Astarta Holding N.V.

Annual report

2012

ASTARTA MILESTONES

1993
Foundation of ASTARTA

1996
Started agricultural business

1999
First sugar plant acquired

2003-2005
Four sugar plants and agriassets acquired

2006
ASTARTA's IPO on Warsaw Stock Exchange

2007
ASTARTA actively expands by increasing the area of cultivated agricultural lands

2008
Sugar plant and farming assets acquired in Western Ukraine

2009
Consolidation of production assets into integrated business units

2011
Took control over two sugar plants and agriassets in Kharkiv region

2012
Initiated soybean processing and biogas generation projects

ASTARTA CEO AND FOUNDER STATEMENT

Dear Shareholders,

In March 2013, ASTARTA celebrated its 20th anniversary. I am very proud that during these twenty years we have made significant progress. ASTARTA is now among Ukraine's top-five agri-industrial producers. It has gained a leading position in the Ukrainian sugar and dairy markets. At the same time we see great potential in our strategy of growth and diversification.

2012 was for ASTARTA a year of robust development of logistical infrastructure, increasing sugar production, and commencement of construction of new production facilities. We have substantially increased volumes of sales of all key products and set new record high revenues. At the same time, the Ukrainian sugar industry faced strong challenges related to a second consecutive season of domestic overproduction, global sugar surplus and intensive protectionist measures in neighboring sugar markets. These factors adversely affected both domestic and export sugar prices and negatively influenced our financial results.

Every cloud has a silver lining: this challenging situation in the Ukrainian sugar market will stimulate its consolidation and will lower volatility in the mid- and long term. In particular, we expect that a considerable number of inefficient producers will leave the sector and scrap outdated processing factories to cover loses. ASTARTA, which owns well-modernized plants, produces the bulk of its sugar from own beets, and strives for high levels of operational and energy efficiency, clearly has a strong position to play in this consolidation and profit from recovery of the sugar market.

Being a strong player in sugar, we continue at the same time with product diversification and extending the value chain. With this purpose commissioning of a soybean processing plant and a bio-energy facility are planned for the fall of 2013. We also expect that our continuing investments in modern agri-technologies, new machinery and training of personnel will contribute to a further increase in crop yields, rising volumes of high quality production and improving cost-efficiency.

It is also worth mentioning that in 2012 ASTARTA continued improving the effectiveness of its sugar plants, reduced per-unit natural gas consumption by another 10%, and increased combined daily processing capacity also by 10%. Concurrently ASTARTA further improved the quality of its sugar and dairy produce, securing additional competitive strength.

The Company also pays a lot of attention to boosting export sales of sugar, grains and oilseeds. We believe that expansion to new markets and the increasing global competitiveness of our products create a strong base for further growth as well as help us to manage currency and market risks.

ASTARTA celebrated its 20th anniversary as a strong, ambitious and fast growing company. We highly value the loyalty of our shareholders and strive to enhance the value of our business. We are confident that ASTARTA's strong competitive advantages combined with our aspiration to deliver will provide for further sustainable growth and leadership for years to come.

Sincerely yours,
Viktor Ivanchyk

MANAGEMENT TEAM

Operating Director

Operating efficiency is the priority in ASTARTA's agri-companies and sugar plants, key to the Group's success

Director of HR and Economic Security

We are doing our best to inspire people to reveal the most of their potential and talents

Financial Director

Focuse on strict financial control and lower cost of financing contribute to ASTARTA profitability

Corporate Director for Legal Affairs

High standards of corporate governance is ASTARTA's intrinsic value

Director of Business Development

We are always looking for attractive growth opportunities to create additional value for shareholders

Technical Director

Our goal is to keep competitive edge in key markets by maintaining the highest technical standards

Commercial Director

Our strategy is to secure optimal profitability, strong and sustainable cash generation

Director of Corporate Communications

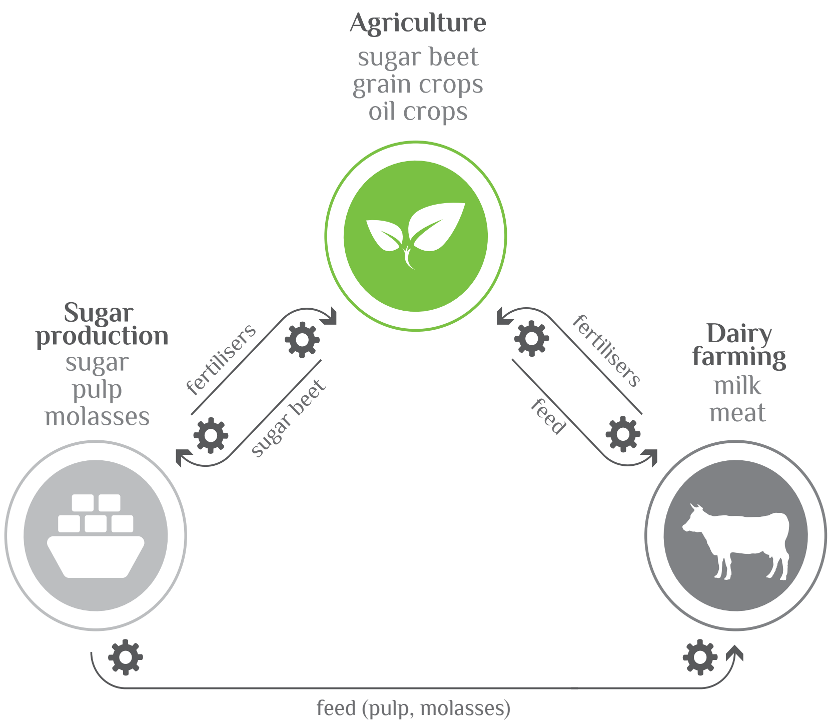
We assist local communities, contribute to rural development and acknowledge high social responsibility

Report on Operations for the year 2012

ASTARTA AT A GLANCE

ASTARTA is a leading food producer with operating assets in Ukraine. The key business segments of the Group are crop growing, white sugar production, and dairy farming. ASTARTA has gained prominent market shares in its key markets. The Group is among Ukraine's top-five agri-industrial crop producers, and is the largest Ukrainian publicly listed company by production of sugar beets, white sugar, and high quality raw milk. Our core businesses are vertically-integrated and enjoy good intrinsic synergy. This provides for lower costs of production and high operating efficiency.

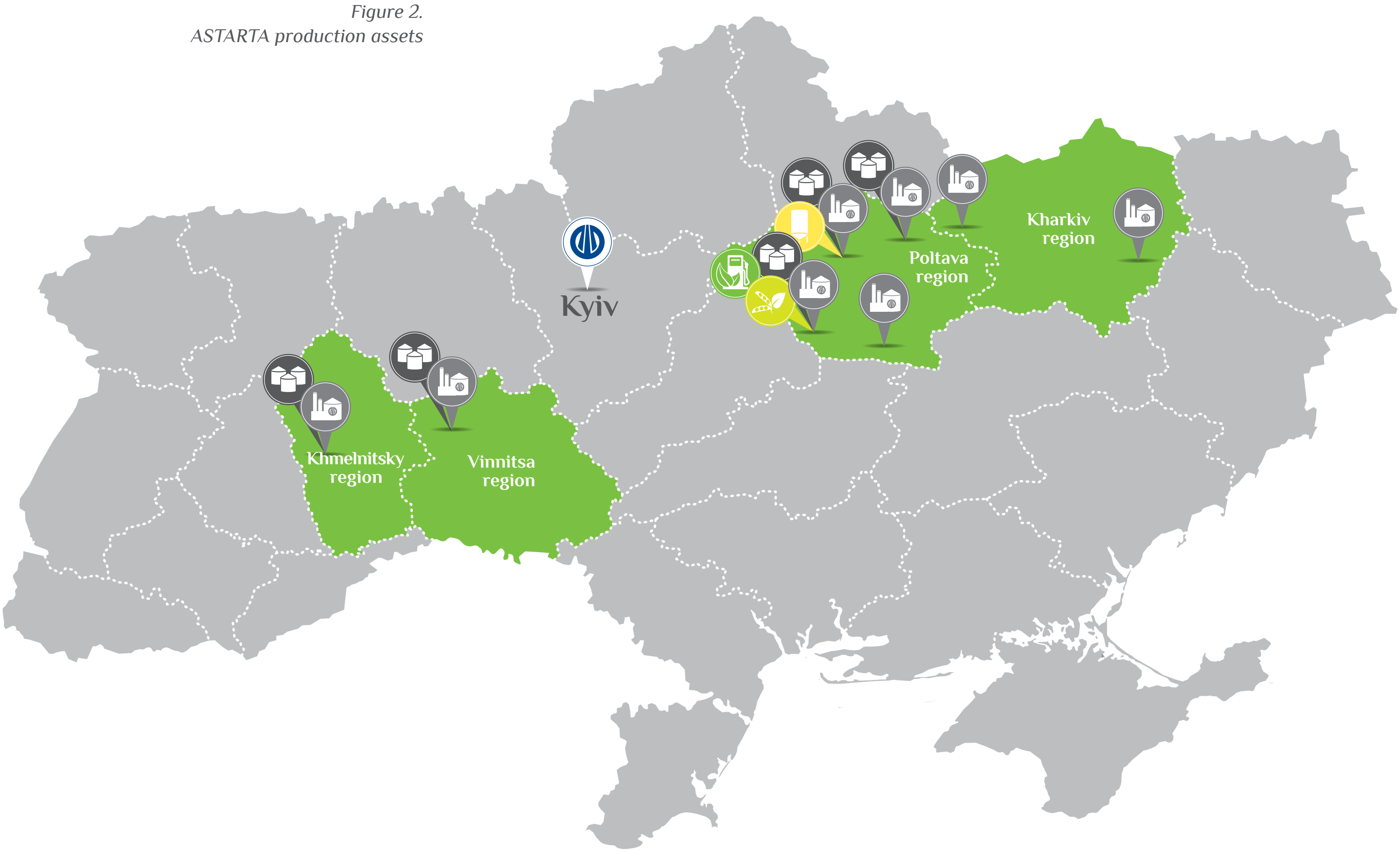
Figure 1.
Main business segments and their synergies



ASTARTA is among Ukraine's **top-five** agri-industrial producers, and long-time **#1** in sugar industry

The Group's assets are favourably located within traditional agricultural regions of Ukraine, famous for their fertile land and moderate climate. In order to achieve a high level of efficiency, ASTARTA's production assets were consolidated into several concentrated business-units with landbanks under long-term lease, sugar factories, storage and logistics facilities, agri-machinery, and cattle farms with own fodder-mixing plants.

Figure 2.
ASTARTA production assets

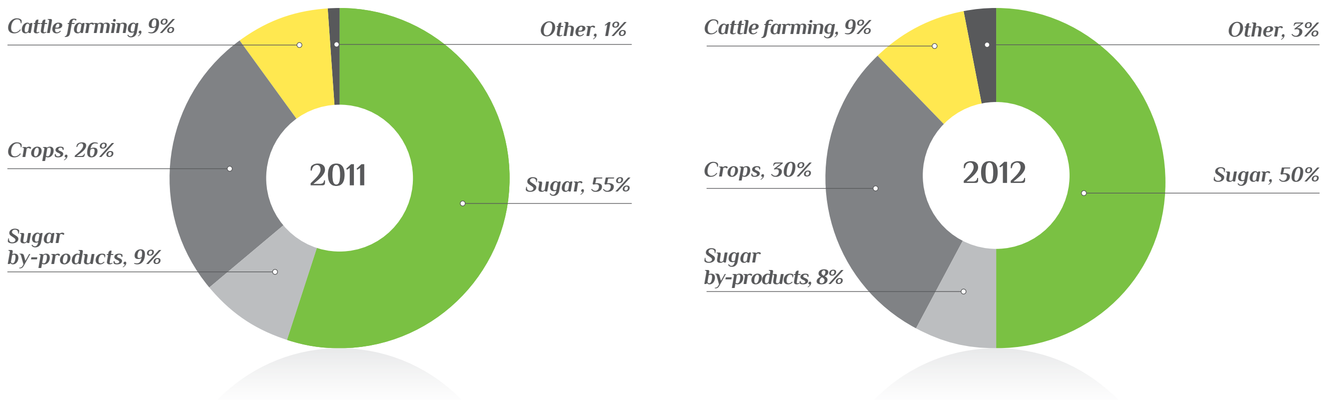


The geographical diversification of the Group's operations represents a natural hedge against regional weather risks and provides for optimal logistics.

PERFORMANCE IN KEY SEGMENTS

ASTARTA supplies to its external customers sugar and sugar by-products (molasses and beet pulp), grains and oilseeds, and dairy farming produce (mostly raw milk). Our revenue structure reflects the diversified nature of ASTARTA's business.

Figure 3.
Structure of external revenues in 2011 and 2012

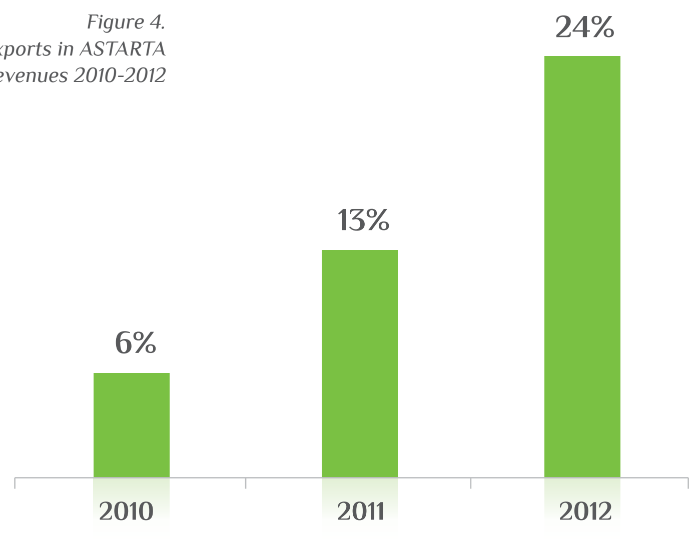


Following a 21% increase in volumes of crop sales and better y-o-y pricing, revenues in the segment grew 34% to EUR 106 million, implying a 30% share of total. Volumes of sales of sugar and sugar by-products increased c. 37%. A correction in sugar price offset translation of this growth into revenues in the segment, which expanded just by 5% to EUR 204 million. The share of the sugar segment consequently corrected from 64% to 58%, thus reflecting growing diversification. Sales in the dairy segment grew 25% to EUR 32 million, and its share remained 9% of total.

24%
export's share in revenues

Markedly, ASTARTA export revenues increased by 128%. Contribution from export sales to consolidated revenues was 24% compared with 13% in 2011. Export sales of sugar and its by-products increased 2.2 times and contributed 9% to segment revenues. Exports of crops increased 129% as 54% of grains were exported. Export sales generate proceeds mostly in USD and serve as a natural hedge for currency risk.

Figure 4.
Share of exports in ASTARTA total revenues 2010-2012



Production calendar

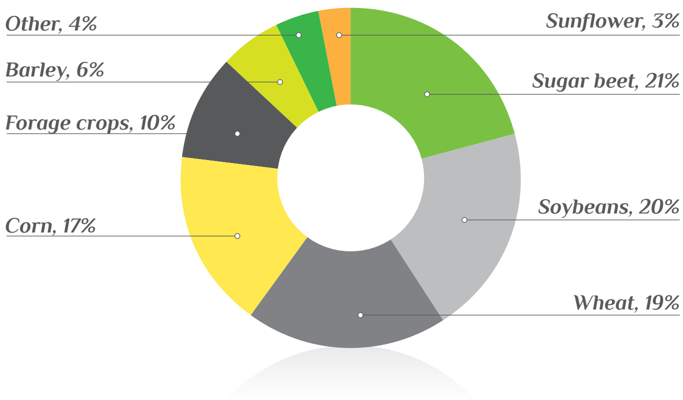
	March	April	May	June-July	August	September	October	November	December
Sugar production						Production	Production	Production	Production
Sugar beet	Planting	Planting				Harvesting	Harvesting	Harvesting	
Winter crops				Harvesting	Harvesting	Planting	Planting		
Spring Wheat	Planting	Planting		Harvesting	Harvesting				
Corn		Planting	Planting			Harvesting	Harvesting	Harvesting	
Sunflower seed		Planting	Planting		Harvesting	Harvesting			
Soybeans			Planting		Harvesting	Harvesting			

FINANCIAL CALENDAR 2013	March	April	May	June	July	August	Septem-ber	October	Novem-ber	Decem-ber
		April 15 Con-solidated 2012 annual report	May 14 Con-solidated interim report for the 1st quar-ter of 2013			August 22 Con-solidated semi-annual report for the 1st half of 2013			Novem-ber 14 Con-solidated interim report for the 3rd quarter of 2013	

AGRICULTURE SEGMENT

Following acquisition of new agricultural farms in 2011, over 235 thousand hectares were planted by ASTARTA in the 2012 production season which represents a 15% y-o-y increase. The Group traditionally followed its optimal and well-diversified crop rotation policy.

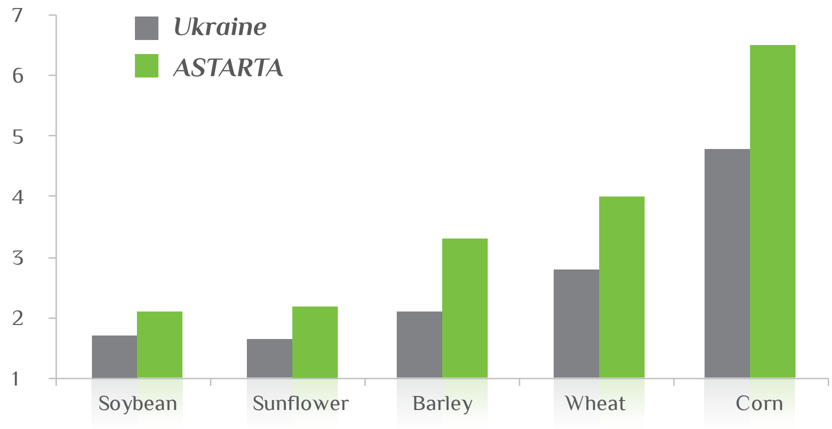
Figure 5.
ASTARTA diversified crop rotation, % of land planted



Well-diversifed crop rotation

Despite an increase in acreage of planted fields, grains and oilseeds production dropped about 10% y-o-y to 600 thousand tonnes, as grain crops in the central part of Ukraine were harmed by unusually hot weather in summer 2012. However, modern agri-technologies applied by ASTARTA and favourable location of its business-units secured the Company above-average harvesting yields.

Figure 6.
ASTARTA and Ukrainian average yields in 2012, tonnes per hectare



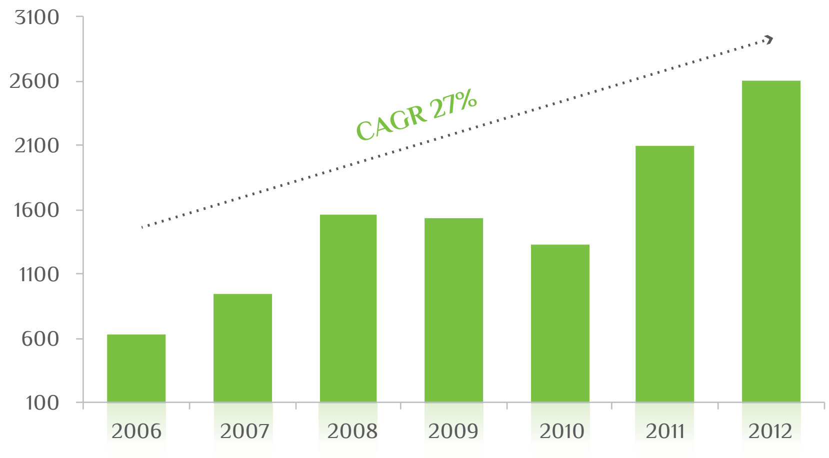
Source:
Company data, Ukrstat

2.6

million tonnes of sugar beet produced in-house

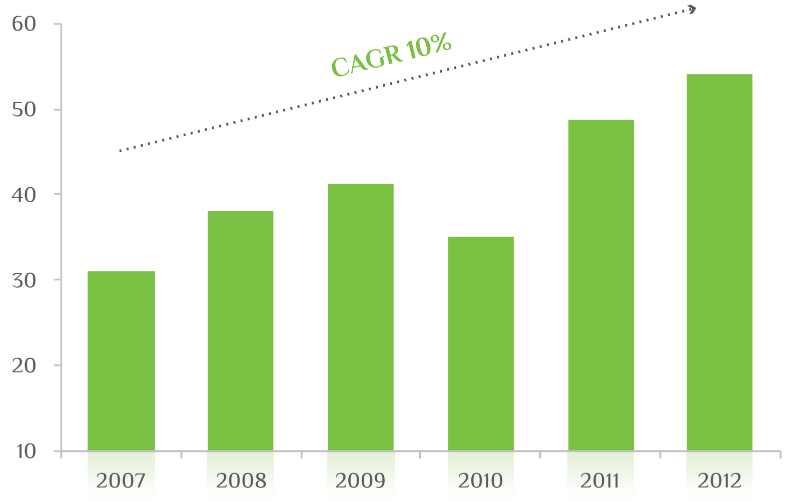
At the same time, ASTARTA's production of in-house sugar beet increased more than 25% and amounted to 2.6 million tonnes.

Figure 7.
ASTARTA sugar beet production, thousand tonnes



Productivity of sugar beet per hectare in 2012 at ASTARTA fields grew to 53 tonnes, and in some business-units reached up to 60 tonnes. Efficient growing of beets, which are the key raw material for white sugar production, is a cornerstone of ASTARTA's cost-efficiency in our vertically integrated business-model.

Figure 8.
Astarta sugar beet yields, tonnes from hectare



10%

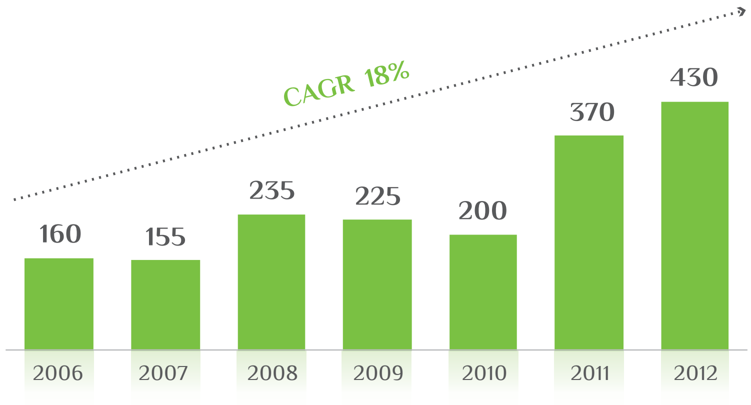
CAGR advance in sugar beet yields from one hectare

Ukraine plays a significant role in the international grain market. Highly fertile land and a mild climate make agricultural production in Ukraine globally competitive. In the first half of the 2012/13 marketing year (July-December 2012) the country exported 14.5 million tonnes of grain (up 65% y-o-y), a five-year high. The country also exported 5.9 million tonnes of wheat (+136% y-o-y), 6.3 million tonnes of corn (+50% y-o-y) and 1.8 million tonnes of barley (+6% y-o-y) over the period. Currently, Ukraine has substantial shares in global crop markets: 12.9% of corn, 18.5% of barley, and 4.5% share of wheat.

SUGAR PRODUCTION SEGMENT

The 2012 sugar production season was a record high for ASTARTA. The Group produced an all-time-high amount of sugar of 430 thousand tonnes, which is 15% more than a year ago. The sugar production season with duration of up to 100 days was similarly the longest for the Company and provided for high capacity utilization.

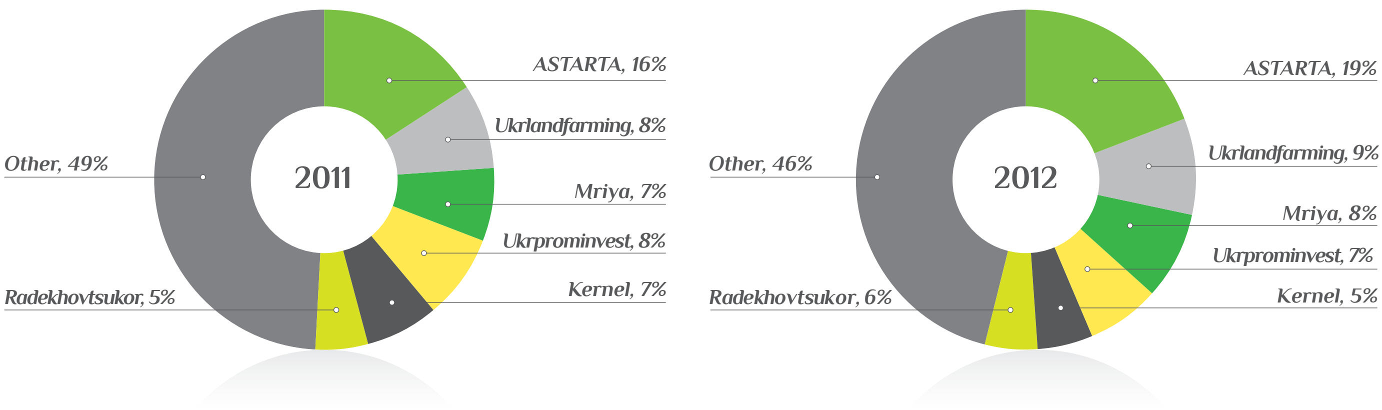
Figure 9.
ASTARTA sugar production, thousand tonnes



leading
19.3%
share in the Ukrainian sugar market

As a result of increased production, ASTARTA strengthened its leading position in the Ukrainian sugar market, gaining a 19.3% share.

Figure 10.
Top Ukrainian sugar producers in 2012 and 2011, %

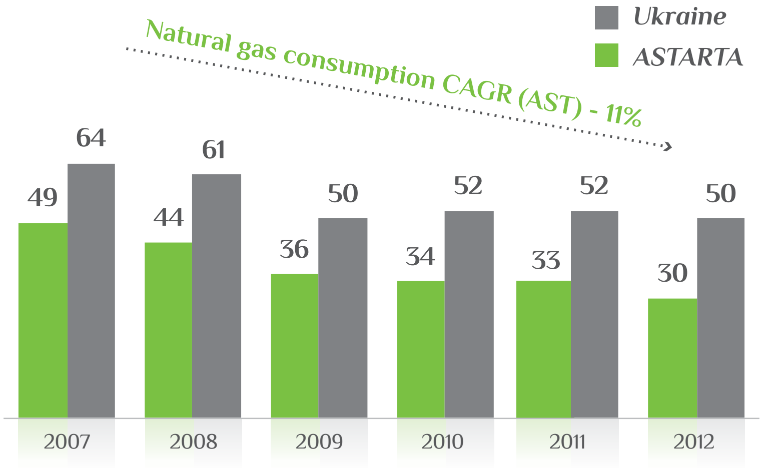


Source: Company data, Ukrsugar

11%
CAGR decrease in natural gas consumption

Well-balanced investments into ASTARTA's sugar plants and their modernization resulted in a significant decrease in energy consumption and a smooth production campaign. Utilization of natural gas per tonne of sugar beet processed decreased y-o-y by 10% and the combined processing capacity of ASTARTA's sugar plants increased by 10%.

Figure 11.
Average natural gas consumption, m^3 per tonne of beet processed



Source: Company's data, Ukrsugar

Sugar silo

In 2012 ASTARTA continued to develop its sugar logistics and infrastructure. A modern sugar silo was commissioned in November. The silo can store 50 thousand tonnes of sugar and is one of the most advanced facilities of this kind in Ukraine and the CIS, taking into account its structural and environmentally friendly technology features.

ASTARTA continued to invest into additional sustainable energy opportunities aiming to improve cost efficiency and to reduce environmental impact. As a part of this programme a biogas production facility is being prepared for industrial commissioning in autumn 2013.

Stages of white sugar production

One sugar plant:
450 km
of electrical wires,
200 km
of pipework,
25 km^2
of installed equipment

Sugar silo and Yaresky sugar plant

174
thousand tonnes of white sugar exported from Ukraine in 2012

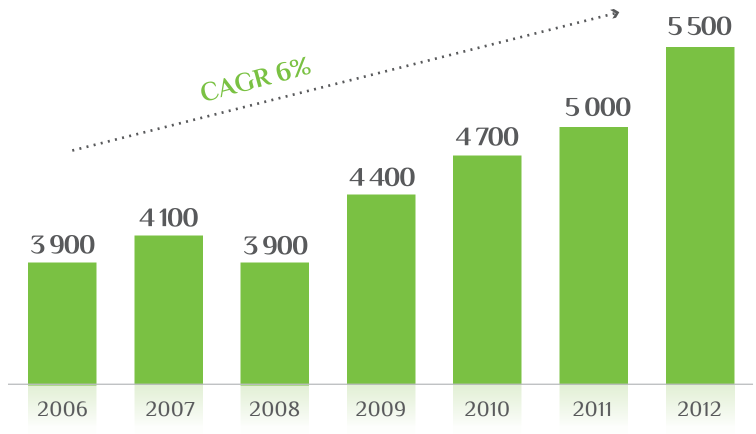
Ukraine's sugar production in 2012-2013 marketing year decreased 4.4% y-o-y, to 2.2 million tonnes. Still, output exceeded industrial and household consumption thus causing a heavy price correction. Market analysts believe that the current below-cost-of-production sugar price in Ukraine will force-out plenty of inefficient producers, contributing to mid- and long-term market consolidation and recovery.

To cope with excessive inventories, in 2012 Ukraine exported 174 thousand tonnes of white sugar (6.2 thousand tonnes a year before). Leading export destinations of Ukrainian sugar were Kazakhstan, Moldova, Syria, Kyrgyzstan, Turkmenistan, Uzbekistan and Georgia. Imports of sugar into Ukraine in 2012 were negligible.

DAIRY SEGMENT

ASTARTA continued to develop its dairy farming segment with strong focus on efficiency. In 2012, the average milk yields per cow at ASTARTA's farms increased by 12%.

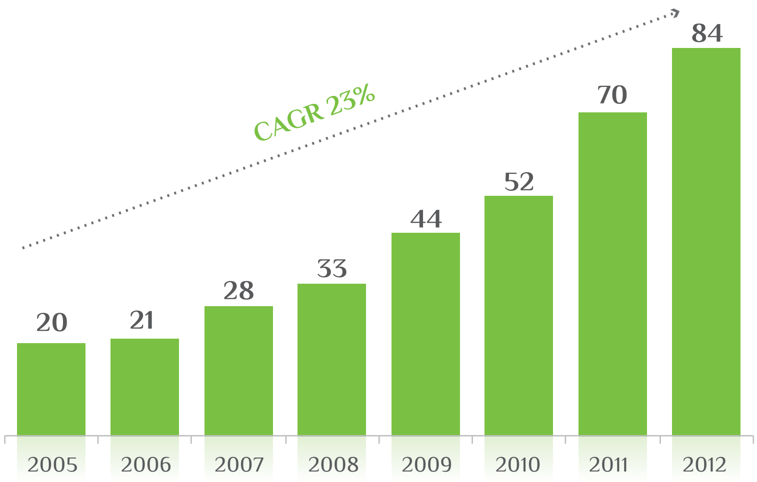
Figure 12. Average milk yields at ASTARTA dairy farms in 2006-2012, kilos



66
dairy farms

This increase, combined with 7% expansion of our dairy herd, provided for 20% growth in milk production, which amounted to 84 thousand tonnes.

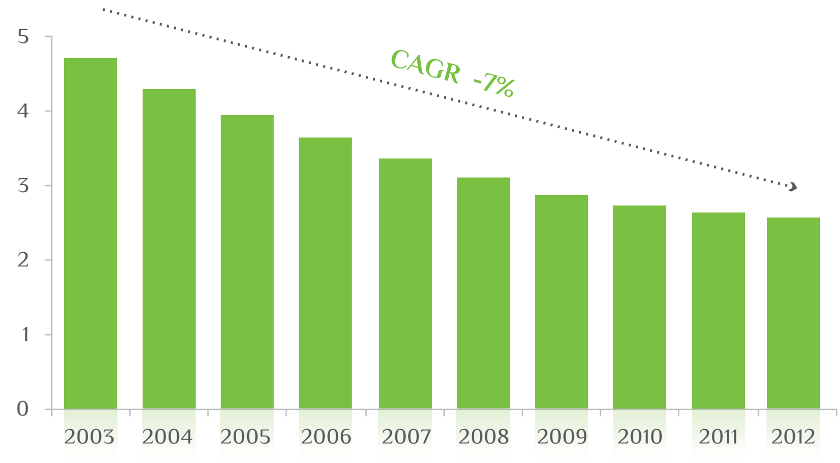
Figure 13. Milk production at ASTARTA dairy farms in 2005-2012



31
thousand heads of cattle

At the same time, in 2012 the total population of milking cows in Ukraine decreased by 1%. Households' contribution to total milk output in the country was 78% (80% in 2011).

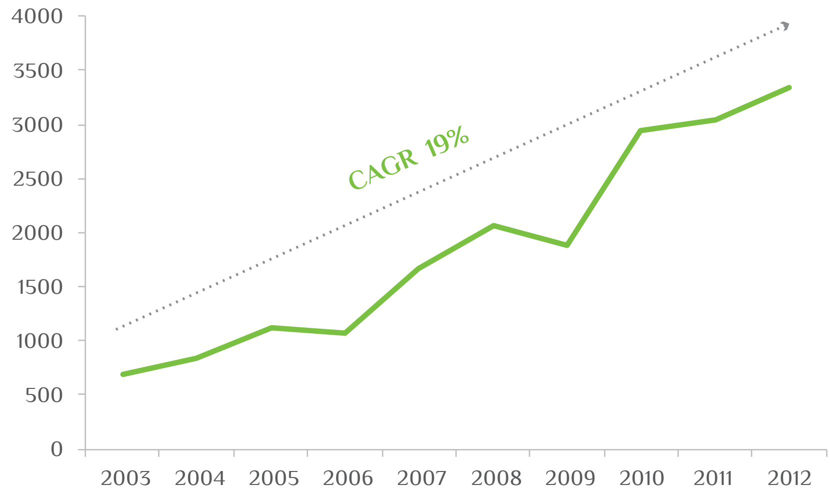
Figure 14.
Milking cows population in Ukraine in 2003-2012, million heads



Source: Ukrstat

Despite the gradual change of structure of milk production in Ukraine and a shift from households to dairy farms, the country still faces a lack of high quality industrial milk. Strong demand for milk is also supported by milk processors due to increasing production. Output of fermented milk products and butter in Ukraine increased in 2012 by 4% and 15%, respectively.

Figure 15.
Average milk price in Ukraine, 2003-2012, UAH per tonne, VAT incl.



Source: Ukrstat, MilkUA

Still, consumption of dairy products in Ukraine (both produced in households and industrial operators) lags far behind EU peers and even Russia. The current level of dairy consumption in the country is estimated by experts at 170 kg per capita, while Russian and the EU levels are at about 260 and 340 kg, respectively. Management believes that efficient industrial milk production based on vertical integration and regional synergy has strong long-term potential and intends to develop this business segment.

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

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

	2012	2011	2010	2009	2008
Revenues	3 701 605	3 385 529	2 328 203	1 480 739	970 736
Cost of revenues including remeasurement gain (loss)	(2 842 520)	(2 037 574)	(1 364 475)	(972 761)	(717 020)
Gross profit	859 085	1 347 955	963 728	507 978	253 716
Operating income (expenses), net	(242 153)	(306 872)	(51 991)	(46 410)	(102 922)
Profit from operations (EBIT)	616 932	1 041 083	911 737	461 568	150 794
Net financing expenses and other non-operating income (expense)	(159 372)	(37 474)	(82 685)	(126 229)	(267 251)
Profit (loss) before tax	457 560	1 003 609	829 052	335 339	(116 457)
Income tax (expense) benefit	8 874	(27 499)	5 736	(5 422)	27 209
Net profit (loss)	466 434	976 110	834 788	329 917	(89 248)
Net profit (loss) attributable to: minority interests	(930)	(310)	(128)	(136)	647
Equity holders of parent company	467 364	976 420	834 916	330 053	(89 895)

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

	2012	2011	2010	2009	2008
Total non-current assets	2 880 443	2 621 932	1 722 787	1 431 633	941 210
Total current assets	4 102 373	3 319 794	2 011 692	1 243 539	1 040 782
Total assets	6 982 816	5 941 726	3 734 479	2 675 172	1 981 992
Total equity	3 665 809	3 196 985	2 213 927	1 369 995	676 090
Total non-current liabilities	1 835 739	1 335 391	721 816	743 038	210 079
Total current liabilities	1 481 268	1 409 350	798 736	562 139	1 095 823
Total equity and liabilities	6 982 816	5 941 726	3 734 479	2 675 172	1 981 992

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

	2012	2011	2010	2009	2008
Revenues	354 272	303 587	219 330	128 239	123 382
Cost of revenues including remeasurement gain (loss)	(271 582)	(182 713)	(128 142)	(84 879)	(88 735)
Gross profit	82 690	120 874	91 188	43 360	34 647
Operating income (expenses), net	(23 078)	(27 518)	(3 678)	(2 668)	(13 204)
Profit from operations (EBIT)	59 612	93 356	87 510	40 692	21 443
Net financing expenses and other non-operating income (expense)	(15 334)	(3 360)	(7 884)	(10 818)	(32 246)
Profit (loss) before tax	44 278	89 996	79 626	29 874	(10 803)
Income tax (expense) benefit	855	(2 466)	415	(425)	3 209
Net profit (loss)	45 133	87 530	80 041	29 449	(7 594)
Net profit (loss) attributable to minority interests	(90)	(27)	(12)	(11)	75
Equity holders of parent company	45 223	87 557	80 053	29 460	(7 669)

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

	2012	2011	2010	2009	2008
Total non-current assets	269 704	251 627	162 680	123 843	83 663
Total current assets	384 116	318 598	189 959	107 571	92 516
Total assets	653 820	570 225	352 639	231 414	176 179
Total equity	343 238	306 813	209 054	118 508	60 098
Total non-current liabilities	171 886	128 157	68 160	64 276	18 674
Total current liabilities	138 696	135 255	75 425	48 630	97 407
Total equity and liabilities	653 820	570 225	352 639	231 414	176 179

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

	2012	2011	2010	2009	2008
Revenues	457 519	423 572	292 742	183 364	182 127
Cost of revenues including remeasurement gain (loss)	(351 316)	(254 926)	(171 565)	(120 460)	(134 525)
Gross profit	106 183	168 646	121 176	62 904	47 602
Operating income (expenses), net	(29 930)	(38 394)	(6 537)	(5 747)	(19 310)
Profit from operations (EBIT)	76 253	130 252	114 639	57 157	28 292
Net financing expenses and other non-operating income (expense)	(19 698)	(4 688)	(9 766)	(15 631)	(50 141)
Profit (loss) before tax	56 554	125 564	104 243	41 526	(21 849)
Income tax (expense) benefit	1 097	(3 440)	721	(671)	5 105
Net profit (loss)	57 651	122 123	104 964	40 855	(16 744)
Net profit (loss) attributable to: minority interests	(115)	(39)	(16)	(17)	121
Equity holders of parent company	57 766	122 162	104 980	40 871	(16 866)

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

	2012	2011	2010	2009	2008
Total non-current assets	356 844	325 862	216 023	177 953	119 141
Total current assets	508 223	412 294	252 250	154 573	131 745
Total assets	865 066	738 156	468 273	332 526	250 885
Total equity	454 139	397 797	277 608	170 291	85 581
Total non-current liabilities	227 421	165 328	90 510	92 360	26 592
Total current liabilities	183 507	175 031	100 155	69 874	138 712
Total equity and liabilities	865 066	738 156	468 273	332 526	250 885

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Financial Performance

Revenues

The Group's consolidated revenues increased by 17% to EUR 354.3 million, driven mainly by higher volumes of sales. Revenues from sugar and sugar by-products sales grew 5% and totaled EUR 204.3 million, supported by an increase in volumes of sales of sugar by 33%, molasses by 38% and pulp by 50%. Revenues in the agriculture segment grew by 34% to EUR 106.1 million. The main drivers for growth in the segment were favorable prices and an increase in volumes of crop sales by 21%. In the cattle farming segment revenues grew by 25% y-o-y, to EUR 32.4 million. Lower year on year prices for milk were offset by increased volumes of milk sales, which grew by 29%.

Cost of revenues and gross profit

Along with growing volumes of sales, cost of revenues increased 37% to EUR 264.8 million. Gross profit decreased by 32% to EUR 82.7 million. Gross profit margin totaled 23% in 2012 vs. 40% in 2011. The main reason for a decrease in margins was weak prices for sugar and milk which corrected on average by 27% and 15%, respectively.

Profit from operations

Due to reasons mentioned above, profit from operations decreased by 36% to EUR 59.6 million. EBIT margin corrected from 31% in 2011 to 17% in 2012. General and administrative expenses grew 47%, to EUR 16.1 million. The driving factor for this growth was a 64% y-o-y increase in salaries and related charges, particulary as a result of increasing numbers of personnel (+24% y-o-y). General and administrative expenses equaled 4.6% of revenues in 2012 and 3.6% in 2011.

As a result of the increase in transportation costs driven by higher volumes of sales and transportation tariffs, selling and distribution expenses grew 50% to EUR 19.8 million and represented 5.6% of revenues in 2012 (4.4% in 2011). Other operating income grew 203% to EUR 2.4 million mainly due to an increase in Government subsidies in the cattle farming segment. Change in fair value of biological assets totaled EUR 16.5 million vs. EUR 1.8 million in 2011. The main driving factor for change in fair value of biological assets in the agriculture segment was an accounting translation reflecting positive dynamics in pricing environment and incremental increase in crop yields.

Financial expenses

Financial costs increased by 22% to EUR 24.6 million, reflecting an increase in bank loans and volatility in credit rates for UAH denominated loans in the second half of 2012.

Profit before tax and net profit

Profit before tax decreased by 51% to EUR 44.3 million. Net profit decreased by 48% to EUR 45.1 million. Net margin was 13% versus 29% a year before.

Financial Position

Assets

Total assets grew 15% to EUR 653.8 million. Non-current assets increased 7% to EUR 269.7 million. The increase in current assets was 21% to EUR 384.1 million. Growth in current assets was linked to an increase in inventories, biological assets and accounts receivable.

Equity and liabilities

In the reporting year equity increased by 12% to EUR 343.2 million. Long-term liabilities increased by 34% to EUR 171.9 million. The increase in long-term liabilities was driven by an increase in long-term loans and borrowings from EBRD, IFC, Citi, Wells Fargo and other banks. The increase in the current portion of long-term borrowings was 55% to EUR 28.1 million, and growth of accounts payables was 77%, to EUR 16.2 million. Short-term liabilities increased by 3% to EUR 138.7 million. Such small growth in short-term liabilities was due to a reduction in short-term loans and borrowings by 15% to EUR 71.4 million, implying the replacement of short-term with long-term loans.

Table 1. Selected data, ratios and multiples of the Group as at and for the year ended 31 December

	2012	2011	2010	2009	2008
EBITDA (EUR)	84 883	110 830	100 708	48 870	30 893
NET DEBT (EUR)	242 377	192 229	110 429	82 865	87 072
Readily marketable inventories (EUR)	171 104	139 107	89 014	51 624	38 903
NET PROFIT (EUR)	45 133	87 530	80 041	29 449	(7 594)
EBITDA MARGIN,%	24%	37%	46%	38%	25%
NET PROFIT MARGIN,%	13%	29%	36%	23%	-6%
ROE	13%	29%	38%	25%	-13%
ROA	7%	15%	23%	13%	-4%
MARKET CAPITALIZATION (EUR)	336 334	294 331	580 177	243 416	65 909
ENTERPRISE VALUE (EUR)	587 325	496 216	696 912	329 687	156 875
EV / EBITDA	6,92	4,48	6,92	6,75	5,08
EV / SALES	1,66	1,63	3,18	2,57	1,27
NET DEBT / EQUITY	0,71	0,63	0,53	0,70	1,51
NET DEBT / EBITDA	2,86	1,73	1,10	1,70	2,82
NET DEBT / SALES	0,68	0,63	0,50	0,65	0,71
TOTAL DEBT RATIO	0,48	0,46	0,41	0,49	0,67
DEBT / EQUITY	0,74	0,68	0,54	0,72	2,01
CURRENT RATIO	2,77	2,36	2,52	2,21	0,92
QUICK RATIO	0,56	0,54	0,42	0,37	0,21
P/E	7,4	3,35	7,10	8,39	-8,50
EPS (EUR)	1,81	3,50	3,20	1,18	-0,31

Formula for calculation of financial indicators

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

Key Investments in the Reporting Year

In 2012, the Group made investments in fixed assets and acquired corporate rights in agricultural enterprises. Table 2 below lists investments by types in 2008 through 2012.

Table 2. Key investments in 2008 through 2012, thousands of Euro

	2012	2011	2010	2009	2008
Additions of property, plant and equipment					
Buildings	5,191	7,323	6,687	621	1,693
Constructions	4,711	4,327	2,385	430	1,829
Equipment and machinery	27,157	39,058	23,485	4,057	22,421
Vehicles	1,125	2,938	1,621	1,067	4,091
Other fixed assets	117	107	124	60	92
Total additions of property, plant and equipment	38,301	53,753	34,302	6,235	30,126
Acquisition of controlling interest in agricultural companies	58	5,394	2,891	131	2,496
Other investments	-	-	-	2,608	246
Total investments	38,359	59,147	37,193	8,974	32,868

Currency Exchange Risk Hedging

As of the end of the reporting period about 85% of the Group's total debt portfolio was denominated in foreign currency as ASTARTA has access to loans from international financial organizations and institutions. Interest expense was about USD 27 million in 2012. At the same time, export revenues in 2012 totalled USD 98.8 million and had a stable increasing trend during recent years, implying strong currency exchange risk hedging.

Investment Plans for 2013 and the Sources of Financing

In 2013, the Group will continue investment activity. First of all, the Group will finish a bio-gas production facility and soybean processing plant which includes an elevator with designed capacity of 42 thousand tonnes. At the same time the Group will continue investing in the agricultural segment, organic development in the cattle farming segment and modernization of sugar plants in order to reduce energy consumption and increase production capability.

Basis of Preparation

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

Material risk factors and threats to the Group

For more details about Material risk factors and threats to the Group please refer to the Consolidated Financial Statements.

Shareholder Structure

According to information available at 31 December 2012, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership in ASTARTA Holding N.V.

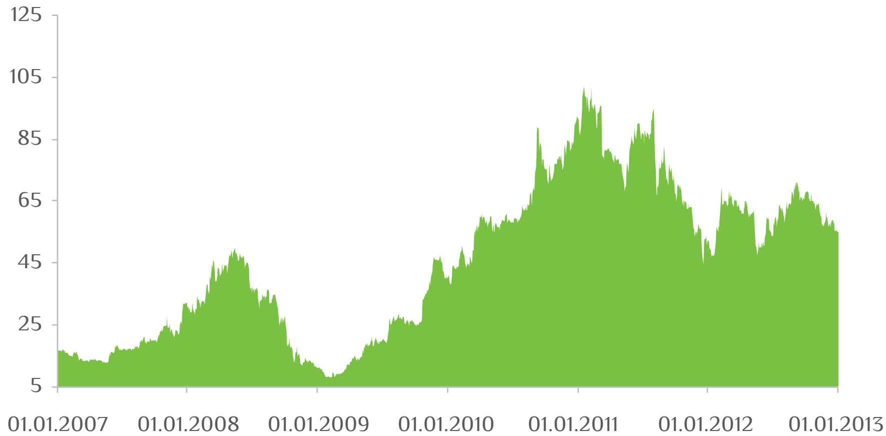
Table 3. Shareholder structure of ASTARTA Holding N.V. as of December 31, 2012

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

Share Price Performance

ASTARTA's share price started the financial year at 52 PLN. In a fluctuating environment, the closing price in the last trading session of 2012 was 5.8% higher and amounted to PLN 55.

Figure 16.
Astarta Holding N.V. quotations 2007-2012



Source: Bloomberg

Table 4. The Company's stock quotation data

Data/Year	Unit	2012	2011	2010	2009	2008
Opening price	PLN per share	52,0	91,9	40,0	11,0	32,0
Highest trading price	PLN per share	74,9	106,0	93,0	48,0	50,7
Lowest trading price	PLN per share	46,0	43,6	37,1	7,7	10,1
Closing price	PLN per share	55,0	52,0	91,9	40,0	11,0
Closing price	EUR per share	13,5	11,8	23,2	9,7	2,6
Year price change	%	5,8%	-43,4%	130,0%	263,6%	-65,6%
EPS (EUR)	EUR	1,8	3,5	3,2	1,2	-0,3
Price / earnings (P/E)		7,4	3,4	7,1	8,4	-8,5
Market capitalization as of 31 December	Ths. of PLN	1 375 000	1 300 000	2 297 500	1 000 000	275 000
Market capitalization as of 31 December	Ths. of EUR	336 334	294 331	580 177	243 416	65 909

Board of Directors

(Refer to the Corporate Governance Report for more information on Board of Directors).

Personnel and Professional Development

The Group employed 10,663 employees as of 31 December 2012, 24% higher than the previous year. 66% of employees are male, 34% employees are female. 9% of employees are temporary workers. The majority of personnel are based outside Kyiv because of the regional diversification of the Group's assets. During 2012, approximately 16% of all employees participated in educational programs, seminars, trainings and conferences. In November 2012, a corporate MBA program for management of the Company was initiated. In the framework of this program, 33 managers of key departments and busines-units are improving their managerial skills.

Research and development

In 2012 in-house research experts successfully tested over 60 sorts of sugar beet, 40 sorts of wheat, 90 hybrids of corn and 10 sorts of soybean. More than 40 updated technologies of crop growing were tested on the Group's fields. A number of training sessions and seminars took place for Group's agronomists. Major technology improve-ments were implemented at ASTARTA sugar plants providing for better energy efficiency and increased productivity. Bioenergy facility, which is pioneering for Ukraine and the CIS, is to be launched in 2013 at one of ASTARTA sugar plants.

Corporate social responsibility

Corporate social responsibility and support of local communities is a priority for the Group's activities. In 2009, a Resolution on social partnership was adopted involving comprehensive development of rural areas. Examples of ASTARTA's engagement in the sphere of social responsibility range from participation in charitable work to numerous social action projects. The harmony between business success, environmental soundness, and community responsibility are core elements of the Group corporate social responsibility.

In 2012 ASTARTA became a member of Center for CSR Development, which is a leading expert organization in Ukraine, which implements critical business projects in Ukraine and provides support for companies to develop CSR strategies and non-financial reports. Being member of the Ukrainian Network of UNO Global Compact since 2008, ASTARTA published a report on its achievements and progress in implementing 10 principles of the Global Compact for 2012. The report is available on Global Compact page at www.unglobalcompact.org. The report includes information on training, healthcare and safety of human resources of ASTARTA as well as information on environmental issues and social and charity programs.

Certification process

Within the strategy of the execution of social and ecological action plans confirmed by the FMO and EBRD, the Group's Globyno, Zhdanivsky, Kobelyaky and Yaresky sugar plants were successfully certified with the ISO 14001 standard (Environmental management system) in November – December 2012. The Group's central office and Narkevychi sugar plant were audited for conformity with the ISO 14001 certificate received in 2011 and were certified under OHSAS 18001 (hygiene and labour safety management system). The Group intends to continue with further implementation of international standards.

Fulfillment of strategy in 2012 and outlook for 2013

Fulfillment of strategy in 2012

1. Investments & Development of Assets

- Combined daily processing capacity of sugar plants increased by 10%
- Agricultural machinery fleet was enhanced and its efficiency grew through introduction of GPS-controlling
- Milking cows population increased by 7%
- A new modern sugar silo with total capacity of 50 thousand tonnes was commissioned
- The Group further improved logistics, increased capacity of its grain storage network and reinforced transportation capabilities
- Construction of a bio-gas facility and a soybean processing plant with a 42 thousand tonne storage silo was progressing according to plan

2. Production & Operations

- Production of grains and oilseeds was about 600 thousand tonnes
- Production of sugar beet increased by 25% to 2.6 million tonnes. The average sugar beet yield per hectare grew by 10% to 53 tonnes
- ASTARTA produced 430 thousand tonnes of sugar (+15% y-o-y) and secured around 80% of in-house grown sugar beet for processing
- Sugar plants' energy efficiency (consumption of natural gas) improved by 10%
- Milk production increased by 20%, totalling 84 thousand tonnes
- Average milk yields per cow increased by 12%

3. Organization & Management

- Further developed the organizational structure, business processes and the management system
- Actively developed corporate integrated environmental management, labor protection and occupational safety systems

4. Marketing & Sales Policy

- Expanding of exports: 54% of agricultural produce and 6% of sugar products were exported
- Revenues from exports increased by 128% y-o-y representing 24% of total consolidated sales

Outlook for 2013

1. Investment & Development

- Commissioning of a bio-gas complex and soybean processing plant in fall 2013
- Development and modernization of processing capacities and further implementation of energy efficiency programs
- Expansion of storage facilities for grains and oilseeds
- Further development of cattle farming, expanding headcount

2. Production & Operational Activities

- Continue to improve efficiency of sugar, agricultural and cattle farming production
- Sustain high level of vertical integration, providing sugar plants mainly with in-house grown sugar beet

3. Marketing & Sales policy

- Ensure swift response to changing market environment in order to reduce risks
- Explore new opportunities in key business areas and related segments

Corporate governance report

GENERAL

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

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

Year by year we try to improve Company’s corporate governance taking into account amendments in legislation, recommendations and good practice of other companies. We are pleased to represent you report reflecting our corporate governance today and what was done in 2012 year.

BOARD OF DIRECTORS

A | Structure of Management

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

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

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

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

Each year the General Meeting of Shareholders delegates the authority to issue shares to the Board of Directors and also the authority to cancel pre-emptive rights in connection therewith. On 14 June 2012, the General Meeting of Shareholders authorised the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the issued and paid in share capital at the time and to limit or cancel any existing pre-emptive rights in connection therewith. The General Meeting of Shareholders also resolved that all resolutions hereto have to be taken by the Board of Directors with unanimous votes. The authorization was given for a period of one year starting 14 June 2012 and ending but not including 14 June 2013, and may not be withdrawn.

B | Representation

The Company is represented by the Board of Directors. The authority to represent the Company, including the signing of documents, is also vested in one Executive Director A and one Executive Director B acting jointly. The Board of Directors is empowered to appoint officials with general or limited powers of representation. Each such official shall represent the Company with due observance of the limitations imposed on his or her powers. The Board of Directors determines the titles of such officials.
Members of the Board of Directors are appointed and can be suspended or dismissed by the General Meeting of Shareholders. Any such suspension may be extended several times but the total term of the suspension may not exceed three months. The suspension shall expire on lapse of this period if no resolution has been adopted either to lift the suspension or to dismiss the Director. Share ownership in the Company is not required to qualify as a member of the Board of Directors.
The Chairman of the Board of Directors should ensure that the directors continually update their skills and have the knowledge and familiarity with the Company required to fulfil their role on the Board of Directors and its committees.
On 14 June 2012 the General Meeting of Shareholders reappointed Mr. Ivanchyk to represent the Company in the event that (i) there is a conflict of interest with a Director, in the sense that the Director in private enters into an agreement with, or is party in a legal proceeding between him and the Company and (ii) there are no other Directors to represent the Company. Such appointment is in accordance with Article 16 paragraph 3 of the Articles of Association.
At the same meeting of shareholders Mr. Sergiy Kontiruk, the Corporate Secretary and Compliance Officer of the Company, was reappointed as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association.

C | The Directors

The Company has a profile for its Directors, which indicates the size and composition of the Board of Directors, the activities and expertise and background of the Directors. The Profile of the Board of Directors can be viewed on the Company's website (www.astarholding.com).
The Board of Directors of the Company is formed by persons who have appropriate education and long-term practice in different spheres what helps them to make balanced decisions.
The profiles of the Board of directors and reappointment scheme can also be found below in current section. Each director of the Board must be capable of assessing the broad outline of Astarta Holding N.V. overall policy and must have the specific expertise required for the fulfillment of the duties assigned to the role designated to him/her in the Board profile. In addition, a director must have sufficient time to allocate to the duties required from him/her. The General meeting of shareholders can dismiss directors in the event of inadequate performance or a structural incompatibility of interests. It is considered desirable for the Board to represent, to the extent possible, a wide range of expertise so that it has relevant knowledge of and experience in business management, financial administration and accounting for listed companies and large entities. Although the composition of the Board of directors is currently not in accordance with the statutory requirements on gender diversity, the Board recognizes the importance of a gender balanced composition and takes this into account when selecting potential Board nominees. However, as gender is only part of diversity, the Board will continue to select directors on the basis of their background, knowledge and experience.

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.

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

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

PETRO RYBIN
(born in 1956, male)

*Executive Director A,
Chief Operating
and Financial Officer,
Ukrainian 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 LLC Firm "Astarta-Kyiv".

Mr. Rybin has, in the previous five years, been a member of the governing bodies of the following entities: LLC Trade House "APO Tsukrovyk Poltavshyny" and LLC "APO Tsukrovyk Poltavshyny".

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 Insti-tute (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 six years, been Director at Montferland Beheer BV and Voorgrond Beheer BV at Schoonhoven (NL), Director at Nice Group BV, Amsterdam, Director at GMT (PEP Com) BV, Amsterdam, Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY), Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy and Director of Lugo Terminal Srl at Lugo, Italy.
Mr. van Campen is still holding the positions in the following entities: Montferland Beheer BV, Ovostar Union NV, Do It Yourself (DIY) Orange Holding NV, Salvatore Ferragamo SpA and Lugo Terminal Srl.
He graduated with a master's in law from the University of Nijmegen in 1968.
Shares owned in the Company: 0.

VALERY KOROTKOV
(born in 1963, male)

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

Valery Korotkov serves as a Non-Executive Director C with the Company and the Chairman of the Board of Directors since its incorporation.
In 2003 Mr. Korotkov became a co-owner of LLC Firm "Astarta-Kyiv".
From 1992 to 1999 Mr. Korotkov worked as a director for a number of companies, such as ROSMARK, MPVoil, CJSC "Rosneft-Zapad", "Rosagronefteproduct", CJSC "TNKinvestneft", Municipal Unitary Enterprise "Poklonnaya gora" and then for 6 years he was a Deputy General Director at the Financial Company "Agronefteproduct".
Mr. Korotkov graduated from the Kharkov Institute of the Engineers of Communal Construction (1985). In 1990 he obtained the degree of Candidate of engineering sciences and in 2002 he graduated from the University College Kensington and obtained a degree of a Master of business administration.
Shares owned in the Company: 6,496,883 shares in the Company held through a Cypriot holding company named Aluxes Holding Ltd.

WLADYSLAW BARTOSZEWSKI
(born in 1955, male)

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

In 2012 Mr. Bartoszewski became the CEO of PGE Dom Maklerski S.A., the brokerage house owned by PGE S.A., the largest Polish energy company. Between 2007 and the end of 2011, Mr. Bartoszewski worked for Credit Suisse, as the General Manager of Credit Suisse (Luxembourg) S.A., Poland Branch, based in Warsaw. Between 2004 and 2007, and also between 1991 and 1997 he was at Central Europe Trust Co. Ltd, a British consulting and advisory firm, where he was a Board Director, working in Warsaw, Kiev and Moscow. Between 2000-2003 he was a Managing Director of ING Barings, responsible for all its investment banking activities in Poland. In 1997, he joined J.P. Morgan where he was until the end of 2000 in charge of the Polish operations of the bank as a head of the Warsaw office. Prior to 1991 Mr. Bartoszewski was a lecturer at St Antony's College, Oxford, attached to the Institute of Russian, Soviet and East European Studies of the Oxford University as of 1985.
Wladyslaw Bartoszewski, PhD, is a graduate of the University of Warsaw and University of Cambridge. He has worked in financial services since 1990 and is registered with the British Financial Service Authority.
Shares owned in the Company: 0.

None of the Executive Directors holds more than two supervisory board memberships of listed companies or is chairman of such supervisory board other than of a group company. The Company shall evaluate the balance of skills, knowledge and experience of each member of the board and, in light of this, prepare a description of the role, experience and skills required for a particular new appointment.

The Resignation Schedule for Members of the Board of Directors has been drawn up in accordance with article 6.2 of the Rules of the Board of Directors. It can be viewed on the Company's website (www.astartaholding.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	May 2014	Not Applicable
PETRO RYBIN	June 2006	May 2014	Not Applicable
MARC VAN CAMPEN	June 2006	May 2014	Not Applicable
VALERY KOROTKOV	June 2006	May 2014	June 2018
WLADYSLAW BARTOSZEWSKI	June 2006	May 2014	June 2018

D | Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by members of the Board of Directors as of 31 December 2012 was 15,743,766 amounting to approximately 62.98% of the issued and paid up share capital of the Company. The shareholding of the Directors has been notified with the AFM (Autoriteit Financiële Markten).
With respect to acquiring ownership interest of securities and transactions in securities by the Directors, the Company 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.astartaholding.com).

E | Chairman of the Board of Directors and the Corporate Secretary

Mr. Korotkov was reappointed as the Chairman of the Board of Directors on the General Meeting of Shareholders in 2010 year. At the same meeting Mr. Bartoszewski was reappointed as the Vice-Chairman of the Board of Directors.
It is the responsibility of the Chairman to follow operations and ensure that the other Board members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman shall make sure that the Board's work, including the work in the Board committees and the efforts of individual members, with regard to working procedures, competences and the working climate are evaluated.

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

The compliance officer can be elected and dismissed by the Board of Directors. The Board of Directors elected Mr. Sergiy Kontiruk to be the corporate secretary and compliance officer of the Company.
The Profile and Task of the Compliance Officer of the Company can be viewed on the Company's website (www.astartaholding.com).

COMMITTEES OF THE BOARD OF DIRECTORS

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

A | Audit Committee

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

At least one of the members of this committee shall be a financial expert as referred to in the Dutch Corporate Governance Code and all members shall be financially literate.
Our Audit Committee is formed by Mr. Bartoszewski (the Chairman and financial expert) and Mr. van Campen.

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

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

B | Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors.

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

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

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

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

REMUNERATION POLICY

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

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

On 30 June 2011 the General Meeting of Shareholders adopted new Remuneration Policy of the Company. The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with this Remuneration policy.
The Remuneration Policy determines that the Board of Directors may set the amount of the remuneration of the Directors within the range mentioned in the Remuneration Policy after negotiation with the Company's Remuneration Committee and after the adoption by the General Meeting of Shareholders of the Company's annual accounts of the preceding financial year, showing that a fee in the higher range of the following year is justified.

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

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

SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEE MEETINGS IN 2012

Dates for the Board Meetings in 2012 year were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. Additional meetings of the Board were held when deemed necessary by the Board.

The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wanted to share. In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board agenda.
The annual General Meeting of Shareholders of the Company was held in Amsterdam, the Netherlands on 14 June 2012, the Minutes of which is available on the Company's website (www.astartaholding.com).

Within the financial year 2012, the Board of Directors held the following meetings:

four meetings in Amsterdam, the Netherlands, on 11 April 2012, 12 April 2012, on 13 June 2012 and 14 June 2012;
four meetings via conference-call on 22 February 2012, 08 May 2012, 20 August 2012, 08 November 2012.

Within the financial year 2012, the Audit Committee held the following meetings:

two meetings in Amsterdam, the Netherlands, on 11 April 2012 and on 12 April 2012.

Within the financial year 2012, the Remuneration Committee held the following meetings:

two meetings in Amsterdam, the Netherlands, on 11 April 2012 and on 14 June 2012;

one meeting via conference-call on 08 November 2012.

GOVERNANCE AND CONTROL

A | Dutch Corporate Governance Code

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

B | WSE Corporate Governance Rules

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

By Resolution No. 17/1249/2010 of the Warsaw Stock Exchange Supervisory Board dated 19 May 2010, Resolution No. 15/1282/2011 of the Warsaw Stock Exchange Supervisory Board dated 31 August 2011 and Resolution No. 20/1287/2011 of the Warsaw Stock Exchange Supervisory Board dated 19 October 2011 there were adopted amendments to abovementioned code which came into force from 01 January 2012. On 21 November 2012 Warsaw Stock Exchange Supervisory Board by Resolution 19/1307/2012 adopted new amendments to the Code of Best Practice for WSE Listed Companies, which became effective from 01 January 2013.

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

C | Application of the Corporate Governance Codes

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

The above-mentioned set of corporate governance documents includes:

1. By-laws of the General Meeting of Shareholders
2. Rules of the Board of Directors
3. Profile of the Board of Directors
4. Resignation Schedule for the Members of the Board of Directors
5. Remuneration Policy
6. Charter of the Rules governing the Audit Committee
7. Charter of the Rules governing the Remuneration Committee
8. Profile and Tasks of the Compliance Officer
9. Securities Rules of the Board of Directors
10. Code of Conduct
11. Whistleblower Rules
12. Insider Trading Rules

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

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

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

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

D | Confirmations in relation to the Dutch Corporate Governance Code

There have not been conflict of interest situations between the Directors and the Company during financial year 2012. The Board of Directors would like to confirm that if there had been such situations, that it would have complied with best practise provisions II.3.2 and II.3.3 of the Dutch Corporate Governance Code, also in line with the documents mentioned under section C. This means that the Board of Directors would have immediately reported any such conflict of interest or potential conflict of interest being of material significance to the Company and/or to such Director, to the Non-Executive Directors and to the other members of the Board of Directors. Any discussion or decision-making with regard to the conflicted transaction, including any decision to determine whether there is an actual conflict of interest, would have been taken without the conflicted Director being present. The same applies to best practice provisions III.6.1 through III.6.3 with respect to conflicts of interest in relation to the Non-Executive Directors, to the extent possible taking into account that the Company has a one-tier structure.

The Board of Directors also confirms that there have not been any conflict of interest situations between the Company and shareholders holding more than 10% of the shares in the Company's capital during financial year 2012. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practise provision III.6.4 of the Dutch Corporate Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.

INTERNAL CONTROL

A | Internal risk management and control systems

General

Our Board of Directors is responsible for our system of internal risk management and controls and for reviewing their operational effectiveness.
The internal risk management and control systems are designed to identify significant risks and to assist us in managing the risks that could prevent us from achieving our objectives. The systems however cannot provide absolute assurance against material misstatements, fraud and violations of laws and regulations.
Nevertheless, because of their inherent limitations, the control systems described below, as well as those in the two following sections may not prevent or detect all misstatements, inaccuracies, errors, fraud or non-compliance with law and regulations, neither can they provide certainty as to the achievement of our objectives.
Since our all our operations are located in Ukraine, the risk management and internal control framework mentioned below describes corresponding elements of such control on the level of the Ukrainian holding company – Astarta-Kyiv (unless stipulated otherwise), which company is established under and acting on Ukrainian legislation.

Control Systems

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

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

1) Control over whole stage of business planning (budgeting).
Preliminary control over relative processes is executed over Astarta-Kyiv vertically, starting from designation of Astarta-Kyiv's objectives and tasks for the planning period and ending with an adoption by the management of subsidiaries, prepared and coordinated with all participants after their verification concerning their conformity with the objectives.
Current control over business plans (budgets) is executed firstly by comparing actual budgets with adopted plans in order to control fixed indices and prevent adverse forthcomings for particular subsidiaries and Astarta-Kyiv as a whole. All deviations are to be analyzed in order to reveal the reasons for deviating and the measures to be taken in order to eliminate these deviations;

2) Control over revenues and expenses.
Control over revenues and expenses of the enterprises of Astarta-Kyiv, as well as over crediting and withdrawal of funds of these enterprises is executed by way of elaboration on the regulations regarding budgeting and elaboration of the budget of Astarta-Kyiv's enterprises itself.
The budget commission was founded in order to improve efficiency of the control over revenues and expenses of the subsidiaries, which commission holds meetings on a monthly basis to approve budgets and control over budgeting in Astarta-Kyiv and its subsidiaries;

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

4) Control over investment decisions.
Astarta-Kyiv has developed procedures of the investment decisions adoption.
The investment committee was founded to improve efficiency of the investment decisions adoption process and to minimize risks of wrong investment decisions. Our internal control system executes thorough control over investments.

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

6) Hot line.
In accordance with recommendations of our auditors, Astarta-Kyiv maintains additional control system "Hot line". Everyone who works in Astarta-Kyiv or with Astarta-Kyiv can communicate to Internal Audit Department by telephone, mail, e-mail or website of our company and leave information about a fraud or other violations. This information may be left anonymously if contacting person wants it.

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

The Department of accounting methodology and control works up consolidated accounting policy for all Astarta-Kyiv's subsidiaries, executes its control over Astarta-Kyiv's subsidiaries periodically and examines compliance of the accounting of the subsidiaries with the accounting standards and policy in place. The Department of accounting methodology and control is implementing 1C:Enterprise 8 system of programs, which is intended for automation of everyday enterprise activities: various business tasks of economic and management activity, such as management accounting, business accounting, HR management, CRM, SRM, MRP, etc.

The Internal Audit Department conducts an independent, objective assurance and consulting activity designed to add value and improve Astarta-Kyiv's and its subsidiaries operations. It helps our company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In connection to the abovementioned we are aware that some functions of our internal risk management and control systems could be improved. We believe that we are taking adequate steps to strengthen our internal risk management and control systems in these functions.

Deficiencies

Over the period covered by this annual report we have not identified any control issues that could be classified as a material weakness or having a material impact on our operational and financial results. We have however identified some needs for control improvement as outlined below.

The first group of issues is connected to IT system improvement, including issues of usage of the system as a mean of control. To solve the issue we designated an IT specialist from our IT department in order to provide usage of IT as a measure of control efficiency improvement and cooperation with the economic security department. We also plan to improve a regulation on IT security at Astarta-Kyiv.

The second group relates to insufficient formalization and optimization of processes of financial and management accounting. In order to solve these issues we analyzed the best software to enable (i) standardization and improvement of our financial accounting system and its being compliant with IFRS, as well as (ii) formalization of management accounting aiming at control of fulfillment of designated tasks in the process of business planning.

According to specific regulations we also permanently verify and improve our system of internal control over financial reports. Our external auditors are obligated to consider our internal control over financial reporting as a basis for designing their auditing procedures for the purpose of expressing their opinion on our consolidated financial statements. We have discussed our own assessment of our control and risk management framework with our auditors and are in agreement with them on the deficiencies to be remediated.

B | Section II.1.3 of the Dutch Corporate Governance Code

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

To the best of its knowledge, the Board of Directors believes that the Company's internal risk management and control systems have not led to any major problems during financial year 2012 resulting in material errors in the financial reporting of the Company. The Board of Directors also believes that the Company's internal risk management and control systems have been implemented effectively until now, but note that there are areas where significant deficiencies as described above were identified, in relation to which adequate remedial actions have been taken. The Board of Directors is of the opinion that there are no indications, considering the attention given to the strengthening of our internal control over financial reporting and disclosure control and procedures, that our risk management and control systems will not operate properly as of now is of the opinion that from now on the systems will provide a reasonable level of assurance that the financial reporting will not contain material inaccuracies.

DEVIATION FROM THE DUTCH CORPORATE GOVERNANCE CODE

As the Company is incorporated under the laws of the Netherlands, apart from applying the Code of Best Practice for WSE Listed Companies, the Company complies with the Dutch Corporate Governance Code by applying principles and best practice provisions that are applicable, or by explaining why the Company deviates from them. The Company tries to comply with both Dutch and Polish corporate governance rules.
Since the WSE Corporate Governance Rules are similar to the rules provided under the Dutch Corporate Governance Code, a majority of the principles and best practice provisions of the Dutch Corporate Governance Code are being complied with. Since the first General Meeting of Shareholders held after the listing of the Company's shares on the Warsaw Stock Exchange, all the internal documents and regulations concerning the corporate governance rules of the Company were adopted and amended from time to time.

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

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

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

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

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

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

In accordance with this best practice provision, the majority of members of the management board shall be non-executive directors and are independent within the meaning of this Code. As for the Company, it has two Non-Executive Directors out of five Directors; two members of the Board of Directors are independent. The reason for this is to keep the Board of Directors as small and simple as possible. To apply this rule would mean that the Board should be comprised of nine persons; since only Mr. Bartoszewski is an independent non-executive director, four additional independent non-executive directors would be required. This does not seem to be in the best interests of the Company, but would rather complicate matters.
In accordance with amendments made into "The Code of Best Practice for WSE Listed Companies" in 2011 the Company does not apply the following provision:

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

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

REMUNERATION REPORT

Background

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

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

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

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

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

Remuneration in financial year 2012

On 14 June 2012, in accordance with Remuneration Policy in edition of 30 June 2011 year the Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 35,000 per year, of Mr. Korotkov at EUR 35,000 per year, and of Mr. Van Campen at EUR 35,000 per year for financial year 2012.

The remuneration of Mr. Ivanchyk and Mr. Rybin for financial year 2012, in an amount of UAH 345,500 per month (the equivalent of approximately EUR 360,000 per year) and UAH 276,600 per month (the equivalent of approximately EUR 288,000 per year), respectively, were ratified by the appropriate resolutions of LLC Firm "Astarta-Kyiv".

Board of Directors at the meeting dated 14 June 2012 resolved also to grant to Executive Directors A cash bonuses of up to 150% of their fixed annual fees for 2011 in the following amounts: to Mr. Ivanchyk – equivalent about EUR 268,924 and to Mr. Rybin – equivalent about EUR 366,000.

The abovementioned resolutions have been approved based on the adopted amended Remuneration Policy as of 30 June 2011, the results of examination of the consolidated financial statements as at and for the year 2011 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 14 June 2012.

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

Director's name	Position	2010			2011			2012		
		Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	37,500	4,187	41,687	30,000	8,163	38,163	35,000	-	35,000
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	37,500	2,032	39,532	30,000	-	30,000	35,000	2,000	37, 000
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	37,500	2,000	39,500	30,000	2,867	32,867	35,000	3,149	38,149
Total				120,719			101,030			110,149

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

Director's name	Position	2010			2011			2012		
		Remuneration for rendered services	Bonuses	Total	Remuneration for rendered services	Bonuses	Total	Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	354,037	143,944	497,981	305,000	218,818	523,818	360,000	268,924	628,924
P. Rybin	Executive Director and Chief Operating and Financial Officer	287,167	109,249	396,416	244,000	300,000	544,000	288,000	366,000	654,000
Total				894,397			1,067,818			1,282,924

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 2012.

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

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

In carrying out their task, they participated in the Board Meetings mentioned in paragraph 7 above and advised the Board of Directors on their management activities. Besides this, Mr. Korotkov is a member of the Remuneration Committee, and Mr. Bartoszewski, as financial expert, is a member of the Remuneration Committee and of the Audit Committee. As for Mr. Bartoszewski, as a member of the Audit Committee, he has had several meetings with Mr. Van Campen and provided the Board of Directors with advice in this respect.

There were no irregularities in the 2012 financial year that required interventions by the Non-Executive Directors.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

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

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2012 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 2012 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2012 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2012, including a description of the key risks that the Company is confronted with.

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

The Board of Directors hereby represents that Ernst & Young Accountants LLP, which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2012, 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 2012, the Board of Directors assessed the effectiveness of the system of internal con-trols for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analysis that was carried out at the Company within the framework of governance and compliance, the Board is of the opinion, after consulting with the Audit Committee, that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organizations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

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

Board of Directors of ASTARTA Holding N.V.
12 April 2013,
Amsterdam, the Netherlands

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

Caution note regarding forward-looking statements

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

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(in thousands of Ukrainian hryvnias)	Notes	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,363,684	2,101,871
Intangible assets	6	63,977	84,318
Biological assets	7	261,051	209,935
Financial instruments available-for-sale	8	15,066	11,050
Long-term receivables		691	19,010
Other long-term assets		36,936	19,017
Long-term cash deposits	11	138,937	174,922
Deferred tax assets	27	101	1,809
		2,880,443	2,621,932
Current assets			
Inventories	9	2,497,865	1,999,638
Biological assets	7	774,225	563,425
Trade accounts receivable	10	397,416	303,670
Other accounts receivable and prepayments	10	304,970	269,030
Current income tax		420	667
Short-term cash deposits	11	46,212	130,153
Cash and cash equivalents	12	81,265	53,211
		4,102,373	3,319,794
Total assets		6,982,816	5,941,726
EQUITY AND LIABILITIES			
Equity	13		
Share capital		1,663	1,663
Additional paid-in capital		369,798	369,798
Retained earnings		2,910,351	2,405,670
Revaluation surplus		380,558	417,875
Currency translation reserve		697	(1,693)
Total equity attributable to equity holders of the parent company		3,663,067	3,193,313
Non-controlling interests in joint stock companies	14	2,742	3,672
Total equity		3,665,809	3,196,985
Non-current liabilities			
Loans and borrowings	15	1,653,260	1,121,125
Non-controlling interests in limited liability companies	14	92,002	100,613
Other long-term liabilities		21,175	30,148
Deferred tax liabilities	27	69,302	83,505
		1,835,739	1,335,391
Current liabilities			
Loans and borrowings	15	762,637	875,849
Current portion of long-term loans and borrowings	15	300,158	189,418
Trade accounts payable		172,873	95,068
Current income tax		1,161	1,917
Other liabilities and accounts payable	16	244,439	247,098
		1,481,268	1,409,350
Total equity and liabilities		6,982,816	5,941,726

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(in thousands of Euros)	Notes	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	221,319	201,715
Intangible assets	6	5,990	8,092
Biological assets	7	24,443	20,148
Financial instruments available-for-sale	8	1,411	1,060
Long-term receivables		65	1,825
Other long-term assets		3,458	1,826
Long-term cash deposits	11	13,009	16,787
Deferred tax assets	27	9	174
		269,704	251,627
Current assets			
Inventories	9	233,882	191,904
Biological assets	7	72,493	54,071
Trade accounts receivable	10	37,211	29,143
Other accounts receivable and prepayments	10	28,555	25,819
Current income tax		39	64
Short-term cash deposits	11	4,327	12,491
Cash and cash equivalents	12	7,609	5,106
		384,116	318,598
Total assets		653,820	570,225
EQUITY AND LIABILITIES			
Equity	13		
Share capital		250	250
Additional paid-in capital		55,638	55,638
Retained earnings		281,046	232,329
Revaluation surplus		40,157	43,651
Currency translation reserve		(34,110)	(25,407)
Total equity attributable to equity holders of the parent company		342,981	306,461
Non-controlling interests in joint stock companies	14	257	352
Total equity		343,238	306,813
Non-current liabilities			
Loans and borrowings	15	154,800	107,593
Non-controlling interests in limited liability companies	14	8,614	9,656
Other long-term liabilities		1,983	2,894
Deferred tax liabilities	27	6,489	8,014
		171,886	128,157
Current liabilities			
Loans and borrowings	15	71,408	84,055
Current portion of long-term loans and borrowings	15	28,105	18,178
Trade accounts payable		16,187	9,124
Current income tax		109	184
Other liabilities and accounts payable	16	22,887	23,714
		138,696	135,255
Total equity and liabilities		653,820	570,225

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Ukrainian hryvnias)	Notes	2012	2011
Revenues	17	3,701,605	3,385,529
Cost of revenues	18	(2,765,176)	(2,157,642)
(Loss) gain arising from remeasurement of agricultural produce to fair value	19	(77,344)	120,068
Gross profit		859,085	1,347,955
Changes in fair value of biological assets	24	171,981	20,364
Other operating income	20	24,636	8,711
General and administrative expenses	21	(168,234)	(122,105)
Selling and distribution expenses	22	(207,808)	(147,849)
Other operating expenses	23	(62,728)	(65,993)
Profit from operations		616,932	1,041,083
Finance costs	25	(256,058)	(225,107)
Finance income	25	62,071	27,442
Other income	26	16,467	19,879
Gain on acquisition of subsidiaries	4	18,148	140,312
Profit before tax		457,560	1,003,609
Income tax benefit (expenses)	27	8,874	(27,499)
Net profit		466,434	976,110
Net profit attributable to:			
Non-controlling interests in joint stock companies		(930)	(310)
Equity holders of the parent company		467,364	976,420
Net profit		466,434	976,110
Weighted average basic and diluted shares outstanding (in thousands of shares)		25,000	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Ukrainian hryvnias)		18.69	39.06

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Euros)	Notes	2012	2011
Revenues	17	354,272	303,587
Cost of revenues	18	(264,789)	(193,480)
(Loss) gain arising from remeasurement of agricultural produce to fair value	19	(6,793)	10,767
Gross profit		82,690	120,874
Changes in fair value of biological assets	24	16,503	1,826
Other operating income	20	2,366	781
General and administrative expenses	21	(16,142)	(10,949)
Selling and distribution expenses	22	(19,828)	(13,258)
Other operating expenses	23	(5,977)	(5,918)
Profit from operations		59,612	93,356
Finance costs	25	(24,640)	(20,186)
Finance income	25	5,973	2,461
Other income	26	1,588	1,783
Gain on acquisition of subsidiaries	4	1,745	12,582
Profit before tax		44,278	89,996
Income tax benefit (expenses)	27	855	(2,466)
Net profit		45,133	87,530
Net profit attributable to:			
Non-controlling interests in joint stock companies		(90)	(27)
Equity holders of the parent company		45,223	87,557
Net profit		45,133	87,530
Weighted average basic and diluted shares outstanding (in thousands of shares)		25,000	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Euros)		1.81	3.50

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Ukrainian hryvnias)	2012	2011
Net profit	466,434	976,110
Other comprehensive income		
Currency translation differences	2,390	1,069
Other comprehensive income, net of tax	2,390	1,069
Total comprehensive income	468,824	977,179
Attributable to:		
Non-controlling interests in joint stock companies	(930)	(310)
Equity holders of the parent company	469,754	977,489
Total comprehensive income as at 31 December	468,824	977,179

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Euros)	2012	2011
Net profit	45,133	87,530
Other comprehensive income		
Currency translation differences	(8,708)	9,702
Other comprehensive income, net of tax	(8,708)	9,702
Total comprehensive income	36,425	97,232
Attributable to:		
Non-controlling interests in joint stock companies	(95)	(10)
Equity holders of the parent company	36,520	97,242
Total comprehensive income as at 31 December	36,425	97,232

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Ukrainian hryvnias)	Notes	2012	2011
Operating activities			
Profit before tax		457,560	1,003,609
Adjustments for:			
Depreciation and amortization		263,343	194,869
Allowance for impairement of trade and other accounts receivable	10	10,070	15,875
Gain on acquisition of subsidiaries	4	(18,148)	(140,312)
Loss (gain) on sales of property, plant and equipment	26	354	(1,504)
Write down of inventories	23	7,197	6,986
Finance income	25	(62,071)	(27,442)
Interest expense	25	219,414	169,792
Other finance costs		11,142	16,709*
Gain from changes in fair value of biological assets	24	(171,981)	(20,364)
Loss (gain) arising from remeasurement of agricultural produce to fair value	19	77,344	(120,068)
Loss from promissory note transactions	25	1,456	2,710
Recovery of assets previously written off	26	(7,570)	(6,142)
Non-controlling interests in limited liability companies	25	24,046	29,635
Foreign exchange (gain) loss on loans and borrowings, deposits		(4,103)	9,661*
Working capital adjustments:			
Increase in inventories		(560,348)	(669,652)
Increase in trade and other receivables		(102,414)	(220,716)
(Increase) decrease in biological assets due to other changes		(75,345)	19,494
Increase (decrease) in trade and other payables		96,082	(60,718)
Income taxes paid		(2,490)	(3,176)
Cash flows provided by operating activities		163,538	199,246
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(537,167)	(620,057)
Proceeds from sales of property, plant and equipment		4,121	2,486
Purchase of financial investments		(3,382)	(15,113)
Interest received	25	26,080	23,901
Acquisition of subsidiaries net of cash acquired	4	(19,894)	(61,964)
Cash deposits placement		(47,385)	(315,038)*
Cash deposits withdrawal		167,852	22,258*
Cash flows used in investing activities		(409,775)	(963,527)
Financing activities			
Proceeds from loans and borrowings		1,906,705	2,162,292*
Repayment of loans and borrowings		(1,394,047)	(1,192,304)
Transaction costs on loans and borrowings		(26,268)	(34,821)
Increase (decrease) in promissory notes issued		-	497
Dividends paid to non-controlling interests in limited liability companies	14	(8,082)	-
Acquisition of non-controlling interest		(5,172)	-
Interest paid		(198,845)	(130,044)*
Cash flows provided by financing activities		274,291	805,620
Net increase in cash and cash equivalents		28,054	41,339
Cash and cash equivalents as at 1 January		53,211	11,872
Cash and cash equivalents as at 31 December		81,265	53,211

** Refer to Note 2(b) for reclassification to presentation.*
The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Euros)	Notes	2012	2011
Operating activities			
Profit before tax		44,278	89,996
Adjustments for:			
Depreciation and amortization		25,271	17,474
Allowance for impairement of trade and other accounts receivable	10	966	1,424
Gain on acquisition of subsidiaries	4	(1,745)	(12,582)
Loss (gain) on sales of property, plant and equipment	26	34	(135)
Write down of inventories	23	691	626
Finance income	25	(5,973)	(2,461)
Interest expense	25	21,115	15,226
Other finance costs		1,071	1,499*
Gain from changes in fair value of biological assets	24	(16,503)	(1,826)
Loss (gain) arising from remeasurement of agricultural produce to fair value	19	6,793	(10,767)
Loss from promissory note transactions	25	140	243
Recovery of assets previously written off	26	(730)	(548)
Non-controlling interests in limited liability companies	25	2,314	2,657
Foreign exchange (gain) loss on loans and borrowings, deposits		(394)	973*
Working capital adjustments:			
Increase in inventories		(53,771)	(60,049)
Increase in trade and other receivables		(9,828)	(17,183)
(Increase) decrease in biological assets due to other changes		(7,230)	1,748
Increase (decrease) in trade and other payables		9,220	(5,393)
Income taxes paid		(239)	(285)
Cash flows provided by operating activities		15,480	20,637
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(51,546)	(58,180)
Proceeds from sales of property, plant and equipment		395	223
Purchase of financial investments		(325)	(1,355)
Interest received	25	2,509	2,155
Acquisition of subsidiaries net of cash acquired	4	(1,909)	(5,394)
Cash deposits placement		(4,547)	(30,234)*
Cash deposits withdrawal		16,107	2,136*
Cash flows used in investing activities		(39,316)	(90,649)
Financing activities			
Proceeds from loans and borrowings		182,967	193,920*
Repayment of loans and borrowings		(133,772)	(106,916)
Transaction costs on loans and borrowings		(2,521)	(3,122)
Increase (decrease) in promissory notes issued		-	45
Dividends paid to non-controlling interests in limited liability companies	14	(776)	-
Acquisition of non-controlling interest		(496)	-
Interest paid		(19,081)	(11,661)*
Cash flows provided by financing activities		26,321	72,266
Net increase in cash and cash equivalents		2,485	2,254
Cash and cash equivalents as at 1 January		5,106	1,121
Currency translation difference		18	1,731
Cash and cash equivalents as at 31 December		7,609	5,106

** Refer to Note 2(b) for reclassification to presentation.*
The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Ukrainian hryvnias)	Attributable to equity holders of the parent company							
	Share capital	Additional paid-in capital	Retained earnings	Re-valuation surplus	Currency transla-tion reserve	Subtotal	Non-con-trolling interests	Total equity
As at 1 January 2011	1,663	369,798	1,391,589	452,448	(2,762)	2,212,736	1,191	2,213,927
Net profit (loss)	-	-	976,420	-	-	976,420	(310)	976,110
Other comprehensive income, net of tax	-	-	-	-	1,069	1,069	-	1,069
Total comprehensive income	-	-	976,420	-	1,069	977,489	(310)	977,179
Acquisitions of subsidiary	-	-	-	-	-	-	2,791	2,791
Acquisitions from non-controlling shareholders and other changes	-	-	3,088	-	-	3,088	-	3,088
Realisation of revaluation surplus, net of tax (note 13)	-	-	34,573	(34,573)	-	-	-	-
As at 31 December 2011	1,663	369,798	2,405,670	417,875	(1,693)	3,193,313	3,672	3,196,985
Net profit (loss)	-	-	467,364	-	-	467,364	(930)	466,434
Other comprehensive income, net of tax	-	-	-	-	2,390	2,390	-	2,390
Total comprehensive income	-	-	467,364	-	2,390	469,754	(930)	468,824
Realisation of revaluation surplus, net of tax (note 13)	-	-	37,317	(37,317)	-	-	-	-
As at 31 December 2012	1,663	369,798	2,910,351	380,558	697	3,663,067	2,742	3,665,809

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Euros)	Attributable to equity holders of the parent company							
	Share capital	Additional paid-in capital	Retained earnings	Re-valuation surplus	Currency transla-tion reserve	Subtotal	Non-con-trolling interests	Total equity
As at 1 January 2011	250	55,638	141,177	46,969	(35,092)	208,942	112	209,054
Net profit (loss)	-	-	87,557	-	-	87,557	(27)	87,530
Other comprehensive income, net of tax	-	-	-	-	9,685	9,685	17	9,702
Total comprehensive income	-	-	87,557	-	9,685	97,242	(10)	97,232
Acquisitions of subsidiary	-	-	-	-	-	-	250	250
Acquisitions from non-controlling shareholders and other changes	-	-	277	-	-	277	-	277
Realisation of revaluation surplus, net of tax (note 13)	-	-	3,318	(3,318)	-	-	-	-
As at 31 December 2011	250	55,638	232,329	43,651	(25,407)	306,461	352	306,813
Net profit (loss)	-	-	45,223	-	-	45,223	(90)	45,133
Other comprehensive loss, net of tax	-	-	-	-	(8,703)	(8,703)	(5)	(8,708)
Total comprehensive income	-	-	45,223	-	(8,703)	36,520	(95)	36,425
Realisation of revaluation surplus, net of tax (note 13)	-	-	3,494	(3,494)	-	-	-	-
As at 31 December 2012	250	55,638	281,046	40,157	(34,110)	342,981	257	343,238

The notes on pages 58 to 141 are an integral part of these consolidated financial statements.

1. BACKGROUND

A | Organisation 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 the 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 number of subsidiaries in Ukraine (here-inafter the Company and its subsidiaries are collectively referred to as the "Group").
On 16 August 2006 the Company's shares were admitted for trading on the Warsaw Stock Exchange. The first quotation of the shares on the Warsaw Stock Exchange took place on 17 August 2006.
The Group specializes in sugar production, crop growing and cattle farming. The croplands, sugar plants and cattle operations are mainly located in the Poltava, Vinnytsia, Khmelnytsky and Kharkiv oblasts (administrative regions) of Ukraine. The Group's business is vertically integrated because sugar is produced primarily using own-grown sugar beet.

B | Ukrainian business environment

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

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

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

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

2. BASIS OF PREPARATION

A | Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code, applying the exemption offered by article 402 of the Title 9, Book 2 of the Netherlands Civil Code to present a condensed income statement in the Company financial statements. The consolidated financial statements were authorized by the Board of Directors on 12 April 2013.

B | Reclassifications in corresponding figures

In the course of preparation of these consolidated financial statements the following reclassifications were made to corresponding figures in the consolidated statement of cash flows:

1. Interest paid was reclassified from operating activity to financing activity
2. Other finance costs were reclassified from operating activity to financing activity

The Group believes that the revised classification provides more relevant information.

The effect of the reclassifications is as follows:

	As previously reported		Effect of reclassifications		After reclassifications	
	(In thousands of Ukrainian hryvnias)	(In thousands of Euros)	(In thousands of Ukrainian hryvnias)	(In thousands of Euros)	(In thousands of Ukrainian hryvnias)	(In thousands of Euros)
Other finance expense	-	-	16,709	1,499	16,709	1,499
Foreign exchange (gain) loss on loans, borrowings and deposits	4,717	423	4,944	550	9,661	973
Interest paid	(130,044)	(11,661)	130,044	11,661	-	-
Cash flows provided by operating activities	47,549	6,927	151,697	13,710	199,246	20,637
Repayments of loans and borrowings	(1,169,334)	(104,856)	(22,970)	(2,060)	(1,192,304)	(106,916)
Interest paid	-	-	(130,044)	(11,661)	(130,044)	(11,661)
Cash flows provided by financing activities	958,634	85,987	(153,014)	(13,721)	805,620	72,266
Cash deposits placement	(294,097)	(28,224)	(20,941)	(2,010)	(315,038)	(30,234)
Cash deposits withdrawal	-	-	22,258	2,136	22,258	2,136
Cash flows used in investing activities	(964,844)	(90,837)	1,317	126	(963,527)	(28,098)

C | Basis of consolidation

Subsidiaries are those enterprises that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Company from the date that control effectively commences until the date that control effectively ceases. As at 31 December 2012, the Group has 49.99% ownership in the associate LLC Agricultural company "Pokrovska" (2011: 49.99%) with carrying value of nil. In 2007, the Group discontinued recognition of its share of losses of associate LLC Agricultural company "Pokrovska". The Group's unrecognized share of losses of the associate as at 31 December 2012 is UAH 40,010 thousand or EUR 4,337 thousand (2011: UAH 25,102 thousand, EUR 2,907 thousand).

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

	(In thousands of Ukrainian hryvnias)		(in thousand of Euros)	
	2012	2011	2012	2011
Assets	31,200	39,538	2,921	3,794
Liabilities	127,362	105,883	11,925	10,162
Gross profit	4,108	42,661	394	3,825
Net loss	(29,816)	(5,865)	(2,861)	(526)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.
These consolidated financial statements include the Company and its subsidiaries. The operating subsidiaries in Ukraine are owned by Astarta-Kyiv, a Ukrainian limited liability company.

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

In 2012, the Group completed acquisitions of four companies (note 4).

In 2012, the Group incorporated the following subsidiaries:

Subsidiary	Date of incorporation
LLC "Tsukragroprom"	13.09.2012
LLC "Agricultural company "Slobozhans'ka Zhytnitsa"	27.08.2012
LLC "Volochys'k-tsukor"	27.08.2012
LLC "Globyns'kiy tsukor"	31.08.2012

As at 31 December 2012 Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries, joint ventures and an associate with the following percentage of ownership:

Name	Activity	2012 % of ownership	2011 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	100,00%	100,00%
LLC Firm "Astarta-Kyiv"	Asset management	99,98%	99,98%
LLC "APO "Tsukrovyk Poltavshchyny""	Sugar production	99,26%	98,53%
LLC "Agricultural company "Dovzhenko""	Agricultural	97,03%	97,03%
LLC "Shyshaki combined forage factory"	Fodder production	90,56%	82,71%
LLC "Agricultural company "Dobrobut""	Agricultural	98,24%	98,11%
LLC "Agricultural company "Musievske""	Agricultural	89,98%	89,98%
LLC "Globino processing factory "Globus""	Canning production, trade	99,98%	99,98%
LLC "Dobrobut" (Novo-Sanzharskiy region)	Agricultural	99,98%	99,98%
OJSC "Agricultural company "Agrocomplex""	Agricultural	83,80%	83,80%
OJSC "Agricultural company "Zhdanivske""	Agricultural	97,97%	97,97%
LLC "Investment company "Poltavazernoproduct""	Agricultural	98,68%	98,33%
LLC "List-Ruchky"	Agricultural	74,99%	74,99%
LLC "Agropromgaz"	Trade	89,98%	89,98%
LLC "Khmilnitske"	Agricultural	99,09%	99,06%
LLC "Volochysk-Agro"	Agricultural	97,48%	92,79%
LLC "Agricultural company "Mirgorodska""	Agricultural	89,98%	89,98%
LLC "Kobelyatskiy combined forage factory"	Fodder production	98,56%	97,26%
LLC "named after Ostrovskiy"	Agricultural	74,99%	74,99%
SC "Agricultural company "Agro-Kors""	Agricultural	99,98%	99,98%
LLC "Agricultural company "Khorolska""	Agricultural	98,99%	99,88%
LLC "Lan"	Agricultural	99,98%	99,98%
LLC "Nika"	Agricultural	98,98%	99,98%
LLC "Zhytnytsya Podillya"	Agricultural	74,99%	74,99%

Name	Activity	2012 % of ownership	2011 % of ownership
Subsidiaries:			
LLC “Astarta-Selektsiya”	Research and development	74,99%	74,99%
LLC “Tarasivske”	Agricultural	-***	97,98%
LLC “Agro-Tradex”	Trade	-*	99,97%
LLC “Zorya”	Agricultural	-***	99,48%
LLC “Pershe Travnya”	Agricultural	-***	89,98%
LLC “Kolos”	Agricultural	-***	89,98%
LLC “Khorolskiy combined forage factory”	Fodder production	99,24%	92,77%
PC “Lan-M”	Agricultural	99,98%	99,98%
LLC “Agricultural company named after Vatutin”	Agricultural	-***	79,98%
LLC “named after Vorovskiy”	Agricultural	-***	99,98%
OJSC “Novoivanivskiy sugar plant”	Sugar production	94,28%	94,28%
PC “Kumanivske”	Agricultural	-***	99,98%
LLC “Zarichya”	Agricultural	-***	99,98%
LLC “Zbruch”	Agricultural	-***	99,98%
LLC “Geoexpertservice”	Agricultural	100%	98,33%
LLC “Investpromgaz”	Trade	99,93%	-
LLC "Tsukragromprom"	Trade	99,91%	-
LLC "Agricultural company Slobozhans'ka Zhytnitsa"	Agricultural	50,99%	-
LLC "Volochys'k-tsukor"	Trade	97,48%	-
LLC "Globyns'kiy tsukor"	Sugar production	98,68%	-

** In August 2012, the Group disposed its subsidiary LLC “Agro-Tradex” for cash proceeds of UAH 55 thousand. Net liabilities of the company at the date of disposal comprised UAH 133 thousand. Gain on disposal of UAH 188 thousand was included in income statement.*

*******LLC “named after Vorovskiy” was merged with LLC “Agricultural company “Dobrobut”; PC “Kumanivske” and LLC “Zbruch” were merged with LLC “Volochysk-Agro”; LLC “Tarasivske”, LLC “Zorya”, LLC “Agricultural company “named after Vatutin”, LLC “Pershe Travnya” and LLC “Kolos” were merged with LLC “Agricultural company “Khorolska”; LLC “Zarichya” was merged with LLC “Khmilnitske”.*

Associate:			
LLC “Agricultural company “Pokrovska”	Agricultural	49,99%	49,99%
Joint ventures:			
SC "Agricultural company named after Ivanenko"	Agricultural	80%	80%
SC "Konyarstvo Ukrainy"	Agricultural	80%	80%
LLC "APK Savynska"	Agricultural	49,99%	49,99%

All subsidiaries, joint ventures and the associate, except for Ancor Investments Ltd, are incorporated in Ukraine. Ancor Investments Ltd is incorporated in Cyprus.

D | Business combinations and goodwill

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

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

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

E | 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 associate 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.

F | Basis of accounting

The consolidated financial statements are prepared on a historical cost basis, except for buildings and machines and equipment classified as property, plant and equipment, biological assets and available for sale investments stated at fair value and agricultural produce stated at cost which is determined as fair value less estimated costs to sell at the point of harvest.

G | Non-controlling interest participants

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

Non-controlling interests in joint stock companies are recognized in equity.

H | Interest in a joint venture

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

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

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

I | Ivestment in an associate

Associates are those enterprises in which the Company has significant influence, but not control, over financial and operating policies.

The Group's investment in its associates, entities in which the Group has significant influence, is accounted for using the equity method. Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses exceeds the interest in the associate, the interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

J | Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency. The functional currency of the Company and its Cypriot subsidiary is Euro (EUR). The operating subsidiaries, joint ventures and associates registered in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency.

The consolidated financial statements are presented in UAH and all values are rounded to the nearest thousand, except when otherwise indicated. For the benefit of certain users, the Group also presents all numerical information in EUR. The translation of UAH denominated assets and liabilities into EUR in these consolidated financial statements does not necessarily mean that the Group could realize or settle in EUR the reported values of these assets and liabilities. Likewise, it does not necessarily mean that the Group could return or distribute the reported EUR value retained earnings to its shareholders. For the purposes of presenting financial information in EUR, assets and liabilities of the Ukrainian subsidiaries, joint ventures and associates are translated from UAH to EUR using the closing rates at each reporting date, and income and expenses, and cash flows are translated at the rates rulling at transactions date. The Group uses the interbank foreign exchange rates. The resulting translation differences are recognized in other comprehensive income presented in EUR.

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

Currency	Average reporting period rate		Reporting date rate	
	2012	2011	2012	2011
EUR	**10.42**	11.15	**10.68**	10.42
USD	**8.09**	7.99	**8.07**	8.05

K | Critical accounting estimates and judgments in applying accounting policies

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease – Group as a lessee

The Group leases land plots for its production purposes. The Group has determined, based on an evaluation of the terms and conditions of the lease arrangements, that the lessor retains all the significant risks and rewards of ownership of the land and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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.

Revaluation of buildings, machinery and equipment

The Group adopted the revaluation model of accounting for buildings, machines and equipment. 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. Machines and equipment is valued using the market approach. Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Management engaged external independent appraisers to estimate the fair value of buildings, machinery and equipment as at 31 December 2009.

Depreciation

Management estimates are necessary to identify the useful lives of property, plant and equipment. Management uses its expertise and judgment in reassessing the remaining useful lives of major items at each reporting date.

Fair value of biological assets

Due to the absence of an active market as defined by International Accounting Standard ("IAS") 41 Agriculture, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate. The fair value of biological assets is determined by the Group's own agricultural experts. Further details are provided in Note 7.

Fair value of agricultural produce

Management estimates the fair value of agricultural produce by reference to quoted prices in an active market, as required by IAS 41. In addition, costs to sell at the point of harvest are estimated and deducted from the fair value. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting.

Weather conditions and yields

The Group's business by nature is highly susceptible to weather conditions during planting and harvesting time as well as during the time when crops are growing. Unexpected changes in weather conditions can impact the costs of production and the yields of crops, used in estimating the fair value of the biological assets, and ultimately have a significant impact on the Group's financial results.

Taxes

Deferred tax assets, including those arising on unused tax losses are recognised to the extent that it is probable that they will be recovered, which is dependent on the generation of sufficient future taxable profit. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 27.

3. SIGNIFICANT ACCOUNTING POLICIES

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

A | Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. The Group's Ukrainian entities use Ukrainian interbank foreign exchange rates since the Group settles foreign currency balances using foreign currency cash purchased on the interbank market. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Foreign exchange differences arising on translation are recognized in the income statement.

B | Property, plant and equipment

(i) Owned assets

Buildings held for production, selling and distribution or administrative purposes, machines and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. At the date of the revaluation accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. The revaluations are carried out by independent appraisers and performed frequently enough to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount at each reporting date.

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

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

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

Construction is a tripartite building that does not have a roof, a foundation or a wall. Constructions are mainly used in agriculture and sugar production and are presented by hangars, silos, stockpile sites and grain dryings.
Uninstalled equipment comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction.
The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.
Depreciation methods, useful lives and residual values are reviewed at each reporting date. The effect of any changes from previous estimates is accounted for as a change in an accounting estimate.
Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.
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.

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

(iii) Subsequent expenditure

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

(iv) Depreciation

Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. On the subsequent sale or retirement of a revalued asset, the atributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.
The depreciable amount of assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
Depreciation commences when the item of property, plant and equipment is available for use. Land, assets under construction and uninstalled equipment are not depreciated.

The estimated useful lives are as follows:

Buildings	50 years
Constructions	50 years
Machines and equipment	20 years
Vehicles	10 years
Other property, plant and equipment	5 years

C | Intangible assets, other than goodwill

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

For business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 10 years. Following initial recognition, intangible assets are carried at cost less accumulated amortization. The land lease rights are amortized over 5 to 10 years on a straight line basis. The amortization expense is recognized in the income statement in the expense category consistent with the function of intangible asset.
Software is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement in the expense category consistent with the function of intangible asset on a straight-line basis over the estimated useful lives, normally 4 years.
The amortization period and the amortization method for intangible asset with a finite useful life is reviewed at least at each year end.

D | Biological assets

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

Gain (loss) from changes in fair value of biological assets included in the consolidated income statement represents the net difference between (i) the excess of the fair value less estimated costs to sell of biological assets over their total cost at the end of reporting period, and (ii) the corresponding amount at the beginning of the reporting period.
The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets.

E | Agricultural produce

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

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

F | Financial assets

(i) Non-derivative financial assets

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

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

Held-to-maturity investments

Non-derivative financial assets with fixed and determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial recognition held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

After initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to income statement.

Available-for-sale investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses.

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

Loans and receivables

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

(ii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.
Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates using a discount rate representing a market rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the statement of financial position date.

G | Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials at the agricultural and sugar production facilities is determined using the weighted average method including costs incurred in bringing them to their existing location and condition, such as transportation.
Work in progress and finished goods include the the cost of raw materials, labor and manufacturing overheads allocated proportionately to the stage of completion of the finished goods.
Investments into future crops represent seeds, fertilizers and land cultivation to prepare for the subsequent growing season.

H | Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity date of three months or less and are stated at fair value.

I | Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated of the future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

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

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

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

(ii) Non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit and loss. Impairment losses are recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iii) Reversal of impairment of non-financial assets

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

J | Earnings per share

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

K | Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any differences between cost and redemption value being recognized in the income statement over the period of the borrowings.
When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognized immediately in the income statement.

L | Trade accounts payable

Trade accounts payable are stated at their amortized cost.

M | Taxes

Current income tax

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

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

The Group's income was subject to taxation in Ukraine, Cyprus and the Neitherlands. In 2012, Ukrainian corporate income tax was levied at a rate of 21% (2011: 25% in the 1st quarter of 2011 and 23% in the 2nd - 4th quarters). According to the Tax Code, which became effective on 1 January 2011, in Ukraine, a tax rate of 19% shall be applied starting from 1 January 2013 and 16% – from 1 January 2014. 22 subsidiaries of the Group are subject to CPT in Ukraine.

In 2012, the tax rates in Cyprus and the Neitherlands were 25.5% and 10% (2011:25.5% and 10%), respectively.

Deferred tax

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

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

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

N | Fixed agricultural tax

In accordance with the Law of Ukraine “On the Fixed Agricultural Tax”, dated 17 December 1998, as amended (the Law on Fixed Agricultural Tax), agricultural companies engaged in the production, processing and sale of agricultural products might choose to be registered as payers of fixed agricultural tax (FAT), provided that their sales of agricultural goods of their own production accounted for more than 75% of their gross revenues.
FAT is paid in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents. The amount of FAT payable is calculated as a percentage of the deemed value of all land plots (determined by the state) leased or owned by a taxpayer. FAT is expensed as incurred.

O | Special VAT regime for entities engaged in agricultural production

According to the Law of Ukraine, “On the Value Added Tax (VAT)”, companies that generate not less than 75% of revenues for the previous tax year from sales of own agricultural products enjoy a privileged VAT regime. The difference between VAT generated on sales and VAT paid on purchases, is not remitted to the state and can be used to make payments for goods and services related to agricultural activities. The agricultural entities of the Group which enjoy this special regime recognise revenues and purchases on a gross basis, i.e. including VAT.

P | 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.

(i) Government grants related to crop production

The amount of this subsidy is calculated based on the number of hectares sowed with a particular crop.
The amount of reimbursement is based on a variety of factors and conditions precedents. The Group recognizes these subsidies when received due to the uncertainty in the amount and timing of receipt, and reflects in other operating income.

(ii) Government grants related to cattle farming

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

(iii) Partial compensation for finance costs and other subsidies

The Cabinet of Ministers of Ukraine approved the program of finance costs compensation to the companies involved in agricultural business for the years 2009 - 2013. The amount of interest subsidy depends on the terms and purposes of financing obtained from banks.
The Group is entitled to receive reimbursement from various government programs for the cost of agricultural machinery manufactured in Ukraine and fertilizers produced in Ukraine. Agricultural producers are required to meet certain conditions to qualify for these subsidies.
Because interest and other subsidies are payable only when the governmental budget allows, they are recognized on a cash basis, and are reflected in other operating income.

Q | Revenue

Revenues from the sale of goods are recognized in the income statement when the significant risks and rewards of ownership are transferred to the buyer. No revenues are recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods and when there is continuing management involvement with the goods and the amount of revenue cannot be measured reliably.

R | Expenses

Expenses are accounted for on an accrual basis.

S | Operating lease payments

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

T | Finance cost and income

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest expense component of finance lease payments is recognized in the income statement using the effective interest method. Interest income is recognized in the income statement as incurred as part of finance income.

U | 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.

V | Statement of cash flows

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

W | New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC Interpretations effective as at 1 January 2012:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments)

IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012. The amendment had no effect on the Group's financial position, performance or disclosures.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact on the Group.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of the consolidated financial statements.

X | New standards and interpretations not yet adopted

Standards issued, but not yet effective, up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective and endorsed by the EU.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment is expected to have no impact on the Group.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

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

IFRS 10 Consolidated Financial Statements, IAS 27 Seperate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group is currently assessing the impact of this standard. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this standard will impact the financial position of the Group. The Group will cease proportionate consolidating the joint venture and start equity accounting for the joint venture. The standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of interests in other entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard will affect disclosure only and will have no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 13 Fair Value Measurement

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

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The standard will have no impact on the Group's financial position or performance.

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

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

Annual Improvements May 2012
These improvements will not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards
This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

4. BUSINESS COMBINATIONS

In 2012, the Group completed acquisitions of four entities. PC “Mir”, LLC “Agricultural company “Pershe travnya” and LLC “Agricultural company “Kolos” are non-listed agricultural companies located in Ukraine and were acquired with the purpose to expand the agricultural land leases bank and increase the volumes of crops, milk and meat production. LLC “Investpromgaz” is a non-listed company located in Ukraine which holds a licence for sales of gas in Ukraine.

The following entities were acquired in 2012:

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of aquisition
PC "Mir"	Ukraine	Agricultural	02.01.2012	99.06%
LLC “Agricultural company "Pershe travnya”	Ukraine	Agricultural	23.01.2012	89.98%
LLC “Agricultural company "Kolos”	Ukraine	Agricultural	01.02.2012	89.98%
LLC "Investpromgaz"	Ukraine	Trade	19.03.2012	99.93%

The fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Management commissioned an independent appraiser to determine the fair value of the land lease rights.

Subsequent to the acquisition, PC “Mir” was merged with LLC “Volochysk-Agro”. LLC “Agricultural company “Pershe travnya”and LLC “Agricultural company “Kolos” were subsequently merged with LLC “Agricultural company “Khorolska”. Due to the merges, it is not practicable to determine the profit or loss incurred after the acquisition date by these entities. From the dates of acquisition, the net loss incurred by LLC “Investpromgaz” amounted to UAH 50 thousand (EUR 4.6 thousand). For the business combinations in 2012 and 2011, non-controlling interest is measured as the non-controlling interests’ proportionate share of the acquiree’s identifiable net assets. Fair value of the acquired receivables equals to the gross contractual amounts receivable.

In 2012, the acquisition of the companies had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition				
	Mir	Pershe travnya	Kolos	Investpromgaz	Total
Non-current assets					
Property, plant and equipment	2,919	1,435	-	-	4,354
Non-current biological assets	1,588	-	-	-	1,588
Intangible assets	389	340	235	-	964
Current assets					
Inventories	1,824	1,624	1,552	9,850	14,850
Current biological assets	8,409	3,145	1,448	-	13,002
Trade accounts receivable	-	2	1	-	3
Other accounts receivable and prepayments	130	843	727	1,988	3,688
Non-current liabilities					
Other long-term liabilities	-	(3,548)	(1,985)	-	(5,533)
Current liabilities					
Short-term loans and borrowings	-	-	-	(11,820)	(11,820)
Trade accounts payable	-	(92)	(12)	-	(104)
Other liabilities and accounts payable	(257)	(195)	(1,612)	(1)	(2,065)
Net identifiable assets, liabilities and contingent liabilities	15,002	3,554	354	17	18,927
Non-controlling interest	(141)	(33)	(3)	-	(177)
Net assets aquired	14,861	3,521	351	17	18,750
Excess of net assets acquired over consideration paid	14,511	3,371	252	14	18,148
Consideration paid	(350)	(150)	(99)	(3)	(602)
Net cash outflow	(350)	(150)	(99)	(3)	(602)

(in thousands of Euros)	Recognised fair value at acquisition				
	Mir	Pershe travnya	Kolos	Investpromgaz	Total
Non-current assets					
Property, plant and equipment	281	137	-	-	418
Non-current biological assets	153	-	-	-	153
Intangible assets	37	33	23	-	93
Current assets					
Inventories	175	157	149	948	1,429
Current biological assets	809	302	139	-	1,250
Trade accounts receivable	-	-	-	-	-
Other accounts receivable and prepayments	13	81	70	191	355
Non-current liabilities					
Other long-term liabilities	-	(341)	(191)	-	(532)
Current liabilities					
Short-term loans and borrowings	-	-	-	(1,137)	(1,137)
Trade accounts payable	-	(9)	(1)	-	(10)
Other liabilities and accounts payable	(25)	(19)	(155)	-	(199)
Net identifiable assets, liabilities and contingent liabilities	1,443	341	34	2	1,820
Non-controlling interest	(14)	(3)	-	-	(17)
Net assets aquired	1,429	338	34	2	1,803
Excess of net assets acquired over consideration paid	1,395	324	24	2	1,745
Consideration paid	(34)	(14)	(10)	-	(58)
Net cash outflow	(34)	(14)	(10)	-	(58)

During 2011, the Group completed acquisitions of 21 entities. The purchase consideration was paid in cash and the direct costs related to these acquisitions were not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of aquisition
LLC “Tarasivske”	Ukraine	Agricultural	04.02.2011	97.98%
LLC “Nika”	Ukraine	Agricultural	11.02.2011	99.98%
LLC “Zhytnytsya Podillya”	Ukraine	Agricultural	21.02.2011	74.99%
PC “Valmer”	Ukraine	Agricultural	25.02.2011	99.98%
LLC “Zdobutok”	Ukraine	Agricultural	31.03.2011	99.98%
LLC “Chervona Zirka”	Ukraine	Agricultural	31.03.2011	99.98%
LLC “Niva”	Ukraine	Agricultural	04.04.2011	99.98%
PC “Ukraine”	Ukraine	Agricultural	18.04.2011	98.75%
LLC “Lan-Invest”	Ukraine	Agricultural	04.05.2011	99.98%
AC “Oriy”	Ukraine	Agricultural	25.05.2011	99.98%
LLC “Zoria”	Ukraine	Agricultural	02.06.2011	99.13%
PC “named after Suvorov”	Ukraine	Agricultural	09.06.2011	99.98%
LLC “Horolsky combined forage factory”	Ukraine	Agricultural	22.07.2011	92.77%
PC “Lan-M”	Ukraine	Agricultural	04.08.2011	99.98%
LLC “Agricultural company “named after Vatutin”	Ukraine	Agricultural	23.08.2011	79.98%
LLC “named after Vorovsky”	Ukraine	Agricultural	13.09.2011	99.98%
OJSC “Novoivanivskiy sugar plant”	Ukraine	Sugar production	02.11.2011	94.28%
LLC “Zarichya”	Ukraine	Agricultural	25.10.2011	99.98%
PC “Kumanivske”	Ukraine	Agricultural	16.11.2011	99.98%
LLC “Zbruch”	Ukraine	Agricultural	22.12.2011	99.98%
PC "Stetkivtci"	Ukraine	Agricultural	22.12.2011	99.98%

The acquisition of these companies during 2011 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition										
	Tarasivske	Nika	Zhytnytsya Podillya	Valmer	Zdobutok	Chervona Zirka	Niva	Ukraine	Lan-Invest	Oriy	Zorya
Non-current assets											
Property, plant and equipment	2,874	33	1,368	-	9,410	7,148	2,326	4,877	493	2,417	13,260
Construction in progress	-	-	-	-	1,569	-	252	-	-	-	152
Non-current biological assets	2,378	-	75	-	329	3	6	72	-	-	3,515
Intangible assets	1,765	1,266	1,500	2,297	3,558	674	1,905	-	2,280	-	9,572
Current assets											
Inventories	1,590	2,201	3,005	-	3,992	243	678	194	45	135	3,500
Current biological assets	6,261	-	4,875	1,509	2,733	902	1,782	-	433	1,095	15,932
Trade accounts receivable	130	-	154	-	86	10	549	2	-	-	585
Other accounts receivable and prepayments	34	1,653	4,880	364	158	30	12	1,821	1	-	1,281
Cash and cash equivalents	53	5	486	-	10,682	9	716	-	2	-	157
Non-current liabilities											
Long-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	(1,374)	-	(454)	-	-	(3)	(305)	(573)	(140)	-	(1,854)
Deffered tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Current liabilities											
Short-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Trade accounts payable	(177)	(7)	(1,636)	-	(1)	(312)	(98)	-	-	(166)	(8,722)
Other liabilities and accounts payable	(143)	(4,318)	(12,446)	(937)	(2,251)	(20)	(245)	(381)	-	-	(1,223)
Net identifiable assets, liabilities and contingent liabilities	13,391	833	1,807	3,233	30,265	8,684	7,578	6,012	3,114	3,481	36,155
Non-controlling interest	(270)	-	(452)	(1)	(6)	(2)	(2)	(75)	(1)	(1)	(315)
Net assets aquired	13,121	833	1,355	3,232	30,259	8,682	7,576	5,937	3,113	3,480	35,840
Excess of net assets acquired over consideration paid	10,946	-	740	-	10,701	644	5,676	5,897	721	3,080	24,091
Goodwill on acquisition	-	(141)	-	(2,100)	-	-	-	-	-	-	-
Consideration paid	(2,175)	(974)	(615)	(5,332)	(19,558)	(8,038)	(1,900)	(40)	(2,392)	(400)	(11,749)
Cash acquired	53	5	486	-	10,682	9	716	-	2	-	157
Net cash outflow	(2,122)	(969)	(129)	(5,332)	(8,876)	(8,029)	(1,184)	(40)	(2,390)	(400)	(11,592)

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition										
	named after Suvorov	Khorolskiy combined forage factory	Lan-M	named after Vatutin	named after Vorovskiy	Novoivanivskiy sugar plant	Zarichya	Kumanivske	Zbruch	Stetkivtsi	Total
Non-current assets											
Property, plant and equipment	1,604	5,518	1,057	5,863	3,881	83,291	1,164	2,241	1,612	6,237	156,674
Construction in progress	353	60	38	474	13	3,357	-	77	-	-	6,345
Non-current biological assets	1,445	-	-	-	2,304	-	-	500	-	-	10,627
Intangible assets	2,384	13	911	6,338	4,634	7,418	2,175	2,335	681	2,102	53,808
Current assets											
Inventories	402	66	10	10,165	5,576	26,798	-	906	81	-	59,587
Current biological assets	10,597	-	1,016	19,081	1,700	-	-	1,667	1,606	-	71,189
Trade accounts receivable	77	-	-	85	69	2,884	57	-	-	629	5,317
Other accounts receivable and prepayments	351	48	209	838	406	28,198	-	40	9	-	40,333
Cash and cash equivalents	13	152	5	166	42	326	-	52	37	-	12,903
Non-current liabilities											
Long-term loans and borrowings	-	-	-	-	(196)	-	-	-	-	-	(196)
Other long-term liabilities	(865)	(39)	-	(4,677)	(185)	-	-	(1,478)	-	(1,107)	(13,054)
Deffered tax liabilities	-	-	-	-	-	(11,193)	-	-	-	-	(11,193)
Current liabilities											
Short-term loans and borrowings	-	-	-	-	(1,750)	-	-	(250)	-	-	(2,000)
Trade accounts payable	-	(1)	(396)	(551)	(2,330)	(14,941)	(878)	(444)	(336)	(511)	(31,507)
Other liabilities and accounts payable	(3,215)	(888)	(320)	(8,856)	(1,814)	(77,330)	-	(289)	(66)	-	(114,742)
Net identifiable assets, liabilities and contingent liabilities	13,146	4,929	2,530	28,926	12,350	48,808	2,518	5,357	3,624	7,350	244,091
Non-controlling interest	(3)	(356)	(1)	(5,790)	(2)	(2,791)	(1)	(1)	(1)	(1)	(10,072)
Net assets aquired	13,143	4,573	2,529	23,136	12,348	46,017	2,517	5,356	3,623	7,349	234,019
Excess of net assets acquired over consideration paid	6,343	-	972	16,128	5,348	36,228	2,417	656	2,375	7,349	140,312
Goodwill on acquisition	-	(1,504)	-	-	-	-	-	-	-	-	(3,745)
Consideration paid	(6,800)	(6,077)	(1,557)	(7,008)	(7,000)	(9,789)	(100)	(4,700)	(1,248)	-	(97,452)
Cash acquired	13	152	5	166	42	326	-	52	37	-	12,903
Net cash outflow	(6,787)	(5,925)	(1,552)	(6,842)	(6,958)	(9,463)	(100)	(4,648)	(1,211)	-	(84,549)

(in thousands of Euros)	Recognised fair value at acquisition										
	Tarasivske	Nika	Zhytnytsya Podillya	Valmer	Zdobutok	Chervona Zirka	Niva	Ukraine	Lan-Invest	Oriy	Zorya
Non-current assets											
Property, plant and equipment	258	3	123	-	844	641	209	437	44	217	1,189
Construction in progress	-	-	-	-	141	-	23	-	-	-	14
Non-current biological assets	213	-	7	-	30	-	1	6	-	-	315
Intangible assets	158	114	135	206	319	60	171	-	204	-	858
Current assets											
Inventories	143	197	270	-	358	22	61	17	4	12	314
Current biological assets	562	-	437	135	245	81	160	-	39	98	1,429
Trade accounts receivable	12	-	14	-	8	1	49	-	-	-	52
Other accounts receivable and prepayments	3	148	438	33	14	3	1	163	-	-	115
Cash and cash equivalents	5	-	44	-	958	1	64	-	-	-	14
Non-current liabilities											
Long-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	(123)	-	(41)	-	-	-	(27)	(51)	(13)	-	(166)
Deffered tax liabilities											
Current liabilities											
Short-term loans and borrowings	-	-	-	-	-	-	-	-	-	-	-
Trade accounts payable	(16)	(1)	(147)	-	-	(28)	(9)	-	(1)	(15)	(782)
Other liabilities and accounts payable	(13)	(387)	(1,116)	(84)	(202)	(2)	(22)	(34)	(1)	-	(110)
Net identifiable assets, liabilities and contingent liabilities	1,202	74	164	290	2,715	779	681	538	276	312	3,242
Non-controlling interest	(24)	-	(41)	-	(1)	-	-	(7)	-	-	(28)
Net assets aquired	1,178	74	123	290	2,714	779	681	531	276	312	3,214
Excess of net assets acquired over consideration paid	983	-	68	-	960	58	511	527	61	276	2,160
Goodwill on acquisition	-	(13)	-	(188)	-	-	-	-	-	-	-
Consideration paid	(195)	(87)	(55)	(478)	(1,754)	(721)	(170)	(4)	(215)	(36)	(1,054)
Cash acquired	5	-	44	-	958	1	64	-	-	-	14
Net cash outflow	(190)	(87)	(11)	(478)	(796)	(720)	(106)	(4)	(215)	(36)	(1,040)

(in thousands of Euros)	Recognised fair value at acquisition										
	named after Suvorov	Khorolskiy combined forage factory	Lan-M	named after Vatutin	named after Vorovskiy	Novoivanivskiy sugar plant	Zarichya	Kumanivske	Zbruch	Stetkivtsi	Total
Non-current assets											
Property, plant and equipment	144	495	95	526	348	7,462	104	201	145	559	14,044
Construction in progress	32	5	3	43	1	300	-	7	-	-	569
Non-current biological assets	130	-	-	-	206	-	-	45	-	-	953
Intangible assets	214	1	82	570	415	665	195	209	61	189	4,826
Current assets											
Inventories	36	6	1	912	500	2,403	-	81	7	-	5,344
Current biological assets	950	-	91	1,711	152	-	-	150	144	-	6,384
Trade accounts receivable	7	-	-	8	6	259	5	-	-	56	477
Other accounts receivable and prepayments	31	4	19	75	44	2,529	-	4	1	-	3,625
Cash and cash equivalents	1	14	-	15	3	30	-	5	3	-	1,157
Non-current liabilities											
Long-term loans and borrowings	-	-	-	-	(18)	-	-	-	-	-	(18)
Other long-term liabilities	(78)	(3)	-	(419)	(17)	-	-	(133)	-	(99)	(1,170)
Deffered tax liabilities	-	-	-	-	-	(1,004)	-	-	-	-	(1,004)
Current liabilities											
Short-term loans and borrowings	-	-	-	-	(157)	-	-	(22)	-	-	(179)
Trade accounts payable	-	-	(36)	(47)	(209)	(1,340)	(79)	(40)	(30)	(46)	(2,826)
Other liabilities and accounts payable	(288)	(80)	(29)	(794)	(163)	(6,927)	-	(26)	(6)	-	(10,284)
Net identifiable assets, liabilities and contingent liabilities	1,179	442	226	2,600	1,111	4,377	225	481	325	659	21,898
Non-controlling interest	-	(32)	-	(520)	-	(250)	-	-	-	-	(903)
Net assets aquired	1,179	410	226	2,080	1,111	4,127	225	481	325	659	20,995
Excess of net assets acquired over consideration paid	569	-	86	1,453	483	3,249	216	50	213	659	12,582
Goodwill on acquisition	-	(135)	-	-	-	-	-	-	-	-	(336)
Consideration paid	(610)	(545)	(140)	(627)	(628)	(878)	(9)	(431)	(112)	-	(8,749)
Cash acquired	1	14	-	15	3	30	-	5	3	-	1,157
Net cash outflow	(609)	(531)	(140)	(612)	(625)	(848)	(9)	(417)	(109)	-	(7,592)

For acquisitions made in 2012 and 2011, It is not practicable to determine what would be the total revenue and net profit for the years ended 31 December 2012 and 2011 had the acquisitions occurred on 1 January in accordance with IFRS because the acquired companies' financial statements were prepared in accordance with Ukrainian National Accounting Standards, which are different from IFRSs.

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

5. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2012 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equip-ment	Vehicles	Other prop-erty plant and equip-ment	Un-installed equipment	Total
Cost or valuation 1 January 2012	713,769	202,759	1,202,045	141,405	6,487	169,958	2,436,423
Additions	54,099	49,100	283,012	11,730	1,229	114,354	513,524
Additions from acquisition of subsidiaries (note 4)	129	2,386	894	945	-	-	4,354
Disposals	(7,585)	(2,811)	(11,465)	(1,255)	(92)	-	(23,208)
31 December 2012	760,412	251,434	1,474,486	152,825	7,624	284,312	2,931,093
Accumulated depreciation 1 January 2012	32,097	26,646	220,363	51,993	3,453	-	334,552
Depreciation charge	21,782	11,656	190,029	17,402	897	-	241,766
Disposals	(390)	(447)	(7,048)	(947)	(77)	-	(8,909)
31 December 2012	53,489	37,855	403,344	68,448	4,273	-	567,409
Net book value 31 December 2012	706,923	213,579	1,071,142	84,377	3,351	284,312	2,363,684

(in thousands of Euros)	Buildings	Construc-tions	Machines and equip-ment	Vehicles	Other prop-erty plant and equip-ment	Un-installed equipment	Total
Cost or valuation 1 January 2012	68,500	19,459	115,359	13,571	621	16,311	233,821
Additions	5,191	4,711	27,157	1,125	117	10,973	49,274
Additions from acquisition of subsidi-aries (note 4)	12	236	79	91	-	-	418
Disposals	(728)	(270)	(1,100)	(118)	(9)	-	(2,225)
Currency translation difference	(1,774)	(595)	(3,435)	(360)	(16)	(663)	(6,843)
31 December 2012	71,201	23,541	138,060	14,309	713	26,621	274,445
Accumulated depreciation 1 January 2012	3,080	2,557	21,148	4,990	331	-	32,106
Depreciation charge	2,090	1,118	18,235	1,670	86	-	23,199
Disposals	(37)	(43)	(676)	(91)	(7)	-	(854)
Currency translation difference	(124)	(89)	(941)	(160)	(11)	-	(1,325)
31 December 2012	5,009	3,543	37,766	6,409	399	-	53,126
Net book value 31 December 2012	66,192	19,998	100,294	7,900	314	26,621	221,319

The movements of property, plant equipment in 2011 are as follows:

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

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

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

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

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

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

As at 31 December 2012, 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 315,995 thousand or EUR 30,323 thousand (2011: UAH 309,199 thousand or EUR 29,674 thousand) and machinery and equipment is UAH 835,554 thousand or EUR 80,187 thousand (2011: UAH 992,944 thousand or EUR 95,292 thousand).

In 2012 revaluation surplus of UAH 37,317 thousand or EUR 3,494 thousand (2011: UAH 34,573 thousand, EUR 3,318 thousand) was reclassified from revaluation reserve to retained earning because it was realized through depreciation or disposal of the revalued items of property, plant and equipment.

In 2012 the Group capitalized borrowing costs in amount of UAH 2,066 thousand or EUR 198 thousand (2011: UAH 323 thousand, EUR 26 thousand).

For amount of property, plant and equipment pledged to secure bank loans refer to Note 15.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. At 31 December 2012, the net book value of leased assets are UAH 26,774 thousand or EUR 2,507 thousand (2011: UAH 47,531 thousand; EUR 4,562 thousand).

6. INTANGIBLE ASSETS

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

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2012	139,793	5,483	3,410	148,686
Additions	-	-	433	433
Additions through acquisition of subsidiaries (note 4)	964	-	-	964
31 December 2012	140,757	5,483	3,843	150,083
Accumulated amortization 1 January 2012	62,376	-	1,992	64,368
Amortization charge	21,507	-	231	21,738
31 December 2012	83,883	-	2,223	86,106
Net book value 31 December 2012	56,874	5,483	1,620	63,977

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2012	13,416	526	327	14,269
Additions	-	-	42	42
Additions through acquisition of subsidiaries (note 4)	93	-	-	93
Currency translation differences	(329)	(13)	(9)	(351)
31 December 2012	13,180	513	360	14,053
Accumulated amortization 1 January 2012	5,986	-	191	6,177
Amortization charge	2,064	-	22	2,086
Currency translation differences	(195)	-	(5)	(200)
31 December 2012	7,855	-	208	8,063
Net book value 31 December 2012	5,325	513	152	5,990

The movement of intangible assets are as follows:

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

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

7. BIOLOGICAL ASSETS

Biological assets consist of crops and livestock. Non-current cattle consists of dairy livestock with an average yearly lactation period of nine months. Current cattle comprise immature cattle and cattle intended for sale. Other livestock mainly represent pigs, horses and sheep.

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

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

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

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	2012		2011	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	13,782	257,556	12,562	206,485
Other livestock		3,495		3,450
		261,051		209,935
Current biological assets:				
Cattle	15,247	202,563	15,650	194,752
Other livestock		5,888		6,709
		208,451		201,461
Crops:	Hectares		Hectares	
Winter wheat	48,843	444,756	51,299	352,369
Corn	5,974	96,986	-	-
Sugar beet	508	8,522	-	-
Soy	793	8,183	-	-
Winter rye	1,935	7,327	1,448	3,122
Winter barley	-	-	1,823	6,255
Winter rape	-	-	88	218
	58,053	565,774	54,658	361,964
		774,225		563,425
Total biological assets		1,035,276		773,360

(in thousands of Euros)	2012		2011	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	13,782	24,116	12,562	19,816
Other livestock		327		332
		24,443		20,148
Current biological assets:				
Cattle	15,247	18,967	15,650	18,690
Other livestock		551		644
		19,518		19,334
Crops:	Hectares		Hectares	
Winter wheat	48,843	41,644	51,299	33,817
Corn	5,974	9,081	-	-
Sugar beet	508	798	-	-
Soy	793	766	-	-
Winter rye	1,935	686	1,448	300
Winter barley	-	-	1,823	600
Winter rape	-	-	88	20
	58,053	52,975	54,658	34,737
		72,493		54,071
Total biological assets		96,936		74,219

For amounts of biological assets pledged to secure bank loans refer to note 15.

Changes in key assumptions used to estimate biological assets fair value would have the following effect on the fair value biological assets and on earnings per share:

2012	Biological assets		Earnings per share	
	(thousands of Ukrainian hryvnias)	(thousands of Euros)	(thousands of Ukrainian hryvnias)	(thousands of Euros)
10% increase in price for milk	78,728	7,372	3.15	0.29
10% decrease in prices for milk	(78,728)	(7,372)	(3.15)	(0.29)
10% increase in price for meat	16,151	1,512	0.65	0.06
10% decrease in price for meat	(16,151)	(1,512)	(0.65)	(0.06)
10% increase in prices for crops	56,577	5,297	2.26	0.21
10% decrease in prices for crops	(56,577)	(5,297)	(2.26)	(0.21)
5% increase in annual consumer price index	5,749	538	0.23	0.02
5% decrease in annual consumer price index	(5,709)	(535)	(0.23)	(0.02)

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

The following represents the changes during the years 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 2011	158,064	155,721	256,821	570,606
Purchases	1,992	2,779	-	4,771
Additions from acquisitions of subsidiaries	10,627	13,071	58,118	81,816
Investments into livestock and future crops	-	79,613	2,173,075	2,252,688
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	25,105	7,344	107,983	140,432
Transfers	14,465	(14,465)	-	-
Sales	(318)	(42,602)	-	(42,920)
Decrease due to harvest	-	-	(2,234,033)	(2,234,033)
As at 1 January 2012	209,935	201,461	361,964	773,360
Purchases	7,876	3,885	-	11,761
Additions from acquisitions of subsidiaries	1,588	5,566	7,436	14,590
Investments into livestock and future crops	-	106,347	2,340,447	2,446,794
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	22,760	(10,022)	81,899	94,637
Transfers	25,931	(25,931)	-	-
Sales	(7,039)	(72,855)	-	(79,894)
Decrease due to harvest	-	-	(2,225,972)	(2,225,972)
As at 31 December 2012	261,051	208,451	565,774	1,035,276

(in thousands of Euros)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2011	14,926	14,705	24,250	53,881
Purchases	179	249	-	428
Additions from acquisitions of subsidiaries	953	1,172	5,212	7,337
Investments into livestock and future crops	-	7,139	194,864	202,003
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	2,251	659	9,683	12,593
Transfers	1,297	(1,297)	-	-
Sales	(28)	(3,820)	-	(3,848)
Decrease due to harvest	-	-	(200,330)	(200,330)
Currency translation difference	570	527	1,058	2,155
As at 1 January 2012	20,148	19,334	34,737	74,219
Purchases	756	373	-	1,129
Additions from acquisitions of subsidiaries	153	535	715	1,403
Investments into livestock and future crops	-	10,205	224,588	234,793
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	2,184	(962)	8,488	9,710
Transfers	2,488	(2,488)	-	-
Sales	(675)	(6,991)	-	(7,666)
Decrease due to harvest	-	-	(213,603)	(213,603)
Currency translation difference	(611)	(488)	(1,950)	(3,049)
As at 31 December 2012	24,443	19,518	52,975	96,936

8. FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Venture fund certificates	15,066	11,050	1,411	1,060

Financial investments available for sale represent investment into certificates in the closed non-diversified venture fund.

9. INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Finished goods:				
Sugar products	1,211,792	952,961	113,463	91,455
Agricultural produce	608,390	490,704	56,965	47,093
Cattle farming	703	689	66	66
Other products	6,517	5,143	610	493
Raw materials and consumables for:				
Sugar production	62,206	33,795	5,825	3,243
Agricultural produce	76,869	68,702	7,197	6,593
Cattle farming	88,863	63,756	8,321	6,119
Other production	520	1,353	49	130
Investments into future crops	442,005	382,535	41,386	36,712
	2,497,865	1,999,638	233,882	191,904

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

For amounts of inventories pledged to secure bank loans refer to Note 15.

10. TRADE AND OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade and other accounts receivable, and prepayments as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Trade receivables	410,929	313,146	38,476	30,052
Less allowance	(13,513)	(9,476)	(1,265)	(909)
	397,416	303,670	37,211	29,143
Prepayments and other non-financial assets:				
Taxes recoverable and prepaid	213,847	150,176	20,023	14,412
Advances to suppliers	67,917	89,814	6,359	8,619
Less allowance	(7,121)	(2,709)	(667)	(260)
	274,643	237,281	25,715	22,771
Other financial assets:				
Financial aid	4,266	17,642	399	1,693
Other receivables	29,536	19,353	2,766	1,858
Less allowance	(3,475)	(5,246)	(325)	(503)
	30,327	31,749	2,840	3,048
	702,386	572,700	65,766	54,962

For amounts of trade accounts receivable pledged to secure bank loans refer to Note 15.

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)	
	2012	2011	2012	2011
Balance at 1 January	17,431	14,261	1,672	1,346
Charge in income statement	10,070	15,875	966	1,424
Amounts written off	(3,392)	(12,705)	(325)	(1,140)
Currency translation difference	-	-	(56)	42
Balance as at 31 December	24,109	17,431	2,257	1,672

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

(in thousands of Ukrainian hryvnias)	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
Not past due	255,871	-	191,671	-
Past due 1-30 days	31,001	-	63,437	-
Past due 31-120 days	93,052	(2,069)	32,214	(1,005)
Past due 121-365 days	11,783	(1,983)	9,775	(1,005)
More than one year	19,222	(9,461)	16,049	(7,466)
	410,929	(13,513)	313,146	(9,476)

(in thousands of Euros)	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
Not past due	23,958	-	18,395	-
Past due 1-30 days	2,903	-	6,088	-
Past due 31-120 days	8,713	(193)	3,091	(96)
Past due 121-365 days	1,102	(186)	938	(96)
More than one year	1,800	(886)	1,540	(717)
	38,476	(1,265)	30,052	(909)

Trade receivables that are past due but not impaired relates to customers for whom there is no recent history of credit problems and where management believes collection is probable.

11. CASH DEPOSITS

Deposits as at 31 December are as follows:

			(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
			2012	2011	2012	2011
	Effective interest rate	Nominal interest rate	Amount	Amount	Amount	Amount
Short-term bank deposits in UAH	17.0%	17.0%	21,000	-	1,966	-
Short-term bank deposits in UAH	24.0%	24.0%	20,000	-	1,873	-
Short-term bank deposits in UAH	26.0%	26.0%	5,212	-	488	-
Short-term bank deposits in UAH	20.0%	20.0%	-	16,000	-	1,535
Short-term bank deposits in UAH	15.0%	15.0%	-	5,000	-	480
Short-term bank deposits in UAH	11.0%	11.0%	-	3,144	-	302
Short-term bank deposits in USD	5.0%	5.0%	-	106,009	-	10,174
Short-term bank deposits in USD	5.5%	5.5%	-	-	-	-
			46,212	130,153	4,327	12,491
Long-term bank deposits in USD	9.4%	9.4%	138,937	170,103	13,009	16,325
Long-term bank deposits in USD	5.5%	5.5%	-	4,819	-	462
			138,937	174,922	13,009	16,787
			185,149	305,075	17,336	29,278

As at 31 december 2012, a long-term deposit of UAH 138,937 thousand, denominated in USD and bearing interest of 9.4% was placed with a Cypriot bank, which is not subject to a restructuring plan. The deposit is pledged as a security under the USD denominated loan from the same bank for the same amount maturing in 2017 (notes 15, 37).

For total amount of deposits pledged to secure bank loans refer to Note 15. The early withdrawal of bank deposits is permitted only if the full repayment of the secured bank loans is executed.

12. CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Cash in banks in USD	55,581	31,162	5,204	2,990
Cash in banks in UAH	25,284	21,360	2,367	2,050
Cash in banks in EUR	198	518	19	50
	81,063	53,040	7,590	5,090
Cash on hand in UAH	202	171	19	16
	81,265	53,211	7,609	5,106

As at 31 December 2012, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2012, current accounts denominated in USD earned interest of 0,01% p.a., in UAH – 0,01% – 0,10% p.a., overnights denominated in USD earned interest of 0,00% - 3,50% p.a., in UAH – 0,00% - 12,00% depending on the amount deposited.

For amount of cash and cash equivalents pledged to secure bank loans refer to Note 15.

13. EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as of 31 December 2012 is 30,000 thousand (2011: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2011: 25,000 thousand). For amount of shares pledged to secure bank loans refer to Note 15.

Shareholders structure as at 31 December is as follows:

	2012	2011
Astarta Holding N.V.		
Ivanchyk V.P.	36.99%	36.99%
Korotkov V.M.	25.99%	25.99%
Other shareholders	37.02%	37.02%
	100.00%	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)	
	2012	2011	2012	2011
Net profit attributable to equity holders of the parent company	467,364	976,420	45,223	87,557
Weighted average basic and diluted shares outstanding (in thousands of shares)	25,000	25,000	25,000	25,000
Earnings per share attributable to shareholders of the company	18.69	39.06	1.81	3.50

Capital risk management

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

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

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

As at 31 December 2012, the gearing ratio was 41% compared to 39% a year before. The increase in gearing ratio is attributable to increase in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Total borrowings (note 15)	2,716,055	2,186,392	254,313	209,826
Less cash, cash equivalents and short-term deposits	(127,477)	(183,364)	(11,936)	(17,597)
Net debt	2,588,578	2,003,028	242,377	192,229
Total equity	3,665,809	3,196,985	343,238	306,813
Total capital	6,254,387	5,200,013	585,615	499,042
Gearing ratio	41%	39%	41%	39%

The Group did not purchase its own shares on the market in 2012 and 2011. There were no changes in the approach to capital management during the reporting period.

Additional paid-in capital

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

Revaluation surplus

As at 31 December 2009 the management engaged independent appraiser to revalue the Group's buildings, machinery and equipment. The related revaluation surplus of UAH 331,058 thousand (EUR 28,639 thousand) was recognised in equity. Revaluation surpluses are not freely distributable to shareholders. During the year ended 31 December 2012 the revaluation surplus realized through depreciation and disposal of property and equipment was UAH 37,317 thousand or EUR 3,494 thousand (2011: UAH 34,573 thousand, EUR 3,318 thousand).

Currency translation reserve

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

Other distributable reserves

In accordance with the Dutch law and Ukrainian legislation the distributable reserves are limited to the balance of statutory retained earnings and additional paid-in-capital. As at 31 December 2012 the Group's consolidated retained earnings as presented in these consolidated financial statements, amounted to UAH 2,910,351 thousand or EUR 281,046 thousand (2011: UAH 2,405,670 thousand or EUR 232,329 thousand), including the net profit for the year ended 31 December 2012. Statutory retained earnings of the Company and its Ukrainian subsidiaries may differ substantially from the retained earnings presented in these financial statements.

Dividend policy

The Company's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2012.

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.

14. NON-CONTROLLING INTERESTS

The movements in non-controlling interests in joint stock companies for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Balance as at 1 January	3,672	1,191	352	112
Share in loss	(930)	(310)	(90)	(27)
Non-controlling interests acquired with new subsidiaries	-	2,791	-	250
Currency translation difference	-	-	(5)	17
Balance as at 31 December	2,742	3,672	257	352

The movements in non-controlling interests in limited liability companies for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Balance as at 1 January	100,613	66,785	9,656	6,306
Non-controlling interests of limited liability companies in profit (Note 25)	24,046	29,635	2,314	2,657
Acquisitions from non-controlling share-holders and other changes	(24,752)	(3,088)	(2,373)	(277)
Dividensd paid	(8,082)	-	(776)	-
Non-controlling interests acquired with new subsidiaries	177	7,281	17	653
Currency translation difference	-	-	(224)	317
Balance as at 31 December	92,002	100,613	8,614	9,656

In 2012, the Group increased its effective share in a number of subsidiaries which are limited liability companies as a result of increases in charter capital and purchases of ownership rights from non-controlling participants.

15. LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 30 for more information on exposure to interest rate, foreign currency risk and information on financial risk management. Loans and borrowings as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Long-term loans and borrowings:				
Bank loans	1,692,303	1,145,825	158,455	109,963
Finance lease liabilities (note 31 c)	529	7,545	50	724
Transaction costs	(39,572)	(32,245)	(3,705)	(3,094)
	1,653,260	1,121,125	154,800	107,593
Current portion of long-term loans and borrowings:				
Bank loans	317,431	186,683	29,722	17,915
Finance lease liabilities (note 31 c)	212	15,739	20	1,511
Transaction costs	(17,485)	(13,004)	(1,637)	(1,248)
	300,158	189,418	28,105	18,178
Short-term loans and borrowings:				
Bank loans	755,651	884,313	70,754	84,867
Finance lease liabilities (note 31 c)	7,153	-	670	-
Transaction costs	(167)	(8,464)	(16)	(812)
	762,637	875,849	71,408	84,055
	2,716,055	2,186,392	254,313	209,826

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

				(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	Effective interest rate	Nominal interest rate	Year of maturity	2012	2011	2012	2011
Loans from Ukrainian banks received in UAH	9.40%	9.40%	2012	-	47,547	-	4,563
Loans from Ukrainian banks received in UAH	10.00%	10.00%	2012	-	7,600	-	729
Loans from Ukrainian banks received in UAH	10.75%	10.75%	2012	-	8,202	-	787
Loans from Ukrainian banks received in UAH	12.00%	12.00%	2012	-	13,274	-	1,274
Loans from Ukrainian banks received in UAH	13.50%	13.50%	2012	-	30,000	-	2,879
Loans from Ukrainian banks received in UAH	14.50%	14.50%	2012	-	250,000	-	23,992
Loans from Ukrainian banks received in UAH	14.75%	14.75%	2012	-	39,000	-	3,743
Loans from Ukrainian banks received in UAH	16.50%	16.50%	2012	-	169,997	-	16,314
Loans from Ukrainian banks received in UAH	17.50%	17.50%	2012	-	26,637	-	2,556
Loans from Ukrainian banks received in UAH	18.50%	18.50%	2012	-	17,663	-	1,695
Loans from Ukrainian banks received in UAH	20.00%	20.00%	2012	-	94,854	-	9,103
Loans from Ukrainian banks received in UAH	21.00%	21.00%	2012	-	18,500	-	1,775
Loans from Ukrainian banks received in UAH	13.00%	13.00%	2013	2,641	-	247	-
Loans from Ukrainian banks received in UAH	18.00%	18.00%	2013	21,000	-	1,966	-
Loans from Ukrainian banks received in UAH	19.00%	19.00%	2013	61,500	-	5,758	-
Loans from Ukrainian banks received in UAH	20.00%	20.00%	2013	18,100	-	1,695	-
Loans from Ukrainian banks received in UAH	20.50%	20.50%	2013	14,305	-	1,339	-
Loans from Ukrainian banks received in UAH	20.70%	20.70%	2013	11,473	-	1,074	-
Loans from Ukrainian banks received in UAH	22.00%	22.00%	2013	13,000	-	1,217	-
Loans from Ukrainian banks received in UAH	22.50%	22.50%	2013	38,295	-	3,586	-
Loans from Ukrainian banks received in UAH	22.85%	22.85%	2013	72,749	-	6,812	-
Loans from Ukrainian banks received in UAH	23.00%	23.00%	2013	73,835	-	6,913	-
Loans from Ukrainian banks received in UAH	23.25%	23.25%	2013	6,000	-	562	-
Loans from Ukrainian banks received in UAH	24.00%	24.00%	2013	12,000	-	1,124	-
Loans from Ukrainian banks received in UAH	24.50%	24.50%	2013	5,000	-	468	-
Loans from Ukrainian banks received in UAH	25.00%	25.00%	2013	19,996	-	1,872	-
Loans from Ukrainian banks received in UAH	27.00%	27.00%	2013	17,005	-	1,592	-
Loans from Ukrainian banks received in UAH	30.00%	30.00%	2013	30,000	-	2,809	-
Loans from Ukrainian banks received in UAH	23.25%	Kievprime +3.25%	2013	10,000	-	936	-
Loans from Ukrainian banks received in USD	7.50%	7.50%	2014	14,059	23,370	1,316	2,242
Loans from Ukrainian banks received in USD	7.50%	7.50%	2013	40,360	-	3,779	-
Loans from Ukrainian banks received in USD	9.00%	9.00%	2014	247,144	-	23,141	-

	Effective interest rate	Nominal interest rate	Year of maturity	(in thousands of Ukrainian hryvnias) 2012	2011	(in thousands of Euros) 2012	2011
Loans from Ukrainian banks received in USD	9.31%	Libor +9%	2013	121,042	-	11,334	-
Loans from non-resident banks received in USD	10.16%	9.40%	2013	-	331,530	-	31,814
Loans from non-resident banks received in USD	9.40%	9.40%	2013	153,907	-	14,411	-
Loans from non-resident banks received in USD	10.08%	9.40%	2017	138,612	-	12,979	-
Loans from non-resident banks received in USD	2.06%	Libor +1.25%	2013	-	24,762	-	2,376
Loans from non-resident banks received in USD	6.99%	Libor +1.75%	2016	60,279	77,310	5,644	7,420
Loans from non-resident banks received in USD	6.40%	Libor +1.8%	2018	78,685	92,761	7,368	8,905
Loans from non-resident banks received in USD	3.11%	Libor +2.30%	2013	-	10,310	-	990
Loans from non-resident banks received in USD	6.98%	Libor +2.50%	2015	-	54,040	-	5,187
Loans from non-resident banks received in USD	8.96%	Libor +2.8%	2015	19,988	27,916	1,872	2,677
Loans from non-resident banks received in USD	4.81%	Libor +4.00%	2016	-	139,356	-	13,374
Loans from non-resident banks received in USD	5.45%	Libor +4.75%	2018	367,341	366,432	34,395	35,166
Loans from non-resident banks received in USD	5.99%	Libor +5%	2018	242,160	241,560	22,674	23,184
Loans from non-resident banks received in USD	1.76%	Libor +1.25%	2013	8,274	-	775	-
Loans from non-resident banks received in USD	2.81%	Libor +2.3%	2013	5,168	-	484	-
Loans from non-resident banks received in USD	3.01%	Libor +2.5%	2015	38,697	-	3,623	-
Loans from non-resident banks received in USD	4.51%	Libor +4%	2016	108,662	-	10,174	-
Loans from non-resident banks received in USD	5.25%	Libor +4.5%	2019	96,864	-	9,070	-
Loans from non-resident banks received in USD	5.44%	Libor +4.3%	2016	201,800	-	18,895	-
Loans from non-resident banks received in USD	6.88%	Libor +5.5%	2019	125,923	-	11,791	-
Loans from non-resident banks received in USD	6.79%	Libor +1.8%	2019	90,416	-	8,466	-
Loans from non-resident banks received in USD	7.24%	Libor+1.75%	2017	72,305	-	6,770	-
Loans from non-resident banks received in EUR	6.92%	Euribor +4.75%	2018	106,800	104,200	10,000	10,000
Finance lease liabilities	6.00%	6.00%	2013	1,363	3,798	128	364
Finance lease liabilities	6.50%	6.50%	2016	1,233	2,054	115	198
Finance lease liabilities	14.00-16.00%	14.00-16.00%	2013	14	1,733	2	166
Finance lease liabilities	8.13%	Libor +7.00%	2013	3,653	10,721	342	1,029
Finance lease liabilities	9.28%	Libor +8.15%	2013	125	591	12	57
Finance lease liabilities	9.18%	Libor +8.60%	2013	1,506	4,387	141	421
Transaction costs				(57,224)	(53,713)	(5,358)	(5,154)
				2,716,055	2,186,392	254,313	209,826

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Inventories (Note 9)	1,134,587	403,127	106,235	38,688
Property, plant and equipment (Note 5)	973,020	802,465	91,107	77,012
Rights of claim on future cash proceeds from sale contracts	657,610	317,125	61,574	30,434
Long-term cash deposits (Note 11)	138,937	174,922	13,009	16,787
Biological assets (Note 7)	66,478	48,230	6,225	4,629
Short-term cash deposits (Note 11)	46,212	125,153	4,327	12,011
Cash and cash equivalents (Note 12)	6,970	-	653	-
	3,023,814	1,871,022	283,130	179,561

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 5.3% of Astarta Holding N.V. issued shares in equal parts (2011: 4.6%).

16. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Other liabilities:				
Advances received from customers	122,879	87,249	11,506	8,373
VAT payable	-	31,527	-	3,026
	122,879	118,776	11,506	11,399
Other accounts payable:				
Accrual for unused vacations	26,342	17,237	2,467	1,654
Interest payable	22,015	23,701	2,061	2,275
Settlements with land and fixed assets lessors	17,808	11,103	1,667	1,066
Salaries payable	16,661	12,665	1,560	1,215
Social insurance payable	8,257	5,601	773	538
Settlements for acquired companies	3,293	22,585	308	2,167
Accounts payable for property, plant and equipment	2,210	11,736	207	1,126
Other taxes and charges payable	2,878	5,489	269	527
Other payables	22,096	18,205	2,069	1,747
	121,560	128,322	11,381	12,315
	244,439	247,098	22,887	23,714

Advances from customers and accounts payable are non-interest bearing and settled in the normal course of business.

17. REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Sugar and related sales:				
Sugar	1,858,331	1,874,347	177,857	168,076
Molasses	103,116	94,725	9,869	8,494
Pulp	47,111	41,002	4,509	3,677
Other sugar related products and services	125,668	156,578	12,027	14,041
	2,134,226	2,166,652	204,262	194,288
Crops	1,108,942	886,349	106,134	79,480
Cattle farming	338,158	288,446	32,364	25,866
Other sales	120,279	44,082	11,512	3,953
	1,567,379	1,218,877	150,010	109,299
	3,701,605	3,385,529	354,272	303,587

Revenues of entities entitled for special VAT regime are recognized with VAT, as discussed in Note 3 par (o).

For the years ended 31 December 2012 and 2011 there were no sales settled through barter transactions. In 2012, 76% of revenue is generated from sales to customers in Ukraine (2011: 88%).

18. COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Sugar and related sales:				
Sugar	1,513,848	1,221,136	144,964	109,502
Molasses	59,280	42,873	5,677	3,845
Pulp	32,434	22,525	3,106	2,020
Other sugar related products and services	113,624	145,514	10,880	13,048
	1,719,186	1,432,048	164,627	128,415
Crops	676,275	499,444	64,759	44,786
Cattle farming	258,054	189,625	24,711	17,004
Other sales	111,661	36,525	10,692	3,275
	1,045,990	725,594	100,162	65,065
	2,765,176	2,157,642	264,789	193,480

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Depreciation and amortization costs	248,804	182,237	23,879	16,337
Land lease expenses	235,319	144,499	22,581	12,958
Employee benefits expenses	435,491	343,615	41,790	30,813

Cost of revenues of entities entitled for special VAT regime is recognized with VAT, as discussed in Note 3 par (o).

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

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Valuation adjustment with respect to agricultural produce as at				
31 December	112,419	189,763	9,874	17,016
1 January	(189,763)	(69,695)	(17,016)	(6,586)
Currency translation difference	-	-	349	337
(Loss) gain arising from remeasurement of agricultural produce to fair value	(77,344)	120,068	(6,793)	10,767

20. OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Government subsidies relating to:				
Cattle farming	23,065	2,206	2,215	198
Crop production	264	2,569	25	230
Interest and financing costs	-	1,575	-	141
Other operating income	1,307	2,361	126	212
	24,636	8,711	2,366	781

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Salary and related charges	102,143	66,643	9,801	5,976
Professional services	15,788	14,483	1,515	1,299
Depreciation	8,240	8,595	791	771
Taxes other than corporate income tax	7,743	4,553	743	408
Rent	6,981	4,355	670	391
Fuel and other materials	5,737	7,161	550	642
Bank charges	4,402	-	422	-
Insurance	3,461	2,631	332	236
Communication	2,987	3,345	287	300
Maintenance	2,409	2,103	231	189
Office expenses	2,381	1,414	228	127
Transportation	442	1,255	42	113
Other	5,520	5,567	530	497
	168,234	122,105	16,142	10,949

22. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Transportation	100,225	60,806	9,563	5,453
Salary and related charges	37,209	28,099	3,550	2,520
Fuel and other materials	22,536	20,434	2,150	1,832
Storage and logistics	14,817	12,216	1,414	1,095
Professional services	8,909	4,972	850	446
Depreciation	4,358	2,745	416	246
Allowance for trade accounts receivable	3,688	394	354	35
Customs duties and services	1,744	8,061	166	723
Commissions	793	1,796	76	161
Advertising	75	119	7	11
Other	13,454	8,207	1,282	736
	207,808	147,849	19,828	13,258

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Charity and social expenses	19,107	14,569	1,821	1,306
VAT written off	11,781	7,075	1,131	634
Write down of inventories	7,197	6,986	691	626
Allowance for other accounts receivable	6,382	15,481	612	1,389
Other salary and related charges	5,397	2,981	514	267
Penalties paid	2,732	6,589	260	591
Depreciation	1,941	1,292	185	116
Canteen expenses	1,580	580	151	53
Representative expenses	1,072	776	102	70
Other	5,539	9,664	510	866
	62,728	65,993	5,977	5,918

24. CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

Changes in fair value of biological assets for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Non-current livestock	22,760	25,105	2,184	2,251
Current livestock	(10,022)	7,344	(962)	659
Crops	159,243	(12,085)	15,281	(1,084)
	171,981	20,364	16,503	1,826

25. FINANCE (COSTS) INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Finance costs				
Interest expense:				
Bank loans	(212,717)	(162,070)	(20,471)	(14,533)
Finance lease liabilities	(6,697)	(7,684)	(644)	(689)
Interest-bearing vendor financing arrangements	-	(29)	-	(3)
Borrowings from non-financial institutions	-	(9)	-	(1)
	(219,414)	(169,792)	(21,115)	(15,226)
Net profit attributable to non-controlling interests of limited liability company subsidiaries (note 14)	(24,046)	(29,635)	(2,314)	(2,657)
Payment to shareholders for pledged shares	(6,626)	(6,451)	(638)	(578)
Loss from promissory note transactions	(1,456)	(2,710)	(140)	(243)
Foreign currency exchange loss, net	-	(6,261)	-	(561)
Other finance costs	(4,516)	(10,258)	(433)	(921)
	(36,644)	(55,315)	(3,525)	(4,960)
	(256,058)	(225,107)	(24,640)	(20,186)
Finance income				
Interest income:				
Long-term bank deposits	16,083	18,180	1,548	1,630
Short-term bank deposits	7,489	4,186	721	375
Cash balances	2,508	1,535	240	150
	26,080	23,901	2,509	2,155
Gain from delution of non-controlling interest in limited liabilities companies	19,607	-	1,887	-
Gain from hedging transactions	8,414	-	810	-
Foreign currency exchange gain, net	7,938	-	764	-
Other finance income	32	3,541	3	306
	35,991	3,541	3,464	306
	62,071	27,442	5,973	2,461

26. OTHER INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Recovery of assets previously written off	7,570	6,142	730	548
(Loss) gain on sales of property, plant and equipment	(354)	1,504	(34)	135
Sale of emission reduction units	-	6,923	-	621
Other income	9,251	5,310	892	479
	16,467	19,879	1,588	1,783

27. INCOME TAX BENEFIT (EXPENSES)

23 subsidiaries elected to pay FAT in lieu of other taxes in 2012 (2011: 24 companies). The remaining companies are subject to the Ukrainian corporate income tax at a 21% rate (2011: 23%), Dutch corporate income tax rate of 25.5% and Cypriot income tax rate of 10%.

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Current expenses	(3,621)	(3,545)	(349)	(318)
Deferred benefit (expenses)	12,495	(23,954)	1,204	(2,148)
	8,874	(27,499)	855	(2,466)

As at 31 December 2012 the Group did not recognize deferred tax asset relating to tax losses of UAH 77,964 thousand (EUR 7,300 thousand) (2011: UAH 64,604 thousand or EUR 6,200 thousand) originated at Astarta Holding N.V. since realization of this asset is uncertain.

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

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2012			
Profit (loss) before tax	(147,056)	604,616	457,560
Income tax benefit at statutory rate of 21%	(30,882)	-	(30,882)
Non-deductible items	815	-	815
Non-taxable items	21,193	-	21,193
Income tax benefit	(8,874)	-	(8,874)

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2012			
Profit (loss) before tax	(14,231)	58,509	44,278
Income tax benefit at statutory rate of 21%	(2,988)	-	(2,988)
Non-deductible items	79	-	79
Non-taxable items	2,055	-	2,055
Income tax benefit	(855)	-	(855)

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

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

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

(in thousands of Ukrainian hryvnias)	1 January 2012	Recognized in income statement	31 December 2012
Deferred tax assets			
Tax loss recoverable	3,128	(2,138)	990
Inventories	3,914	(3,326)	588
Trade and other accounts receivable and prepayments	2,678	(484)	2,194
Trade and other accounts payable	1,883	(1,485)	398
Loans and borrowings	1,852	(1,852)	-
Set off of tax	(11,646)	7,577	(4,069)
	1,809	(1,708)	101
Deferred tax liabilities			
Property, plant and equipment	(75,645)	9,229	(66,416)
Investments	(13,398)	7,791	(5,607)
Inventories	(3,103)	3,103	-
Biological assets	(1,250)	849	(401)
Loans and borrowings	-	(947)	(947)
Trade and other accounts payable	(1,755)	1,755	-
Set off of tax	11,646	(7,577)	4,069
	(83,505)	14,203	(69,302)

(in thousands of Euros)	1 January 2012	Recognized in income statemen	Currency translation difference	31 December 2012
Deferred tax assets				
Tax loss recoverable	300	(206)	(1)	93
Inventories	376	(320)	(1)	55
Trade and other accounts receivable and prepayments	257	(47)	(5)	205
Trade and other accounts payable	181	(143)	(1)	37
Loans and borrowings	178	(178)	-	-
Set off of tax	(1,118)	730	7	(381)
	174	(164)	(1)	9
Deferred tax liabilities				
Property, plant and equipment	(7,260)	889	152	(6,219)
Investments	(1,286)	751	10	(525)
Inventories	(298)	299	(1)	-
Biological assets	(120)	82	-	(38)
Loans and borrowings	-	(91)	3	(88)
Trade and other accounts payable	(168)	171	(3)	-
Set off of tax	1,118	(733)	(4)	381
	(8,014)	1,368	157	(6,489)

(in thousands of Ukrainian hryvnias)	1 January 2012	Recognized on acquisition of subsidiaries	Recognized in income statement	31 December 2011
Deferred tax assets				
Tax loss recoverable	6,252	-	(3,124)	3,128
Inventories	10,176	-	(6,262)	3,914
Trade and other accounts receivable and prepayments	4,841	-	(2,163)	2,678
Trade and other accounts payable	74,789	-	(72,906)	1,883
Loans and borrowings		-	1,852	1,852
Set off of tax	(92,296)	-	80,650	(11,646)
	3,762		(1,953)	1,809
Deferred tax liabilities				
Property, plant and equipment	(60,406)	(11,193)	(4,046)	(75,645)
Investments	(10,258)	-	(3,140)	(13,398)
Inventories	(2,993)	-	(110)	(3,103)
Biological assets	(3,035)	-	1,785	(1,250)
Trade and other accounts receivable and prepayments	(4,504)	-	4,504	-
Loans and borrowings	(60,836)	-	60,836	-
Trade and other accounts payable	(575)	-	(1,180)	(1,755)
Set off of tax	92,296	-	(80,650)	11,646
	(50,311)	(11,193)	(22,001)	(83,505)

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

28. SEGMENT REPORTING

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

At 31 December 2012 and 2011, the group is organized into three main operating/ reportable segments:

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

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

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

Revenues from external customers are derived primarily from the sales of sugar, crops and cattle farming products and are measured in a manner consistent with that in the income statement. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

In the years ended 31 December 2012 and 2011 there were no revenues from transactions with a single external customer in the amount of 10% or more of Group's revenue.

The amounts provided to the Board of Directors with respect of total assets are measured in a manner consistent with that of the consolidated 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 consolidated financial statements. Liabilities are allocated based on the operations of the segment.

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

Items which are not disclosed separetly in segment income and expenses are as follows: Loss arising from remeasurement of agricultural produce to fair value, Changes in fair value of biological assets, Other operating income, General and administrative expenses, Selling and distribution expenses, Other operating expenses and Income tax.

Unallocated assets mainly represent assets relating to corporate function, assets jointly used by segments and certain financial assets. Liabilities not allocated to segments are items related to corporate functions and certain financial liabilities.

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

(in thousands of Ukrainian hryvnias)	Production and wholesale distribution of sugar		Agriculture		Cattle farming		Other businesses		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total revenues	2,134,226	2,166,652	2,319,621	1,885,455	338,158	288,446	120,279	44,082	-	-	4,912,284	4,384,635
Inter-segment revenues	-	-	1,210,679	999,106	-	-	-	-	-	-	1,210,679	999,106
Revenues from external customers	2,134,226	2,166,652	1,108,942	886,349	338,158	288,446	120,279	44,082	-	-	3,701,605	3,385,529
Total cost of revenues	(1,719,186)	(1,432,048)	(1,886,954)	(1,498,550)	(258,054)	(189,625)	(111,661)	(36,525)	-	-	(3,975,855)	(3,156,748)
Inter-segment cost of revenues	-	-	(1,210,679)	(999,106)	-	-	-	-	-	-	(1,210,679)	(999,106)
Cost of revenues	(1,719,186)	(1,432,048)	(676,275)	(499,444)	(258,054)	(189,625)	(111,661)	(36,525)	-	-	(2,765,176)	(2,157,642)
Gross profit	415,040	734,604	355,323	506,973	80,104	98,821	8,618	7,557	-	-	859,085	1,347,955
Profit (loss) from operations	243,271	619,367	387,149	401,128	105,656	126,257	(3,268)	53	(115,876)	(105,722)	616,932	1,041,083
Foreign currency exchange gain (loss)	-	-	-	-	-	-	-	-	7,938	(6,261)	7,938	(6,261)
Interest expense	(48,402)	(24,125)	(24,943)	(24,301)	(22)	(669)	(3,989)	(2,297)	(142,058)	(118,400)	(219,414)	(169,792)
Interest income	-	-	-	-	-	-	-	-	26,080	23,901	26,080	23,901
Other income (expense)	-	-	-	-	-	-	-	-	7,876	(25,634)	7,876	(25,634)
Gain on acquisition of subsidiaries	-	-	-	-	-	-	-	-	18,148	140,312	18,148	140,312
Net profit	194,869	595,242	362,206	376,827	105,634	125,588	(7,257)	(2,244)	(189,018)	(119,303)	466,434	976,110
Consolidated total assets	2,427,395	2,127,963	2,993,518	2,415,674	782,770	670,880	76,365	75,648	702,768	651,561	6,982,816	5,941,726
Consolidated total liabilities	683,716	588,827	789,318	594,215	41,969	43,436	139,007	23,399	1,662,997	1,494,864	3,317,007	2,744,741
Other segment information:												
Depreciation and amortisation	85,080	59,740	160,232	123,106	9,765	6,552	2,643	2,046	5,623	3,425	263,343	194,869
Additions to non-current assets:												
Property, plant and equipment	136,740	384,093	299,605	360,102	29,734	33,589	23,550	10,097	28,249	16,163	517,878	804,044
Intangible assets	-	-	1,332	57,501	-	-	-	-	65	135	1,397	57,636
Biological non-current assets	-	-	-	-	9,464	12,619	-	-	-	-	9,464	12,619

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

(in thousands of Euros)	Production and wholesale distribution of sugar		Agriculture		Cattle farming		Other businesses		Unallocated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total revenues	204,262	194,288	222,005	169,072	32,364	25,866	11,512	3,953	-	-	470,143	393,179
Inter-segment revenues	-	-	115,871	89,592	-	-	-	-	-	-	115,871	89,592
Revenues from external customers	204,262	194,288	106,134	79,480	32,364	25,866	11,512	3,953	-	-	354,272	303,587
Total cost of revenues	(164,627)	(128,415)	(180,629)	(134,378)	(24,711)	(17,004)	(10,693)	(3,275)	-	-	(380,660)	(283,072)
Inter-segment cost of revenues	-	-	(115,871)	(89,592)	-	-	-	-	-	-	(115,871)	(89,592)
Cost of revenues	(164,627)	(128,415)	(64,758)	(44,786)	(24,711)	(17,004)	(10,693)	(3,275)	-	-	(264,789)	(193,480)
Gross profit	39,635	65,873	34,583	45,461	7,653	8,862	819	678	-	-	82,690	120,874
Profit (loss) from operations	23,220	55,540	37,700	35,969	10,110	11,322	(318)	5	(11,100)	(9,480)	59,612	93,356
Foreign currency exchange gain (loss)	-	-	-	-	-	-	-	-	764	(561)	764	(561)
Interest expense	(4,658)	(2,163)	(2,400)	(2,179)	(2)	(60)	(384)	(206)	(13,671)	(10,618)	(21,115)	(15,226)
Interest income	-	-	-	-	-	-	-	-	2,509	2,155	2,509	2,155
Other income (expense)	-	-	-	-	-	-	-	-	763	(2,310)	763	(2,310)
Gain on acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,745	12,582	1,745	12,582
Net profit	18,562	53,377	35,300	33,790	10,108	11,262	(702)	(201)	(18,135)	(10,698)	45,133	87,530
Consolidated total assets	227,284	203,521	280,292	232,528	73,293	64,384	7,150	7,260	65,801	62,532	653,820	570,225
Consolidated total liabilities	64,018	56,509	73,906	57,026	3,930	4,169	13,016	2,246	155,712	143,462	310,582	263,412
Other segment information:												
Depreciation and amortisation	8,164	5,357	15,376	11,039	937	588	254	183	540	307	25,271	17,474
Additions to non-current assets:												
Property, plant and equipment	13,113	34,442	28,750	32,291	2,853	3,012	2,260	905	2,716	1,418	49,692	72,068
Intangible assets	-	-	129	5,161	-	-	-	-	6	8	135	5,169
Biological non-current assets	-	-	-	-	909	1,132	-	-	-	-	909	1,132

29. FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments as at 31 December 2012 are recorded in the financial statements line items as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	691	-	691
Financial instruments available-for-sale	-	15,066	15,066
Trade accounts receivable	397,416	-	397,416
Other accounts receivable	30,327	-	30,327
Long-term deposits	138,937	-	138,937
Short-term deposits	46,212	-	46,212
Cash and cash equivalents	81,265	-	81,265
	694,848	15,066	709,914

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	2,716,055
Trade accounts payable	172,873
Non-controlling interests relating to limited liability companies	92,002
Other long-term liabilities	21,175
Other accounts payable	121,560
	3,123,665

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	65	-	65
Financial instruments available-for-sale	-	1,411	1,411
Trade accounts receivable	37,211	-	37,211
Other accounts receivable	2,840	-	2,840
Long-term deposits	13,009	-	13,009
Short-term deposits	4,327	-	4,327
Cash and cash equivalents	7,609	-	7,609
	65,061	1,411	66,472

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	254,313
Trade accounts payable	16,187
Non-controlling interests relating to limited liability companies	8,614
Other long-term liabilities	1,983
Other accounts payable	11,381
	292,478

Financial instruments as at 31 December 2011 are recorded in the financial statements line items as follows (continued):

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	19,010	-	19,010
Financial instruments available-for-sale	-	11,050	11,050
Trade accounts receivable	303,670	-	303,670
Other accounts receivable	31,749	-	31,749
Long-term deposits	174,922	-	174,922
Short-term deposits	130,153	-	130,153
Cash and cash equivalents	53,211	-	53,211
	712,715	11,050	723,769

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	2,186,392
Trade accounts payable	95,068
Non-controlling interests relating to limited liability companies	100,613
Other long-term liabilities	30,148
Other accounts payable	128,322
	2,540,543

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	1,825	-	1,825
Financial instruments available-for-sale	-	1,060	1,060
Trade accounts receivable	29,143	-	29,143
Other accounts receivable	3,048	-	3,048
Long-term deposits	16,787	-	16,787
Short-term deposits	12,491	-	12,491
Cash and cash equivalents	5,106	-	5,106
	68,400	1,060	69,460

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	209,826
Trade accounts payable	9,124
Non-controlling interests relating to limited liability companies	9,656
Other long-term liabilities	2,894
Other accounts payable	12,315
	243,815

30. FINANCIAL RISK MANAGEMENT

A | Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about exposure to each of these risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

B | Credit risk

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

C | Trade accounts receivable

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

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

Majority of customers have been transacting with the Group for over three years, and no losses are expected from non-performance by these counterparties. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of management. The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss on allowances is determined based on historical data of payment statistics for similar financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2012 and 2011 no guarantees are outstanding.

D | Credit quality of financial assets

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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)	
	2012	2011	2012	2011
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Standard & Poor's)				
A	12,189	-	1,141	-
BBB+	-	9,626	-	924
BBB	-	8,379	-	804
Counterparties without external credit rating				
Group A	234,364	167,638	21,944	16,088
Group B	9,318	6,028	873	579
Past due trade receivables	141,545	111,999	13,253	10,748
	397,416	303,670	37,211	29,143

Group A represents existing customers (more than one year) wich did not breach payment terms. Group B represents new customers (less than one year) for whom there is no recent history of defaults.

In the year ended 31 December 2012 approximately 14% of revenues (2011: 15%) are derived from two customers. Receivables from corresponding customers as at 31 December 2012 equal UAH 24,681 thousand or EUR 2,311 thousand (2011: UAH 26,374 thousand, EUR 2,531 thousand).

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A1	-	512	-	49
A2	54,342	-	5,088	-
A3	2,844	-	266	-
Aaa3	-	578	-	55
B	-	1,723	-	165
B2	234	471	22	45
B3	-	36,908	-	3,542
Ba2	-	318	-	30
Ba3	35	-	3	-
Caa2	23,384	-	2,190	-
Banks without external credit rating:				
Group A	216	88	20	10
Group B	8	12,442	1	1,194
Cash on hand	202	171	19	16
	81,265	53,211	7,609	5,106

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

E | Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

31 December 2012 (in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	2,708,161	2,765,385	1,073,082	603,546	1,088,757
Finance lease liabilities	7,894	7,894	7,365	212	317
Interest payable	22,015	622,538	201,043	111,463	310,032
Trade and other accounts payable	272,418	272,418	272,418	-	-
	3,010,488	3,668,235	1,553,908	715,221	1,399,106

31 December 2012 (in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	253,573	258,931	100,476	56,512	101,944
Finance lease liabilities	740	740	690	20	30
Interest payable	2,061	58,290	18,824	10,437	29,029
Trade and other accounts payable	25,507	25,507	25,507	-	-
	281,881	343,468	145,497	66,969	131,003

31 December 2011 (in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	2,163,108	2,216,821	1,070,996	327,945	817,880
Finance lease liabilities	23,284	23,284	15,739	7,016	529
Interest payable	23,701	401,833	135,076	62,786	203,971
Trade and other accounts payable	199,689	199,689	199,689	-	-
	2,409,782	2,841,627	1,421,500	397,747	1,022,380

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

F | Market risk

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

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Ukrainian hryvnia. The currencies in which these transactions primarily are denominated are U.S. dollars and EUR. In order to hedge exposure to foreign currency risk, management attempts to balance the amount of payments in foreign currencies including debt repayments with inflows of currencies from exports sales. The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	2012		2011	
	EUR	USD	EUR	USD
Trade accounts receivable	-	30,340	-	1,875
Other accounts receivable	11,342	2,444	1,515	25,355
Long-term deposits	-	138,937	-	174,922
Short-term deposits	-	-	-	106,009
Cash and cash equivalents	198	55,581	518	31,162
Bank loans	(106,800)	(2,231,685)	(104,200)	(1,389,347)
Trade accounts payable	(654)	(920)	(8,476)	(611)
Other liabilities and accounts payable	(11,110)	(64,613)	(2,505)	(90,893)
Net exposure	(107,024)	(2,069,916)	(113,148)	(1,141,528)

(in thousands of Euros)	2012		2011	
	EUR	USD	EUR	USD
Trade accounts receivable	-	2,841	-	180
Other accounts receivable	1,062	229	145	2,433
Long-term deposits	-	13,009	-	16,787
Short-term deposits	-	-	-	10,174
Cash and cash equivalents	19	5,204	50	2,990
Bank loans	(10,000)	(208,961)	(10,000)	(133,335)
Trade accounts payable	(61)	(86)	(813)	(59)
Other liabilities and accounts payable	(1,040)	(6,050)	(240)	(8,723)
Net exposure	(10,020)	(193,814)	(10,858)	(109,553)

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

pre-tax profit	(Effect in thousands of Ukrainian hryvnias)		(Effect in thousands of Euros)	
	2012	2011	2012	2011
EUR	(10,702)	(11,315)	(1,002)	(1,086)
USD	(206,992)	(114,153)	(19,381)	(10,955)

A 10% strengthening of the Ukrainian hryvnia against the above currencies as at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

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

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Fixed rate instruments				
Financial liabilities	(998,704)	(1,057,825)	(93,512)	(101,518)
Variable rate instruments				
Financial liabilities	(1,717,351)	(1,128,567)	(160,801)	(108,308)

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

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

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

	Increase (decrease) in interest rate	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
		2012	2011	2012	2011
Euribor	1.00%	1,068	1,042	100	100
Euribor	-0.25%	(267)	(261)	(25)	(25)
Libor	1.00%	16,578	10,501	1,552	1,008
Libor	-0.25%	(4,144)	(2,625)	(388)	(252)
Kievprime	1.00%	100	-	9	-
Kievprime	-0.25%	(25)	-	(2)	-

Other market price risk

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

G | Fair values of financial instruments

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

As at 31 December 2012 and 2011, the carrying value of the Group's financial instruments approximates their fair values. The face values of financial assets and liabilities with a maturity of less than one year, less any estimated credit adjustments, are assumed to be their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

31. COMMITMENTS

A | Social commitments

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

B | Operating leases

The Group leases property and equipment under operating leases. Lease payments are subject to market conditions and legal regulations.
The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments recognized as an expense in 2012 are UAH 235,319 thousand or EUR 22,034 thousand (2011: UAH 144,499 thousand or EUR 12,957 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)	
	2012	2011	2012	2011
Less than one year	**207,954**	128,554	**19,471**	12,337
From one to five years	**492,146**	330,138	**46,081**	31,683
More than five years	**319,264**	195,865	**29,894**	18,797
	1,019,364	654,557	**95,446**	62,817

C | Financial leases

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Minimal lease payments:				
Less than one year	6,579	14,368	617	1,379
From one to two years	204	6,161	19	591
More than two years	284	489	27	47
	7,067	21,018	663	2,017
Future finance charges on finance leases	(488)	(1,615)	(46)	(155)
Present value of minimal lease payments	6,579	19,403	617	1,862
Less than one year	6,138	13,116	575	1,259
From one to two years	177	5,847	17	561
More than two years	264	440	25	42
	6,579	19,403	617	1,862
Long-term finance lease liabilities:				
Present value of minimal lease payments	441	6,287	42	603
VAT liability under finance lease	88	1,258	8	121
	529	7,545	50	724
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	6,138	13,116	575	1,259
VAT liability under finance lease	1,227	2,623	115	252
	7,365	15,739	690	1,511
	7,894	23,284	740	2,235

D | Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2012	2011	2012	2011
Sales commitments:				
Sugar and by-products	103,261	32,885	9,909	2,949
Agricultural produce	-	15,379	-	1,379
	103,261	48,264	9,909	4,328
Purchase commitments:				
Property,plant and equipment	304	-	29	-
Transportation	30	989	3	89
	334	989	32	89
	103,595	49,253	9,941	4,417

32. CONTINGENCIES

A | Tax matters

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

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

During the reporting period three Group's subsidiaries were involved in litigations with the tax authorities with the total exposure of UAH 65,700 thousand. The litigations are related to the results of the tax authorities' audits.

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

B | Legal matters

The Group is involved in various legal proceedings in the ordinary course of business. Management does not believe the result of any such actions will have a material effect on the financial position or results of the Group's operations.

33. RELATED PARTY TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. Related parties comprise the Group's associates, joint ventures, the shareholders, compa-nies that are under control of the Group's shareholders, 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 related party transactions may differ from market terms.

The following table provides the total amount of transactions that have been entered into with related parties for the year ended 31 December 2012 as well as balances with related parties as of 31 December 2012:

(in thousands of Ukrainian hryvnias)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	19,176	11,008	7,767	2,312
Joint venture	9,459	16,841	11,762	8,372
Associate	14,128	5,982	932	171
	42,763	33,831	20,461	10,855

(in thousands of Euros)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	1,840	1,056	727	216
Joint venture	908	1,616	1,101	784
Associate	1,356	574	87	16
	4,104	3,246	1,915	1,016

The following table provides the total amount of transactions that have been entered into with related parties for the year ended 31 December 2011 as well as balances with related parties as of 31 December 2011:

(in thousands of Ukrainian hryvnias)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	20,026	3,247	27,694	3,354
Joint venture	18,855	4,673	23,052	-
Associate	14,179	-	-	171
	53,060	7,920	50,746	3,525

(in thousands of Euros)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	1,796	292	2,658	322
Joint venture	1,691	419	2,212	-
Associate	1,272	-	-	16
	4,759	711	4,870	338

Management remuneration

Remuneration of key management for the year ended 31 December 2012 is UAH 14,463 thousand or EUR 1,388 thousand (2011: UAH 12,912 thousand or EUR 1,158 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totaling five persons).

Refer to the Company financial statements for disclosure of key menegement remuneration.

34. EVENTS SUBSEQUENT TO THE REPORTING DATE

The following events occurred subsequent to the reporting date :

Liquidity crisis in Cyprus

Following the liquidity crisis in Cyprus where one of the Group's subsidiaries is domiciled, in the beginning of 2013, Cyprus government and the Eurogroup (together with the International Monetary Fund) reached an agreement on 25 March 2013 on a package of measures intended to restore the viability of the financial sector. The Cypriot authorities will introduce a set of measures, including the closure of one of the leading banks, mandatory conversion of certain deposits into shares in another bank, temporary restrictions on cash withdrawals, compulsory renewal of maturing deposits and restrictions on capital movements. As at 31 December 2012, the Group has a deposit of UAH 138,937 thousand placed with a Cypriot bank, not subject to a restructuring plan. The deposit is pledged as a security under the loan from the same bank for the same amount maturing in 2017 (notes 11, 15). On 29 March 2013, the loan was settled in full from funds held on deposit.

Loan Portfolio

On January 14, 2013, Ancor Investments Limited signed loan agreement with Landesbank Baden Wuerttemberg (Germany). The loan was issued for the six years period and totaled EUR 8 million. The facility is covered by insurance policy of the Euler Hermes Kreditversicherungs-AG and will be utilized with the purpose to finance the purchase of agricultural equipment and machinery produced and supplied from EU.
On January 29, 2013, LLC "Agricultural company "Dobrobut" signed a loan agreement with Credit Europe bank. The loan was issued for one year and four months period and totaled EUR 2 million. The facility is disbursed with the purpose to finance working capital needs of the Group.

On February 20, 2013, Ancor Investments Limited signed loan agreement with Wells Fargo Bank N.V. (USA). The loan was issued for five years period and totaled USD 10.15 million. The facility will be utilized with the purpose to finance the purchase of agricultural equipment and machinery produced and supplied from the USA. This loan is secured by the equipment purchased under the Loan Agreement and insurance policy of Export-Import Bank of the United States, an Agency of the U.S. Government.

On March 11, 2013, LLC "Agricultural company "Dovzhenko", LLC "Agricultural company "Dobrobut", LLC "Investment company "Poltavazernoproduct", LLC "Khmilnitske" and LLC "Volochysk-Agro" signed a loan agreement with Raiffeisen Bank Aval for the amount of UAH 400 million. The loan is disbursed for two and a half years period with the purpose to finance working capital needs of the Group.

On March 15, 2013, LLC "Agricultural company "Dobrobut" signed a loan agreement with Creditwest Bank (Ukraine) for the amount of USD 2.5 million. The loan is disbursed for two years period with the purpose to finance working capital needs of the Group.

Acquisition of new subsidiaries

Subsequent to 31 December 2012 the Group acquired the following agricultural company incorporated in Ukraine:

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of aquisition	Consideration paid, thousands of	
					Ukrainian hryvnias	Euros
LLC "Podilskiy krai"	Ukraine	Agricultural	01.01.2013	50.3%	896	84

As at the date of authorizing of these consolidated financial statements for issue the Group has not finalized the purchase price allocation.

Board of Directors of ASTARTA Holding N.V.
12 April 2013,
Amsterdam, the Netherlands

V. Ivanchyk ______*(signed)*______

P. Rybin ______*(signed)*______

M.M.L.J. van Campen ______*(signed)*______

V. Korotkov ______*(signed)*______

W.T. Bartoszewski ______*(signed)*______

COMPANY FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012
(before appropriation of the result)

(in thousands of Euros)	Notes	2012	2011
Assets			
Non-current assets			
Investments in subsidiaries	3	347,211	309,550
Other long-term assets		54	77
Loan receivable from subsidiary	4	12,557	12,351
		359,822	321,978
Current assets			
Cash and cash equivalents	5	21	47
Other accounts receivable		22	72
		43	119
Total assets		359,865	322,097
Shareholders' equity and liabilities			
Equity			
Share capital	6	250	250
Additional paid-in capital		55,638	55,638
Retained earnings		235,913	144,799
Revaluation surplus		40,157	43,651
Currency translation adjustment		(34,110)	(25,407)
Unallocated result for the year		45,133	87,530
Total equity		342,981	306,461
Non-current liabilities			
Loans and borrowings	7	7,267	10,402
Long-term loan from subsidiary	7	6,322	2,179
		13,589	12,581
Current liabilities			
Current portion of long-term loans and borrowings	7	2,907	2,972
Other liabilities and accounts payable	8	389	83
		3,296	3,055
Total equity and liabilities		359,865	322,097

The statement of financial position is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 145 to 150.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

(in thousands of Euros)	Notes	2012	2011
Net income from subsidiaries and associated companies		**46,268**	88,623
Other net expense, after taxation	9	**(1,135)**	(1,093)
Net profit		**45,133**	87,530

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 145 to 150.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 | GENERAL

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

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

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 financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated 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).

Basis of recognition of participations in subsidiaries

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

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

3 | INVESTMENTS IN SUBSIDIARIES

As at 31 December 2012 and 2011 the Company owns 100% of the shares of Ancor Investments Ltd, a subsidiary based in Cyprus. These shares were received in July 2006 in exchange for a contribution-in-kind transaction.

(in thousands of Euros)	2012	2011
Balance as at 1 January	309,550	210,942
Net income	46,268	88,623
Increase in reserves	96	300
Translation differences	(8,703)	9,685
Balance as at 31 December	347,211	309,550

For a list of subsidiaries, joint ventures and associate refer to note 2 of the consolidated financial statements.

4 | LOAN TO SUBSIDIARY

In 2008, the Company entered into a loan agreement with its subsidiary Ancor Investments Limited for a total amount of USD 23,900 thousand. As at 31 December 2012, the outstanding loan to subsidiary is USD 16,598 thousand (EUR 12,557 thousand) (2011: USD 15,300 thousand, EUR 12,351 thousand). The maturity date is 31 October 2015, together with accrued and unpaid interest. The loan bears interest of LIBOR plus 5.5% p.a.

The amount of the borrowings provided to the subsidiary in 2012 is nil (2011: nil). Amount of the borrowings repaid by the subsidiary in 2012 is nil (2011: EUR 3,650 thousand).

5 | CASH

As at 31 December 2012, amount of cash is EUR 21 thousand (2011: EUR 47 thousand). There is no restricted cash.

6 | EQUITY

The authorized share capital as at 31 December 2012 and 2011 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 2012, 25,000,000 shares are issued and fully paid. Pursuant to the Dutch regulation “Disclosure of Remuneration of Board Members Act”, the total number of shares held by executive and non-executive Board members, and third parties is specified below:

	2012	2011
Astarta Holding N.V.		
Ivanchyk V.P.	36.99%	36.99%
Korotkov V.M.	25.99%	25.99%
Other shareholders	37.02%	37.02%
	100.00%	100.00%

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 5.3% of Astarta Holding NV issued shares in equal parts. For movements in equity refer to the consolidated statement of changes in equity.

With respect to the total equity, not all reserves are available for distribution to the shareholders. To the extent that reserves are restricted, refer to note 13 of the consolidated financial statements. In addition to the restrictions included in note 13, the unallocated results for the year as reported in the Company financial statements include an amount of EUR 9,710 thousand (2011: EUR 12,593 thousand) related to the revaluation of the biological assets and accordingly this amount is not available for distribution to the shareholders.

7 | LOANS AND BORROWINGS

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

(in thousands of Euros)	Effective interest rate	Nominal interest rate	Year of maturity	2012	2011
Loans from non-resident banks received in USD	4.81%	Libor +4.00%	2016	-	13,374
Loans from non-resident banks received in USD	4.51%	Libor +4.00%	2016	10,174	-
				10,174	13,374

As at 31 December 2012 the Company has a loan due to its subsidiary of EUR 6,322 thousand (2011: EUR 2,179 thousand). The loan is unsecured and bears interest of 5% p.a.

8 | OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	2012	2011
Payment to shareholders for pledged shares	312	-
Interest payable	19	30
Other payables	58	53
	389	83

9 | OTHER NET EXPENSE

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

(in thousands of Euros)	2012	2011
Payment to shareholders for pledged shares	625	578
Interest expenses	602	650
Professional services	443	472
Exchange differences	55	75
Bank commissions and charges	22	57
Interest income	(613)	(740)
	1,135	1,093

10 | INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 7.3 million as of 31 December 2012 (2011: EUR 6.2 million). No deferred tax asset has been recognized due to insufficient future taxable income.

11 | FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	2012	2011
	Loans and receivables	Loans and receivables
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	12,557	12,351
Other accounts receivable	22	72
Cash and cash equivalents	21	47
	12,600	12,470
	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	10,174	13,374
Loan payable to subsidiary	6,322	2,179
Other liabilities and accounts payable	389	83
	16,885	15,636

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 2012 loan receivable from subsidiary and other accounts receivable of EUR 12,579 thousand (2011: EUR 12,423 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)	2012	2011
Loan receivable from subsidiary	12,557	12,351
Other accounts receivable	22	72
Cash and cash equivalents	21	47
	12,600	12,470

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

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2012					
Bank loans	10,174	10,174	2,907	2,907	4,360
Loan payable to subsidiary	6,322	6,322	-	6,322	-
Other accounts payable	389	389	389	-	-
	16,885	16,885	3,296	9,229	4,360

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2011					
Bank loans	13,374	13,374	2,972	2,972	7,430
Loan payable to subsidiary	2,179	2,179	-	2,179	-
Other accounts payable	83	83	83	-	-
	15,636	15,636	3,055	5,151	7,430

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 128 thousand provided all other variables are held constant.

At 31 December 2012 the Company does not have outstanding guarantees. The fair values of financial instruments approximate their carrying amount.

12 | NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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

13 | COMMITMENTS

As at 31 December 2012 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 5.3% of Astarta Holding NV issued shares in equal parts to secure bank loans in the amount of EUR 10,174 thousand.

The Company's subsidiaries commitments details are disclosed in the Note 31 of the consolidated financial statements.

14 | DIRECTORS

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

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

During 2012, there were no changes in the rules governing appointment or dismissal of members of the Board of Directors. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total remuneration of executive and non-executive Board members is specified below:

	2012	2011
Viktor Ivanchyk	**629**	524
Petro Rybin	**654**	544
Marc van Campen	**35**	30
Valery Korotkov	**35**	30
Wladyslaw Bartoszewski	**35**	30
	1,388	1,158

In 2012 bonuses paid to Mr.Ivanchyk of EUR 269 thousand (2011: EUR 219 thousand) and bonuses paid to Mr.Rybin of EUR 366 thousand (2011: EUR 300 thousand) are included into the table above.

The amounts due from the Company's Directors as at 31 December 2012 is nil (31 December 2011: EUR 49 thousand).

15 | AUDIT FEES

Fees paid to the Group's auditor EUR 146 thousand and EUR 146 thousand for 2012 and 2011, correspondingly. Out of this, EUR 36 thousand was paid to "Ernst & Young Accountants" LLP and EUR 110 thousand was paid to Ernst & Young Audit Services LLC.

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

12 April 2013,

Amsterdam, the Netherlands
Board of Directors

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

Ernst & Young

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2012 of Astarta Holding N.V., Amsterdam. The financial statements include the consolidated financial statements, and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

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

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

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

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

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at 31 December 2012, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 12 April 2013

Ernst & Young Accountants LLP

signed by W.C. van Hoeven

Profit allocation and distribution in accordance with articles of association

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

Article 24

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

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

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

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

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

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 45,133 thousand to retained earnings.

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