**	**-**	**101**	-	-	-	-
Loans from Ukrainian banks received in EUR	Floating	8.6%	Euribor+6.0%	**-**	**-**	**-**	**-**	2,777	-	-	2,777
Loans from Ukrainian banks received in USD	Fixed	10.0%	10.0%	**99,218**	**-**	**-**	**99,218**	50,511	4,148	-	54,659
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	**6,726**	**6,726**	**10,090**	**23,542**	4,300	4,300	10,749	19,349
Loans from non-resident banks received in USD	Floating	3.0%	Libor+1.25%	**16,196**	**16,196**	**40,489**	**72,881**	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.1%	Libor+2.3%	**5,057**	**5,057**	**15,172**	**25,286**	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.8%	Libor+3.0%	**197,500**	**-**	**-**	**197,500**	126,250	-	-	126,250
Loans from non-resident banks received in USD	Floating	5.3%	Libor+3.5%	**158,000**	**-**	**-**	**158,000**	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.0%	Libor+4.25%	**186,370**	**-**	**-**	**186,370**	-	-	-	-
Loans from non-resident banks received in USD	Floating	9.2%	Libor+7.75%	**27,650**	**-**	**-**	**27,650**	-	-	-	-
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	**4,323**	**-**	**-**	**4,323**	3,900	-	-	3,900
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	**5,179**	**2,589**	**2,589**	**10,357**	2,897	1,655	3,724	8,276
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	**2,621**	**1,927**	**2,554**	**7,102**	2,362	2,316	3,564	8,242
Finance lease liabilities	Floating	9.0%	Libor+7.0%	**5,739**	**5,422**	**11,842**	**23,003**	-	-	-	-
Finance lease liabilities	Floating	10.0%	Libor+8.6%	**2,347**	**2,185**	**5,055**	**9,587**	-	-	-	-
Finance lease liabilities	Floating	10.2%	Libor+8.15%	**375**	**375**	**875**	**1,625**	-	-	-	-
Bonds payable	Fixed	15.0%	15.0%	**-**	**-**	**-**	**-**	15,000	-	-	15,000
Bonds payable	Fixed	15.0%	8.0%	**30,000**	**-**	**-**	**30,000**	-	-	-	-
				905,812	**45,177**	**88,666**	**1,039,655**	338,578	19,209	22,688	380,475

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

(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	2008 Less than one year	2008 From one to two years	2008 More than two years	2008 Total	2007 Less than one year	2007 From one to two years	2007 More than two years	2007 Total
Loans from Ukrainian banks received in UAH	Fixed	15.0%	15.0%	**9,348**	**412**	**-**	**9,760**	17,343	872	616	18,831
Loans from Ukrainian banks received in UAH	Fixed	15.5%	15.5%	**-**	**-**	**-**	**-**	65	-	-	65
Loans from Ukrainian banks received in UAH	Fixed	16.0%	16.0%	**85**	**-**	**-**	**85**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	17.0%	17.0%	**40**	**4**	**-**	**44**	56	13	10	79
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	**2,513**	**-**	**-**	**2,513**	24	16	-	40
Loans from Ukrainian banks received in UAH	Fixed	19.0%	19.0%	**-**	**-**	**-**	**-**	97	14	1	112
Loans from Ukrainian banks received in UAH	Fixed	19.5%	19.5%	**907**	**-**	**-**	**907**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	20.0%	20.0%	**9**	**-**	**-**	**9**	15	-	-	15
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	**1,181**	**-**	**-**	**1,181**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	36.0%	36.0%	**7**	**2**	**-**	**9**	-	-	-	-
Loans from Ukrainian banks received in EUR	Floating	8.6%	Euribor+6.0%	**-**	**-**	**-**	**-**	374	-	-	374
Loans from Ukrainian banks received in USD	Fixed	10.0%	10.0%	**8,819**	**-**	**-**	**8,819**	6,808	559	-	7,367
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	**598**	**598**	**897**	**2,093**	580	580	1,449	2,609
Loans from non-resident banks received in USD	Floating	3.0%	Libor+1.25%	**1,440**	**1,440**	**3,598**	**6,478**	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.1%	Libor+2.3%	**450**	**450**	**1,348**	**2,248**	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.8%	Libor+3.0%	**17,556**	**-**	**-**	**17,556**	17,016	-	-	17,016
Loans from non-resident banks received in USD	Floating	5.3%	Libor+3.5%	**14,044**	**-**	**-**	**14,044**	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.0%	Libor+4.25%	**16,566**	**-**	**-**	**16,566**	-	-	-	-
Loans from non-resident banks received in USD	Floating	9.2%	Libor+7.75%	**2,458**	**-**	**-**	**2,458**	-	-	-	-
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	**384**	**-**	**-**	**384**	526	-	-	526
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	**460**	**230**	**230**	**920**	390	223	502	1,115
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	**233**	**171**	**227**	**631**	318	312	480	1,110
Finance lease liabilities	Floating	9.0%	Libor+7.0%	**510**	**482**	**1,054**	**2,046**	-	-	-	-
Finance lease liabilities	Floating	10.0%	Libor+8.6%	**209**	**194**	**449**	**852**	-	-	-	-
Finance lease liabilities	Floating	10.2%	Libor+8.15%	**33**	**33**	**78**	**144**	-	-	-	-
Bonds payable	Fixed	15.0%	15.0%	**-**	**-**	**-**	**-**	2,022	-	-	2,022
Bonds payable	Fixed	15.0%	8.0%	**2,667**	**-**	**-**	**2,667**	-	-	-	-
				80,517	**4,016**	**7,881**	**92,414**	45,634	2,589	3,058	51,281

19 PROMISSORY NOTES ISSUED

In December 2008 OJSC Agricultural company "Agrocomplex" issued eight interest-free promissory notes with a nominal value of UAH 7,270 thousand (EUR 646 thousand). The promissory notes mature on 5 December 2013. As at 31 December 2008 promissory notes carried at amortised cost of UAH 3,094 thousand (EUR 275 thousand. The difference between the nominal value and fair value at the date of issuance of UAH 4,176 thousand (EUR 371 thousand) is recognised in equity.

In 2008 LLC "Astarta-Kiev" issued six interest-free promissory notes with a nominal value of UAH 9,650 thousand (EUR 858 thousand). The promissory notes are settled upon presentation. Promissory notes are carried at amortised cost.

20 OTHER LIABILITIES AND ACCOUNTS PAYABLE

Other accounts payable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Advances received from customers	**12,467**	9,588	**1,108**	1,292
Salaries payable	**11,197**	5,745	**995**	774
VAT settlements	**8,753**	2,158	**778**	291
Interest payable	**8,992**	1,749	**799**	236
Accounts payable to government	**7,628**	6,610	**678**	892
Provision for unused vacations	**6,886**	4,442	**612**	599
Settlements with land and fixed assets lessors	**6,877**	2,758	**611**	372
Social insurance payable	**4,428**	2,359	**394**	318
Deferred government subsidy	**4,058**	3,142	**361**	423
Accounts payable for property, plant and equipment	**2,045**	2,664	**182**	359
Settlements for acquired companies	**5,691**	1,600	**506**	216
Other payables	**9,433**	6,371	**838**	858
	88,455	49,186	**7,862**	6,630

21 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)*	
	2008	**2007**	**2008**	**2007**
Trade accounts receivable (note 12)	**5,824**	8,239	**518**	1,110
Other accounts receivable (note 13)	**4,194**	3,967	**373**	535
	10,018	12,206	**891**	1,645

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)_	
	2008	**2007**	**2008**	**2007**
Balance at 1 January	**12,206**	7,355	**1,645**	1,106
Charge in income statement (note 27)	**1,079**	4,851	**140**	701
Amounts written off	**(3,267)**	-	**(423)**	-
Currency translation difference	**-**	-	**(471)**	(162)
Balance as at 31 December	**10,018**	12,206	**891**	1,645

22 REVENUES

Revenues for the year ended 31 December are as follows*:*

	(in thousands of Ukrainian hryvnias)		_(in thousands of Euros)_	
	2008	**2007**	**2008**	**2007**
Sugar and related sales:				
Sugar	**556,087**	343,686	**70,679**	49,014
Molasses	**34,032**	25,300	**4,326**	3,608
Pulp	**18,303**	15,025	**2,326**	2,143
Other sugar related sales	**34,002**	27,361	**4,322**	3,902
	642,424	411,372	**81,653**	58,667
Crops	**232,700**	148,548	**29,577**	21,185
Cattle farming	**71,975**	51,436	**9,148**	7,335
Other sales	**23,637**	3,930	**3,004**	560
	328,312	203,914	**41,729**	29,080
	970,736	615,286	**123,382**	87,747

For the year ended 31 December 2008 sales totaling UAH 22,308 thousand (EUR 2,835 thousand) were settled through barter transactions, which do not result in a net cash inflow from operations (2007: UAH 8,486 thousand, EUR 1,144 thousand). More than 90% of revenue is generated from sales to customers in Ukraine.

23 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)_	
	2008	**2007**	**2008**	**2007**
Sugar and related sales:				
Sugar	**468,533**	288,044	**58,821**	41,193
Molasses	**17,788**	11,102	**2,233**	1,588
Pulp	**8,830**	12,187	**1,109**	1,743
Other sugar related sales	**33,114**	30,411	**4,157**	4,349
	528,265	341,744	**66,320**	48,873
Crops	**156,660**	77,611	**19,668**	11,099
Cattle farming	**60,386**	44,214	**7,581**	6,323
Other sales	**21,454**	4,003	**2,693**	572
	238,500	125,828	**29,942**	17,994
	766,765	467,572	**96,262**	66,867

24 GAIN ARISING FROM REMEASUREMENT OF AGRICULTURAL PRODUCE TO FAIR VALUE

The gain arising from remeasurement of agricultural produce to fair value represents the fair value of agricultural produce at the time of harvest. In 2008, the gain on remeasurement almost doubled due to a considerable increase in production, as well as higher prices at the time of harvest.

The gain arising from remeasurement of agricultural produce is determined as follows:

	(in thousands of Ukrainian hryvnias)		_(in thousands of Euros)_	
	2008	**2007**	**2008**	**2007**
Valuation adjustment with respect to agricultural produce as at				
31 December	**93,992**	30,142	**14,222**	4,463
1 January	**(30,142)**	(5,558)	**(4,463)**	(836)
Net realisable value adjustment	**(14,105)**	-	**(1,254)**	
Currency translation difference	-	-	**(978)**	95
Gain arising from remeasurement of agricultural produce to fair value	**49,745**	24,584	**7,527**	3,722

Due to a decrease in market prices in the fourth quarter 2008, the Group recognized an adjustment to it's agriculture produce in order to bring down the carrying value to the net realisable value.

25 OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		_(in thousands of Euros)_	
	2008	**2007**	**2008**	**2007**
Government subsidies relating to:				
Crop production	**26,882**	6,900	**3,522**	1,008
Cattle farming	**22,593**	13,478	**2,960**	1,968
VAT	**20,845**	14,211	**2,731**	2,075
Interest and financing costs	**15,232**	7,314	**1,996**	1,068
Other operating income	**3,452**	2,658	**452**	388
	89,004	44,561	**11,661**	6,507

26 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)_	
	2008	**2007**	**2008**	**2007**
Salary and related charges	**40,712**	20,917	**5,323**	3,013
Professional services	**12,172**	6,099	**1,591**	879
Depreciation	**8,396**	2,852	**1,098**	411
Fuel and other materials	**7,011**	5,200	**917**	749
Taxes other than corporate income tax	**3,631**	2,383	**475**	343
Insurance	**2,912**	2,025	**381**	292
Maintenance	**2,880**	2,358	**377**	340
Communication	**2,622**	2,309	**343**	333
Transportation	**2,227**	955	**291**	138
Office expenses	**1,655**	1,168	**216**	168
Rent	**1,339**	443	**175**	64
Other services	**3,406**	3,608	**445**	520
Other general and administrative expense	**2,504**	2,243	**327**	322
	91,467	52,560	**11,959**	7,572

27 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)*	
	2008	**2007**	**2008**	**2007**
Transportation	**28,671**	11,006	**3,712**	1,581
Salary and related charges	**8,251**	4,780	**1,068**	687
Fuel and other materials	**5,496**	2,118	**712**	304
Commissions	**3,460**	1,102	**448**	158
Professional services	**1,563**	1,754	**202**	252
Allowance for trade and other accounts receivable (note 21)	**1,079**	4,851	**140**	701
Advertising	**732**	531	**95**	76
Depreciation	**557**	481	**72**	69
Other services	**2,455**	1,458	**318**	210
Other selling and distribution expense	**1,227**	1,049	**159**	147
	53,491	29,130	**6,926**	4,185

28 OTHER OPERATING EXPENSE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
VAT written off	**25,182**	935	**3,084**	135
Charity and social expenses	**5,135**	3,253	**623**	471
Inventory written off	**4,991**	1,339	**649**	204
Fixed assets impairment	**3,230**	1,924	**396**	278
Canteen expenses	**3,138**	1,922	**378**	278
Other salary and related charges	**2,001**	1,129	**239**	163
Penalties paid	**1,625**	3,466	**193**	501
Depreciation	**1,283**	641	**157**	93
Representative expenses	**660**	1,195	**75**	173
Other operating expenses	**1,338**	2,246	**155**	326
Net realisable value adjustment	**-**	1,105	**-**	149
	48,583	19,155	**5,949**	2,771

NRV allowance relates to writing sugar and sugar by-products down below cost to net realisable value.

29 CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

Changes in fair value of biological assets represent increase (decrease) in the balance sheet amount of livestock and crops as compared with amounts at the beginning of the year. Increases (decreases) in fair value of biological assets for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Non-current livestock	**(320)**	16,314	**6**	2,358
Current livestock	**474**	19,731	**(9)**	2,851
Crops	**1,461**	26,788	**(28)**	3,987
	1,615	62,833	**(31)**	9,196

Due to foreign currency fluctuations between the UAH and EUR during 2008 amounts may be positive in one currency and negative in the other currency, as the translation of UAH amounts are recalculated to EUR on a quarterly basis.

30 FINANCIAL (EXPENSE) INCOME

Financial (expense) income for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Financial expense				(restated)
Interest expense:				
Bank loans	**(49,370)**	(33,698)	**(5,932)**	(4,844)
Bonds payable	**(5,208)**	(2,477)	**(626)**	(356)
Finance lease liabilities	**(3,927)**	(393)	**(472)**	(56)
Interest-bearing vendor financing arrangements	**(851)**	(652)	**(101)**	(94)
	(59,356)	(37,220)	**(7,131)**	(5,350)
(Gain) loss from promissory note transactions	**1,565**	(10,784)	**188**	(1,550)
Foreign currency exchange loss	**(276,248)**	(1,418)	**(33,187)**	(204)
Net profit attributable to minority interests of limited liability company subsidiaries	**(5,556)**	(10,725)	**(854)**	(1,546)
Other financial expense	**(4,518)**	(3,130)	**(542)**	(450)
	(284,757)	(26,057)	**(34,395)**	(3,750)
	(344,113)	(63,277)	**(41,526)**	(9,100)
Financial income				
Interest income:				
Bonds receivable	**1,377**	541	**165**	78
Short-term deposits	**415**	-	**50**	-
Cash balances	**29**	271	**3**	39
	1,821	812	**218**	117

The foreign currency exchange loss reflect the impact of the devaluation of the UAH on the Group's borrowings denominated in foreign currencies.

31 OTHER INCOME (EXPENSE)

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Sales of non-current assets	**(3,997)**	(10,099)	**(520)**	(1,459)
Cost of non-current assets sold	**5,826**	9,868	**758**	1,426
Written off assets recovered	**(2,646)**	(201)	**(312)**	(27)
Other non-operational (one off) income (expense)	**(259)**	3,585	**(37)**	486
	(1,076)	3,153	**(111)**	426

32 INCOME TAX BENEFIT

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)*	
	2008	**2007**	**2008**	**2007**
Current expense	**(802)**	(889)	**(95)**	(110)
Deferred benefit	**28,011**	1,537	**3,304**	190
	27,209	648	**3,209**	80

In accordance with the Anti-Crisis Law, 58 subsidiaries elected to pay FAT in lieu of other taxes in 2008 and 2007. Amount of FAT expense in 2008 was UAH 796 thousand (EUR 104 thousand) (2007: UAH 651 thousand; EUR 94 thousand) and is included in cost of revenues.

The remaining companies are subject to the Ukrainian corporate income tax at a 25% rate (2007: 25%) and a Dutch corporate income tax rate of 25.5% (2007: 25.5%).

Current year losses for which no deferred tax asset was recognised 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 2008			
Profit before tax	**(148,887)**	**32,430**	**(116,457)**
Income tax benefit at statutory rate of 25%	**(37,222)**	**-**	**(37,222)**
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	**1,505**	**-**	**1,505**
Non-deductible items at a rate of 25%	**8,989**	**-**	**8,989**
Non-taxible items at a rate of 25%	**(481)**	**-**	**(481)**
Income tax benefit	**(27,209)**	**-**	**(27,209)**

(in thousands of Euros)	**Companies subject to income tax**	**Companies not subject to income tax**	**Total**
Year ended 31 December 2008			
Profit before tax	**(13,811)**	**3,008**	**(10,803)**
Income tax benefit at statutory rate of 25%	**(3,453)**	**-**	**(3,453)**
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	**194**	**-**	**194**
Non-deductible items at a rate of 25%	**1,169**	**-**	**1,169**
Currency translation difference	**(1,056)**	**-**	**(1,056)**
Non-taxible items at a rate of 25%	**(63)**	**-**	**(63)**
Income tax benefit	**(3,209)**	**-**	**(3,209)**

(in thousands of Ukrainian hryvnias)	**Companies subject to income tax**	**Companies not subject to income tax**	**Total**
Year ended 31 December 2007			
Profit (loss) before tax	(13,529)	161,908	148,379
Income tax benefit at statutory rate of 25%	(3,382)	-	(3,382)
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	1,102	-	1,102
Non-deductible items at a rate of 25%	1,632	-	1,632
Income tax benefit	(648)	-	(648)

(in thousands of Euros)	**Companies subject to income tax**	**Companies not subject to income tax**	**Total**
Year ended 31 December 2007			
Profit (loss) before tax	(2,245)	23,663	21,418
Income tax benefit at statutory rate of 25%	(561)	-	(561)
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	142	-	142
Non-deductible items at a rate of 25%	236	-	236
Currency translation difference	103	-	103
Income tax benefit	(80)	-	(80)

Non-deductible items as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Non-deductable items:				
Modernization of non-production PPE and PPE under rent	**3,341**	-	**435**	-
Materials used in non-production activities	**1,923**	16	**250**	2
Interest expense on the loans received fron non-resident company promoters	**1,079**	-	**141**	-
Representative expenses, social expenses, consulting services	**623**	101	**81**	15
Imputed interests on financial aid	**406**	47	**53**	7
Bad debts written off	**266**	-	**35**	-
VAT written off	**255**	90	**33**	13
Foreign currency exchange differences	**219**	-	**29**	-
Penalties	**194**	47	**25**	7
Expenses without supporting documents	**136**	-	**18**	-
50% expenses on fuel and lubricants for motor cars	**211**	169	**28**	24
Irrevocable financial aid	**-**	1,145	**-**	166
Other non-deductible items	**336**	17	**41**	2
	8,989	1,632	**1,169**	236
Non-taxable items:				
Premium on bonds	**(350)**	-	**(46)**	-
Foreign currency exchange differences	**(131)**	-	**(17)**	-
	(481)	-	**(63)**	-

Unrecognised deferred tax asset

Deferred tax assets have not been recognised in respect of the Company net expenses of UAH 1,505 thousand or EUR 194 thousand (2007: UAH 1,102 thousand; EUR 142 thousand). No deferred tax asset has been recognised due to insufficient future taxable income of the Company.

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

(in thousands of Ukrainian hryvnias)	1 January 2008	Recognized in equity	Recognized in income statement	31 December 2008
Deferred tax assets				
Tax loss recoverable	**4,101**	**-**	**33,091**	**37,192**
Property, plant and equipment	**1,564**	**-**	**(1,564)**	**-**
Investments	**-**	**-**	**-**	**-**
Inventories	**1,414**	**-**	**940**	**2,354**
Trade and other accounts receivable and prepayments	**2,407**	**-**	**4,398**	**6,805**
Trade and other accounts payable	**2,575**	**-**	**42,856**	**45,431**
Set off of tax	**(11,156)**	**-**	**(76,350)**	**(87,506)**
	905	**-**	**3,371**	**4,276**
Deferred tax liabilities				
Property, plant and equipment	**(46,820)**	**-**	**(6,413)**	**(53,233)**
Intangible assets	**-**	**-**	**(2,198)**	**(2,198)**
Investments	**-**	**-**	**(3,993)**	**(3,993)**
Inventories	**(7,448)**	**-**	**(3,198)**	**(10,646)**
Biological assets	**-**	**-**	**(514)**	**(514)**
Trade and other accounts receivable and prepayments	**(1,791)**	**-**	**587**	**(1,204)**
Loans and borrowings	**-**	**-**	**(36,376)**	**(36,376)**
Trade and other accounts payable	**(395)**	**-**	**395**	**-**
Set off of tax	**11,156**	**-**	**76,350**	**87,506**
	(45,298)	**-**	**24,640**	**(20,658)**

(in thousands of Euros)	**1 January 2008**	**Recognized in equity**	**Recognized in income statement**	**Currency translation difference**	**31 December 2008**
Deferred tax assets					
Tax loss recoverable	**553**	**-**	**3,903**	**(1,150)**	**3,306**
Property, plant and equipment	**211**	**-**	**(184)**	**(27)**	**-**
Investments	**-**	**-**	**-**	**-**	**-**
Inventories	**191**	**-**	**111**	**(93)**	**209**
Trade and other accounts receivable and prepayments	**324**	**-**	**519**	**(238)**	**605**
Trade and other accounts payable	**347**	**-**	**5,054**	**(1,363)**	**4,038**
Set off of tax	**(1,504)**	**-**	**(9,005)**	**2,731**	**(7,778)**
	122	**-**	**398**	**(140)**	**380**
Deferred tax liabilities					
Property, plant and equipment	**(6,310)**	**-**	**(756)**	**2,334**	**(4,732)**
Intangible assets	**-**	**-**	**(259)**	**64**	**(195)**
Investments	**-**	**-**	**(471)**	**116**	**(355)**
Inventories	**(1,005)**	**-**	**(375)**	**434**	**(946)**
Biological assets	**-**	**-**	**(61)**	**15**	**(46)**
Trade and other accounts receivable and prepayments	**(241)**	**-**	**69**	**65**	**(107)**
Loans and borrowings	**-**	**-**	**(4,293)**	**1,060**	**(3,233)**
Trade and other accounts payable	**(53)**	**-**	**47**	**6**	**-**
Set off of tax	**1,504**	**-**	**9,005**	**(2,731)**	**7,778**
	(6,105)	**-**	**2,906**	**1,363**	**(1,836)**

(in thousands of Ukrainian hryvnias)	**1 January 2007**	**Recognized in equity**	**Recognized in income statement**	**31 December 2007**
Deferred tax assets				
Tax loss recoverable	7,630	-	(3,529)	4,101
Property, plant and equipment	1,226	-	338	1,564
Investments	1,081	-	(1,081)	-
Inventories	262	-	1,152	1,414
Trade and other accounts receivable and prepayments	1,569	-	838	2,407
Trade and other accounts payable	3,036	-	(461)	2,575
Set off of tax	(13,480)	-	2,324	(11,156)
	1,324	-	(419)	905
Deferred tax liabilities				
Property, plant and equipment	(5,454)	(41,049)	(317)	(46,820)
Inventories	(10,770)	-	3,322	(7,448)
Trade and other accounts receivable and prepayments	(935)	-	(856)	(1,791)
Trade and other accounts payable	(2,526)	-	2,131	(395)
Set off of tax	13,480	-	(2,324)	11,156
	(6,205)	(41,049)	1,956	(45,298)

(in thousands of Euros)	**1 January 2007**	**Recognized in equity**	**Recognized in income statement**	**Currency translation difference**	**31 December 2007**
Deferred tax assets					
Tax loss recoverable	1,148	-	(510)	(85)	553
Property, plant and equipment	184	-	49	(22)	211
Investments	163	-	(156)	(7)	-
Inventories	39	-	166	(14)	191
Trade and other accounts receivable and prepayments	236	-	121	(33)	324
Trade and other accounts payable	456	-	(67)	(42)	347
Set off of tax	(2,027)	-	336	187	(1,504)
	199	-	(61)	(16)	122
Deferred tax liabilities					
Property, plant and equipment	(820)	(5,533)	(46)	89	(6,310)
Inventories	(1,619)	-	480	134	(1,005)
Trade and other accounts receivable and prepayments	(141)	-	(155)	55	(241)
Trade and other accounts payable	(380)	-	308	19	(53)
Set off of tax	2,027	-	(336)	(187)	1,504
	(933)	(5,533)	251	110	(6,105)

Tax losses recoverable were recognised as management considers it probable that future taxable profits will be available against which they can be utilised. Tax losses recoverable expire in the fourth quarter of 2011.

Unrecognised deferred tax liability

A temporary difference of UAH 638,197 thousand or EUR 56,729 thousand (2007: UAH 576,759 thousand; EUR 77,730 thousand) relating to investments in subsidiaries has not been recognised as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

For the disclosure of the Company's income tax refer to the Company financial statements note 8.

33 SEGMENT REPORTING

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

At 31 December 2008 and 2007, the group is organized into three main business segments:

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

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

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

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

Revenues of UAH 133,461 thousand (EUR 16,963 thousand) in the year ended 31 December 2008 and UAH 171,093 thousand (EUR 24,400 thousand) in the year ended 31 December 2007 are derived from two customers and are attributable to the sugar production segment.

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

The segment information for the year ended 31 December 2008 is as follows:

(in thousands of Ukrainian hryvnias)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	**642,424**	**579,852**	**71,975**	**23,637**	**-**	**1,317,888**
Inter-segment revenues	**-**	**347,152**	**-**	**-**	**-**	**347,152**
Revenues from external customers	**642,424**	**232,700**	**71,975**	**23,637**	**-**	**970,736**
Total cost of revenues	**(528,265)**	**(503,812)**	**(60,386)**	**(21,454)**	**-**	**(1,113,917)**
Inter-segment cost of revenues	**-**	**(347,152)**	**-**	**-**	**-**	**(347,152)**
Cost of revenues	**(528,265)**	**(156,660)**	**(60,386)**	**(21,454)**	**-**	**(766,765)**
Gain from remeasurement of agricultural produce to fair value	**-**	**49,745**	**-**	**-**	**-**	**49,745**
Gross profit	**114,159**	**125,785**	**11,589**	**2,183**	**-**	**253,716**
General and administrative expense	**(21,226)**	**(27,838)**	**(8,610)**	**(2,383)**	**(31,410)**	**(91,467)**
Selling and distribution expense	**(23,266)**	**(10,715)**	**-**	**(1,939)**	**(17,571)**	**(53,491)**
Other operating income (expense)	**(76)**	**46,677**	**23,849**	**(1,396)**	**(27,018)**	**42,036**
Profit (loss) from operations	**69,591**	**133,909**	**26,828**	**(3,535)**	**(75,999)**	**150,794**
Loss from exchange differences	**-**	**-**	**-**	**-**	**(276,248)**	**(276,248)**
Interest expense	**(5,277)**	**(1,731)**	**-**	**-**	**(52,348)**	**(59,356)**
Interest income	**-**	**-**	**-**	**-**	**1,821**	**1,821**
Other expense	**-**	**-**	**-**	**-**	**(7,433)**	**(7,433)**
Gain on acquisition of subsidiaries	**-**	**-**	**-**	**-**	**73,965**	**73,965**
Profit (loss) before tax	**64,314**	**132,178**	**26,828**	**(3,535)**	**(336,242)**	**(116,457)**
Taxation	**-**	**-**	**-**	**-**	**27,209**	**27,209**
Net profit (loss)	**64,314**	**132,178**	**26,828**	**(3,535)**	**(309,033)**	**(89,248)**
Total assets	**696,684**	**930,718**	**192,777**	**56,009**	**73,549**	**1,949,737**
Unallocated deferred tax	**-**	**-**	**-**	**-**	**4,276**	**4,276**
Consolidated total assets	**696,684**	**930,718**	**192,777**	**56,009**	**77,825**	**1,954,013**
Total liabilities	**238,622**	**132,051**	**929**	**6,254**	**907,388**	**1,285,244**
Unallocated deferred tax	**-**	**-**	**-**	**-**	**20,658**	**20,658**
Consolidated total liabilities	**238,622**	**132,051**	**929**	**6,254**	**928,046**	**1,305,902**
Other segment information:						
Depreciation and amortisation	**25,839**	**42,703**	**1,789**	**1,684**	**652**	**72,667**
Additions to non-current assets:						
Property, plant and equipment	**95,778**	**200,123**	**10,722**	**225**	**14,558**	**321,406**
Intangible assets	**35**	**61,206**	**-**	**10**	**322**	**61,573**
Biological non-current assets	**-**	**-**	**2,353**	**-**	**-**	**2,353**

(in thousands of Euros)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	**81,653**	**73,701**	**9,148**	**3,004**	**-**	**167,506**
Inter-segment revenues	**-**	**44,124**	**-**	**-**	**-**	**44,124**
Revenues from external customers	**81,653**	**29,577**	**9,148**	**3,004**	**-**	**123,382**
Total cost of revenues	**(66,320)**	**(63,792)**	**(7,581)**	**(2,693)**	**-**	**(140,386)**
Inter-segment cost of revenues	**-**	**(44,124)**	**-**	**-**	**-**	**(44,124)**
Cost of revenues	**(66,320)**	**(19,668)**	**(7,581)**	**(2,693)**	**-**	**(96,262)**
Gain from remeasurement of agricultural produce to fair value	**-**	**7,527**	**-**	**-**	**-**	**7,527**
Gross profit	**15,333**	**17,436**	**1,567**	**311**	**-**	**34,647**
General and administrative expense	**(2,775)**	**(3,640)**	**(1,126)**	**(312)**	**(4,106)**	**(11,959)**
Selling and distribution expense	**(3,012)**	**(1,387)**	**-**	**(251)**	**(2,276)**	**(6,926)**
Other operating income (expense)	**(8)**	**6,003**	**3,061**	**(171)**	**(3,204)**	**5,681**
Profit (loss) from operations	**9,538**	**18,412**	**3,502**	**(423)**	**(9,586)**	**21,443**
Loss from exchange differences	**-**	**-**	**-**	**-**	**(33,187)**	**(33,187)**
Interest expense	**(634)**	**(208)**	**-**	**-**	**(6,289)**	**(7,131)**
Interest income	**-**	**-**	**-**	**-**	**218**	**218**
Other expense	**-**	**-**	**-**	**-**	**(1,097)**	**(1,097)**
Gain on acquisition of subsidiaries	**-**	**-**	**-**	**-**	**8,951**	**8,951**
Profit (loss) before tax	**8,904**	**18,204**	**3,502**	**(423)**	**(40,990)**	**(10,803)**
Taxation	**-**	**-**	**-**	**-**	**3,209**	**3,209**
Net profit (loss)	**8,904**	**18,204**	**3,502**	**(423)**	**(37,781)**	**(7,594)**
Total assets	**61,927**	**82,730**	**17,136**	**4,979**	**6,540**	**173,312**
Unallocated deferred tax	**-**	**-**	**-**	**-**	**380**	**380**
Consolidated total assets	**61,927**	**82,730**	**17,136**	**4,979**	**6,920**	**173,692**
Total liabilities	**21,211**	**11,738**	**83**	**556**	**80,657**	**114,245**
Unallocated deferred tax	**-**	**-**	**-**	**-**	**1,836**	**1,836**
Consolidated total liabilities	**21,211**	**11,738**	**83**	**556**	**82,493**	**116,081**
Other segment information:						
Depreciation and amortisation	**3,360**	**5,553**	**233**	**219**	**85**	**9,450**
Additions to non-current assets:						
Property, plant and equipment	**12,456**	**25,814**	**1,348**	**29**	**1,891**	**41,538**
Intangible assets	**5**	**7,407**	**-**	**1**	**43**	**7,456**
Biological non-current assets	**-**	**-**	**287**	**-**	**-**	**287**

The segment information for the year ended 31 December 2007 is as follows:

(in thousand of Ukrainian hryvnias)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	411,372	293,177	51,436	3,930	-	759,915
Inter-segment revenue	-	144,629	-	-	-	144,629
Revenue from external customers	411,372	148,548	51,436	3,930	-	615,286
Total cost of revenues	(341,744)	(222,240)	(44,214)	(4,003)	-	(612,201)
Inter-segment cost of revenues	-	(144,629)	-	-	-	(144,629)
Cost of revenues	(341,744)	(77,611)	(44,214)	(4,003)	-	(467,572)
Gains from remeasurement of biological assets to fair value	-	24,584	-	-	-	24,584
Gross profit	69,628	95,521	7,222	(73)	-	172,298
General and administrative expense	(15,657)	(16,359)	(5,664)	(1,231)	(13,649)	(52,560)
Selling and distribution expense	(16,992)	(2,910)	-	(1,177)	(8,051)	(29,130)
Other operating income (expense)	(4,540)	46,677	50,623	(16)	(4,505)	88,239
Profit (loss) from operations	32,439	122,929	52,181	(2,497)	(26,205)	178,847
Loss from exchange differences	-	-	-	-	(1,418)	(1,418)
Interest expense	-	-	-	-	(37,220)	(37,220)
Interest income	-	-	-	-	812	812
Other expense	-	-	-	-	(17,067)	(17,067)
Gain of acquisition of subsidiaries	-	-	-	-	35,150	35,150
Profit before tax	32,439	122,929	52,181	(2,497)	(45,948)	159,104
Taxation	-	-	-	-	648	648
Net profit	32,439	122,929	52,181	(2,497)	(45,300)	159,752
Total assets	538,103	486,993	150,113	56,872	48,298	1,280,379
Unallocated deferred tax	-	-	-	-	905	905
Consolidated total assets	538,103	486,993	150,113	56,872	49,203	1,281,284
Total liabilities	43,047	-	-	830	457,033	500,910
Unallocated deferred tax	-	-	-	-	45,298	45,298
Consolidated total liabilities	43,047	-	-	830	502,331	546,208
Other segment information:						
Depreciation and amortization	13,128	19,678	754	881	461	34,902
Additions to non-current assets:						
Property, plant and equipment	71,703	104,213	21,286	2,699	688	200,589
Intangible assets	248	137	-	-	315	700
Biological non-current assets	-	-	2,355	-	-	2,355

(in thousand of Euros)	**Sugar production**	**Agriculture**	**Cattle farming**	**Other businesses**	**Unallocated**	**Total**
Total revenues	58,667	41,810	7,335	560	-	108,372
Inter-segment revenue	-	20,625	-	-	-	20,625
Revenue from external customers	58,667	21,185	7,335	560	-	87,747
Total cost of revenues	(48,873)	(31,724)	(6,323)	(572)	-	(87,492)
Inter-segment cost of revenues	-	(20,625)	-	-	-	(20,625)
Cost of revenues	(48,873)	(11,099)	(6,323)	(572)	-	(66,867)
Gains from remeasurement of biological assets to fair value	-	3,722	-	-	-	3,722
Gross profit	9,794	13,808	1,012	(12)	-	24,602
General and administrative expense	(2,256)	(2,357)	(816)	(177)	(1,966)	(7,572)
Selling and distribution expense	(2,441)	(418)	-	(169)	(1,157)	(4,185)
Other operating income (expense)	(655)	6,827	7,402	(2)	(640)	12,932
Profit (loss) from operations	4,442	17,860	7,598	(360)	(3,763)	25,777
Loss from exchange differences	-	-	-	-	(203)	(204)
Interest expense	-	-	-	-	(5,350)	(5,350)
Interest income	-	-	-	-	117	117
Other expense	-	-	-	-	(2,427)	(2,426)
Gain of acquisition of subsidiaries	-	-	-	-	5,050	5,050
Profit before tax	4,442	17,860	7,598	(360)	(6,576)	22,964
Taxation	-	-	-	-	80	80
Net profit	4,442	17,860	7,598	(360)	(6,496)	23,044
Total assets	72,526	65,637	20,232	7,665	6,510	172,570
Unallocated deferred tax	-	-	-	-	122	122
Consolidated total assets	72,526	65,637	20,232	7,665	6,632	172,692
Total liabilities	5,802	-	-	112	61,599	67,513
Unallocated deferred tax	-	-	-	-	6,105	6,105
Consolidated total liabilities	5,802	-	-	112	67,704	73,618
Other segment information:						
Depreciation and amortization	1,897	2,844	109	127	66	5,043
Additions to non-current assets:						
Property, plant and equipment	10,349	15,041	3,072	390	98	28,950
Intangible assets	36	20	-	-	46	102
Biological non-current assets	-	-	338	-	-	338

34 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 2008			
Financial assets as per balance sheet			
Other long-term receivables	**66**	**-**	**66**
Investments available-for-sale	**-**	**5,132**	**5,132**
Trade accounts receivable	**73,880**	**-**	**73,880**
Other accounts receivable	**13,871**	**-**	**13,871**
Promissory notes available-for-sale	**-**	**2,962**	**2,962**
Short-term deposits	**49,422**	**-**	**49,422**
Cash and cash equivalents	**10,680**	**-**	**10,680**
	147,919	**8,094**	**156,013**

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	**1,039,655**
Trade accounts payable	**91,899**
Minority interests relating to limited liability companies	**43,802**
Promissory notes issued	**12,744**
Other long-term liabilities	**8,682**
Other liabilities and accounts payable	**88,455**
	1,285,237

(in thousands of Euros)	**Loans and receivables**	**Financial assets available-for-sale**	**Total**
31 December 2008			
Financial assets as per balance sheet			
Other long-term receivables	**6**	**-**	**6**
Investments available-for-sale	**-**	**456**	**456**
Trade accounts receivable	**6,567**	**-**	**6,567**
Other accounts receivable	**1,233**	**-**	**1,233**
Promissory notes available-for-sale	**-**	**263**	**263**
Short-term deposits	**4,393**	**-**	**4,393**
Cash and cash equivalents	**949**	**-**	**949**
	13,148	**719**	**13,867**

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	**92,414**
Trade accounts payable	**8,169**
Minority interests relating to limited liability companies	**3,894**
Promissory notes issued	**1,133**
Other long-term liabilities	**772**
Other liabilities and accounts payable	**7,862**
	114,244

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Investments held-to-maturity	Total
31 December 2007				
Financial assets as per balance sheet				
Bonds receivable	-	-	4,287	4,287
Other long-term receivables	75	-	-	75
Investments held-to-maturity	-	-	700	700
Investments available-for-sale	-	1,795	-	1,795
Trade accounts receivable	60,028	-	-	60,028
Other accounts receivable	9,167	-	-	9,167
Promissory notes available-for-sale	-	5,632	-	5,632
Cash and cash equivalents	7,926	-	-	7,926
	77,196	7,427	4,987	89,610

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	380,475
Trade accounts payable	40,476
Minority interests relating to limited liability companies	26,457
Other long-term liabilities	4,324
Other liabilities and accounts payable	49,186
	500,918

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Investments held-to-maturity	Total
31 December 2007				
Financial assets as per balance sheet				
Bonds receivable	-	-	578	578
Other long-term receivables	10	-	-	10
Investments held-to-maturity	-	-	94	94
Investments available-for-sale	-	242	-	242
Trade accounts receivable	8,091	-	-	8,091
Other accounts receivable	1,235	-	-	1,235
Promissory notes available-for-sale	-	759	-	759
Cash and cash equivalents	1,068	-	-	1,068
	10,404	1,001	672	12,077

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	51,281
Trade accounts payable	5,455
Minority interests relating to limited liability companies	3,566
Other long-term liabilities	583
Other liabilities and accounts payable	6,630
	67,515

Credit quality of financial assets

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Standard & Poor's)				
A-/Stable/A-2	**1,557**	2,768	**138**	373
Counterparties without external credit rating				
Group A	**15,123**	17,258	**1,344**	2,326
Past due trade receivables	**57,200**	40,002	**5,085**	5,392
	73,880	60,028	**6,567**	8,091

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

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

(in thousands of Ukrainian hryvnias)	**Gross 2008**	**Impairment 2008**	**Gross 2007**	**Impairment 2007**
Not past due	**16,680**	**-**	20,026	-
Past due 1-30 days	**24,364**	**-**	27,368	-
Past due 31-120 days	**28,621**	**(366)**	11,739	(304)
Past due 121-365 days	**4,123**	**(331)**	5,416	(4,520)
More than one year	**5,916**	**(5,127)**	3,718	(3,415)
	79,704	**(5,824)**	68,267	(8,239)

(in thousands of Euros)	**Gross 2008**	**Impairment 2008**	**Gross 2007**	**Impairment 2007**
Not past due	**1,482**	**-**	2,699	-
Past due 1-30 days	**2,167**	**-**	3,689	-
Past due 31-120 days	**2,544**	**(33)**	1,582	(41)
Past due 121-365 days	**366**	**(29)**	730	(609)
More than one year	**526**	**(456)**	501	(460)
	7,085	**(518)**	9,201	(1,110)

The credit quality of short-term deposits assessed by reference to external credit ratings:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Short-term deposits				
Banks with external credit rating (Moody's):				
A2/Stable	**6,482**	-	**576**	-
A2/Negative	**17,940**	-	**1,595**	-
Caa/Negative	**25,000**	-	**2,222**	-
	49,422	-	**4,393**	-

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A2/Stable	**3,905**	-	**347**	-
A2/Negative	**38**	-	**3**	-
Baa1/Stable	**-**	4,406	**-**	594
Ba2/Stable	**-**	30	**-**	4
B2/Stable	**4,308**	353	**383**	48
Caa/Negative	**411**	-	**37**	-
Banks without external credit rating:				
Group A	**146**	480	**13**	65
Group B	**1,771**	2,578	**157**	347
Cash on hand	**101**	79	**9**	10
	10,680	7,926	**949**	1,068

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.

In the year ended 31 December 2008 14% of revenues (2007: 28%) are derived from two customers. Receivables from corresponding customers as at 31 December 2008 equal UAH 13,444 thousand or EUR 1,195 thousand (2007: UAH 7,025 thousand; EUR 947 thousand).

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Bonds receivable	**-**	4,287	**-**	578
Investments held-to- maturity	**-**	700	**-**	94
Investments available-for-sale	**5,132**	1,795	**456**	242
Trade accounts receivable	**73,880**	60,028	**6,567**	8,091
Other accounts receivable	**13,871**	9,167	**1,233**	1,235
Promissory notes available-for-sale	**2,962**	5,632	**263**	759
Short-term deposits	**49,422**	-	**4,393**	-
Cash and cash equivalents	**10,680**	7,926	**949**	1,068
	155,947	89,535	**13,861**	12,067

(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.

Approximately 14% of revenues (2007: 28%) are derived from two customers.

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

More than 60 percent of customers have been transacting with the Group for over three years, and no losses are expected from non-performance by these counterparties. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of management. The balance of the twelve major debtors as at 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Debtors with external credit rating (Standard & Poor's)				
A-/Stable/A-2	**-**	2,768	**-**	373
A+/Negative/A-1	**5,869**	**-**	**522**	-
Debtors without external credit rating				
Group A	**36,050**	39,112	**3,204**	5,272
Group B	**4,100**	-	**364**	-
	46,019	41,880	**4,090**	5,645

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

The Group does not require collateral in respect of trade and other receivables. 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 2008 no guarantees are outstanding (31 December 2007: none). For loan security refer to note 18.

(d) Liquidity risk

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Due to existence of certaine problems with debt collections in the second half of the year 2008 the above mentioned period decreased to 30 days.

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

31 December 2008 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**953,658**	**953,658**	**855,228**	**32,679**	**65,751**
Borrowings from non-financial institutions	**4,323**	**4,323**	**4,323**	**-**	**-**
Finance lease liabilities	**41,317**	**41,317**	**11,082**	**9,909**	**20,326**
Interest-bearing vendor financing arrangements	**10,357**	**10,357**	**5,179**	**2,589**	**2,589**
Bonds payable	**30,000**	**30,000**	**30,000**	**-**	**-**
Trade and other accounts payable	**180,354**	**180,354**	**180,354**	**-**	**-**
	1,220,009	**1,220,009**	**1,086,166**	**45,177**	**88,666**

31 December 2008 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**84,770**	**84,770**	**76,021**	**2,906**	**5,843**
Borrowings from non-financial institutions	**384**	**384**	**384**	**-**	**-**
Finance lease liabilities	**3,673**	**3,673**	**985**	**880**	**1,808**
Interest-bearing vendor financing arrangements	**920**	**920**	**460**	**230**	**230**
Bonds payable	**2,667**	**2,667**	**2,667**	**-**	**-**
Trade and other accounts payable	**16,031**	**16,031**	**16,031**	**-**	**-**
	108,445	**108,445**	**96,548**	**4,016**	**7,881**

31 December 2007 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	345,057	345,057	314,419	15,238	15,400
Borrowings from non-financial institutions	3,900	3,900	3,900	-	-
Finance lease liabilities	8,242	8,242	2,362	2,316	3,564
Interest-bearing vendor financing arrangements	8,276	8,276	2,897	1,655	3,724
Bonds payable	15,000	15,000	15,000	-	-
Trade and other accounts payable	89,662	89,654	89,654	-	-
	470,137	470,129	428,232	19,209	22,688

31 December 2007	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
(in thousands of Euros)					
Bank loans	46,508	46,508	42,378	2,054	2,076
Borrowings from non-financial institutions	526	526	526	-	-
Finance lease liabilities	1,110	1,110	318	312	480
Interest-bearing vendor financing arrangements	1,115	1,115	390	223	502
Bonds payable	2,022	2,022	2,022	-	-
Trade and other accounts payable	12,085	12,083	12,083	-	-
	63,366	63,364	57,717	2,589	3,058

For the disclosure of bank covenants refer to note 18.

(e) Market risk

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

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. Management does not hedge exposure to foreign currency risk.

In 2007 the policy applied to borrowings in foreign currency was to obtain loans primarily denominated in U.S. dollars. This approach was applied due to the fact that Ukrainian hryvnia against U.S. dollars (due to the government regulations) was stable for over three years prior to 2008. The exchange rate was UAH 5.050 to USD 1.00.

On 16 May 2008, Ukraine became a WTO member. In line with the WTO accession, Ukrainian Government lifted grain export restrictions introduced in late 2006. As a result the Group increased export sales in order to mitigate currency risk increased in line with steep national currency devaluation in 2008.

The exposure to foreign currency risk is as follows:

	31 December 2008		**31 December 2007**	
(in thousands of Ukrainian hryvnias)	**EUR**	**USD**	**EUR**	**USD**
Trade accounts receivable	**-**	**-**	-	1,452
Other accounts receivable	**321**	**-**	356	2,422
Short-term deposits	**-**	**24,422**	-	-
Cash and cash equivalents	**1,771**	**3,908**	2,578	-
Bank loans	**-**	**(790,447)**	(2,777)	(200,258)
Interest-bearing vendor financing arrangements	**-**	**(10,357)**	-	(8,276)
Trade accounts payable	**(2,040)**	**(4,041)**	(17)	(8,627)
Other liabilities and accounts payable	**(452)**	**(10,365)**	(2,003)	(5,702)
Net exposure	**(400)**	**(786,880)**	(1,863)	(218,989)

	31 December 2008		31 December 2007	
(in thousands of Euros)	EUR	USD	EUR	USD
Trade accounts receivable	**-**	**-**	-	196
Other accounts receivable	**29**	**-**	48	326
Short-term deposits	**-**	**2,171**	-	-
Cash and cash equivalents	**157**	**347**	347	-
Bank loans	**-**	**(70,262)**	(374)	(26,992)
Interest-bearing vendor financing arrangements	**-**	**(920)**	-	(1,115)
Trade accounts payable	**(181)**	**(359)**	(2)	(1,163)
Other liabilities and accounts payable	**(40)**	**(921)**	(270)	(769)
Net exposure	**(35)**	**(69,944)**	(251)	(29,517)

A 10 percent weakening of the Ukrainian hryvnia against the following currencies at 31 December would have increased pre-tax loss and decreased equity by the amounts 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)*	
	2008	2007	2008	2007
pre-tax profit				
EUR	**(40)**	(186)	**(4)**	(25)
USD	**(78,688)**	(21,890)	**(6,994)**	(2,952)
equity				
EUR	**7**	(122)	**1**	**(18)**
USD	**(67,725)**	(17,963)	**(6,020)**	**(2,643)**

A 10 percent strengthening of the Ukrainian hryvnia against the above currencies 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)*	
	2008	2007	2008	2007
Fixed rate instruments				
Financial assets	**-**	4,287	**-**	578
Financial liabilities	**(337,753)**	(251,448)	**(30,022)**	(33,891)
	(337,753)	(247,161)	**(30,022)**	(33,313)
Variable rate instruments				
Financial liabilities	**(701,902)**	(129,027)	**(62,392)**	(17,390)

The last couple of years tendency shows that the floating interest rates are cheaper then the fixed ones. The floating interest rates reflect the real market price for the facility obtained by the company which is often based on London interbank offered rate. To the opinion of management the only risks which are out of control of company are the country risk which may cause the increase in the interest rates on the existing loans: decrease of credit rating of Ukraine by international rating agencies, increase of the level of minimum reserves by European Central Bank due to which the international banks may increase their margins on the existed loans. But looking at the current tendency it is unlikely that the European Central Bank will provide more severe requirements to the banks-EU residents regarding the minimum level of reserves.

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

With respect to variable rate instruments, a change of 100 basis points in interest rates over the reporting period would have increased (decreased) equity and net profit by UAH 3,042 thousand or EUR 396 thousand (2007: UAH 209 thousand; EUR 30 thousand) provided all other variables are held constant.

Other market price risk

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

(f) Fair values of financial instruments

Estimated fair values of the financial assets and liabilities are determined using available market information and appropriate valuation methodologies. As no readily available market exists for a large part of the Group’s financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. Accordingly, the estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

As at 31 December 2008 and 2007, the following methods and assumptions are used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

The fair value is estimated to be the same as the carrying value for short-term financial instruments and long-term loans and borrowings with floating interest rates.

Investments available-for-sale are stated at cost as they have no quoted price in an active market.

The fair value of loans and borrowings with fixed rates is estimated at UAH 36,923 thousand or EUR 3,282 thousand compared to the carrying amount of UAH 41,001 thousand or EUR 3,645 thousand. Fair value of these liabilities was estimated by discounting the expected future cash outflows by a market interest rate.

The fair value of non-current promissory notes issued is estimated at UAH 3,094 thousand (EUR 275 thousand) compared to the carrying value of UAH 7,270 thousand (EUR 646 thousand). The fair value was estimated by discounting the expected future cash outflows by a market interest rate.

36 COMMITMENTS

(a) Social commitments

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

(b) Operating leases

The Group leases property and equipment under operating leases. 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. The total size of leased land as at 31 December 2008 is 166 thousand hectares (2007: 134 thousand hectares). Lease payments recognized as an expense in 2008 are UAH 45,275 thousand or EUR 5,888 thousand (2007: UAH 13,074 thousand, EUR 1,966 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)*	
	2008	**2007**	**2008**	**2007**
Less than one year	**36,753**	20,339	**3,267**	2,741
From one to five years	**96,725**	38,346	**8,598**	5,168
More than five years	**48,966**	18,944	**4,353**	2,554
	182,444	77,629	**16,218**	10,463

(c) Financial leases

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

	(in thousands of Ukrainian hryvanias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Less than one year	**15,837**	3,425	**1,408**	462
From one to two years	**13,191**	3,046	**1,173**	411
More than two years	**23,825**	4,312	**2,118**	580
	52,853	10,783	**4,699**	1,453
Future finance charges on finance leases	**(11,536)**	(2,541)	**(1,026)**	(343)
Present value of finance lease liabilities	**41,317**	8,242	**3,673**	1,110
Less than one year	**11,082**	2,362	**985**	318
From one to two years	**9,909**	2,316	**880**	312
More than two years	**20,326**	3,564	**1,808**	480
	41,317	8,242	**3,673**	1,110

(d) Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Purchase commitments:				
Fixed assets	**2,400**	56,236	**213**	7,580
Materials	**13,421**	5,936	**1,193**	800
Services	**1,001**	25	**89**	3
	16,822	62,197	**1,495**	8,383
Sales commitments:				
Sugar and by-products	**249,553**	31,411	**22,182**	4,234
Agricultural produce	**11,925**	-	**1,060**	-
	261,478	31,411	**23,242**	4,234

37 CONTINGENCIES

(a) Insurance

The insurance industry in Ukraine is in a developing state and many forms of insurance, for example, environmental risk insurance, are not yet generally available. The Group has obtained insurance over its plant facilities. However, it does not have full coverage for certain financial risks such as business interruption, damage of third party property or environmental damage. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

(b) Litigation

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 2008 the Group is involved in the following legal proceedings:

Dispute with Antimonopoly Committee

As at 19 February 2008 certain Group companies were involved in litigation with the Antimonopoly Committee of Ukraine (further - the AMC) for the total amount of UAH 2,210 thousand (EUR 196 thousand).

In 2006, the AMC claimed penalties of UAH 2,210 thousand (EUR 196 thousand) for alleged anti-competitive actions in sugar market during 2005. The Group companies did not pay the penalties, and filed a lawsuit to the 1st instance court. On 26 July 2007 the 1st instance court ruled in favor of the Group. However, this decision was appealed by the AMC to the Kyiv Commercial Court of Appeal (the 2nd instance). The 2nd instance court rejected the previous court decision and took a decision in favor of the AMC.

In June 2008 the Group claimed to reconsider the case by the 2nd instance court based on the newly provided evidence. As a result, the 2nd instance court canceled its prior decision and ruled in favor of the Group.

The AMC filed the cassation claim to the Highest Commercial Court of Ukraine. But the claim was rejected. Subsequently, the AMC filed the cassation claim to the Supreme Court of Ukraine.

On 20 January 2009 the Supreme Court of Ukraine satisfied the AMC's claim and forwarded the case to the Appeal Commercial Court of Kyiv for new consideration.

On 10 March 2009 the Appeal Commercial Court of Kyiv forwarded the case to Highest Commercial Court of Ukraine in order to get the National Association of Sugar Producers of Ukraine to take part in the litigation on the plaintiff side.

Subsequent Dispute with Antimonopoly Committee

In 2008 the AMC filed one more lawsuit regarding the case described above to the Commercial Court of Kyiv (i.e. regarding the penalties of UAH 2,210 (EUR 196 thousand) thousand claimed in 2006), however in this particular case the AMC, additionally to the amounts claimed in 2006, imposed 100% penalties of UAH 2,210 thousand.

On 12 February 2009 this case was postponed by the 1st instance court until the principal dispute is finally resolved.

(c) Taxation contingencies

The Group performs most of its operations in Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation which may be applied retrospectively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and the Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines and penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

Management believes that it has provided adequately for tax liabilities based on its interpretation of applicable tax legislation, official pronouncements and court decisions. Currently, there are no significant disputes with any tax authority. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant. No provisions for potential tax assessments are made in these consolidated financial statements

38 RELATED PARTY TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. Related parties comprise the Group associate, the shareholders, companies that are under common control of the Group's controlling owners, key management personnel and their close family members, and companies that are controlled or significantly influenced by shareholders. Prices for related party transactions are determined on an ongoing basis. The terms of some related party transactions may differ from market terms.

Balances and transactions with related parties, substantially all of which are with companies under common control of the shareholders are shown at their carrying value and are as follows:

(a) Revenues

Sales 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)*	
	2008	**2007**	**2008**	**2007**
Revenues:				
Sugar and by products	**2,275**	2,537	**296**	367
Services	**70**	1,388	**10**	201
Materials	**-**	5,918	**-**	855
Fixed assets	**-**	436	**-**	63
Other	**28**	233	**4**	33
	2,373	10,512	**310**	1,519

(b) Purchases

Purchases from related parties maily relate to purchase of coal, metal, gas, other assets and services. Purchases for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2008	**2007**	**2008**	**2007**
Purchases:				
Gas	**342**	45,661	**44**	6,599
Fixed assets	**246**	91	**32**	13
Services	**154**	2,001	**20**	289
Materials	**85**	1,532	**11**	221
Sugar and by products	**-**	3,218	**-**	465
Other	**-**	310	**-**	45
	827	52,813	**107**	7,632

In the year 2007 the Group companies purchased gas from a related company LLC "Agropromgaz". Due to acquisition of this company in the year 2008, amount of gas purchases from related parties decreased.

(c) Receivables

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

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2008	**2007**	**2008**	**2007**
Trade accounts receivable	**257**	4,807	**23**	648
Long-term receivables	**-**	4,287	**-**	578
Advances made	**184**	882	**16**	119
Other receivables	**332**	3,572	**30**	481
	773	13,548	**69**	1,826

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 2008 and 2007.

(d) Payables

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

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2008	**2007**	**2008**	**2007**
Trade accounts payable	**270**	461	**24**	62
Other payables	**-**	55	**-**	7
	270	516	**24**	69

(e) Loans and borrowings

Loans and borrowings from related parties as at 31 December are as follows:

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2008	**2007**	**2008**	**2007**
Loans and borrowings	**166**	5,379	**15**	725

Refer to note 18 for interest rates and maturity rates for loans and borrowings from related parties.

(f) 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 thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2008	**2007**	**2008**	**2007**
Salary and short term benefits	**3,345**	1,907	**435**	275

39 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The following events occurred subsequent to the balance sheet date :

The Group's Restructuring
Concurrently to with the Group's business expansion, efforts are made to adjust and optimize the structure of the Group. To streamline the management of operations and accounting, during the first quarter of 2009, sugar production assets and more than 60 agri-companies have been consolidated into five large businesses. This reform will provide for better management of the Group, improved logistics, optimization of personnel, more effective exploitation of agricultural machinery, and minimization of unnecessary transaction costs.

The new structure of the Group will be reported in the ASTARTA Holding N.V. report for the first quarter of 2009.

Loan Portfolio Optimization
In March 2009, the European Bank for Reconstruction and Development (EBRD) signed a Loan agreement to provide financing to OJSC APO "Tsukrovyk Poltavshchyny", an indirect subsidiary of ASTARTA Holding N.V. The financing of up to USD 20 million was granted to re-finance the portion of the existing financial debt and to invest into energy efficiency improvements at its sugar plants and purchase of agricultural machinery. The loan was the first under the new EBRD Mid-Sized Corporate Support Facility. The financing would comprise a secured long-term loan for 5 years with 18-month grace period, fully guaranteed by ASTARTA Holding N. V.

Marketing Activities
Taking advantage of the weakening of the Ukrainian hryvnia, the Group began to export sugar. This also resulted in the establishment of new customers in Eastern Europe and CIS at the beginning of 2009. In January through March 2009, the Group signed a number of sugar sales contracts with Trade House Transis (Lithuania), Kavkaz-1 Company (Georgia), and Nurprodukt Company (Kyrgyzstan) for sugar sales totaling over 3,000 tons of white sugar.

Stabilization of Ukrainian hryvnia

Due to significant devaluation of Ukrainian hryvnia against EUR and USD in the fourth quarter of 2008, the Group incurred UAH 276,248 thousand or EUR 33,187 thousand foreign currency exchange losses.

After 31 December 2008 up to the date of these consolidated financial statements, the exchange rate of hryvnia against EUR and USD has stabilised. Moreover, it is likely that receipt of the the next tranche of USD 5.6 billion thousand from the IMF will add stability to Ukrainian currency.

Receipt of a period of grace to rectify a breach of financial covenants

Subsequent to 31 December 2008, certain companies in the Group received a period of grace for more than twelve months after the balance sheet date from FMO, EBRD and Piraeus Bank to rectify a breach of financial covenants under long-term loan agreements.

Acquisition

Subsequent to 31 December 2008 the Group acquired the following agricultural company incorporated in Ukraine:

Company	**Region of Ukraine**	**Date of acquisition**	**% of ownership as at the date of acquisition**	**Consideration paid, thousands of** Ukrainian hryvnias	Euros
PC "Bilogirsky Sokyl"	Khmelnitsky	18.02.2009	99.98%	715	64

The purchase consideration consisted only of cash, and the direct costs related to this acquisition are not significant.

The disclosure of amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities and carrying amounts of each of those classes immediately before the combination is impracticable. This is due to the fact that the acquired agri-business maintains its books based on Ukrainian Accounting Standards, which are different from IFRS. For the same reason it is not practicable to determine the total revenue and net profit incurred by the acquired company from the date of acquisition.

The disclosure of amount of the acquiree's profit or loss recognised since the acquisition was not available as at the time these financial statements as at and for the year ended 31 December 2008 were made public (29 April 2009), because assessment of the fair value of the acquired assets and liabilities was not complete.

29 April 2009,

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 2008

These company financial statements contain 10 pages

CONTENTS

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(before appropriation of the result)

(in thousands of Euros)		2008	2007 (restated)
Assets			
Non-current assets			
Investments in subsidiaries	*4*	**57,940**	98,644
Loan receivable from subsidiary	*5*	**16,306**	-
		74,246	98,644
Current assets			
Cash and cash equivalents		**6**	12
Other accounts receivable		**-**	14
		6	26
Total assets		**74,252**	98,670
Shareholders' equity and liabilities			
Share capital	*6*	**250**	250
Additional paid-in capital		**55,837**	55,797
Retained earnings		**28,539**	6,450
Fair value reserve		**371**	-
Revaluation surplus		**22,127**	22,685
Currency translation adjustment		**(42,811)**	(8,710)
Unallocated result for the year		**(7,669)**	21,588
Total equity		**56,644**	98,060
Current liabilities			
Other liabilities and accounts payable		**1,042**	610
Loans and borrowings	*7*	**16,566**	-
		17,608	610
Total equity and liabilities		**74,252**	98,670

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 5 to 9.

COMPANY STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2008**	**2007**
Net (loss) income from subsidiaries and associated companies		**(6,907)**	22,145
Other net expense, after taxation	*8*	**(762)**	(557)
Net (loss) income after taxation		**(7,669)**	21,588

The statement of operations is to be read in conjunction with the notes to and forming part of the company statements set out on pages 5 to 9.

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.

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 ADJUSTMENT

Minority interests of EUR 1,014 thousand as at 31 December 2007 are excluded from shareholders' equity and investments in subsidiaries to conform to the presentation in the consolidated balance sheet.

4 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2008 and 2007 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)	**2008**	**2007**
Balance as at 1 January	**98,644**	61,825
Net (loss) income	**(6,907)**	22,145
Increase in reserves	**304**	22,937
Translation differences	**(34,101)**	(8,263)
Balance as at 31 December	**57,940**	98,644

5 LOAN TO SUBSIDIARY

The company entered into a loan agreement with its subsidiary Ancor Investments Limited for a total amount of USD 25 million. As at 31 December 2008 the Company has loaned its subsidiary USD 22.8 million (EUR 16.3 million). The loan is repayable in full on 31 October 2015, together with accrued and unpaid interest. Interest rate on loan is LIBOR plus 4.25%.

6 SHARE CAPITAL

The authorized share capital as at 31 December 2008 and 2007 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 2008 25,000,000 shares are issued and fully paid up. Share capital as at 31 December is as follows:

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

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:

(in thousands of Euros)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**2008** Less than one year	From one to two years	More than two years	Total	**2007** Less than one year	From one to two years	More than two years	Total
Loans in USD	Floating	6.0%	Libor+ 4.25%	**16,566**	-	-	**16,566**	-	-	-	-

As at 31 December 2008, certain financial covenants under the long-term loan agreements with the Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) were breached.

As a result, the long-term portion of the loan from FMO in the amount of EUR 16,566 thousand was reclassed as a short term loan.

Subsequent to the 31 December 2008 the Company received a period of grace for more than twelve months after the balance sheet date to rectify a breach of aforementioned financial covenants under the long-term loan agreement. Therefore, management and the lender consider this loan as a long-term loan. Management believes that all the requirements of the aforementioned loan agreement will be complied with within the period of grace.

8 OTHER NET EXPENSE

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

(in thousands of Euros)	2008	2007
Professional services	580	525
Bank comissions and charges	304	3
Interest expenses	476	-
Interest income	(589)	(3)
Exchange differences	(18)	(3)
Other expenses	9	35
	762	557

9 INCOME TAXES

As the Company is in a loss making position no income tax is payable for the current year. The Company's cumulative carried forward tax losses are EUR 4.2 million as of 31 December 2008 (2007: EUR 3.5 million). No deferred tax asset has been recognized due to insufficient future taxable income.

10 FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	2008 Loans and receivables	2007 Loans and receivables
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	16,306	-
Other accounts receivable	-	14
Cash and cash equivalents	6	12
	16,312	26

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	16,566	-
Other liabilities and accounts payable	1,042	610
	17,608	610

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 2008 other accounts receivable of EUR 16,306 thousand (2007: EUR 14 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)	**2008**	**2007**
Loan receivable from subsidiary	**16,306**	-
Other accounts receivable	**-**	14
Cash and cash equivalents	**6**	12
	16,312	26

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

31 December 2008 _(in thousands of Euros)_	**Carrying amount**	**Contractual cash flows**	**Less than one year**
Bank loans	**16,566**	**16,566**	**16,566**
Other accounts payable	**1,042**	**1,042**	**1,042**
	17,608	**17,608**	**17,608**

31 December 2007 _(in thousands of Euros)_	**Carrying amount**	**Contractual cash flows**	**Less than one year**
Other accounts payable	610	610	610

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 24 thousand provided all other variables are held constant.

At 31 December 2008 the Company does not have outstanding guarantees.

11 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.

12 COMMITMENTS

As at 31 December 2008 Company's shares totaling EUR 22,950 thousand are pledged to secure bank loans in the amount of EUR 16,566 thousand (USD 23,805 thousand).

13 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 2008, 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 and shares held by executive and non-executive Board members is specified below.

(in Euros)	**2008**	**2007**
Viktor Ivanchyk	**200,000**	127,500
Petro Rybin	**160,000**	102,000
Marc van Campen	**25,000**	13,300
Valery Korotkov	**25,000**	19,125
Wladyslaw Bartoszewski	**25,000**	12,750
	435,000	274,675

On 1 July 2008, the Board of Directors took the decision to grant to Mr. Ivanchyk and Mr. Rybin bonuses for the results of 2007 year. Mr. Ivanchyk and Mr. Rybin were granted bonuses in the amount of EUR 203 thousand and EUR 162 thousand respectively. No bonuses were granted in 2007. No salary related charges were accrued and paid by the Company in 2008 and 2007.

14 AUDIT FEES

Fees paid to the Group’s auditor for 2008 and 2007 can be broken down into the following:

(in thousands of Euros)	**2008**	**2007**
Audit fees	**240**	**214**
Audit related fees	**4**	**3**
	244	**217**

Audit fees include the fees agreed and due to CJSC “KPMG Audit” in Ukraine EUR 165 thousand and KPMG Accountants N.V. in the Netherlands EUR 79 thousand for professional services related to the audit and review of the consolidated and statutory financial statements of the Company and its subsidiaries for the relevant year. No fees were paid to KPMG for tax or other non-audit services.

29 April 2009,

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 25

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 loss of EUR 7,669 thousand to retained earnings.

To: The Annual General Meeting of the Shareholders of ASTARTA Holding N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying 2008 financial statements of ASTARTA Holding N.V., Amsterdam as set out on pages 62 to 163. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the statement of operations, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 31 December 2008, and of 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 Netherlands 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 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report set out in pages 1 to 61 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 29 April 2009

KPMG ACCOUNTANTS N.V.

P. Mizrachy RA

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