ASTARTA HOLDING N.V.

Annual Report for the Year

2010

Contents

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS AND RATIOS

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

Data	2010	2009	2008	2007	2006
Revenues	219 330	128 239	123 382	87 747	68 051
Cost of revenues including remeasurement gains	(128 142)	(84 879)	(88 735)	(63 145)	(53 984)
Gross profit	91 188	43 360	34 647	24 602	14 067
Operating income (expenses), net	(3 678)	(2 668)	(13 204)	1 175	(6 628)
Profit from operations (EBIT)	**87 510**	**40 692**	**21 443**	**25 777**	**7 439**
Net financing expenses and other non-operating income (expense)	(7 884)	(10 818)	(32 246)	(4 359)	(1 932)
Profit (loss)	79 626	29 874	(10 803)	21 418	5 507
Income tax (expense) benefit	415	(425)	3 209	80	256
Net profit (loss)	**80 041**	**29 449**	**(7 594)**	**21 498**	**5 763**
Net profit (loss) attributable to:					
Minority interests	(12)	(11)	75	(90)	(637)
Equity holders of parent company	**80 053**	**29 460**	**(7 669)**	**21 588**	**6 400**

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

Data	2010	2009	2008	2007	2006
Property, plant and equipment	140 282	105 495	72 717	77 919	31 505
Non-current biological assets	14 926	12 747	5 150	6 380	3 701
Other non-current assets	7 472	5 601	5 796	1 228	1 209
Total non-current assets	**162 680**	**123 843**	**83 663**	**85 527**	**36 415**
Inventories	119 512	69 500	57 859	51 855	45 910
Biological assets	38 955	19 962	14 620	15 216	7 157
Trade and other accounts receivable, prepayments and promissory notes	29 300	16 143	14 689	19 026	26 644
Short-term deposits	1 037	-	4 393	-	-
Cash and cash equivalents	1 121	1 930	949	1 068	2 991
Current income tax	34	36	6	3	-
Total current assets	**189 959**	**107 571**	**92 516**	**87 168**	**82 702**
Total assets	**352 639**	**231 414**	**176 179**	**172 695**	**119 117**
Share capital	250	250	250	250	250
Additional paid-in capital and reserves	102 607	106 000	79 565	78 482	55 743
Retained earnings	141 177	55 690	23 375	28 038	6 254
Currency translation adjustment	(35 092)	(43 507)	(42 811)	(8 710)	(447)
Minority interests relating to open joint stock companies	112	75	967	1 014	-
Total equity	**209 054**	**118 508**	**60 098**	**99 074**	**61 800**
Long-term loans and borrowings	55 774	52 436	11 897	5 647	8 092
Minority interests relating to limited liability companies	6 306	3 481	3 894	3 566	2 099
Other long-term liabilities, promissory notes issued, deferred tax liabilities	6 080	8 359	2 883	6 688	1 223
Total non-current liabilities	**68 160**	**64 276**	**18 674**	**15 901**	**11 414**
Short-term loans and current portion of loans and borrowings	56 813	32 359	80 517	45 634	27 712
Trade accounts payable, promissory notes, other liabilities and accounts payable	18 459	16 271	16 889	12 085	18 191
Current income tax	153	-	1	1	-
Total current liabilities	**75 425**	**48 630**	**97 407**	**57 720**	**45 903**
Total equity and liabilities	**352 639**	**231 414**	**176 179**	**172 695**	**119 117**

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

Data	2010	2009	2008	2007	2006
EBITDA (EUR)	100 708	48 870	30 893	30 820	11 314
NET DEBT (EUR)	110 429	82 865	87 072	50 213	32 813
EBITDA MARGIN,%	46%	38%	25.0%	35.1%	16.6%
NET PROFIT MARGIN,%	36%	23%	-6.2%	24.5%	8.5%
ROE	38%	25%	-13.2%	21.7%	9.3%
ROA	23%	13%	-4.4%	12.4%	4.8%
MARKET CAPITALIZATION (EUR)	580 177	243 416	65 909	223 339	111 519
ENTERPRISE VALUE (EV) (EUR)	696 912	329 687	156 875	277 118	146 431
EV / EBITDA	6.92	6.75	5.08	8.99	12.94
EV / SALES	3.18	2.57	1.27	3.16	2.15
NET DEBT / EQUITY	0.53	0.70	1.51	0.51	0.53
NET DEBT / EBITDA	1.10	1.70	2.82	1.63	2.90
NET DEBT / SALES	0.50	0.65	0.71	0.57	0.48
TOTAL DEBT RATIO	0.41	0.49	0.67	0.43	0.48
DEBT / EQUITY	0.54	0.72	2.01	0.74	0.93
CURRENT RATIO	2.52	2.21	0.92	1.51	1.80
QUICK RATIO	0.42	0.37	0.21	0.35	0.65
P/E	7.10	8.39	-8.50	10.35	17.42
EPS	3.20	1.18	-0.31	0.86	0.26

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

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

Dear Shareholders,

2010 was the fifth year of ASTARTA as a publicly listed company. "Sustainable growth and profitability" was the most appropriate message behind ASTARTA's strategy during these five years, as well as for the 2010 reporting period.

Financial results
The company has demonstrated solid performance and finished the year with strong financial results. Net assets grew by 76%, revenues increased by 71%, EBITDA by 106%, net profit by 172%, and operating cash flow by 77.5%.

Development
In 2010, ASTARTA substantially extended its operational assets. Agricultural land under cultivation was scaled up to 210 thousand hectares; processing capacity of sugar plants grew to around 27 thousand tonnes of beets per day; and cattle herd increased to 24 thousand. The first phase of a modern cattle farm, with design capacity of up to 1,200 animals, was launched; and an agri-machinery park was boosted by more than two hundred harvesters, tractors, and other heavy agri-equipment. In line with growing production assets, the Company reinforced the supporting logistics and infrastructure network, commissioned and acquired new crop and sugar storages, forage production facilities, and a seeds pre-treatment plant.

Operations
The Company continued to improve its operational efficiency in main business segments through introduction of modern procedures like GPS precision farming in agriculture, advanced energy saving technologies in sugar processing, and automation of everyday enterprise activities at all levels of management.
At the same time, the weather risk for agriculture has materialized, and due to abnormally hot summer months of July and August the major crops, including sugar beet were damaged providing lower than expected yields per hectare.

Environmental safety and social responsibility
Being an active member of the UN Global Compact initiative, and fully recognizing its environmental and social role, ASTARTA is assertive in introducing ISO and HAACP standards into production and management, as well as in supporting local communities and promoting cultural diversity and historical heritage. The environmental and health safety action plan has been set together with European bank for reconstruction and development (EBRD) and Dutch development bank (FMO), to follow a clear road map, and eventually to bring ASTARTA's plants and farms up to the international and EU standards.

Business environment
During the year, there were some encouraging changes in the regulatory framework and competitive landscape. The Government extended the term of preferential taxation for agricultural producers till January 1, 2018, thus supporting development of agriculture as of a priority sector in a national economy. A number of other long-term incentives for the corporate sector (in particular, a gradual reduction of VAT and corporate tax) were introduced within a new Taxation Code which is active since January 2011. By the end of 2010 through the beginning of 2011, there were a couple of M&A's in Ukrainian agriculture and food industries, including sugar production, as consolidation is in progress. The Company views this as evidence of a high long-term attractiveness of this sector in Ukraine and as positive moves towards predictable and sound inter-industry dialog.

Strategy and outlook
ASTARTA will continue its dynamic growth by taking advantage of available opportunities to expand its businesses. The primary targets for the Management in this regard would be a dynamic expansion in existing business segments, increasing efficiency of agri-operations and processing, and a further diversification and quality improvement of the Group's key products.

Sincerely yours,

Viktor Ivanchyk, CEO

Valery Korotkov, Chairman

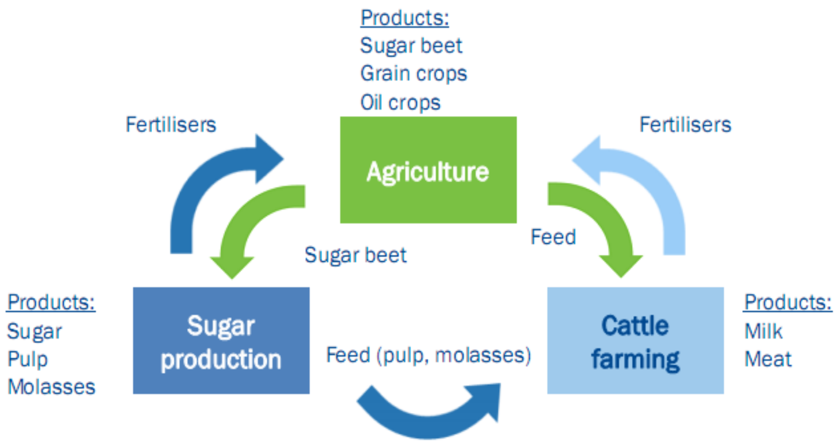
REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS FOR THE YEAR

2010

The Group at a Glance

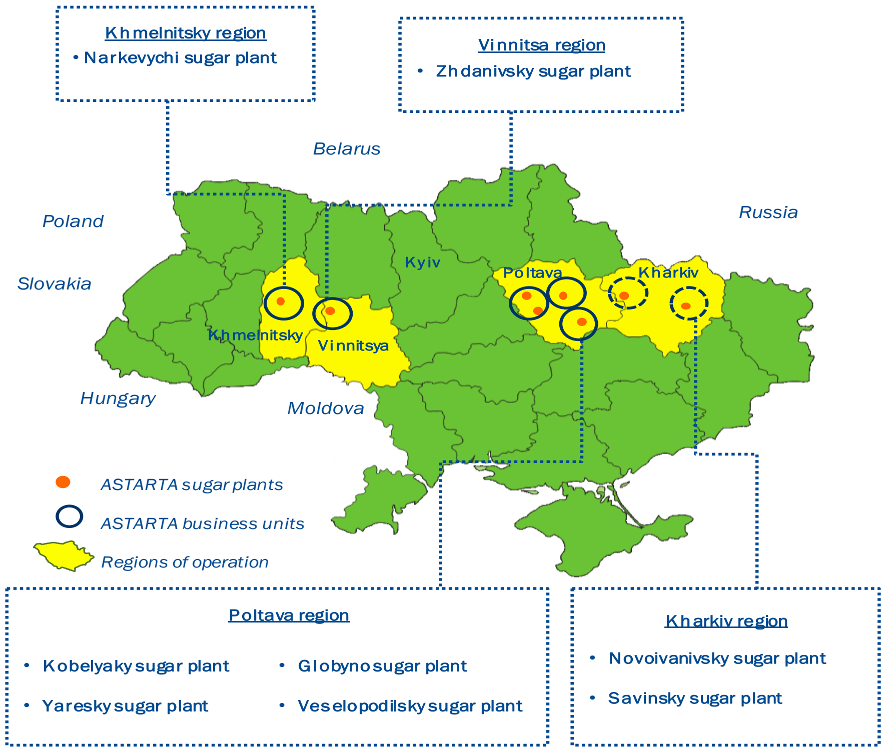
ASTARTA is an agri-industrial producer with its main operating assets located in Ukraine. The Group's key business segments are crop, sugar, and raw milk production. ASTARTA has captured significant market shares in all three segments nationally being the number one in production of sugar beet, white sugar, and raw milk. The core businesses are highly vertically-integrated and synergetic which provides for low cost production and high efficiency.

Figure 1. Main business segments and their synergy



On top of inter-segment synergy, a high level of geographical focusing of production assets is achieved. Since 2009, all main production facilities and holdings are concentrated within self-reliant business-units that have under their control land in long-term lease, sugar plant(s), storage and infrastructure facilities, agri-machinery and transportation fleet, as well as cattle farms.

Figure 2. ASTARTA production assets

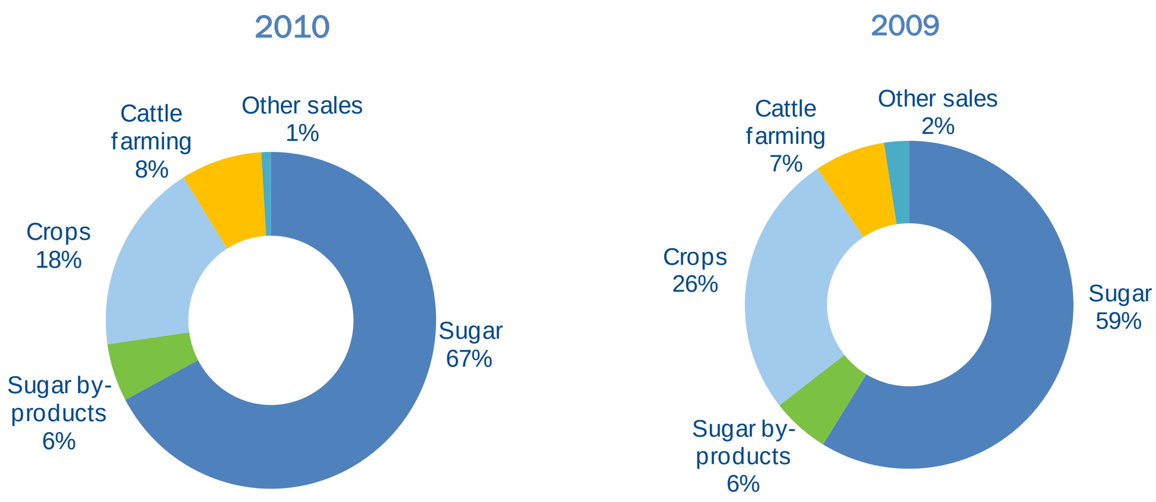


In 2010, ASTARTA materially strengthened its market and financial position and secured a good basis for further strategic development. Consequently at the beginning of 2011, ASTARTA continued its geographical diversification and growth, and expanded into Kharkiv region where climate conditions for crop and beet growing are regarded as favourable, and proximity to important consumers is secured.

Key Segments' Performance

ASTARTA supplies to customers the following key products: sugar and sugar by-products (molasses, beet pulp), grains and oilseeds, and cattle farming produce (mostly milk).

Figure 3. Breakdown of external revenues in 2009 and 2010



The recovery of domestic sugar prices in 2010 provided for an increase in sugar and sugar by-products sales from 65% to 73%, as revenues in the segment grew 93% to EUR 159.5 million. In terms of volumes, sugar sales increased 7% year over year. Sugar inventories remained high at the end of 2010 to satisfy a rising demand of industrial customers (confectionary and soft drinks producers) before a start of a 2011 beet sugar production campaign.

The share of crop sales decreased from 26% to 18%. In terms of volume, sales of agricultural crops decreased 32% year over year following export restrictions; however, due to favourable market conditions, the revenues in the segment increased by around 21% year over year to EUR 40.4 million. Inventories of grains and oilseeds also remained high at the end of 2010. An upward trend on international and domestic agricultural markets shall provide for good profitability in crop segment during the first half of 2011.

The share of revenues from cattle farming (mostly milk sales) increased from 7% to 8%. In terms of volumes, it has increased by 19% year over year, and revenue in the segment grew by 93% to EUR 17.4 million.

It is worth mentioning that the Group transfers in-house-grown sugar beets for processing at its own sugar plants at cost and reports external revenues by eliminating these and other intergroup sales. Without this elimination of sugar beet transfers (with "at cost" valuation), agricultural revenues would present 35%, sugar with by-products 58%, and cattle farming produce 6% in total revenues, thus fairly highlighting rather balanced nature of business and higher role of the agricultural segment within ASTARTA.

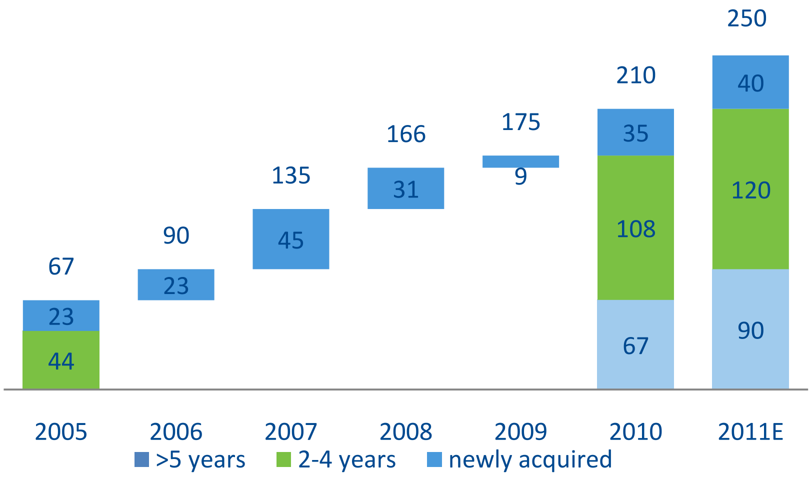
To increase diversification of the Group's business and raise revenues, in 2010 the Management initiated trading by third-party crops and sugar, as well as continued trading with natural gas. The volumes of external sugar traded comprised around 25 thousand tonnes, and crops – about 5 thousand tonnes.

Total export sales in 2010 constituted approximately 6% of total revenues (12% in 2009), a decline resulting from restrictions on crop exports. At the same time, export revenues were supported by sales of dry granulated beet pulp and molasses to foreign consumers.

Agriculture

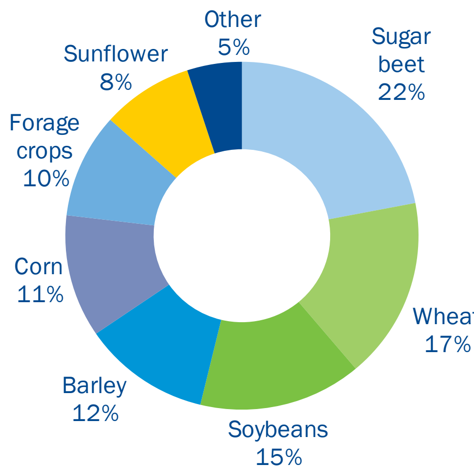
Following dynamic growth in cultivated land area under long-term lease, the operated land bank of ASTARTA grew to over 210,000 hectares by the end of 2010, thus placing the Group among the largest agri-producers in Ukraine. According to the Group's strategy, the land bank under cultivation is expected to expand to about 250,000 hectares by the end of 2011.

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



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

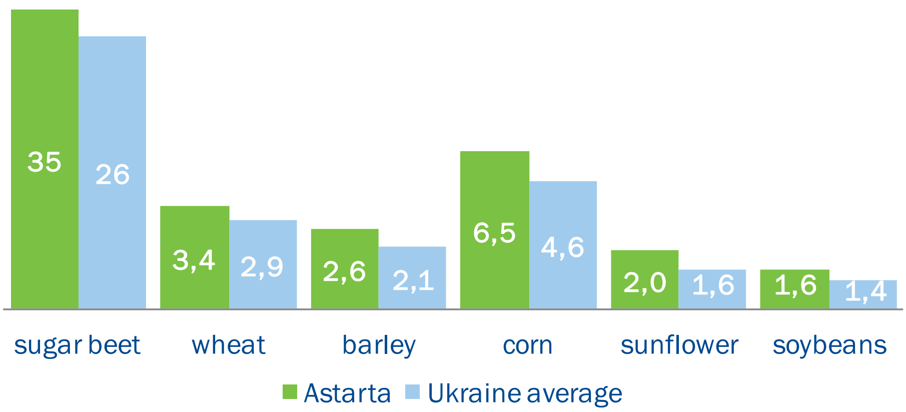
Figure 5. Crop rotation, applied by ASTARTA in 2010



In 2010 ASTARTA progressed well in introducing new agri-technologies, like GPS precision farming, and combined soil analysis for differentiated fertilizers' application. The Group has also materially augmented its agricultural machinery fleet, storage and logistics capacities.

Due to adverse weather conditions in summer of 2010, ASTARTA's average sugar beet yield per hectare was only 35 tonnes (45 tonnes in 2009), still well over the Ukrainian average of 26 tonnes. In-house beet production, respectively, was about c.1,330 thousand tonnes (compared to c.1,520 thousand tonnes in 2009). Similarly, yields per hectare of key crops in ASTARTA exceeded Ukrainian averages at same time dropping from the previous year's results of the Group. Consequently, ASTARTA harvested around 330 thousand tonnes of grains and oilseeds (c. 375 thousand tonnes in 2009).

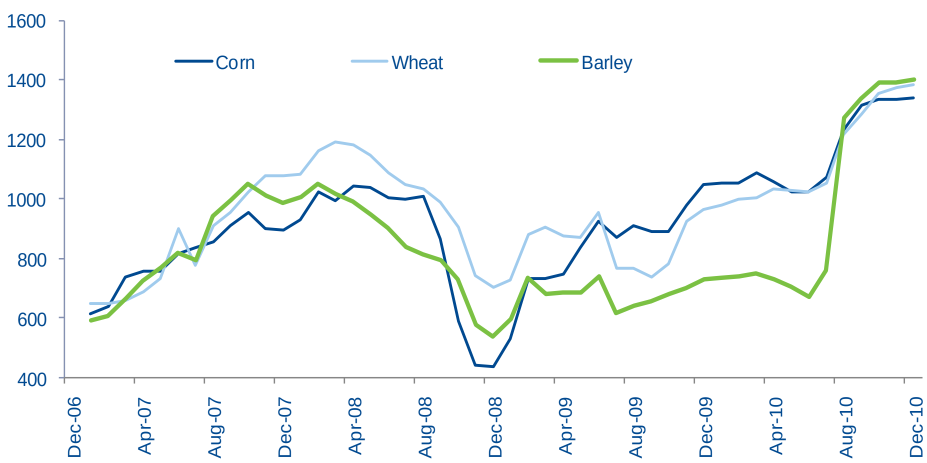
Figure 6. Average crop yields in 2010 at ASTARTA farms and in Ukraine, tonnes per hectare



Source: State Statistics Committee of Ukraine, management estimates

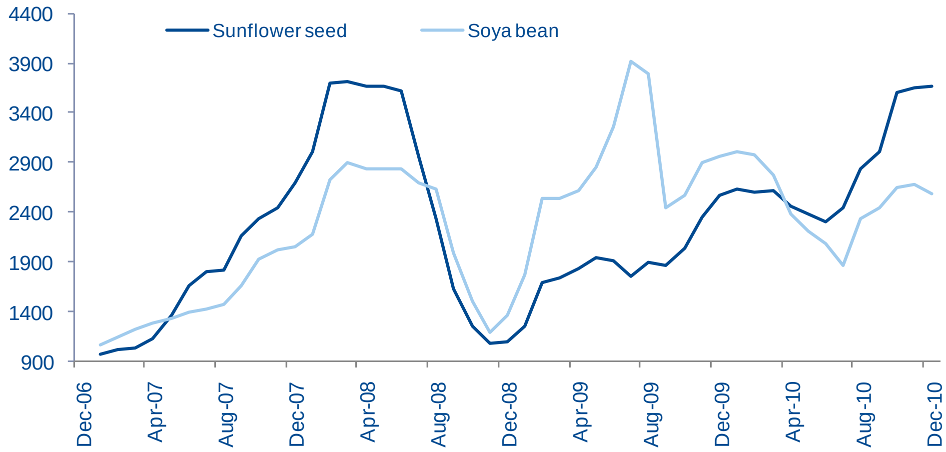
In the second half of 2010, crop sales were affected by export quotas introduced by the Government but still generated solid margins as internal crop prices in Ukraine grew following hikes for soft commodities in international markets.

Figure 7. Average Ukrainian prices for grains in 2007-2010, UAH per tonne, VAT excl.



Source: APK-inform analytical agency, State Statistics Committee

Figure 8. Average Ukrainian prices for oilseeds in 2007-2010, UAH per ton, VAT excl.



Source: APK-inform analytical agency, State Statistics Committee

Export sales of grains and oilseeds generated c. 37% of the total revenues from crop sales in 2010 (roughly the same share as for 2009). Some key international traders and big industrial end-consumers became the largest clients. About half of the crops were sold to smaller clients, whose individual shares were less than 3% of sales in a category. *For more information on crop sales please refer to section "Key Segments' Revenues"*

Sugar

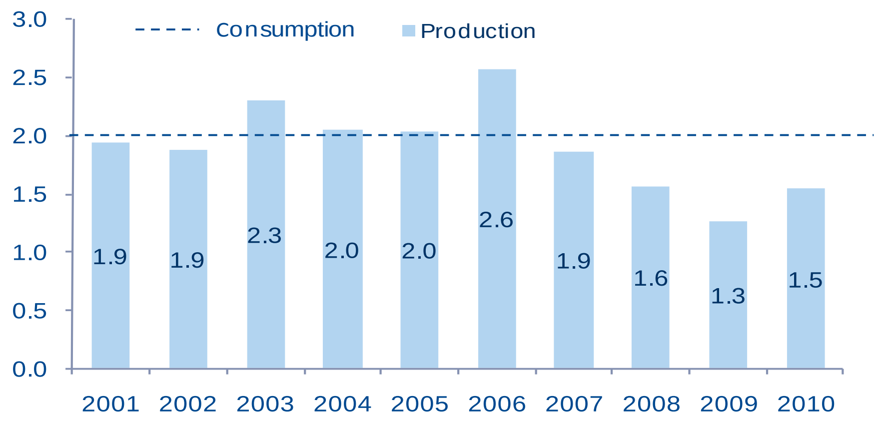
In 2010, around 1,560 thousand tonnes of sugar beets were processed (+2% year over year) at the Group's sugar plants to produce c. 200 thousand tonnes of high quality white sugar (-11% year over year). A decrease in sugar output year over year was caused by an abnormally low sugar extraction ratio (12.7% in 2010 vs. 14.8 % in 2009) as a result of adverse weather conditions. Average extraction ratio at the national level also fell materially year over year to 11.8% from 13.5% in 2009.

Vertical integration and synergy of our business allow us to build an important value-added chain. The Group secures a high level of self-sustainability in terms of raw beet supply from own fields. In 2010, the share of in-house grown sugar beets in total constituted 78% (90% in 2009) as the Management attracted higher volumes of external root crops from independent growers. This was done to secure sufficient volumes of sugar production in order to keep the Group's market share and to extend production campaign to optimal duration, thus decreasing fixed cost per tonne.

At the same time, due to consistent upgrade of ASTARTA's sugar plants, the average consumption of natural gas for processing of one tonne of sugar beet reduced in 2010 by 8% year over year to c. 33 cubic meters.

In 2010, sugar production in Ukraine totalled to 1.5 million tonnes as about 13 million tonnes of beets were processed. Therefore, beet sugar production for the fourth consecutive year fell short of domestic demand which is estimated at about 1.9 - 2.1 million tonnes.

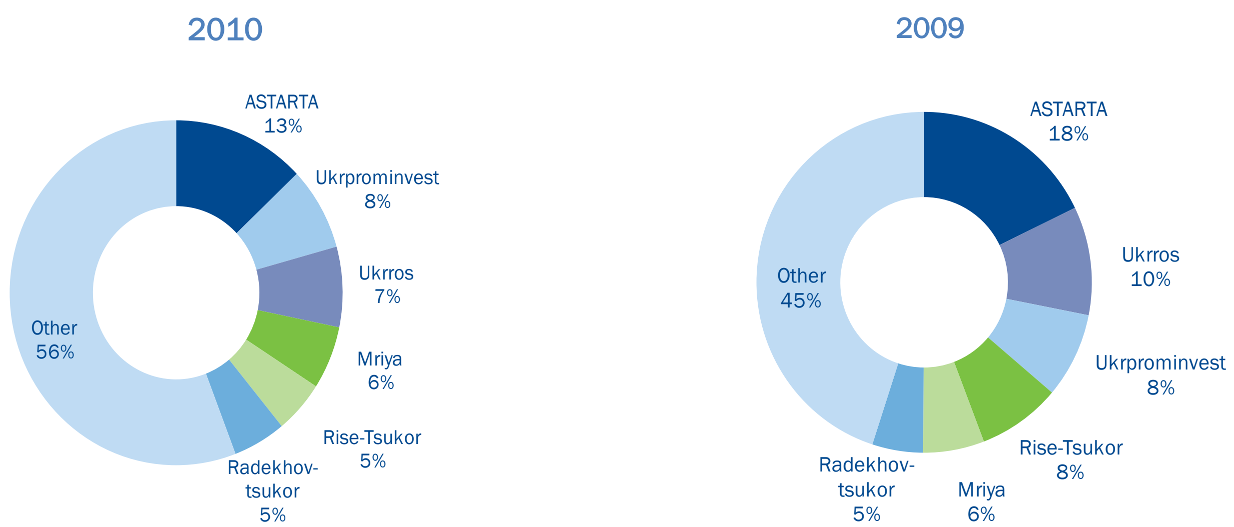
Figure 9. Sugar production vs. consumption in Ukraine, mln. of tonnes



Source: Ukrtsukor, management estimates

The breakdown between big and smaller players in Ukrainian sugar sector has changed year over year as more sugar plants were operating in a season (73 in 2010 vs. 56 in 2009). In 2010, the six largest companies produced around 44% of total beet sugar output and reshuffled somehow their rankings. ASTARTA's share was 13%, thus putting the Group at number one again for a third consecutive year.

Figure 10. Shares of producers of beet sugar in Ukraine in 2010 and 2009



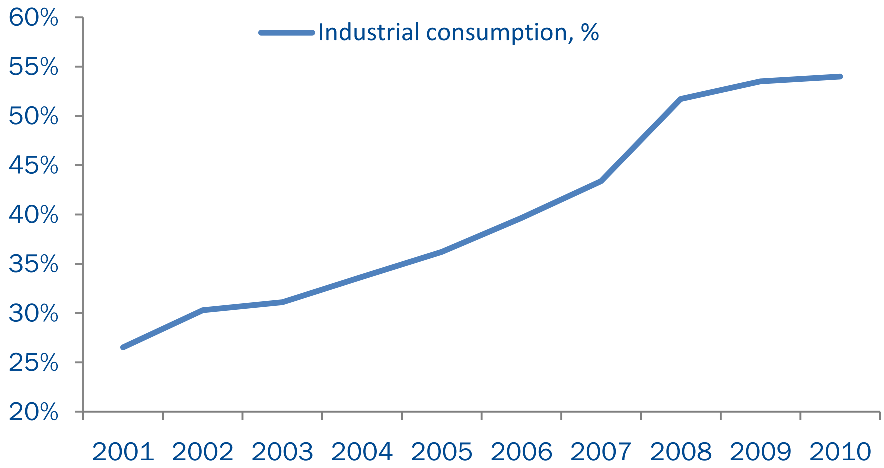
Source: Ukrtsukor, management estimates

In 2010, c. 232 thousand tonnes of raw cane sugar were imported into Ukraine. This amount fell short of 268 thousand tonnes of a WTO quota (with 2% import duty), mainly because a spread between domestic and raw sugar prices was making imports economically unattractive. The deficit was also compensated for by imports of 84 thousand tonnes of white sugar, mainly from Belarus.

In 2010, approximately 81% of sugar was sold by ASTARTA to large domestic and international beverage producers and confectionaries (around 84% in 2009). One client, a big international company, was the largest buyer, consuming around 24% of sugar sold.

Sugar remains a staple product in Ukraine and its consumption has relatively low price elasticity. Industrial sugar consumption has grown in recent years and almost doubled since 2001. The main industrial consumers of sugar in the country are confectionary and soft drink producers.

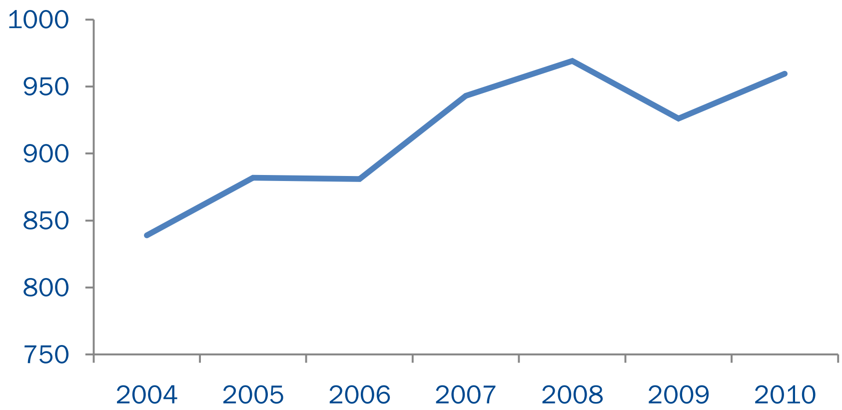
Figure 11. Industrial vs. direct consumption of sugar in Ukraine,%



Source: Ukrtsukor, management estimates

The size of the confectionery market in Ukraine is currently estimated at up to one million tonnes. The average annual consumption of confectionery products in Ukraine is comparable with Russia and comprises c.15-17 kg per person. This is much lower than the EU's average of 20-25 kg. In 2010, on back of revival of the Ukrainian economy and recovering consumers' demand, volume of production of confectionery products grew 3.5% year over year, amounting to 956 thousand tonnes. Exports of some categories of confectionery from Ukraine grew in 2010 by over 15% year over year. Experts believe that confectionery production will grow 3% - 5% annually within next few years.

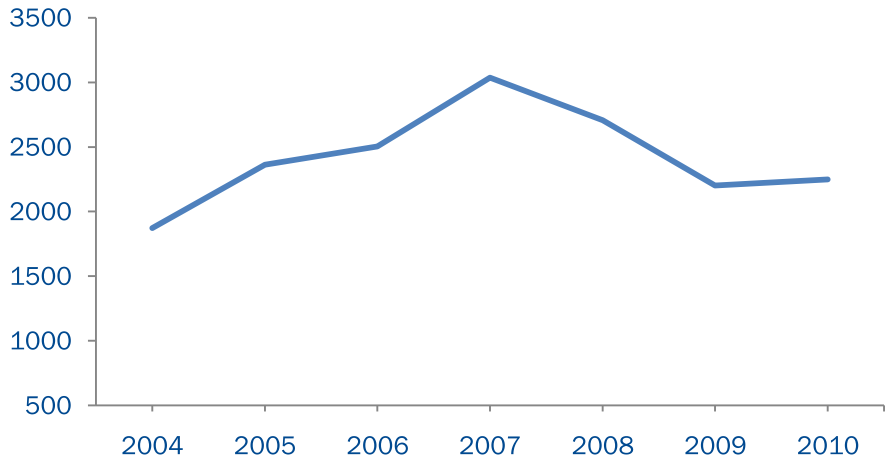
Figure 12. Confectionary production in Ukraine, 2004-2010, ths. tonnes



Source: State Statistics Committee of Ukraine

In 2010, the level of Ukrainian soft drinks production remained almost unchanged year over year. The average annual per capita consumption of soft drinks in the country is currently estimated at 38 litres. As the EU's average is about 90 litres, this industry in Ukraine has a substantial growth potential.

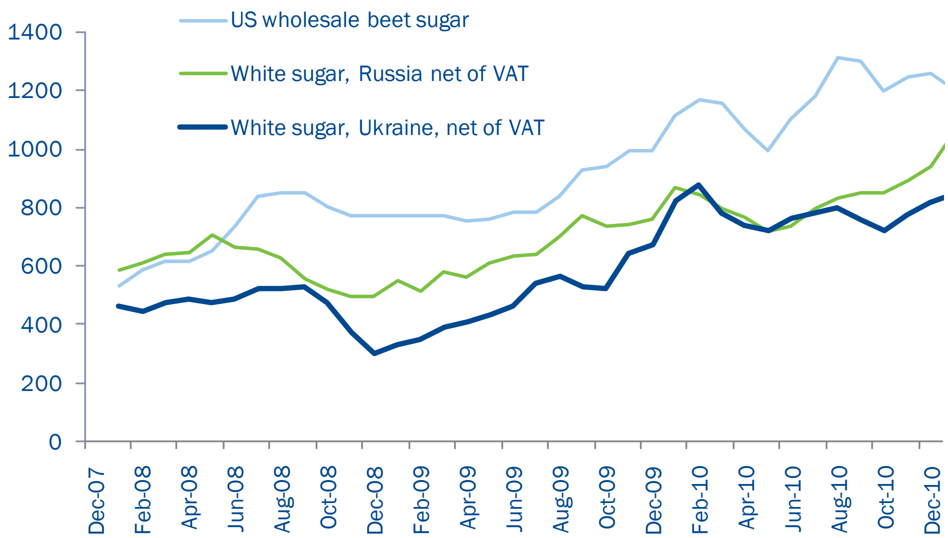
Figure 13. Non-alcoholic beverages production in Ukraine, 2004-2010, ths. tonnes



Source: State Statistics Committee of Ukraine

Increase in industrial consumption and limited supply have been keeping sugar price in Ukraine at reasonably good level through 2010 following its revival after the crisis in 2009. Still, wholesale sugar prices in Ukraine have been trailing well behind pricing levels in neighbouring countries, including Russia.

Figure 14. Average sugar prices in 2008-2010, USD per tonne, VAT excl.



Source: Ukrtsukor, USDA, Association of Russian sugar producers, management estimates

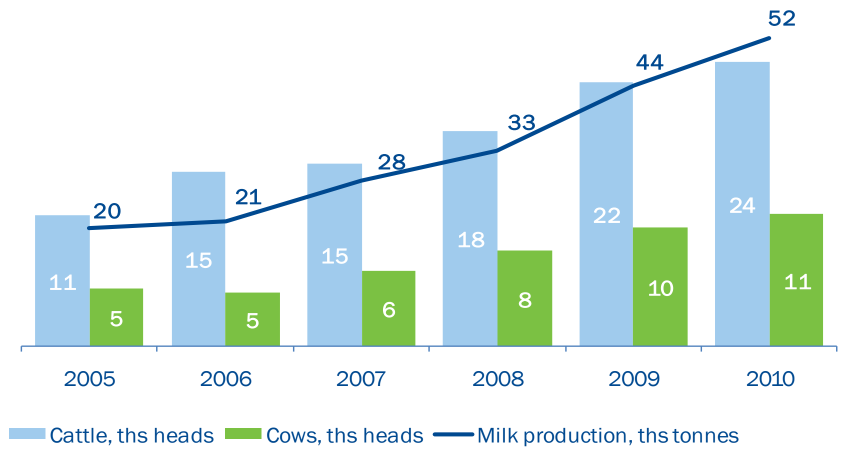
The Management believes that the Ukrainian sugar sector has strong long-term fundamentals and intends to develop the Group's sugar business by exploiting its competitive advantage of low-cost producer.

Cattle Farming

In 2010, ASTARTA continued to develop its cattle farming segment. The Group increased milk production by 18% year over year to 52 thousand tonnes and milk sales by 19% to 49 thousand tonnes respectively. Total cattle herd increased by 9% to 24,000 heads and the number of milking cows grew by 10 % to 11 thousand.

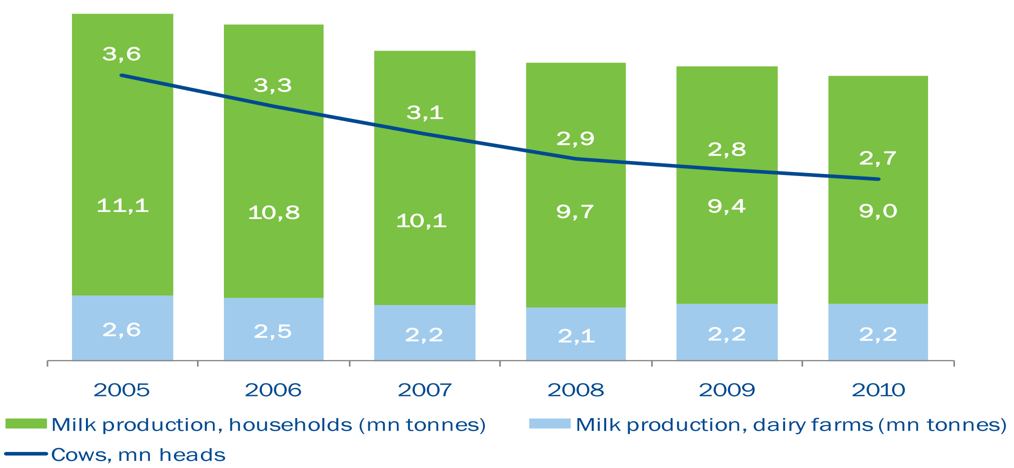
The first phase of a modern cattle farming facility with design capacity of up to 1200 animals was launched by ASTARTA in Poltava region as part of its strategy to enable a transition of the Group's dairy segment into more intense and efficient business.

Figure 15. Cattle headcount (as of 31 December) and milk output at ASTARTA farms in 2005-2010



Ukraine's dairy sector is dominated by household farms, and enterprises are estimated to account for only c. 20% of national milk production. Decline in dairy herd and milk production continued for years and total population of cows in 2010 decreased by 4% year over year. Production of milk in Ukraine also decreased by 3% year over year.

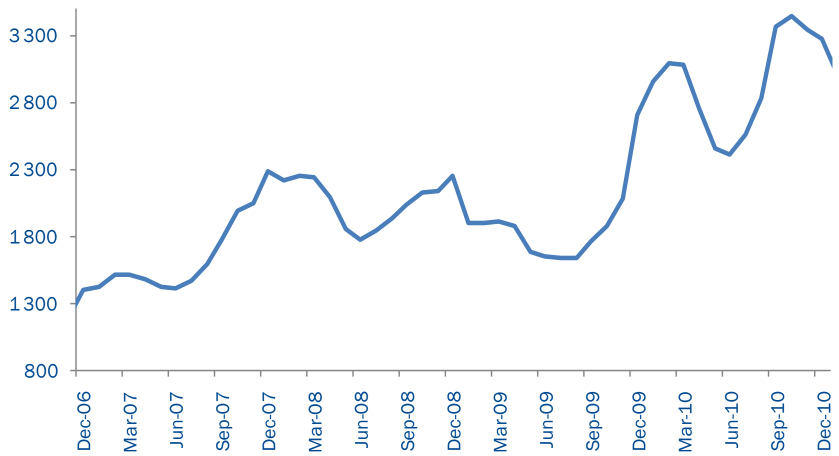
Figure 16. Cattle headcount (as of 31 December) and milk output in Ukraine in 2005-2010



Source: State Statistics Committee of Ukraine

Reacting to declining supply and reviving consumption, the average price for raw milk in 2010 was higher compared to 2009 by 55% according to the State Statistics Committee.

Figure 17. Average milk price in Ukraine, 2007 - 2010, UAH per ton, VAT excl.



Source: State Statistics Committee of Ukraine

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

Financial Performance and Financial Position

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

Table 1. Selected financial data

	UAH		EUR		PLN	
	2010	2009	2010	2009	2010	2009
I. Revenues	2 328 203	1 480 739	219 330	128 239	882 396	587 374
II. Profit from operations	911 737	461 568	87 510	40 692	345 551	183 093
III.Profit (loss) before tax	829 052	335 339	79 626	29 874	314 213	133 021
IV. Net profit (loss)	834 788	329 917	80 041	29 449	316 387	130 870
V. Cash flows provided (used) by operating activities	224 248	158 456	25 002	14 087	84 991	62 856
VI. Cash flows used in investing activities	(420 917)	(57 631)	(39 799)	(5 149)	(159 529)	(22 861)
VII. Cash flows (used in) provided by financing activities	186 228	(89 192)	15 112	(7 849)	70 581	(35 380)
VIII. Total net cash flow	(10 441)	11 633	315	1 089	(3 957)	4 615
IX. Total assets	3 734 479	2 675 172	352 639	231 414	1 400 456	963 829
X. Current liabilities	798 736	562 139	75 425	48 630	299 532	202 531
XI. Non-current liabilities	721 816	743 038	68 160	64 276	270 686	267 707
XII. Share capital	1 663	1 663	250	250	599	599
XIII. Total equity	2 213 927	1 369 995	209 054	118 508	830 238	493 591
XIV. Number of shares	25 000 000	25 000 000	25 000 000	25 000 000	25 000 000	25 000 000
XV. Profit (loss) per ordinary share	33.4	13.2	3.2	1.18	12	5

Financial Performance

Revenues

In 2010, the Group boosted its revenues by 57% year over year to UAH 2,328 million thanks to favourable pricing environment, increased volumes of sugar and sugar by-products, and milk sold. Revenues in the Euro equivalent increased by 71% year over year to EUR 219.3 million.

Revenues from sugar sales grew 77% in the Hryvnia equivalent to UAH 1,693 million and 93% in the Euro equivalent to EUR 159.5 million mostly due to better pricing and 7% year over year increase in volumes of sugar sales. For more details on sugar segment, refer to sections *Sugar and Segments Performance*.

Despite a 32% year over year decrease in volumes of crop sales (following crop export restrictions), revenues from crop sales increased by 11% year over year in the Hryvnia equivalent to UAH 429.4 million and by 21% to EUR 40.5 million in the Euro equivalent resulting from strong upward trends on international and domestic soft commodities markets. For more details on crop markets situation, refer to sections *Agriculture and Segments Performance*.

Revenues from sales of cattle farming produce grew 78% year over year in the Ukrainian hryvnia equivalent to UAH 184.2 million (93% in the Euro equivalent to EUR 17.4 million). The volumes of milk sales grew by 19% year over year. For more details on cattle farming segment, refer to sections *Cattle Farming and Segments Performance*.

Gross profit and cost of revenues

Cost of revenues grew by 43% year over year in the Hryvnia equivalent to UAH 1,361 million. In the Euro equivalent, the cost of revenues increased by 55% to EUR 128 million. Gross profit grew 90% in the Hryvnia equivalent to UAH 964 million (110% in the Euro equivalent to EUR 91.2 million). Gross margin rose to 42% compared to 34% in 2009.

Cost of revenues grew slower than revenues as prices for the Company's products grew faster than the costs that were limited by Management efforts to increase efficiency. Nevertheless, some factors out of Management's control contributed to an increase in costs. One of the reasons for increase in cost of revenues was lower productivity of key crops including sugar beets per hectare in 2010 (as a result of adverse weather conditions in summer) thus increasing cost per tonne of sugar, grains, and oilseeds that were produced and sold during the reporting period. Also, the price of natural gas, the main energy source for sugar production, grew in 2010 by 27% year over year. Wages of production workforce are calculated based on a tariff scale linked to the minimal wage set by the government. This minimal wage grew year over year by 35%.

Management made a considerable effort to facilitate cost cutting in light of growing prices. Sugar plants modernization and implementation of engineering programs provided for an increase in daily beet processing capacity and for a reduction in energy consumption (8% less of natural gas per tonne of beet processed year over year).

Profit from operations

In 2010, profit from operations (EBIT) increased 98% year over year in the Ukrainian hryvnia equivalent to UAH 911.7 million and more than doubled in the Euro equivalent to EUR 87.5 million. EBIT margin grew from 31% in 2009 to 39% in 2010.

General and administrative expense grew 6% year over year in the Hryvnia equivalent to UAH 97.7 million (14% y-o-y to EUR 9.3 million in the Euro equivalent) and represented 4.2% of the revenues compared to 6.2% in 2009. Administrative salary and related charges grew 3% in the Hryvnia equivalent and 11% in the Euro equivalent, despite a dynamic growth of the Group's assets and inflation, mostly as a result of management's efforts to optimize the Group's structure and personnel.

Selling and distribution expenses grew year over year 21% in the Hryvnia equivalent to UAH 76.3 million (32% year over year to EUR 7.3 million in the Euro equivalent), and represented 3.3% of the revenues in 2010 compared to 4.3% in 2009. Transportation costs, that contributes about 40% to the selling and distribution expense, fell following lower level of crop sales. Storage and logistics expenses also decreased due to increase in own storage capacities of the Group.

Other operating income grew year over year 180% in the Hryvnia equivalent to UAH 53 million (211% in the Euro equivalent to EUR 5 million) mainly due to an increase in Government subsidies allocated to support beet production and development of cattle farming.

In 2010, a moderate change in fair value of biological assets in cattle farming of UAH 28.1 million (EUR 2.98 million) against UAH 110.8 million (EUR 10.8 million) resulted from increase in price of milk and the Group's cattle herd (augmenting driver), and a change in allocation procedures of state support for cattle farming following introduction of a new Taxation code (resulting in a one-off adjustment in the fourth quarter of 2010).

The positive change in fair value of biological assets in crop production of UAH 85 million (EUR 9 million) against UAH 24 million (EUR 2.4 million) a year before, reflects the increase in areas under winter crops as well as higher prices for these crops. *For more details refer to Note 27 to the Consolidated Financial Statements.*

Financial expense

Financial expenses decreased year over year by 7% to UAH 128 million following efforts of the Management to rebalance a loan portfolio to profit from declining interest rates in Ukraine.

Profit before tax and net profit

Profit before tax in 2010 grew year over year 147% to UAH 829.1 million. In the Euro equivalent, profit before tax grew 167% year over year to EUR 79.6 million from EUR 29.9 million in prior year.

In 2010, net profit constituted UAH 835 million (EUR 80 million) against net profit of UAH 330 million (EUR 29.5 million) in 2009. Net margin reached 36% against 22% a year before.

Financial Position

Assets

Total assets grew 40% from UAH 2,675 million at 31 December 2009 to UAH 3,735 million. Non-current assets increased to UAH 1,723 million in 2010 compared to UAH 1,432 million in 2009, or by 20%, while current assets increased 62% to UAH 2,012 million compared to UAH 1,244 million.

Represented in the Euro equivalent, total assets grew 52% from EUR 231.4 million to EUR 353 million. Non-current assets increased 31% to EUR 163 million from EUR 123.8 million a year before, while current assets increased 77% to EUR 190 million compared to EUR 107.6 million.

The increase in non-current assets was mainly due to a rise in PPE. The increase in current assets was mainly due to increase in inventories, accounts receivable, and prepayments. An increase in fair value of current biological assets following expansion of areas of winter crops and better pricing was another incentive for current assets growth.

Current assets were 54%, and non-current assets 46% of total assets (46% and 54% in 2009).

Equity and liabilities

Equity grew by 76% to EUR 209.1 million (62% to UAH 2,214 million for the Hryvnia denominated consolidated balance sheet), mainly because of the increase in retained earnings (by 179% in the Hryvnia equivalent and 154% in the Euro equivalent respectively).

Long-term liabilities decreased from UAH 743 million to UAH 722 million at the end of 2010. This resulted mainly from a 3% decrease in long-term loans and borrowings and 42% decrease in deferred tax liabilities. Increase in non-current liabilities in the Euro equivalent from EUR 64.3 million to EUR 68.2 million was mainly due to increase in long-term loans, if represented in EUR.

Short-term liabilities increased 55% year over year from EUR 48.6 million to EUR 75.4 million, with an increase in short-term loans from EUR 20.9 million to EUR 34.2 million, and a with a 96% growth in the current portion of long-term borrowings from EUR 11.5 million to EUR 23.5 million.

Total equity and liabilities consisted of 59% equity, 19% non-current liabilities, and 21% current liabilities (51%, 28%, and 21% at 31 December 2009, respectively). Key financial leverage ratios like "net debt to equity" and "net debt to EBITDA" decreased and indicated that the Group has a very strong financial position.

Key Investments in the Reporting Year

In 2010, the Group made investments in fixed assets and the acquired corporate rights in agricultural enterprises. Table 2 below lists the key investments by types in 2006 through 2010.

Table 2. Key investments in 2006 through 2010, thousands of Euro

	2010	2009	2008	2007	2006
Acquisition of property, plant and equipment					
Buildings	6 687	621	1 693	918	490
Constructions	2 385	430	1 829	1 162	399
Equipment and machinery	23 485	4,057	22 421	16 223	6 179
Vehicles	1 621	1,067	4 091	1 896	1 994
Other fixed assets	124	60	92	79	187
Total acquisition of property, plant and equipment	34 302	6 235	30 126	20 278	9 249
Acquisition of controlling interest in agricultural companies	3 066	131	2 496	2 555	495
Other investments	-	2 608	246	175	111
Total investments	37 638	8 974	32 868	23 008	9 855

Currency Exchange Risk Hedging

About 67% of the Group's banking debt at the end of the reporting period was denominated in foreign currency, mostly USD. In 2010, the total amount of interest paid on banking debt and other financial obligations equalled approximately EUR 8 million. At the same time, export revenues denominated in foreign currency constituted c. USD 17.5 million. Generally, export sales generate proceeds mostly in the USD and provide for a comfortable natural hedge against the Group's liabilities denominated in foreign currency.

Loans and Borrowings Contracted by the Group

For more details, refer to *Note 17 to the Consolidated Financial Statements and the Section Material Factors and Events.*

Related Party Transactions

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

Financial instruments

For more details, refer to *Notes 9, 32, and 33 to the Consolidated Financial Statements.*

Investment Plans for 2011 and the Sources of their Financing

In 2011, the Group will continue to invest in the main business segments in order to achieve its strategic goals. First of all, the Group will invest in further development of agricultural segment, as well as in reconstruction and modernization of processing capacities with the purpose to reduce the energy consumption and increase production capability. Such investments would be mainly financed with the credit facility agreements and retained earnings.

Basis of Preparation

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

Change in accounting policy

According to the new Taxation code, which is valid starting from January 1, 2011, eligible agricultural producers can take advantage of a privileged taxation regime till January 1, 2018.

The Group's entities involved in the production and sale of agricultural products that meet certain quantitative thresholds are eligible for privileged VAT regime, whereby they are permitted to retain the difference between VAT that they charge on sales of their agricultural products and the VAT that they pay on purchases of goods and services for their agricultural operations.

Prior to 2010, the Group presented its revenues and purchases net of VAT. The net balance of VAT on agricultural operations, being the difference between VAT charged on sales and VAT paid on purchases, was written off to the income statement on a monthly basis.

In 2010, the Group reconsidered accounting treatment of VAT on the operations of agricultural entities and changed its accounting policy. According to revised accounting policy, the agricultural entities of the Group recognise revenues and purchases on a gross basis, i.e. including VAT charged/paid, because these entities have no obligation to remit VAT related to agricultural business to the state budget, are not entitled to VAT refund if VAT paid on purchases exceeds VAT charged on sales, are in position to prove that all condition precedents for the above privileged VAT regime are met at the time revenues/purchases are recorded in the books, and have developed and implemented accounting procedures to enable separate accounting for VAT related to agricultural and non-agricultural businesses.

The management of the Group believes that revised accounting policy results in financial statements providing more relevant information about the effects of operating activities on the Group's financial position and financial performance. *For more details, refer to the Consolidated Financial Statements.*

Shareholder Structure

According to information available, at 31 December 2010, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership of at least 5% of the total votes at the General Shareholders' Meeting of ASTARTA Holding N.V.

Table 3. Shareholder structure of ASTARTA Holding N.V. as of December 31, 2010

Shareholder	Number of shares	Percentage of owned share capital	Number of votes at the General Meeting	Percentage of votes at the General Meeting
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	10,046,883	40.19	10,046,883	40.19
Valery Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	7,196,883	28.79	7,196,883	28.79
Other shareholders	7,756,234	31.02	7,756,234	31.02
TOTAL	25,000,000	100.00	25,000,000	100.00

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

- On 6 April 2010, Aviva Investors Poland SA, an entity involved in the management of investment portfolios governed by Aviva Investors Poland Towarzystwo FunduszyInwestycyjnych SA, Aviva Investors Fundusz Inwestycyjny Otwarty and Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty, increased their interest in the Company to more than 5%. The interest in ASTARTA Holding N.V. changed due to the acquisition of shares of the Company. As the Group was informed, as of 6 April 2010, the investment funds managed by Aviva Investors Poland SA held a total of 1,287,837 shares of ASTARTA Holding N.V., which constituted 5.15% of the share capital of the Company.

- On 23 September 2010, Aluxes Holding Limited, one of the two majority shareholders of the Company wholly owned by Valery Korotkov, Chairman of the Board of ASTARTA Holding N.V., sold 1,600,000 shares, each share representing one vote in the Company, bringing the total shares held by Aluxes Holding Limited from 8,796,883 prior to the sale, to 7,196,883 following the transaction, equivalent to 28.79% of the total shares outstanding. The free float of the Company's shares increased from 24.62% to 31.02%.

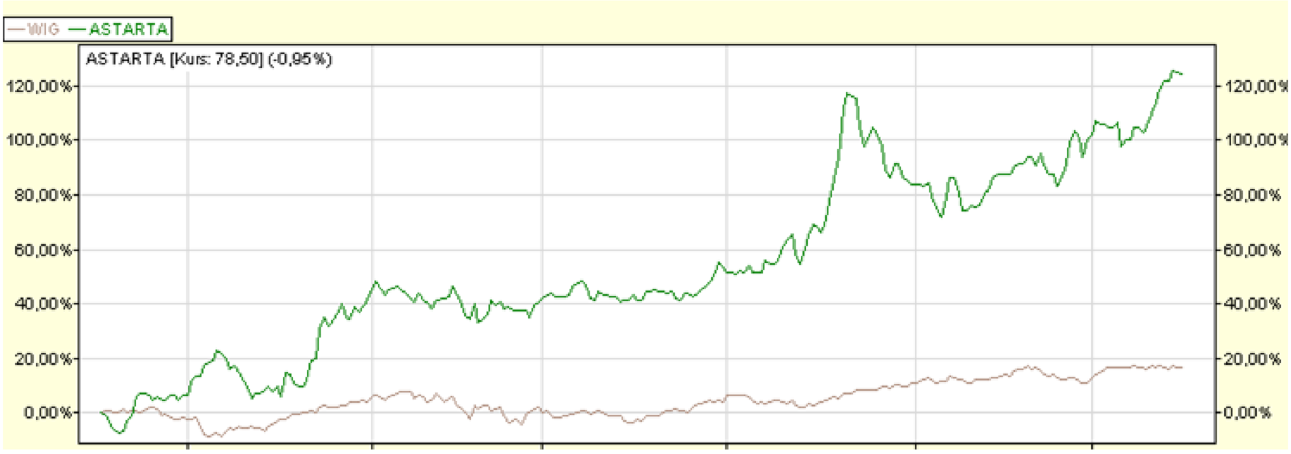
- On 28 January 2011, the Company was informed by the members of the Company Board of Directors Viktor Ivanchyk that the person closely associated with him (in the meaning of art. 160 par. 2 point 4 b) of the Polish Act on Trading in Financial Instruments dated 29 July 2005), i.e., Albacon Ventures Limited, delivered, and Valery Korotkov that the person closely associated with him (in the meaning of art. 160 par. 2 point 4 b) of the Polish Act on Trading in Financial Instruments dated 29 July 2005), i.e., Aluxes Holding Limited, received 800,000 shares in the Company, that correspond to 3.2% of the Company share capital, each share representing one vote.

- On 10 March 2011, Aluxes Holding Limited, one of the two majority shareholders of the Company wholly owned by Valery Korotkov, Chairman of the Board of ASTARTA Holding N.V., sold 1,500,000 shares, each share representing one vote in the Company, bringing the total shares held by Aluxes Holding Limited from 7,996,883 prior to the sale to 6,496,883 following the transaction, equivalent to 25.99% of total shares outstanding. After this transaction, the total free float of the Company's shares increased from 31.02% to 37.02%.

Share Price Performance

Shares of ASTARTA Holding N.V. demonstrated strong positive dynamics in 2010. By the year-end, ASTARTA shares increased 150.7% from the opening price. The quotations of ASTARTA Holding N.V. shares on the Warsaw Stock Exchange compared with the WIG index are shown in Figure 18.

Figure 18. ASTARTA Holding N.V. vs. WIG quotations in 2010



Source: Warsaw Stock Exchange

Table 4. The Company's significant stock quotation data

	2010	2009	2008
Opening price (PLN)	40,00	11,00	32,00
Highest trading price (PLN)	93,00	48,00	50,70
Lowest trading price (PLN)	37,10	7,70	10,13
Closing price (PLN)	91,90	40,00	11,00
Closing price (EUR)	23,21	9,74	2,64
Year price change	+130%	+263,6%	-65,6%
EPS (EUR)	3,20	1,18	-0,31
Price / earnings (P/E)	7,25	8,25	-8,50
Market capitalization (thousands of PLN) as of 31 December	2 297 500	1 000 000	275 000
Market capitalization (thousands of EUR) as of 31 December	580 177	243 416	65 909

Subsequently, on February 2011 the Warsaw Stock Exchange announced that after annual revision of indexes portfolio, ASTARTA will enter the WIG 40 index. The inclusion of Astarta in the indices of a higher level is an important signal for investors as well as for Ukrainian companies looking at the WSE as a platform for the listing.

Management and Personnel

Management of the Company

Composition of the Company's Board of Directors

The Board of Directors of ASTARTA Holding N.V. consists of five members: Viktor Ivanchyk (Chief Executive Officer), Petro Rybin (Chief Operating and Financial Officer), Marc van Campen (Chief Corporate Officer), Valery Korotkov (Chairman of the Board, Non-Executive Director, Chairman of the Remuneration Committee), Wladyslaw Bartoszewski (Vice Chairman of the Board, Non-Executive Director, Chairman of the Audit Committee). *(Refer to the Corporate Governance Report for more information on Management).*

Remuneration of the members of the Board of Directors

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

The Group's Structure

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

Personnel

At 31 December 2010, the Group employed 6,970 employees, including 180 employees of the head office in Kyiv and 58 temporary workers. As the ASTARTA's production activities are arranged through production subsidiaries, the majority of its personnel are based in regions, where the Group operates.

The key companies within the Group have their own HR managers and are responsible for hiring and dismissing their personnel. Approximately 67% of the Group's employees are male and 33% are female. The Group provides equal employment opportunities to everyone, regardless of her/his gender, religion or nationality.

Training and Professional Development for Personnel

In 2010, in accordance with the Annual retraining plan, 3,750 employees were involved in different kinds of training. Therefore, around 40% of operating personnel, and c. 30% of engineers, technicians, and managers (including 70 employees of the head office) were retrained or upgraded their qualification.

Research and Development

ASTARTA's strategic objective in a competitive market environment is to promote product innovation, low cost and high quality. To increase productivity and effectiveness of agricultural and sugar operations, the Group cooperates with leading Ukrainian and foreign scientific and R&D institutions. In agriculture, the Group tests seeding material of crops, develops crop treatment methodologies and crop rotation combinations that provide for higher harvests. At the sugar plants, the Group installs modern equipment and adopts advanced procedures to ensure higher energy efficiency and best product quality.

Corporate Social Responsibility

The Group is committed to its employees, customers, local communities and public at large. Corporate social responsibility is a conscious voluntary decision to take part in addressing the social problems of society and means implementing the strategy and applying its mission to the business.
ASTARTA pays attention to environmental issues and develops social infrastructure in those areas where its enterprises operate. It is concerned with improving the wellbeing of the communities. As part of the Group's corporate responsibility approach, it aims to invest in a range of local community activities to create additional benefits.
In 2010, the Group continued to sign and implement Social Responsibility Agreements with the municipalities where its production assets are located. Under these agreements, the Group commits to assist those municipalities in developing their social programs and public infrastructure.

Global Compact

ASTARTA Holding N.V. is committed to complying with transparency and corporate responsibility standards in all areas of business operations. To comply with this commitment, Astarta-Kyiv joined the Global Compact of the United Nations and is an active part of it. The Global Compact is a voluntary international citizenship network involving the private sector and other social agents. Its goal is to advance responsible corporate citizenship as defined in its 10 principles covering human rights, labour rights, corruption and environmental responsibility. These underlying principles are borrowed from the Universal Declaration of Human Rights, fundamental ILO principles with regard to the right to work, and Rio principles of environment protection and development. The ultimate objective of the Compact is to further develop common values to impart a “human face” to global business.

ISO and HAACP standards

Being an active member of the UN Global Compact initiative, and fully recognizing its environmental and social role, ASTARTA is assertive in introducing ISO and HAACP standards into production and management. The environmental and health safety action plan has been set together with European bank for reconstruction and development (EBRD) and Dutch development bank (FMO), to follow a clear road map, and eventually to bring ASTARTA's plants and farms up to the international and EU standards.

Certification process

In 2010, International company Bureau VERITAS Certification successfully conducted audit of ASTARTA's Yaresky and Zhdanivsky sugar plants and provided final report of conformity with the requirements of the SEDEX (Suppliers Ethical Data Exchange). The following areas of inspection were covered in terms of audit review: environmental protection, system of environment management, labour protection, industrial sanitation and hygiene, health care service, and social aspects. The audit confirmed that these sugar plants of ASTARTA fully comply with all necessary ecological requirements and no violations of relevant ethical norms and practices were identified.

Material Factors and Events

Material Factors and Events in 2010

Acquisition of Subsidiaries

- On 11 February 2010, Astarta-Kyiv acquired the corporate rights with 84.98% stake in the LLC “Goropayivske” in the Zhitomir Oblast (administrative region) of Ukraine.
- On 10 March 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the LLC “Zaricha-Agro” in the Vinnytsia Oblast (administrative region) of Ukraine.
- On 11 March 2010, Astarta-Kyiv established subsidiary LLC “Mriya-97 Plus” in the Khmelnytsky Oblast (administrative region) of Ukraine.
- On 1 April 2010, Astarta-Kyiv acquired the corporate rights with 74.99% stake in the LLC “Varovetske” in the Khmelnytsky Oblast (administrative region) of Ukraine. On June 4, 2010, Astarta-Kyiv increased its stake in the Company to 99.98%.
- On 2 April 2010, Astarta-Kyiv acquired the corporate rights with 100% stake in the LLC “AINA” in the Poltava Oblast (administrative region) of Ukraine. After this acquisition, "AINA" was merged to another ASTARTA subsidiary, LLC Agricultural Company "Dobrobut".
- On 17 May 2010, Astarta-Kyiv acquired the corporate rights with 97.26% stake in the LLC “Kobeliatsky combined forage factory” in the Poltava Oblast (administrative region) of Ukraine.
- On 2 June 2010, Astarta-Kyiv increased its share in the Agricultural Company “Musiivske” to 89.98%.
- On 8 June 2010, Astarta-Kyiv increased its share in the Agricultural Company “Khmilnitske” to 97.82%.
- On 18 August 2010, Astarta-Kyiv acquired the corporate rights with 74.99% stake in the LLC “named after Ostrovsky” in the Khmelnytsky Oblast (administrative region) of Ukraine.
- On 21 September 2010, Astarta-Kyiv increased its share in the Agricultural Company “Agrocomplex” to 83.80%.
- On 29 September 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the LLC “Nadiya” in the Ternopil Oblast (administrative region) of Ukraine.
- On 12 October 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the SC APC “Agro-KORS” in the Ternopil Oblast (administrative region) of Ukraine.
- On 10 November 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the Private Agricultural Company “Nove Zhyttia” in the Poltava Oblast (administrative region) of Ukraine.
- On 22 November 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the LLC “Volodarka and Co”.

- On 2 December 2010, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the Private Agricultural Company “Lan” in the Poltava Oblast (administrative region) of Ukraine.

Loan Portfolio Optimization

- On 22 February 2010, Pravex Bank signed loan agreements to provide finance to two of the Group’s agricultural subsidiaries. The total amount of these agreements was UAH 30 million granted for working capital needs.
- On 2 March 2010, Landesbank Baden-Wurttemberg signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to USD 4.95 million was granted to invest in the purchase of agricultural machinery. The financing comprised a secured long-term loan for 5 years with a 6-month grace period.
- On 22 April 2010, Wells Fargo HSBC Trade Bank signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to USD 9.8 million was granted to invest in the purchase of agricultural machinery. The financing comprised a secured long-term loan for 5 years with a 6-month grace period.
- On 12 May 2010, Index Bank signed loan facility agreements to provide finance to the Group’s agricultural subsidiaries. The total amount of these agreements was UAH 120 million granted for working capital needs.
- On 7 July 2010, the European Bank for Reconstruction and Development (EBRD) signed a Loan agreement to provide financing to LLC Firm "Astarta-Kyiv", an indirect subsidiary of ASTARTA Holding N.V., of up to EUR 10 million. The financing comprised of a secured long-term loan for 7 years with an 18 month grace period, fully guaranteed by ASTARTA Holding N. V. and five material indirect subsidiaries of the company.

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

On 28 May 2010, the Annual General Meeting of the Company's Shareholders was held. The AGM adopted a set of resolutions concerning the Company's corporate governance system. For more details, please refer to the Company’s website (www.astartakiev.com).

Changes in the Shareholder Structure of ASTARTA Holding N.V

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

Material Events after the Reporting Date

Acquisition/taking control over sugar production assets

- In February 2011, ASTARTA reached an agreement on acquisition of Novoivanivsky sugar plant in Kharkiv region.
- In April 2011, ASTARTA reached an agreement to take under control a complete property complex of Savinsky sugar plant in Kharkiv region.

Loan Portfolio Optimization

- In February 2011, the Hellenic Bank Public Company Ltd. signed three loan agreements to provide financing to LLC Firm "Astarta-Kyiv", an indirect subsidiary of ASTARTA Holding N.V. The financing of up to USD 50 million was granted to restructure a loan portfolio and/or the financing of the working capital needs of the Company. The financing of up to USD 30 million comprises of a long-term loan for 3 years and two loans in the amount of USD 10 million each have a one year maturity.
- In February 2011, The Landesbank Baden-Wurttemberg signed a loan agreement to provide financing to Ancor Investments Ltd. (an indirect subsidiary of ASTARTA Holding N.V.) The financing of up to EUR 8.6 million (in USD equivalent) was granted to finance the purchase of agricultural equipment from the EU suppliers. Payment obligations of the Borrower under the loan agreement shall be guaranteed by the Euler Hermes. The loan is secured by the equipment purchased under the LA. The financing comprises a secured long-term loan for seven years.

Acquisition of Subsidiaries

- On 11 February 2011, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the LLC “Nika” in the Kharkiv oblast (administrative region) of Ukraine.
- On 21 February 2011, Astarta-Kyiv increased its share with 74.99% stake in the LLC “Zhytnicya Podillya”.
- On 25 February 2011, Astarta-Kyiv acquired the corporate rights with 99.98% stake in the SC “Valmer” (Kharkiv region).
- On 4 February 2011, Astarta-Kyiv acquired the corporate rights with 97.98% stake in the LLC “Tarasivske” (Kharkiv region).
- On 31 March 2011, Astarta-Kyiv increased its share with 99.98% stake in the company “Zdobutok”.
- On 31 March 2011, Astarta-Kyiv increased its share in the LLC “Chervona zirka” to 99.98%.
- On 4 April 2011, Astarta-Kyiv increased its share in the LLC "Nyva" to 99.98%.
- Subsequent to 31 December 2010, the Group disposed of LLC “Astarta-trade” for UAH 665,000 (EUR 63,000) and established two subsidiaries LLC “Astarta-Selekciya” and LLC “Agro-Tradex” with the authorized share capital amounting to UAH 10,000 (EUR 1,000) each.

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

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

Fulfilment of Strategy in 2010 and Outlook for 2011

Fulfilment of Strategy in 2010

In 2010, the Group achieved the following goals:

1. *Development of assets*
   - agricultural land bank in cultivation was scaled up to 210,000 hectares
   - sugar plants' energy efficiency improved by c. 8% and daily processing capacity uprated to c. 27 thousand tonnes of beets per day
   - total cattle herd increased to c. 24 thousand heads
   - agricultural machinery fleet was significantly enhanced and its efficiency also grew trough introduction of GPS precision farming program
   - necessary technological and logistical elements were introduced to prepare one sugar plant for raw sugar processing
   - further improved logistics and increased capacity of grain and sugar storage network reinforced transportation capabilities
   - continued with elaboration of projects of biomass methanization and bio-fuel production for future application at the Group's sugar plants

2. *Production & operations:*
   - provided for above-national average level of crop productivity per hectare and competitive cost
   - followed its strategy of vertical integration and intersegment synergy, securing around 80% of in-house grown sugar beet in the sugar production

3. *Organization & management:*
   - improved the organizational structure after consolidating agri-companies and sugar plants into geographically concentrated integrated business units
   - progressed in optimizing personnel selection, training, and motivation

4. *Financial & investment policy:*
   - increased investments into development of key business segments
   - continued to restructure the Group's loan portfolio to decrease financial cost

5. *Marketing & Sales policy*
   - initiated trading with third-party crops and sugar.

Outlook for 2011

Based on the results attained, the Board of Directors sets the following targets for 2011:

1. *Investment and development:*
   - provide for further expansion of a land bank through increasing areas under cultivation within the existing and new business-units
   - develop sugar production capacities and their energy efficiency
   - continue development of storage and processing facilities for grains and oilseeds
   - expand the machinery and transportation fleet
   - develop cattle farming business by expanding headcount as well as per-head daily milk productivity
   - continue with elaboration of projects of biomass methanization and bio-fuel production

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

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

Material risk factors and threats to the Group

Described below are the risks and uncertainties which the Group believes are significant. Management considers appropriate measures to mitigate the main risk factors and threats faced by the Group in each of the following areas:

Market Risk

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

  Any of these factors may bring down prices or drive up costs, subjecting the business's operating results and finances to unfavourable results. The current situation on the Ukrainian sugar and agricultural products market and future prospects are described in the section *The Group's Operations in 2010.*

- In an effort to minimize logistic and administrative expenses, the Group prefers wholesale trade, especially in white sugar and grains. For this reason, it has established reliable relations with an array of major customers, specifically, producers of confectionary and soft drinks. A loss of some large customers or the termination of contracts with them, as well as a decrease in sugar consumption by confectionary and soft drink producers in Ukraine could affect the Group's operations and financial results.

- Energy, fertilizers, fuel and labour costs make up a material share of the Group's operating expenses. These expenses are expected to keep growing. While the Group is working to cut energy and fuel consumption, reduce labour intensity, and optimize fertilizer application, growing prices for these and other inputs influence the Group's operating and financial results.

Liquidity Risk

Please refer to note 33, par. (d) of the Consolidated Financial Statements

Political Risk

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

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

Country Risk

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

Economic Risk

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

Legal Risk

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

Collaboration with Independent Auditors

In 2010, the Company concluded contracts for the delivery of audit services with Ernst & Young Accountants LLP with its registered office: Boompjes 258, 3011XZ Rotterdam, the Netherlands.

Ernst & Young Accountants LLP is responsible for the audit of the consolidated financial statements of ASTARTA Holding N.V. as well as for the audit of the financial statements of the stand alone financial statements of ASTARTA Holding N.V. and issuance of an auditor's opinion on the Company and Group financial statements. Total fees agreed with Ernst & Young Accountants LLP are EUR 126 thousand, including out-of-pocket expenses and VAT.

CORPORATE GOVERNANCE REPORT

General

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

ASTARTA's share capital is divided in ordinary shares with a par value of one Euro 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.

Board of Directors

A Structure of Management

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

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

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

At least half of the Non-Executive Directors should be independent from the Company, its shareholders and the other Directors. As the Group currently has two Non-Executive Directors, at least one of them should be independent. Mr. W. Bartoszewski is such independent Non-Executive Director. Moreover, Mr. van Campen, who serves as the Executive Director B, is also independent.

The Board of Directors may charge the Executive Director(s) A with the operational management of the Company and the business enterprise connected therewith, the preparation of the decision-making process of the Board of Directors and the implementation of the decision taken thereby. The Executive Director(s) A may subsequently determine which operational duties will be carried out by the Executive Director(s) B. The Non-Executive Director(s) is charged with the supervision of the general policy and the 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.astartakiev.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 28 May 2010, the General Meeting of Shareholders authorized the Board of Directors to issue or 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 28 May 2010 and ending but not including 28 May 2011, and may not be withdrawn. The General meeting has not authorized the Board of Directors to repurchase any shares in the Company's capital.

B Representation

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

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

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

On 28 May 2010 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 was appointed as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association.

C The Directors

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

The Board of Directors is formed by the following persons:

VIKTOR IVANCHYK (born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

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

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

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

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

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

Shares owned in the Company: 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 Astarta-Kyiv.

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

He graduated from Dnipropetrovsk State University in 1980 and from All-Soviet Union Financial and Economic Institute (1991). In 2005 he took a course on asset management in the

Ukrainian institute for stock market development. In 2007 he graduated from International Management Institute (IMI Kyiv) on a Senior Executive MBA Program.

Shares owned in the Company: 0.

MARC VAN CAMPEN (born in 1944, male)

Executive Director B, Chief Corporate Officer, Dutch national

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

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

Mr. van Campen has, in the previous five years, been Director at Montferland Beheer B.V. and Voorgrond Beheer B.V., both in Schoonhoven, Director at Nice Group B.V., Amsterdam, Director at GMT (PEP com) B.V., Amsterdam and the Director at Sympak International B.V., Amsterdam. Mr. van Campen is still holding the positions in the following entities: Montferland Beheer B.V. and Voorgrond Beheer B.V.

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

Shares owned in the Company: 0.

VALERY KOROTKOV (born in 1963, male)

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

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

In 2003 Mr. Korotkov became a co-owner of Astarta-Kyiv.

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

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

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

WLADYSLAW BARTOSZEWSKI (born in 1955, male)

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

Starting from 2007, Mr. Bartoszewski works for Credit Suisse, currently as the General Manager of Credit Suisse (Luxembourg) S.A., Poland Branch, based in Warsaw. Between 2004 and 2007, and also between 1991 and 1997 he was at Central Europe Trust Co. Ltd, a British consulting and advisory firm, where he was a Board Director, working in Warsaw, Kiev and Moscow. In 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 the CEO of J.P. Morgan Poland Ltd. Between 1991 and 1997 he worked in Central Europe Trust Co. Ltd and prior to that Mr. Bartoszewski was a lecturer at St Antony's College, Oxford, attached to the Institute of Russian, Soviet and East European Studies of the Oxford University as of 1985.

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

Shares owned in the Company: 0.

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

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

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

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible) reappointment	Max. term
VIKTOR IVANCHYK	June 2006	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 2010 was 17,243,766 amounting to approximately 68.98% 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.astartakiev.com).*

E Chairman of the Board of Directors and the Corporate Secretary

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

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

The Board of Directors is assisted by the Group's corporate secretary. All members of the Board of Directors have access to the advice and services of the corporate secretary, who is responsible for ensuring that the Board of Directors procedures are followed and that the Board of Directors acts in accordance with its statutory obligations under the Articles of Association. The corporate secretary is appointed and dismissed by the Board of Directors.

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

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

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

Committees of the Board of Directors

The Board of Directors formed two committees to aid compliance with applicable corporate governance requirements with a view to financial transparency: the audit committee and the remuneration committee.

A Audit Committee

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

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

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

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

B Remuneration Committee

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

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

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

Remuneration Policy

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

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

The current Remuneration Policy as adopted on 5 June 2009 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 financial statements for the previous (accountable) financial year. The remuneration may be increased if the annual financial statements show that a fee in the higher range of the following year is justified.

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

Shareholders, Board and Committee Meetings in 2010

The annual General Meeting of Shareholders was held in Amsterdam, the Netherlands on 28 May 2010.

Within the financial year 2010, the Board of Directors held the following meetings:

- four meetings in Amsterdam, the Netherlands, on 14 April 2010, 15 April 2010, 27 May 2010, and 28 May 2010;
- five meetings via conference-call on 25 February 2010, 12 May 2010, 17 August 2010, 18 August 2010, and 4 November 2010.

The Audit Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 14 April 2010, and 15 April, 2010;
- one meeting via conference-call on 20 December 2010.

The Remuneration Committee held two meetings in Amsterdam, the Netherlands, on 14 April 2010, and 28 May 2010.

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 amended Dutch Corporate Governance Code has to be reflected in the Company's annual accounts of the financial year 2009 and onwards. The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. Dutch companies, whose shares are listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not and to what extent they apply the provisions of the Dutch Corporate Governance Code. If a company does not apply the best practice provisions of the Dutch Corporate Governance Code, it must explain the reasons why it does not apply them.

B WSE Corporate Governance Rules

In Poland the Polish principles of corporate governance contained in "Best Practices in Public Companies in 2007" (the "WSE Corporate Governance Rules") are applicable to companies listed on the Warsaw Stock Exchange. In August 2006 the Company declared which of the WSE Corporate Governance Rules it intended to comply with and listed those principles which it 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 adopted an amended Remuneration Policy and approved the amendments to the By-laws of the General Meeting of Shareholders, the Rules of the Board of Directors, the Charter of the Rules governing the Audit Committee, the Charter of the Rules governing the Remuneration Committee.

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

All adopted corporate governance documents are published on the Company's website *www.astartakiev.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 2010. 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 2010. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practice 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

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

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

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

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

Control Systems

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

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

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

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

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

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.

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.

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

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

In connection to the abovementioned, the Company is aware that some functions of its internal risk management and control systems could be improved. It believes that it is taking adequate steps to strengthen our internal risk management and control systems in these functions.

Deficiencies

Over the period covered by this annual report the Company has not identified any control issues that could be classified as a material weakness or having a material impact on its operational and financial results.

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 2010 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 the Company's internal control over financial reporting and disclosure control and procedures, that its 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 WSE Corporate Governance Rules, the Company complies with the Dutch Corporate Governance Code by applying principles and best practice provisions that are applicable, or by explaining why the Company deviates from them. The Company tries to comply with both Dutch and Polish corporate governance rules.

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

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

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

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

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

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

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

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

Remuneration Report

Background

As mentioned, the Company has committed itself to provide a total remuneration that is competitive, comparable to and consistent with the practice in the agri-industry on a comparable market and is reasonable in relation to the Company's operating results and size. The Non-Executive Directors believe that this policy would adequately reflect the achievement of the long-term objectives of the Company and its affiliated enterprise.

Taking into account that the Company is purely a holding company, all operational management is being carried out on the sub-holding level by the management of Astarta-Kyiv. Bearing this in mind, there are two approaches to define the fixed management remuneration - (i) for directors who do not take part in the operational management, and (ii) for directors who do take part in the operational management.

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

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

As to the directors who take part into the day-to-day operational management of the Company, the same approach was applied to determine the amount of their fixed management fees. In addition to the fixed management remuneration, the Remuneration Policy envisages the possibility to grant to these directors a cash bonus of up to 150% of their fixed annual fee in a year, after adoption of the annual accounts of the preceding financial year. 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 achieving the long-term objectives of the Company.

Remuneration in financial year 2010

On 11 January 2010, in accordance with the amended Remuneration Policy, the Board of Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 25,000 per year, of Mr. Korotkov at EUR 25,000 per year, and of Mr. Van Campen at EUR 25,000 per year for financial year 2010 (for the period from January to December 2010).

The remuneration of Mr. Ivanchyk and Mr. Rybin for financial year 2009, in an amount of UAH 192,000 per month (the equivalent of approximately EUR 200,000 per year and UAH 154,000 per month (the equivalent of approximately EUR 160.000 per year, respectively) were ratified by the appropriate resolution of LLC Firm “Astarta-Kyiv”.

On 28 May 2010 taking into account the recommendations of the Remuneration Committee, dated 28 May 2010, the Board of Directors reapproved the remuneration fees to the Executive Directors A for 2010 as following: Mr. Ivanchyk in an amount equivalent about EUR 250,000, and Mr. Rybin in an amount equivalent about EUR 200,000. At the same meeting, the Board of Directors resolved to compensate the members of the Board of Directors the difference between the amount of remuneration fees for 2008 and 2009 as additional payment to the remuneration fees adopted for 2010 as following: Mr. Ivanchyk – equivalent about EUR 104,037, Mr.Rybin – EUR 87,167, Mr. Bartoszewski – EUR 12,500, Mr. Korotkov – EUR 12,500, Mr. Van Campen – EUR 12,500. Board of Directors at the meeting, dated 28 May 2010, also resolved to grant to Executive Directors A cash bonuses of up to 150% of their fixed annual fees for 2009 in the following amounts: to Mr. Ivanchyk – equivalent about EUR 143,944 and to Mr. Rybin – equivalent about EUR 109,249.

The abovementioned resolutions have been approved based on the results of examination of the consolidated financial statements as at and for the year 2009 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee’s proposals dated 11 January 2010 and 28 May 2010.

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

Director’s name	Position	2008			2009			2010		
		Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbur-sable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	25,000	-	25,000	12,500	-	12,500	37,500	4,187	41,687
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	25,000	2,000	27,000	12,500	2,000	14,500	37,500	2,032	39,532
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	25,000	3,200	28,200	12,500	1,776	14,276	37,500	2,000	39,500
Total				80,200			41,276			120,719

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

Director's name	Position	2008			2009		2010		
		Remuneration for rendered services	Bonuses	Total	Remuneration for rendered services	Total	Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	200,000	202,500	402,500	95,963	95,963	354,037	143,944	497,981
P. Rybin	Executive Director and Chief Operating and Financial Officer	160,000	162,000	322,000	72,833	72,833	287,167	109,249	396,416
Total				724,500		168,796			894,397

Future policy

The Remuneration Policy as currently in effect provides for a fixed remuneration of the Board members for the period ending financial year 2010. The Remuneration Committee and the Non-Executive Directors are going to initiate adoption of new Remuneration Policy before the following AGM.

The new Remuneration Policy will be published within the convocation of the following AGM.

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 2010.

The Non-Executive Directors are charged with supervising the policy, strategy and fulfilment 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.

Since the Remuneration Policy has been set by the Company's General Meeting of Shareholders until the end of financial year 2010, the Remuneration Committee performed their task, including monitoring whether the Remuneration Policy has been complied with. The

Remuneration Policy, including the intentions of the Non-Executive Directors with respect to the future remuneration policy of the Company, is elaborately described in Paragraph 9.

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

There were no irregularities in the 2010 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 2010 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 2010 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2010 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2010, 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 2010, 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 2010, the Board of Directors assessed the effectiveness of the system of internal controls for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analysis that was carried out at the Company within the framework of governance and compliance, the Board is of the opinion, after consulting with the Audit Committee, that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organizations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

In our view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2011.

Board of Directors of ASTARTA Holding N.V.

26 April 2011,
Amsterdam, the Netherlands

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

Caution note regarding forward-looking statements

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

ASTARTA HOLDING N.V.

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

These consolidated financial statements contain 88 pages

CONTENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2010	2009	2008
Assets				
Non-current assets				
Property, plant and equipment	*6*	**1,485,584**	1,219,524	818,060
Intangible assets	*7*	**47,151**	43,455	55,244
Biological assets	*8*	**158,064**	147,358	57,946
Financial instruments available-for-sale	*9*	**14,295**	846	1,243
Other long-term assets		**13,931**	8,691	4,441
Deferred tax assets	*30*	**3,762**	11,759	4,276
		1,722,787	1,431,633	941,210
Current assets				
Inventories	*10*	**1,265,642**	803,435	650,896
Biological assets	*8*	**412,542**	230,758	164,470
Trade accounts receivable	*11*	**132,375**	89,526	73,880
Other accounts receivable and prepayments	*12*	**175,211**	97,088	88,406
Current income tax		**358**	415	66
Promissory notes available-for-sale		**2,714**	4	2,962
Short-term deposits	*13*	**10,978**	-	49,422
Cash and cash equivalents	*14*	**11,872**	22,313	10,680
		2,011,692	1,243,539	1,040,782
Total assets		**3,734,479**	2,675,172	1,981,992

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)		2010	2009	2008
Equity and liabilities				
Equity	*15*			
Share capital		**1,663**	1,663	1,663
Additional paid-in capital		**369,798**	370,358	372,042
Retained earnings		**1,391,589**	499,130	135,934
Fair value reserve		**-**	-	4,176
Revaluation surplus		**452,448**	487,814	162,039
Currency translation adjustment		**(2,762)**	10,166	(10,640)
Total equity attributable to equity holders of the company		**2,212,736**	1,369,131	665,214
Non-controlling interests relating to open joint stock companies	*16*	**1,191**	864	10,876
Total equity		**2,213,927**	1,369,995	676,090
Non-current liabilities				
Loans and borrowings	*17*	**590,648**	606,164	133,843
Non-controlling interests relating to limited liability companies	*16*	**66,785**	40,245	43,802
Other long-term liabilities		**14,072**	10,018	8,682
Promissory notes issued		**-**	-	3,094
Deferred tax liabilities	*30*	**50,311**	86,611	20,658
		721,816	743,038	210,079
Current liabilities				
Short-term loans and borrowings	*17*	**363,085**	240,993	841,883
Current portion of long-term loans and borrowings	*17*	**238,557**	133,073	63,929
Trade accounts payable		**59,518**	45,455	91,899
Promissory notes issued		**-**	2,400	9,650
Current income tax		**1,623**	-	7
Other liabilities and accounts payable	*18*	**135,953**	140,218	88,455
		798,736	562,139	1,095,823
Total equity and liabilities		**3,734,479**	2,675,172	1,981,992

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Euros)		2010	2009	2008
Assets				
Non-current assets				
Property, plant and equipment	*6*	**140,282**	105,495	72,717
Intangible assets	*7*	**4,452**	3,759	4,911
Biological assets	*8*	**14,926**	12,747	5,150
Financial instruments available-for-sale	*9*	**1,350**	73	110
Other long-term assets		**1,315**	752	395
Deferred tax assets	*30*	**355**	1,017	380
		162,680	123,843	83,663
Current assets				
Inventories	*10*	**119,512**	69,500	57,859
Biological assets	*8*	**38,955**	19,962	14,620
Trade accounts receivable	*11*	**12,500**	7,744	6,567
Other accounts receivable and prepayments	*12*	**16,544**	8,399	7,859
Current income tax		**34**	36	6
Promissory notes available-for-sale		**256**	-	263
Short-term deposits	*13*	**1,037**	-	4,393
Cash and cash equivalents	*14*	**1,121**	1,930	949
		189,959	107,571	92,516
Total assets		**352,639**	231,414	176,179

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Euros)		2010	2009	2008
Equity and liabilities				
Equity	*15*			
Share capital		**250**	250	250
Additional paid-in capital		**55,638**	55,691	55,837
Retained earnings		**141,177**	55,690	23,357
Fair value reserve		**-**	-	371
Revaluation surplus		**46,969**	50,309	22,127
Currency translation adjustment		**(35,092)**	(43,507)	(42,811)
Total equity attributable to equity holders of the company		**208,942**	118,433	59,131
Non-controlling interests relating to open joint stock companies	*16*	**112**	75	967
Total equity		**209,054**	118,508	60,098
Non-current liabilities				
Loans and borrowings	*17*	**55,774**	52,436	11,897
Non-controlling interests relating to limited liability companies	*16*	**6,306**	3,481	3,894
Other long-term liabilities		**1,329**	867	772
Promissory notes issued		**-**	-	275
Deferred tax liabilities	*30*	**4,751**	7,492	1,836
		68,160	64,276	18,674
Current liabilities				
Short-term loans and borrowings	*17*	**34,286**	20,847	74,834
Current portion of long-term loans and borrowings	*17*	**22,527**	11,512	5,683
Trade accounts payable		**5,620**	3,932	8,169
Promissory notes issued		**-**	208	858
Current income tax		**153**	-	1
Other liabilities and accounts payable	*18*	**12,839**	12,131	7,862
		75,425	48,630	97,407
Total equity and liabilities		**352,639**	231,414	176,179

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2010	2009
Revenues	*20*	**2,328,203**	1,480,739
Cost of revenues	*21*	**(1,360,996)**	(951,943)
Loss arising from remeasurement of agricultural produce to fair value	*22*	**(3,479)**	(20,818)
Gross profit		**963,728**	507,978
Changes in fair value of biological assets	*27*	**113,416**	134,896
Other operating income	*23*	**53,402**	19,074
General and administrative expense	*24*	**(97,710)**	(92,128)
Selling and distribution expense	*25*	**(76,300)**	(63,074)
Other operating expense	*26*	**(44,799)**	(45,178)
Profit from operations		**911,737**	461,568
Financial expense	*28*	**(128,061)**	(137,309)
Financial income	*28*	**871**	2,597
Other income	*29*	**2,211**	6,530
Gain on acquisition of subsidiaries	*5*	**42,294**	1,953
Profit before tax		**829,052**	335,339
Income tax benefit (expense)	*30*	**5,736**	(5,422)
Net profit		**834,788**	329,917
Net profit attributable to:			
Non-controlling interests of open joint stock company subsidiaries		**(128)**	(136)
Equity holders of the company		**834,916**	330,053
Net profit		**834,788**	329,917
Weighted average basic and diluted shares outstanding (in thousands of shares)	*15*	**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Ukrainian hryvnias)	*15*	**33.40**	13.20

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		2010	2009
Revenues	*20*	**219,330**	128,239
Cost of revenues	*21*	**(128,319)**	(82,638)
Loss arising from remeasurement of agricultural produce to fair value	*22*	**177**	(2,241)
Gross profit		**91,188**	43,360
Changes in fair value of biological assets	*27*	**12,040**	13,270
Other operating income	*23*	**5,025**	1,618
General and administrative expense	*24*	**(9,267)**	(8,114)
Selling and distribution expense	*25*	**(7,267)**	(5,524)
Other operating expense	*26*	**(4,209)**	(3,918)
Profit from operations		**87,510**	40,692
Financial expense	*28*	**(12,201)**	(11,777)
Financial income	*28*	**83**	223
Other income	*29*	**218**	564
Gain on acquisition of subsidiaries	*5*	**4,016**	172
Profit before tax		**79,626**	29,874
Income tax benefit (expense)	*30*	**415**	(425)
Net profit		**80,041**	29,449
Net profit attributable to:			
Non-controlling interests of open joint stock company subsidiaries		**(12)**	(11)
Equity holders of the company		**80,053**	29,460
Net profit		**80,041**	29,449
Weighted average basic and diluted shares outstanding (in thousands of shares)	*15*	**25,000**	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Euros)	*15*	**3.20**	1.18

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)	2010	2009
Net profit	**834,788**	329,917
Other comprehensive income		
Currency translation differences	**(12,928)**	20,806
Change in fair value of promissory notes issued	-	(4,176)
Revaluation of property	-	383,951
Deferred tax liability attributable to revalued property	-	(52,893)
Effect of change in tax rate on revaluation surplus	**19,880**	-
Other comprehensive income net of tax	**6,952**	347,688
Total comprehensive income	**841,740**	677,605
Attributable to:		
Non-controlling interests of open joint stock company subsidiaries	**(128)**	(136)
Equity holders of parent company	**841,868**	677,741
Total comprehensive income as at 31 December	**841,740**	677,605

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)	2010	2009
Net profit	**80,041**	29,449
Other comprehensive income (loss)		
Currency translation differences	**8,421**	(708)
Change in fair value of promissory notes issued	-	(371)
Revaluation of property	-	33,214
Deferred tax liability attributable to revalued property	-	(4,575)
Effect of change in tax rate on revaluation surplus	**1,877**	-
Other comprehensive income (loss) net of tax	**10,298**	27,560
Total comprehensive income	**90,339**	57,009
Attributable to:		
Non-controlling interests of open joint stock company subsidiaries	**(6)**	(11)
Equity holders of parent company	**90,345**	57,020
Total comprehensive income as at 31 December	**90,339**	57,009

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		2010	2009
Operating activities			
Profit before tax		829,052	335,339
Adjustments for:			
Depreciation and amortization		139,651	92,969
Allowance for trade and other accounts receivable		8,535	2,695
Gain on acquisition of subsidiaries	*5*	(42,294)	(1,953)
Loss (gain) on sales of property, plant and equipment		4,979	(139)
Write down of inventories and NRV allowance	*26*	4,921	6,229
Interest expense	*28*	88,168	95,640
Gain from changes in fair value of biological assets	*27*	(113,416)	(134,896)
Increase in inventories		(451,848)	(156,105)
Written off assets recovered		(3,299)	(2,289)
Increase in trade and other receivables		(118,878)	(27,372)
Non-controlling interests of limited liability company subsidiaries		23,316	14,426
Increase in other long-term assets		(5,240)	(5,867)
Revaluation of property, plant and equipment		-	17,659
Increase in biological assets due to other changes		(60,082)	(20,629)
(Decrease) increase in trade and other payables		(7,776)	9,265
Increase in other long-term payables		1,241	1,336
Loss (gain) from promissory note transactions		9,158	(1,403)
Income taxes paid		(1,005)	(784)
Interest paid		(73,612)	(101,763)
Forex (gain) loss on loans and borrowings		(7,323)	36,098
Cash flows provided by operating activities		224,248	158,456
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(353,357)	(117,797)
Proceeds from sales of property, plant and equipment		147	2,380
(Purchase) sale of long-term investments		(13,449)	4,286
(Purchase) sale of promissory notes available-for-sale		(11,868)	2,958
Interest received		871	2,597
Acquisition of subsidiaries net of cash acquired	*5*	(32,283)	(1,477)
Short-term deposits (placement) withdrawal		(10,978)	49,422
Cash flows used in investing activities		(420,917)	(57,631)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

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

(in thousands of Ukrainian hryvnias)	**2010**	2009
Financing activities		
Proceeds from loans and borrowings	**878,316**	395,843
Principal payments on loans and borrowings	**(651,293)**	(473,822)
Transaction costs on loans and borrowings	**(37,271)**	(2,272)
Decrease in promissory notes issued	**(2,400)**	(8,941)
Acquisition from non-controlling shareholders	**(1,124)**	-
Cash flows provided by (used in) financing activities	**186,228**	(89,192)
Net (decrease) increase in cash and cash equivalents	**(10,441)**	11,633
Cash and cash equivalents as at 1 January	**22,313**	10,680
Cash and cash equivalents as at 31 December	**11,872**	22,313

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

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

(in thousands of Euros)		2010	2009
Operating activities			
Profit before tax		79,626	29,874
Adjustments for:			
Depreciation and amortization		13,198	8,178
Allowance for trade and other accounts receivable		807	237
Gain on acquisition of subsidiaries	*5*	(4,016)	(172)
Loss (gain) on sales of property, plant and equipment		471	(12)
Write down of inventories and NRV allowance	*26*	465	548
Interest expense	*28*	8,400	8,201
Gain from changes in fair value of biological assets	*27*	(12,040)	(13,270)
Increase in inventories		(42,700)	(13,732)
Written off assets recovered		(325)	(194)
Increase in trade and other receivables		(7,731)	(2,377)
Non-controlling interests of limited liability company subsidiaries		2,221	1,238
Increase in other long-term assets		(495)	(516)
Revaluation of property, plant and equipment		-	1,528
Increase in biological assets due to other changes		(4,356)	(411)
(Decrease) increase in trade and other payables		(1,770)	815
Increase in other long-term payables		117	118
Loss (gain) from promissory note transactions		873	(120)
Income taxes paid		(95)	(69)
Interest paid		(6,956)	(8,952)
Forex (gain) loss on loans and borrowings		(692)	3,175
Cash flows provided by operating activities		25,002	14,087
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(33,393)	(10,362)
Proceeds from sales of property, plant and equipment		14	209
(Purchase) sale of long-term investments		(1,271)	377
(Purchase) sale of promissory notes available-for-sale		(1,129)	260
Interest received		83	223
Acquisition of subsidiaries net of cash acquired	*5*	(3,066)	(131)
Short-term deposits (placement) withdrawal		(1,037)	4,275
Cash flows used in investing activities		(39,799)	(5,149)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

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

(in thousands of Euros)	**2010**	2009
Financing activities		
Proceeds from loans and borrowings	**80,515**	34,821
Principal payments on loans and borrowings	**(61,548)**	(41,680)
Transaction costs on loans and borrowings	**(3,522)**	(200)
Decrease in promissory notes issued	**(227)**	(790)
Acquisition from non-controlling shareholders	**(106)**	-
Cash flows provided by (used in) financing activities	**15,112**	(7,849)
Net (decrease) increase in cash and cash equivalents	**315**	1,089
Cash and cash equivalents as at 1 January	**1,930**	949
Currency translation difference	**(1,124)**	(108)
Cash and cash equivalents as at 31 December	**1,121**	1,930

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

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

	Attributable to equity holders of the company							
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2010	1,663	370,358	499,130	487,814	10,166	1,369,131	864	1,369,995
Net profit	-	-	834,916	-	-	834,916	-	834,916
Net loss attributable to non-controlling shareholders of open joint stock companies	-	-	-	-	-	-	(128)	(128)
Other comprehensive income, net of tax	-	-	-	19,880	(12,928)	6,952	-	6,952
Total comprehensive income	-	-	834,916	19,880	(12,928)	841,868	(128)	841,740
Acquisitions from non-controlling shareholders and other changes	-	-	2,297	-	-	2,297	455	2,752
Realisation of revaluation surplus, net of tax	-	-	55,246	(55,246)	-	-	-	-
Other changes		(560)				(560)	-	(560)
As at 31 December 2010	1,663	369,798	1,391,589	452,448	(2,762)	2,212,736	1,191	2,213,927

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

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

	Attributable to equity holders of the company							
(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2010	250	55,691	55,690	50,309	(43,507)	118,433	75	118,508
Net profit	-	-	80,053	-	-	80,053	-	80,053
Net loss attributable to non-controlling shareholders of open joint stock companies	-	-	-	-	-	-	(12)	(12)
Other comprehensive income, net of tax	-	-	-	1,877	8,415	10,292	6	10,298
Total comprehensive income	-	-	80,053	1,877	8,415	90,345	(6)	90,339
Acquisitions from non-controlling shareholders and other changes	-	-	217	-	-	217	43	260
Realisation of revaluation surplus, net of tax	-	-	5,217	(5,217)	-	-	-	-
Other changes	-	(53)	-	-	-	(53)	-	(53)
As at 31 December 2010	250	55,638	141,177	46,969	(35,092)	208,942	112	209,054

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the company								
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Fair value reserve	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2009	1,663	372,042	107,955	4,176	162,039	(10,640)	637,235	10,876	648,111
Net profit	-	-	323,402	-	-	-	323,402	-	323,402
Net loss attributable to non-controlling shareholders of open joint stock companies	-	-	-	-	-	-	-	(136)	(136)
Other comprehensive income, net of tax	-	-	-	(4,176)	331,058	20,806	347,688	-	347,688
Total comprehensive income	-	-	323,402	(4,176)	331,058	20,806	671,090	(136)	670,954
Acquisitions from non-controlling shareholders and other changes	-	-	27,860	-	-	-	27,860	(7,299)	20,561
Realisation of revaluation surplus, net of tax (note 15)	-	-	5,283	-	(5,283)	-	-	-	-
Other changes	-	(1,684)	-	-	-	-	(1,684)	(2,577)	(4,261)
As at 31 December 2009, as originally reported	1,663	370,358	464,500	-	487,814	10,166	1,334,501	864	1,335,365
Effect of change in accounting policy (note 4)	-	-	34,630	-	-	-	34,630	-	34,630
As at 31 December 2009	1,663	370,358	499,130	-	487,814	10,166	1,369,131	864	1,369,995

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the company								
(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Fair value reserve	Revaluation surplus	Currency translation adjustment	Sub - total	Non-controlling interests	Total equity
As at 1 January 2009	250	55,837	20,870	371	22,127	(42,811)	56,644	967	57,611
Net profit	-	-	28,916	-	-	-	28,916	-	28,916
Net loss attributable to non-controlling shareholders of open joint stock companies	-	-	-	-	-	-	-	(11)	(11)
Other comprehensive income, net of tax	-	-	-	(371)	28,639	(696)	27,572	(12)	27,560
Total comprehensive income	-	-	28,916	(371)	28,639	(696)	56,488	(23)	56,465
Acquisitions from non-controlling shareholders and other changes	-	-	2,451	-	-	-	2,451	(642)	1,809
Realisation of revaluation surplus, net of tax (note 15)	-	-	457	-	(457)	-	-	-	-
Other changes	-	(146)	-	-	-	-	(146)	(227)	(373)
As at 31 December 2009, as originally reported	250	55,691	52,694	-	50,309	(43,507)	115,437	75	115,512
Effect of change in accounting policy (note 4)	-	-	2,996	-	-	-	2,996	-	2,996
As at 31 December 2009	250	55,691	55,690	-	50,309	(43,507)	118,433	75	118,508

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 71 to 140.

1 BACKGROUND

(a) Organization and operations

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

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

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

Ancor Investments Ltd owns 99.98% of the capital of LLC Firm “Astarta-Kyiv” (Astarta-Kyiv) registered in Ukraine, which in turn controls a number of subsidiaries in Ukraine (hereinafter the Company and its subsidiaries are collectively referred 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.

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

Two individual major shareholders own 40.19% and 28.79% of the Group.

(b) Ukrainian business environment

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

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

In June 2010, newly elected President of Ukraine laid out a five-year reform agenda which became one of the most comprehensive action plans produced by Ukrainian leadership in recent history. Working on their 2010 priority action plan, the authorities made progress in a number of areas, such as tax legislation, energy sector and business deregulation. But underperformance in other areas overshadows these achievements, thus affecting a business environment and investors' perception. The Government's priority list for 2011 centers on pension and healthcare reforms. The authorities also plan to move forward with energy sector privatization, land reform, and business deregulation.

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 consolidated income statement in the Company financial statements. The consolidated financial statements were authorized by the Board of Directors on 26 April 2011.

(b) Basis of consolidation

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

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

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.

Starting from 1 January 2010 a change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it: derecognises the assets (including goodwill) and liabilities of the subsidiary; derecognises the carrying amount of any non-controlling interest; derecognises the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss; reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

During the year ended 31 December 2010 the Group completed acquisitions of 11 companies. Subsequent to the acquisition date two companies were merged into corresponding business units: LLC "Aina" was consolidated into LLC "Agricultural company "Dobrobut" and LLC "Zaricha-agro" was consolidated into LLC "Khmilnitske".

On 11 March 2010, the Group established the subsidiary LLC "Mria-97 plus" with the authorised share capital amounting to UAH 87 thousand (EUR 8 thousand). On 9 December 2010, the Group established the subsidiary LLC "Agricultural company "Horolska" with the authorised share capital amounting to UAH 10 thousand (EUR 1 thousand).

During the year ended 31 December 2010 eight agri-companies were consolidated into: LLC "Agricultural company "Dovzhenko", LLC "Agricultural company "Dobrobut", LLC "Volochysk-Agro", LLC Firm "Astarta-Kyiv", LLC "Agricultural company "Musievske" and LLC "Khmilnitske".

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

Name	Activity	31 December 2010 % of ownership	31 December 2009 % of ownership
subsidiaries:			
Ancor Investments Ltd	Investment activities	100.00%	100.00%
LLC Firm "Astarta-Kyiv"	Asset management	99.98%	99.98%
LLC "APO "Tsukrovyk Poltavshchyny"	Sugar production	98.53%	98.53%
LLC "Agricultural company "Dovzhenko"	Agricultural	97.03%	96.58%
LLC "Shyshaki combined forage factory"	Fodder production	82.71%	82.71%
LLC "Agricultural company "Dobrobut"	Agricultural	98.11%	98.08%
LLC "Agricultural company "Musievske"	Agricultural	89.98%	74.99%
Globino canning factory "Globus"	Canning production, trade	99.98%	99.98%
LLC "Dobrobut" (Novo-Sanzharskiy region)	Agricultural	99.98%	99.88%
LLC "Agricultural company "Agro-Maiak"	Agricultural	-	97.98%
OJSC "Agricultural company "Agrocomplex"	Agricultural	83.80%	81.24%
OJSC "Agricultural company "Zhdanivske"	Agricultural	97.97%	97.97%

Name	Activity	31 December 2010 % of ownership	31 December 2009 % of ownership
subsidiaries:			
LLC "List-Ruchky"	Agricultural	74.99%	74.99%
LLC "Agropromgaz"	Trade	89.98%	89.98%
LLC "Khmilnitske"	Agricultural	97.82%	97.08%
LLC "Volochysk-Agro"	Agricultural	92.02%	92.01%
SC "Tsukrovyk Podillya"	Sugar production	99.98%	99.98%
SC "Agricultural company "Ridny kray"	Agricultural	-	99.98%
LLC "Ukraine-Brataliv"	Agricultural	-	95.98%
SC "Agricultural company "Lubenska Zoria"	Agricultural	-	99.98%
LLC "Victoriya"	Agricultural	99.98%	93.11%
Private company "Zaluchanske-1"	Agricultural	-	99.98%
LLC "Agricultural company "Mirgorodska"	Agricultural	89.98%	89.98%
LLC "Astarta-trade"	Trade	94.98%	94.98%
LLC "Goropayivske"	Agricultural	84.98%	-
LLC "Mria-97 plus"	Agricultural	74.99%	-
LLC "Varovetske"	Agricultural	99.98%	-
LLC "Kobeliatsky combined forage factory"	Fodder production	97.26%	-
LLC "named after Ostrovskiy"	Agricultural	74.99%	-
LLC "Nadiya"	Agricultural	99.98%	-
SC "Agricultural company "Agro-Kors"	Agricultural	99.98%	-
Private agricultural company "Nove Zhyttia"	Agricultural	99.98%	-
LLC "Volodarka Ko"	Agricultural	99.98%	-
LLC "Agricultural company "Horolska"	Agricultural	99.88%	-
LLC "Lan"	Agricultural	99.88%	-
Associate:			
LLC "Agricultural company "Pokrovska"	Agricultural	49.99%	49.99%

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

(c) Business combinations and goodwill

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

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

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

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

(d) Acquisition and disposal of non-controlling interests presented in equity

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

(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 associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

(f) Basis of accounting

The consolidated financial statements are prepared using the fair value basis for property, biological assets, agricultural produce and promissory notes available-for-sale. Biological assets are stated at their fair value less estimated costs to sell, whereas agricultural produce is stated at its fair value less estimated costs to sell at the point of harvest. Promissory notes available-for-sale are stated at fair value. Starting from 31 December 2007 property (buildings) is carried at fair value as determined by independent appraisal. As from 31 December 2009 property (machines and equipment) is carried at fair value as determined by independent appraisal. Promissory notes issued are stated at amortized cost. All other assets and liabilities are carried at historical cost.

(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 less than 12 months from the date of the withdrawal. Consequently, non-controlling interests in limited liability companies that are subsidiaries are recognized as a non-current liability. Limited liability company non-controlling interest share in the net profit/loss is recorded as a finance expense.

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

(h) Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled operations, 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 jointly controlled operations. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

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

(i) Functional and presentation currency

The functional currency of the Company is Euro (EUR). The operating subsidiaries and the associate in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency. For the benefits of principal users, the management chose to present the consolidated financial statements in two currencies, EUR and UAH.

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

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

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

Impairment of trade accounts receivable

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

Fair value of property

As at 31 December 2007 management adopted the revaluation model of accounting for property (buildings). Under this method, property is carried at fair value less any subsequent accumulated depreciation and impairment losses. As buildings in the sugar production, agricultural and cattle-farming businesses are specialized and rarely sold except as part of a continuing business; they are valued using the depreciated replacement cost approach. The administrative building of LLC Firm "Astarta-Kiev" is valued using the market approach. Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Prior to 31 December 2007 property was stated at cost less accumulated depreciation and impairment losses. Management engaged external independent appraisers to estimate the fair value of buildings, machines and equipment as at 31 December 2009 due to significant changes in fair value. Machines and equipment are carried at fair value less any subsequent accumulated depreciation and impairment losses and are valued using the market approach. Buildings, machines and equipment were not subject to revaluation in 2010 due to insignificant changes in fair value based on management estimations.

Fair value of biological assets

Due to the lack 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 discount rate is based on the average cost of capital in Ukraine effective at the reporting date. The fair value is then reduced for estimated costs to sell.

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 International Accounting Standard IAS 41. In addition, costs to sell at the point of harvest are estimated and deducted from the fair value. The fair value less costs to sell becomes the carrying value of inventories the date of harvesting.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 30.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

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

Currency	Average reporting period rate		Reporting date rate	
	2010	2009	2010	2009
EUR	**10.5819**	11.3680	**10.5900**	11.5600
USD	**7.9531**	8.0754	**7.9750**	8.0450

As at the date of these consolidated financial statements, 26 April 2011, the average interbank exchange rate is UAH 7.9820 to USD 1.000 and UAH 11.4700 to EUR 1.000.

(b) Property, plant and equipment

Owned assets

As at 31 December 2010 buildings held for production, selling and distribution or administrative purposes, machines and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. At the date of the revaluation accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Prior to 31

December 2007, property was stated at cost less accumulated depreciation and impairment losses. Management adopted the revaluation model for property because the carrying value differed significantly from the fair value. As at 31 December 2009 revaluations were carried out by independent appraisers and will be performed frequently enough to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount at each reporting date.

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

Upon disposal, any revaluation reserve relating to the buildings, and machines and equipment being sold is transferred to retained earnings.

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

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

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

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

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

Leased assets

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

Subsequent expenditure

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

Depreciation

Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. On the subsequent sale or retirement of a revalued asset, the atributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

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

Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land and assets under construction are not depreciated.

The estimated useful lives are as follows:

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

(c) Intangible assets, other than goodwill

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

For business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 10 years. As such, 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 include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

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

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

(e) Agricultural produce

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

(f) Financial assets

(i) Non-derivative financial assets

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

(ii) Fair value measurement principles

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

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

(g) Inventories

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

Work in progress and finished goods include the the cost of raw materials, labor and manufacturing overheads allocated proportionately to the stage of completion of the inventory.

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

(h) Cash and cash equivalents

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

(i) Impairment

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there 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 cost, net of any transaction costs incurred. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any differences between cost and redemption value being recognized in the income statement over the period of the borrowings.

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

(l) Trade accounts payable

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

(m) Taxes

Current income tax

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

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

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

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

1 April 2011 - 31 December 2011:	23%
1 January 2012 - 31 December 2012:	21%
1 January 2013 - 31 December 2013:	19%
from 1 January 2014 and on:	16%

The Group has calculated its deferred tax position as at 31 December 2010 in accordance with corporate income tax rates as prescribed by the new Tax Code.

Deferred tax

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

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

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

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

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

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

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

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

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

(n) Fixed agricultural tax

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

FAT is paid in lieu of corporate income tax, land tax, duties for special use of water objects, municipal tax, vehicle tax, duties for geological survey works and duties for trade patents. The amount of FAT payable is calculated as a percentage of the deemed value of all land plots (determined by the state) leased or owned by a taxpayer.

As at 31 December 2010 13 subsidiaries elected to pay FAT in lieu of other taxes. The remaining companies were subject to income tax.

(o) Government subsidies

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

Government grants related to crop growing

The amount of this subsidy is calculated based on the number of hectares sowed with a particular crop. The subsidy for growing sugar beet in was UAH 500 or EUR 63 per hectare in 2010 (2009: none).

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.

Government grants related to processing of animal products

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

Partial compensation for finance costs and other subsidies

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

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

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

(p) Revenue

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

(q) Non-monetary transactions

The Group enters into non-cash transactions in common with many Ukrainian companies. These transactions involve tolling schemes and provision of inventories and agricultural services in exchange for sugar beets. Non-cash transactions consist of mutual settlements arising from the exchange of goods and services, and transactions that are settled by means of promissory notes. Neither revenues nor purchases in 2010 were received and paid for in the form of non-cash transactions (2009: 0.01%). Mutual settlement transactions are centrally managed. Prices are usually fixed in contracts with the mutual settlement transactions valued and recorded at the market prices for the goods involved in the transaction. Non-cash sales and purchases are accounted for on an accrual basis.

(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) Financial expense and income

All interests and other costs incurred in connection with borrowings are expensed as incurred as part of financial expense and are calculated based on the effective interest rate method. The interest expense component of finance lease payments is recognized in the income statement using the effective interest method. Interest income is recognized in the income statement as incurred as part of financial 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 in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except for the adoption of new Standards and Interpretations noted below:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position nor performance of the Group.

IFRIC Interpretation 18 Transfers of Assets from Customers

This Interpretation provides guidance on accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation has no effect on either, the financial position nor performance of the Group.

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group has not entered into share-based payment schemes, therefore, the amendment has no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment has no impact on the financial position nor financial performance of the Group.

IAS 17 Leases

The amendment clarifies the classification of a lease of land and buildings and eliminates accounting alternatives for initial direct costs in the financial statements of lessors. The amendment has no effect on the financial position or performance of the Group.

IFRS 8 Operating Segments

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group’s chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 31.

IAS 7 Statement of Cash Flows

States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. The adoption of this amendment by the Group did not result in additional disclosures.

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

IAS 1 Presentation of Financial Statements

IAS 34 Interim Financial Reporting

IAS 36 Impairment of Assets

IAS 38 Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 16 Hedge of a Net Investment in a Foreign Operation

(x) New standards and interpretations not yet adopted

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

Standard / Interpretation	Effective for annual accounting periods beginning on or after:
IAS 24 Related Party Disclosures (Amendment)	1 January 2011
IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)	1 February 2010
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013*
IFRIC 14 Prepayments of a minimum funding requirement (Amendment)	1 January 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Improvements to IFRSs (issued in May 2010)	1 January 2011*

* Standards and Interpretations not endorsed by the European Union

The Group expects no material effect from the adoption of the amendments on the financial statements.

4 CHANGE IN ACCOUNTING POLICY

The Group's entities involved in the production and sale of agricultural products that meet certain quantitative thresholds are eligible for priviledged VAT regime, whereby they are permitted to retain the difference between VAT they charge on sales of their agricultural products and the VAT that they pay on purchases of goods and services for their agricultural operations. Priviledged VAT regime is valid till 1 January 2018.

Prior to 2010, the Group presented its revenues and purchases net of VAT. The net balance of VAT on agricultural operations, being the difference between VAT charged on sales and VAT paid on purchases, was written off to the income statement on a monthly basis.

In 2010, the Group reconsidered accounting treatment of VAT on the operations of agricultural entities and changed its accounting policy. According to revised accounting policy, the agricultural entities of the Group recognise revenues and purchases on a gross basis, i.e. including VAT charged/paid, because these entities have no obligation to remit VAT related to agricultural business to the state budget, are not entitiled to VAT refund if VAT paid on purchases exceeds VAT charged on sales, are in position to prove that all condition precedents for the above priviledged VAT regime are met at the time revenues/purchases are recorded in the books, and have developed and implemented accounting procedures to enable separate accounting for VAT related to argicultural and non-agricultural businesses.

The management of the Group believes that revised accounting policy results in financial statements providing more relevant information about the effects of operating activities on the Group's financial position and financial performance.

Following the change in accounting policy as described above, the Company adjusted the financial statements for 2009. As a result VAT liabilities in the amount of UAH 129,444 thousand (EUR 10,827 thousand) were recognized in revenue. VAT assets were recognized in cost of sales in amount of

UAH 57,359 thousand (EUR 4,729 thousand) and in cost of inventories in amount of UAH 35,500 thousand (EUR 3,071thousand). The effect on earnings per share is UAH 0.27 (EUR 0.02).

The change in accounting policy does not have impact on the periods before those presented in these financial statements, because the priviledged VAT regime in the way it was applied in 2009 and 2010 was implemented starting from 1 January 2009.

5 BUSINESS COMBINATIONS

During 2010, the Group completed acquisitions of 11 entities. The purchase consideration consisted only of cash, and the direct costs related to these acquisitions are not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of aquisition
LLC “Goropayivske”	Ukraine	Agricultural	11.02.2010	84.98%
LLC “Zaricha-agro”	Ukraine	Agricultural	10.03.2010	99.98%
LLC “Varovetske”	Ukraine	Agricultural	01.04.2010	74.99%
LLC “Aina”	Ukraine	Agricultural	02.04.2010	99.98%
LLC “Kobeliatsky combined forage factory”	Ukraine	Fodder production	17.05.2010	97.26%
LLC “named after Ostrovsky”	Ukraine	Agricultural	18.08.2010	74.99%
LLC “Nadiya” (Ternopylskiy region)	Ukraine	Agricultural	29.09.2010	99.98%
SC “APC Agro-Kors”	Ukraine	Agricultural	12.10.2010	99.98%
PAC “Nove zhytiya”	Ukraine	Agricultural	10.11.2010	99.98%
LLC “Volodarka and co”	Ukraine	Agricultural	22.11.2010	99.98%
LLC “Lan”	Ukraine	Agricultural	02.12.2010	99.98%

For the business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Management commissioned an independent appraiser to determine the fair value of the land lease rights. As LLC “Aina” and LLC “Zaricha-agro” were correspondingly merged into LLC “Agricultural company “Dobrobut” and LLC “Khmilnitske” subsequent to the acquisition date, it is impossible to estimate financial results incurred by the acquired companies from the date of acquisition. From the date of acquisition the net loss incurred by acquired companies amounted to UAH 26,599 thousand (EUR 2,514 thousand).

Revenue received and losses incurred by the major acquisition are as follows:

	(in thousands of Ukrainian hryvnias)					*(in thousands of Euros)*				
	Goro-payivske	named after Ostrovsky	Nadiya (Ternopyl-skiy region)	Nove zhytiya	Total	Goro-payivske	named after Ostrovsky	Nadiya (Ternopyl-skiy region)	Nove zhytiya	Total
Revenues	2,011	630	1,578	4,810	9,029	189	59	149	453	850
Net loss	(3,740)	(9,786)	(3,538)	(5,429)	(22,493)	(358)	(937)	(339)	(520)	(2,154)

For the business combinations in 2010 and 2009 there are no significant differences between fair value and carrying value of acquired assets and liabilities. Non-controlling interest is measured as the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

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

(in thousands of Ukrainian hryvnias)	Recognised fair value at acquisition											
	Goro-payivske	Zaricha-agro	Varovet-ske	Aina	Kobeliatsky combined forage factory	named after Ostrovsky	Nadiya (Ternopyl-skiy region)	Agro-Kors	Nove zhytiya	Volodarka and co	Lan	Total
Non-current assets												
Property, plant and equipment	5,641	23	1,198	1	15,271	1,320	3,406	399	-	6,993	4,101	38,353
Construction in progress	455	-	-	-	-	-	57	52	-	128	-	692
Non-current biological assets	1,733	-	-	-	-	3,388	98	-	-	-	-	5,219
Intangible and other non-current assets	1,506	1,369	3,418	4,382	48	-	2,297	1,448	1,704	3,030	3,412	22,614
Current assets												
Inventories	1,694	-	70	888	986	1,118	4,782	688	483	242	1,030	11,981
Current biological assets	737	-	-	1,180	-	8,814	1,060	33	1,949	-	-	13,773
Trade accounts receivable	-	-	3	-	15	-	-	-	5,027	13	-	5,058
Other accounts receivable and prepayments	571	-	1,105	4	67	64	412	-	3	964	95	3,285
Cash and cash equivalents	10	-	2	-	1	198	-	-	-	56	1	268
Non-current liabilities												
Long-term loans and borrowings	-	-	-	-	-	-	(559)	-	-	(724)	-	(1,283)
Other long-term liabilities	(2)	-	-	-	-	(2,632)	(179)	-	-	-	-	(2,813)
Current liabilities												
Short-term loans and borrowings	-	-	-	-	(1,739)	-	(440)	-	-	-	-	(2,179)
Trade accounts payable	(678)	-	(52)	-	(13)	(1,072)	-	(920)	(1,070)	(3)	(65)	(3,873)
Other liabilities and accounts payable	(594)	-	(229)	(884)	(1,325)	(951)	(4,291)	(489)	(1,607)	(237)	(639)	(11,246)
Non-controlling interest acquired	(1,663)	-	(1,379)	(1)	(364)	(2,563)	(1)	-	(1)	(2)	(2)	(5,976)
Net identifiable assets, liabilities and contingent liabilities	9,410	1,392	4,136	5,570	12,947	7,684	6,642	1,211	6,488	10,460	7,933	73,873
Excess of net assets acquired over consideration paid:												
acquisitions from third parties	7,216	287	1,977	3,698	8,338	5,676	3,647	-	5,313	4,335	1,807	42,294
Goodwill on acquisition	-	-	-	-	-	-	-	(972)	-	-	-	(972)
Consideration paid	(2,194)	(1,105)	(2,159)	(1,872)	(4,609)	(2,008)	(2,995)	(2,183)	(1,175)	(6,125)	(6,126)	(32,551)
Cash acquired	10	-	2	-	1	198	-	-	-	56	1	268
Net cash outflow	(2,184)	(1,105)	(2,157)	(1,872)	(4,608)	(1,810)	(2,995)	(2,183)	(1,175)	(6,069)	(6,125)	(32,283)

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

During 2009, the Group completed acquisitions of 3 entities. The purchase consideration consisted only of cash, and the direct costs related to these acquisitions were not significant.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
PC “Bilogirsky Sokyl”	Ukraine	Agricultural	18.02.2009	99.98%
PC “Zaluchyanske”	Ukraine	Agricultural	05.10.2009	99.98%
LLC “Astarta Trade”	Ukraine	Trade	14.12.2009	94.98%

The acquisition of these companies during 2009 had the following effect on assets and liabilities, which are stated at their fair values, as at the date they were acquired:

	Recognised fair value at acquisition			
(in thousands of Ukrainian hryvnias)	PC “Bilogirsky Sokyl”	PC “Zaluchyanske”	LLC "Astarta Trade"	Total
Non-current assets				
Intangible and other non-current assets	2,628	-	11	2,639
Current assets				
Inventories	374	-	-	374
Current biological assets	175	-	-	175
Cash and cash equivalents	5	-	-	5
Current liabilities				
Trade accounts payable	(347)	-	(11)	(358)
Other liabilities and accounts payable	(165)	-	-	(165)
Non-controlling interest acquired	(1)	-	-	(1)
Net identifiable assets, liabilities and contingent liabilities	2,669	-	-	2,669
Excess of net assets acquired over consideration paid:				
acquisitions from third parties	1,953	-	-	1,953
Goodwill on acquisition	-	(101)	(665)	(766)
Consideration paid	(716)	(101)	(665)	(1,482)
Cash acquired	5	-	-	5
Net cash outflow	(711)	(101)	(665)	(1,477)

(in thousands of Euros)	PC “Bilogirsky Sokyl”	PC “Zaluchyanske”	LLC "Astarta Trade"	Total
	Recognised fair value at acquisition			
Non-current assets				
Intangible and other non-current assets	231	-	1	232
Current assets				
Inventories	35	-	-	35
Current biological assets	15	-	-	15
Current liabilities				
Trade accounts payable	(30)	-	(1)	(31)
Other liabilities and accounts payable	(14)	-	-	(14)
Net identifiable assets, liabilities and contingent liabilities	237	-	-	237
Excess of net assets acquired over consideration paid: acquisitions from third parties	172	-	-	172
Goodwill on acquisition	-	(9)	(57)	(66)
Consideration paid	(65)	(9)	(57)	(131)
Net cash outflow	(65)	(9)	(57)	(131)

As PC “Bilogirsky Sokyl” was merged into a business unit LLC “Volochysk-Agro” subsequent to the acquisition date it is impossible to estimate financial results incurred by the acquired company from the date of acquisition. From the date of acquisition the net loss incurred by PC “Zalychanske” and LLC “Astarta Trade” amounted to UAH 3 thousand (EUR 1 thousand)

It is not practicable to determine what would be the total revenue and net profit for the year ended 31 December 2010 had the acquisitions occurred on 1 January 2010 in accordance with IFRS because the acquired companies’ financial statements were prepared in accordance with Ukrainian National Accounting Standards, which are different from IFRSs.

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

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

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

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

6 PROPERTY, PLANT AND EQUIPMENT

A summary of activity in property, plant and equipment for the year ended 31 December 2010 is as follows:

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

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

A summary of activity in property, plant equipment for the year ended 31 December 2009 is as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2009	327,395	66,771	363,101	75,040	6,454	87,262	926,023
Additions	7,064	4,887	46,128	12,126	680	46,162	117,047
Disposals	(2,105)	(278)	(10,861)	(420)	(80)	-	(13,744)
Revaluation surplus	184,777	-	52,257	-	-	-	237,034
31 December 2009	517,131	71,380	450,625	86,746	7,054	133,424	1,266,360
Accumulated depreciation 1 January 2009	7,635	11,269	67,516	20,378	1,165	-	107,963
Depreciation charge	7,979	4,173	54,764	9,437	795	-	77,148
Disposals	(87)	(96)	(8,549)	(251)	(34)	-	(9,017)
Decrease due to revaluation	(15,527)	-	(113,731)	-	-	-	(129,258)
31 December 2009	-	15,346	-	29,564	1,926	-	46,836
Net book value 31 December 2009	517,131	56,034	450,625	57,182	5,128	133,424	1,219,524

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2009	29,102	5,935	32,276	6,670	574	7,757	82,314
Additions	621	430	4,057	1,067	60	4,061	10,296
Disposals	(185)	(24)	(955)	(37)	(7)	-	(1,208)
Revaluation surplus	15,984	-	4,521	-	-	-	20,505
Currency translation difference	(787)	(166)	(918)	(196)	(17)	(276)	(2,360)
31 December 2009	44,735	6,175	38,981	7,504	610	11,542	109,547
Accumulated depreciation 1 January 2009	679	1,001	6,002	1,811	104	-	9,597
Depreciation charge	702	367	4,817	830	71	-	6,787
Disposals	(8)	(8)	(752)	(22)	(3)	-	(793)
Decrease due to revaluation	(1,343)	-	(9,838)	-	-	-	(11,181)
Currency translation difference	(30)	(32)	(229)	(62)	(5)	-	(358)
31 December 2009	-	1,328	-	2,557	167	-	4,052
Net book value 31 December 2009	44,735	4,847	38,981	4,947	443	11,542	105,495

As at 31 December 2009 an independent valuation of the Group's buildings, machines and equipment was performed in accordance with International Valuation Standards by a certified appraiser to estimate their fair value. Machines and equipment were valued using the market approach UAH 450,625 thousand or EUR 38,981 thousand. The administrative building of LLC Firm "Astarta-Kiev" was valued using the market approach UAH 39,138 thousand or EUR 3,386 thousand. The valuation of other buildings was performed using the depreciated replacement cost approach 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 lack of an active market for the types of buildings used in the operation. These buildings are typically specialized structures that can only be used in sugar production or other agricultural activities.

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

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

As at 31 December 2010 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 200,772 thousand or EUR18,959 thousand (2009: UAH 121,514 thousand; EUR 10,512 thousand) and machines and equipment is UAH 500,384 thousand or EUR 47,251 thousand (2009: UAH 284,637 thousand; EUR 24,622 thousand).

As at 31 December 2010 the amount of revaluation surplus realized due to depreciation is UAH 54,131 thousand or EUR 5,112 thousand in 2010 (2009: UAH 4,140 thousand, EUR 358 thousand.

For amount of property, plant and equipment pledged to secure bank loans refer to note 17.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. A summary of activity for the year ended 31 December is as follow:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Lease right	**61,038**	50,688	**5,665**	4,385
Accumulated depreciation as at 31 December	**(9,801)**	(2,978)	**(1,333)**	(443)
Currency translation difference	**-**	-	**408**	185
Net book value at 31 December	**51,237**	47,710	**4,740**	4,127

7 INTANGIBLE ASSETS

A summary of activity in intangible assets for the year ended 31 December 2010 is as follows:

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

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

A summary of activity in intangible assets for the year ended 31 December 2009 is as follows:

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2009	61,182	-	2,008	63,190
Additions	-	-	750	750
Additions through acquisition of subsidiaries	2,628	766	-	3,394
Disposals	-	-	(112)	(112)
31 December 2009	63,810	766	2,646	67,222
Accumulated amortization 1 January 2009	7,000	-	946	7,946
Amortization charge	15,466	-	355	15,821
31 December 2009	22,466	-	1,301	23,767
Net book value 31 December 2009	41,344	766	1,345	43,455

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2009	5,438	-	179	5,617
Additions	-	-	66	66
Additions through acquisition of subsidiaries	231	66	-	297
Disposals	-	-	(10)	(10)
Currency translation differences	(149)	-	(6)	(155)
31 December 2009	5,520	66	229	5,815
Accumulated amortization 1 January 2009	622	-	84	706
Amortization charge	1,360	-	31	1,391
Currency translation differences	(39)	-	(2)	(41)
31 December 2009	1,943	-	113	2,056
Net book value 31 December 2009	3,577	66	116	3,759

8 BIOLOGICAL ASSETS

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

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

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

- crops' revenue is projected based on the expected volume of harvested grains and oilseeds. For dairy cattle revenue is projected based on the expected milk produced during their productive life after the reporting date and expected volume of meat at the date of slaughter
- the average productive life of a cow is determined based on internal statistical information
- prices for grains, oilseeds, milk and meat are obtained from market resources as at the end of the reporting period
- production and costs to sell are projected based on actual operating costs
- the growth in sales prices as well as in production and costs to sell is assumed to be in line with forecasted consumer price index in Ukraine
- a pre-tax discount rate of 15.00% (2009: 17.74%) is applied in determining fair value of biological assets. The discount rate is based on the average cost of capital in Ukraine effective at the reporting date.

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

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	2010		2009	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	10,169	156,623	8,347	145,438
Other livestock		1,441		1,920
		158,064		147,358
Current biological assets:				
Cattle	12,484	154,286	12,148	105,875
Other livestock		1,435		2,304
		155,721		108,179
Crops:	Hectares		Hectares	
Wheat	37,863	247,931	33,655	107,437
Barley	660	3,284	3,538	12,004
Rape	702	3,008	-	-
Rye	988	2,598	769	974
Corn	-	-	328	2,164
	40,213	256,821	38,290	122,579
		412,542		230,758
Total biological assets		570,606		378,116

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

(in thousands of Euros)	2010		2009	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	10,169	14,790	8,347	12,581
Other livestock		136		166
		14,926		12,747
Current biological assets:				
Cattle	12,484	14,569	12,148	9,159
Other livestock		136		199
		14,705		9,358
Crops:	Hectares		Hectares	
Wheat	37,863	23,412	33,655	9,295
Barley	660	310	3,538	1,038
Rape	702	284	-	-
Rye	988	244	769	84
Corn	-	-	328	187
	40,213	24,250	38,290	10,604
		38,955		19,962
Total biological assets		53,881		32,709

For amount of biological assets pledged to secure bank loans refer to note 17.

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

	2010			
	Effect on biological assets		*Effect on earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
1% increase in discount rate	(1,127)	(106)	(0.05)	(0.00)
1% decrease in discount rate	1,126	106	0.05	0.00
10% increase in price for milk	47,396	4,476	1.90	0.18
10% decrease in prices for milk	(47,396)	(4,476)	(1.90)	(0.18)
10% increase in price for meat	6,398	604	0.26	0.02
10% decrease in price for meat	(6,398)	(604)	(0.26)	(0.02)
10% increase in prices for crops	26,440	2,497	1.06	0.10
10% decrease in prices for crops	(26,440)	(2,497)	(1.06)	(0.10)
5% increase in annual consumer price inde›	4,301	406	0.17	0.02
5% decrease in annual consumer price inde	(4,250)	(401)	(0.17)	(0.02)

	2009			
	Effect on biological assets		*Effect on earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
1% increase in discount rate	(996)	(86)	(0.04)	(0.00)
1% decrease in discount rate	973	84	0.04	0.00
10% increase in price for milk	33,332	2,883	1.33	0.12
10% decrease in prices for milk	(33,332)	(2,883)	(1.33)	(0.12)
10% increase in price for meat	5,371	465	0.21	0.02
10% decrease in price for meat	(5,371)	(465)	(0.21)	(0.02)
10% increase in prices for crops	20,013	1,731	0.80	0.07
10% decrease in prices for crops	(20,013)	(1,731)	(0.80)	(0.07)
5% increase in annual consumer price index	2,790	241	0.11	0.01
5% decrease in annual consumer price index	(2,769)	(240)	(0.11)	(0.01)

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

(in thousands of Ukrainian hryvnias)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2009	57,946	68,574	95,896	222,416
Purchases	2,192	3,636	-	5,828
Additions from acquisitions of subsidiaries	-	175	-	175
Investments into livestock and future crops	(372)	37,816	909,347	946,791
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	80,681	30,097	3,300	114,078
Transfers	8,195	(8,195)	-	-
Sales	(1,284)	(23,924)	-	(25,208)
Decrease due to harvest	-	-	(885,964)	(885,964)
As at 1 January 2010	**147,358**	**108,179**	**122,579**	**378,116**
Purchases	**2,803**	**7,957**	**-**	**10,760**
Additions from acquisitions of subsidiaries	**5,219**	**3,604**	**10,169**	**18,993**
Investments into livestock and future crops	**(2,012)**	**47,222**	**1,099,233**	**1,144,442**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(6,900)**	**34,987**	**81,850**	**109,937**
Transfers	**11,614**	**(11,614)**	**-**	**-**
Sales	**(18)**	**(34,614)**	**-**	**(34,632)**
Decrease due to harvest	**-**	**-**	**(1,057,010)**	**(1,057,010)**
As at 31 December 2010	**158,064**	**155,721**	**256,821**	**570,606**

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

(in thousands of Euros)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2009	5,150	6,096	8,524	19,770
Purchases	193	320	-	513
Additions from acquisitions of subsidiaries	-	15	-	15
Investments into livestock and future crops	(33)	3,327	79,932	83,226
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	7,896	2,946	187	11,029
Transfers	721	(721)		-
Sales	(113)	(2,104)	-	(2,217)
Decrease due to harvest	-	-	(77,935)	(77,935)
Currency translation difference	(1,067)	(521)	(104)	(1,692)
As at 1 January 2010	**12,747**	**9,358**	**10,604**	**32,709**
Purchases	265	752	-	1,017
Additions from acquisitions of subsidiaries	496	342	966	1,804
Investments into livestock and future crops	(190)	4,463	103,879	108,152
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(732)	3,714	9,235	12,217
Transfers	1,098	(1,098)	-	-
Sales	(2)	(3,271)	-	(3,273)
Decrease due to harvest	-	-	(99,889)	(99,889)
Currency translation difference	1,244	445	(545)	1,144
As at 31 December 2010	**14,926**	**14,705**	**24,250**	**53,881**

Risk management in agricultural business

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

Price fluctuation risk

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

Climate and other risks

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

Regulatory and environmental risks

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

9 FINANCIAL INSTRUMENTS AVAILABLE-FOR-SALE AND AN INVESTMENT IN THE ASSOCIATE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Bonds	**13,549**	-	**1,280**	-
Other investments	**646**	646	**61**	56
Venture fund certificates	**100**	200	**9**	17
	14,295	846	**1,350**	73

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

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

All investments are stated at cost because its fair value cannot be measured reliably. Financial instruments available-for sale are neither past due nor impaired. None of investments are collateralized.

As at 31 December 2010 the Group has 49.99% ownership in the associate (2009: 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 2010 is UAH 23,088 thousand or EUR 2,730 thousand (2009: UAH 18,789 thousand, EUR 2,324 thousand).

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

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2010	**2009**	**2010**	**2009**
Assets	**53,571**	49,660	**5,059**	4,296
Liabilities	**114,051**	91,453	**10,770**	7,911
Gross profit	**34,098**	13,641	**3,222**	1,200
Net loss	**(8,600)**	(6,255)	**(813)**	(550)

10 INVENTORIES

Inventories as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	2010	2009	2008
Finished goods:			
Sugar and sugar production	656,137	435,836	243,162
Sugar beet	-	1,315	12,922
Agricultural produce	283,883	157,156	176,379
Cattle farming	390	957	2,338
Other production	2,248	1,517	2,856
Raw materials and consumables for:			
Sugar and sugar production	15,565	10,562	18,110
Agricultural produce	50,526	40,260	37,380
Cattle farming	25,392	17,932	17,779
Other production	1,133	674	739
Investments into future crops	230,368	137,226	153,336
NRV allowance	-	-	(14,105)
	1,265,642	803,435	650,896

(in thousands of Euros)	2010	2009	2008
Finished goods:			
Sugar and sugar production	61,958	37,702	21,614
Sugar beet	-	114	1,149
Agricultural produce	26,807	13,595	15,678
Cattle farming	37	83	208
Other production	212	130	254
Raw materials and consumables for:			
Sugar and sugar production	1,470	914	1,610
Agricultural produce	4,771	3,483	3,323
Cattle farming	2,398	1,551	1,580
Other production	106	57	66
Investments into future crops	21,753	11,871	13,631
NRV allowance	-	-	(1,254)
	119,512	69,500	57,859

For amount of inventories pledged to secure bank loans refer to note 17.

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
(in thousands of Ukrainian hryvnias)	2010	2009	2010	2009
Trade receivables	141,996	96,933	13,408	8,385
Less allowance (note 17)	(9,621)	(7,407)	(908)	(641)
	132,375	89,526	12,500	7,744

Trade receivables that are not past due or are less than one month past due are not considered impaired. As at 31 December 2010 trade receivables of UAH 23,001 thousand or EUR 2,172 thousand (2009: UAH 31,782 thousand, EUR 2,749 thousand) are past due but not impaired. These relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable.

For amount of trade accounts receivable pledged to secure bank loans refer to note 17.

12 OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Taxes recoverable and prepaid	91,864	52,192	8,675	4,515
Advances to suppliers	65,421	28,885	6,178	2,499
Other receivables	22,566	19,447	2,129	1,682
Less allowance (note 17)	(4,640)	(3,436)	(438)	(297)
	175,211	97,088	16,544	8,399

13 SHORT-TERM DEPOSITS

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

				2010	2009
(in thousands of Ukrainian hryvnias)	Interest type	Effective interest rate	Nominal interest rate	Amount	Amount
Short-term bank deposits in UAH	Fixed	10.5%	10.5%	6,201	-
Short-term bank deposits in USD	Fixed	5.5%	5.5%	4,777	-
				10,978	-

				2010	2009
(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	Amount	Amount
Short-term bank deposits in UAH	Fixed	10.5%	10.5%	586	-
Short-term bank deposits in USD	Fixed	5.5%	5.5%	451	-
				1,037	-

As at 31 December 2010 short-term bank deposits totaling UAH 10,978 thousand (EUR 1,037 thousand) are pledged to secure bank loans. The early withdrawal of bank deposits is permitted only if the full repayment of the secured bank loans is executed.

14 CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Cash in banks in UAH	7,121	4,988	673	430
Cash in banks in USD	3,008	17,151	284	1,484
Cash in banks in EUR	306	122	29	11
	10,435	22,261	986	1,925
Cash in transit in USD	1,328	-	125	-
Cash on hand in UAH	109	52	10	5
	11,872	22,313	1,121	1,930

There were no restrictions on the use of cash and cash equivalents in the year 2010 and 2009.

15 EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01 (UAH 0.11). All shares have equal voting rights. The number of authorized shares as of 31 December 2010 is 30,000 thousand (2009: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2009: 25,000 thousand). For amount of shares pledged to secure bank loans refer to note 17.

Share capital as at 31 December is as follows:

(in thousands of Ukrainian hryvnias)	2010		2009	
	Amount	%	Amount	%
Astarta Holding N.V.				
Ivanchyk V.P.	668	40.19%	669	40.19%
Korotkov V.M.	479	28.79%	585	35.19%
Aviva Investors Poland SA	83	5.00%	-	-
Other shareholders	433	26.02%	409	24.62%
	1,663	100.00%	1,663	100.00%

(in thousands of Euros)	2010		2009	
	Amount	%	Amount	%
Astarta Holding N.V.				
Ivanchyk V.P.	100	40.19%	101	40.19%
Korotkov V.M.	72	28.79%	88	35.19%
Aviva Investors Poland SA	12	5.00%	-	-
Other shareholders	66	26.02%	61	24.62%
	250	100.00%	250	100.00%

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Net profit attributable to equity holders of the company	**834,916**	330,053	**80,053**	29,460
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	**33.40**	13.20	**3.20**	1.18

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 and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

As at 31 December 2010 the gearing ratio was 35% compared to 41% a year before. The decrease in gearing ratio is attributable to increase in equity. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Total borrowings (note 15)	**1,192,290**	980,230	**112,587**	84,795
Less cash, cash equivalents and short-term deposits	**(22,850)**	(22,313)	**(2,158)**	(1,930)
Net debt	**1,169,440**	957,917	**110,429**	82,865
Total equity	**2,213,927**	1,369,995	**209,054**	118,508
Total capital	**3,383,367**	2,327,912	**319,483**	201,373
Gearing ratio	**35%**	41%	**35%**	41%

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

Additional paid-in capital

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

Fair value reserve

In the year 2009 the difference between the nominal and fair value of the promissory notes issued of UAH 4,176 thousand (EUR 371 thousand) is derecognised in equity as a fair value reserve due to the promissory notes settlement.

Revaluation reserve

As at 31 December 2009 management revalued buildings, machines and equipment. Revaluation surplus for UAH 331,058 thousand (EUR 28,639 thousand) was recognised in equity. Revaluation surpluses are not freely distributable to shareholders. The revaluation reserve is realised over the remaining depreciation period of the related revalued tangible fixed assets which is UAH 54,131 thousand or EUR 5,112 thousand in 2010 (2009: UAH 4,140 thousand, EUR 358 thousand). The revaluation reserve realised through disposal of buildings is UAH 1,115 thousand or EUR 105 thousand (2009: UAH 1,143 thousand, EUR 99 thousand). Unrealised revaluation reserve as at 31 December 2010 is UAH 452,448 thousand or EUR 46,969 thousand (2009: UAH 487,814 thousand, EUR 50,309 thousand).

Cumulative translation adjustment

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

Other distributable reserves

In accordance with the Dutch law and Ukrainian legislation the distributable reserves are limited to the balance of statutory retained earnings and additional paid-in-capital. As at 31 December 2010 retained earnings including the profit for the year amount to UAH 1,414,941 thousand or EUR 143,327 thousand (2009: UAH 499,130 thousand or EUR 55,690 thousand). Retained earnings include the revaluation reserve for the biological assets and this amount is not available for distribution. As of 31 December 2010, revaluation reserve for biological assets included in retained earnings amount to UAH 109,937 thousand or EUR 12,217 (2009: UAH 114,078 thousand or EUR 11,029 thousand).

Dividend policy

The dividend policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2010.

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.

16 NON-CONTROLLING INTERESTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Balance as at 1 January	864	10,876	75	967
Share in losst	(128)	(136)	(12)	(11)
Acquisitions from non-controlling shareholders and other changes	455	(7,299)	43	(642)
Other changes	-	(2,577)	-	(227)
Currency translation difference	-	-	6	(12)
Balance as at 31 December	1,191	864	112	75

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Balance as at 1 January	40,245	43,802	3,481	3,894
Non-controlling interests of limited liability company subsidiaries in profit	23,316	14,426	2,221	1,238
Acquisitions from non-controlling shareholders and other changes	(2,752)	(20,561)	(260)	(1,809)
Non-controlling interests acquired with new subsidiaries	5,976	-	567	-
Other changes	-	2,578	-	227
Currency translation difference	-	-	297	(69)
Balance as at 31 December	66,785	40,245	6,306	3,481

17 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to note 31 for more information about exposure to interest rate, foreign currency risk and information on financial risk management.

Loans and borrowings as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	**2010**	2009
Long-term loans and borrowings:				
Bank loans	**574,880**	571,010	**54,286**	49,395
Finance lease liabilities (note 32 c)	**21,889**	32,517	**2,066**	2,813
Interest-bearing vendor financing arrangements	**-**	2,637	**-**	228
Transaction costs	**(6,121)**	-	**(578)**	-
	590,648	606,164	**55,774**	52,436
Current portion of long-term loans and borrowings:				
Bank loans	**222,090**	114,409	**20,972**	9,897
Finance lease liabilities (note 32 c)	**18,381**	15,523	**1,735**	1,343
Interest-bearing vendor financing arrangements	**2,614**	3,141	**247**	272
Transaction costs	**(4,528)**	-	**(427)**	-
	238,557	133,073	**22,527**	11,512
Short-term loans and borrowings:				
Bank loans	**375,352**	240,094	**35,444**	20,769
Borrowings from non-financial institutions	**620**	899	**59**	78
Transaction costs	**(12,887)**	-	**(1,217)**	-
	363,085	240,993	**34,286**	20,847
	1,192,290	980,230	**112,587**	84,795

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

(in thousands of Ukrainian hryvnias)	Interest type	Effective interest rate	Nominal interest rate	2010 Less than one year	2010 From one to two years	2010 More than two years	2010 Total	2009 Less than one year	2009 From one to two years	2009 More than two years	2009 Total
Loans from Ukrainian banks received in UAH	Fixed	10.0%	10.0%	212,904	-	-	212,904	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	11.5%	11.5%	131,652	-	-	131,652	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	12.0%	12.0%	21,281	-	-	21,281	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.5%	14.5%	421	307	-	728	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.7%	14.7%	4,750	-	-	4,750	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	2,641	-	-	2,641	2,502	-	-	2,502
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	86	-	-	86	4,744	-	-	4,744
Loans from Ukrainian banks received in UAH	Fixed	24.0%	24.0%	-	-	-	-	96,091	-	-	96,091
Loans from Ukrainian banks received in UAH	Fixed	25.0%	25.0%	1,739	-	-	1,739	108,600	-	-	108,600
Loans from Ukrainian banks received in UAH	Fixed	27.0%	27.0%	299	-	-	299	-	-	-	-
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	6,790	3,395	-	10,185	6,850	6,850	3,425	17,125
Loans from non-resident banks received in USD	Floating	2.0%	Libor+1.25%	16,350	16,350	8,175	40,875	16,493	16,493	24,739	57,725
Loans from non-resident banks received in USD	Floating	3.1%	Libor+2.3%	6,431	3,780	5,105	15,316	5,150	5,150	10,301	20,601
Loans from non-resident banks received in USD	Floating	3.3%	Libor+2.5%	15,293	15,293	38,233	68,819	-	-	-	-
Loans from non-resident banks received in USD	Floating	3.6%	Libor+2.8%	7,899	7,899	19,748	35,546	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.3%	Libor+3.5%	26,583	26,583	66,458	119,624	26,817	26,817	93,858	147,492
Loans from non-resident banks received in USD	Floating	4.8%	Libor+4.0%	30,673	30,673	107,356	168,702	30,942	30,942	139,241	201,125
Loans from non-resident banks received in USD	Floating	6.3%	Libor+5.5%	39,875	39,875	79,750	159,500	20,113	40,226	100,563	160,902
Loans from non-resident banks received in USD	Floating	6.5%	Libor+6.0%	71,775	-	-	71,775	8,044	72,405	-	80,449
Loans from non-resident banks received in USD	Floating	8.3%	Libor+7.75%	-	-	-	-	28,157	-	-	28,157
Loans from non-resident banks received in EUR	Floating	6.8%	Euribor+5.5%	-	17,650	88,250	105,900	-	-	-	-
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	620	-	-	620	899	-	-	899
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	2,614	-	-	2,614	3,141	2,637	-	5,778
Finance lease liabilities	Fixed	6.0%	6.0%	2,228	2,412	1,347	5,987	-	-	-	-
Finance lease liabilities	Fixed	6.5%	6.5%	556	604	487	1,647	-	-	-	-
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	3,105	1,042	-	4,147	3,146	2,097	1,045	6,288
Finance lease liabilities	Floating	8.2%	Libor+7.0%	8,528	7,534	3,447	19,509	8,480	9,143	10,872	28,495
Finance lease liabilities	Floating	9.3%	Libor+8.15%	640	463	125	1,228	598	598	797	1,993
Finance lease liabilities	Floating	9.1%	Libor+8.6%	3,324	3,094	1,334	7,752	3,299	3,442	4,523	11,264
Transaction costs				(17,415)	(2,936)	(3,185)	(23,536)	-	-	-	-
				601,642	174,018	416,630	1,192,290	374,066	216,800	389,364	980,230

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

				2010				2009			
(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	Less than one year	From one to two years	More than two years	Total	Less than one year	From one to two years	More than two years	Total
Loans from Ukrainian banks received in UAH	Fixed	10.0%	10.0%	20,104	-	-	20,104	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	11.5%	11.5%	12,432	-	-	12,432	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	12.0%	12.0%	2,010	-	-	2,010	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.5%	14.5%	40	31	-	71	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	14.7%	14.7%	449	-	-	449	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	249	-	-	249	216	-	-	216
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	8	-	-	8	410	-	-	410
Loans from Ukrainian banks received in UAH	Fixed	24.0%	24.0%	-	-	-	-	8,312	-	-	8,312
Loans from Ukrainian banks received in UAH	Fixed	25.0%	25.0%	164	-	-	164	9,394	-	-	9,394
Loans from Ukrainian banks received in UAH	Fixed	27.0%	27.0%	28	-	-	28	-	-	-	-
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	642	321	-	963	592	592	296	1,480
Loans from non-resident banks received in USD	Floating	2.0%	Libor+1.25%	1,544	1,544	772	3,860	1,427	1,427	2,140	4,994
Loans from non-resident banks received in USD	Floating	3.1%	Libor+2.3%	607	358	483	1,448	446	446	891	1,783
Loans from non-resident banks received in USD	Floating	3.3%	Libor+2.5%	1,444	1,444	3,610	6,498	-	-	-	-
Loans from non-resident banks received in USD	Floating	3.6%	Libor+2.8%	746	746	1,865	3,357	-	-	-	-
Loans from non-resident banks received in USD	Floating	4.3%	Libor+3.5%	2,510	2,510	6,275	11,295	2,320	2,320	8,120	12,760
Loans from non-resident banks received in USD	Floating	4.8%	Libor+4.0%	2,896	2,896	10,136	15,928	2,677	2,677	12,045	17,399
Loans from non-resident banks received in USD	Floating	6.3%	Libor+5.5%	3,765	3,765	7,530	15,060	1,740	3,480	8,700	13,920
Loans from non-resident banks received in USD	Floating	6.5%	Libor+6.0%	6,778	-	-	6,778	695	6,261	-	6,956
Loans from non-resident banks received in USD	Floating	8.3%	Libor+7.75%	-	-	-	-	2,437	-	-	2,437
Loans from non-resident banks received in EUR	Floating	6.8%	Euribor+5.5%	-	1,667	8,333	10,000	-	-	-	-
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	59	-	-	59	78	-	-	78
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	247	-	-	247	272	228	-	500
Finance lease liabilities	Fixed	6.0%	6.0%	210	228	127	565	-	-	-	-
Finance lease liabilities	Fixed	6.5%	6.5%	52	57	46	155	-	-	-	-
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	293	98	-	391	272	181	90	543
Finance lease liabilities	Floating	8.2%	Libor+7.0%	805	711	325	1,841	734	791	941	2,466
Finance lease liabilities	Floating	9.3%	Libor+8.15%	60	44	12	116	52	52	69	173
Finance lease liabilities	Floating	9.1%	Libor+8.6%	315	292	126	733	285	298	391	974
Transaction costs				(1,644)	(277)	(301)	(2,222)	-	-	-	-
				56,813	16,435	39,339	112,587	32,359	18,753	33,683	84,795

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Property, plant and equipment	484,225	427,428	45,725	36,975
Shares	468,702	979,825	44,259	84,760
Inventories	318,825	270,979	30,106	23,441
Rights of claim on future proceeds from sale contracts	295,227	-	27,878	-
Biological assets	35,080	72,287	3,313	6,253
Trade accounts receivable	31,595	26,941	2,983	2,331
Short-term deposits	10,978	-	1,037	-
	1,644,632	1,777,460	155,301	153,760

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 7.60% of Astarta Holding N.V. issued shares in equal parts.

18 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)	
	2010	2009	2010	2009
Advances received from customers	42,927	53,460	4,054	4,625
VAT settlements	39,263	28,035	3,708	2,425
Accrual for unused vacations	12,557	9,406	1,186	814
Interest payable	9,792	4,906	925	424
Settlements with land and fixed assets lessors	9,360	10,196	884	882
Salaries payable	7,258	11,277	685	976
Social insurance payable	3,554	4,714	336	408
Accounts payable to government	3,324	3,376	314	292
Settlements for acquired companies	1,850	1,530	175	132
Accounts payable for property, plant and equipment	1,097	752	104	65
Other payables	4,971	12,566	468	1,088
	135,953	140,218	12,839	12,131

19 ALLOWANCE FOR TRADE AND OTHER ACCOUNTS RECEIVABLE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Trade accounts receivable (note 10)	9,621	7,407	908	641
Other accounts receivable (note 11)	4,640	3,436	438	297
	14,261	10,843	1,346	938

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)*	
	2010	2009	2010	2009
Balance at 1 January	**10,843**	10,018	**938**	891
Charge in income statement (note 23)	**8,535**	2,695	**807**	237
Amounts written off	**(5,117)**	(1,870)	**(484)**	(164)
Currency translation difference	**-**	-	**85**	(26)
Balance as at 31 December	**14,261**	10,843	**1,346**	938

20 REVENUES

Revenues for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Sugar and related sales:				
Sugar	**1,563,233**	870,530	**147,265**	75,435
Molasses	**42,583**	44,814	**4,012**	3,879
Pulp	**23,915**	18,077	**2,253**	1,567
Other sugar related sales	**63,331**	21,741	**5,966**	1,882
	1,693,062	955,162	**159,496**	82,763
Crops	**429,360**	385,438	**40,448**	33,331
Cattle farming	**184,177**	103,680	**17,351**	8,977
Other sales	**21,604**	36,459	**2,035**	3,168
	635,141	525,577	**59,834**	45,476
	2,328,203	1,480,739	**219,330**	128,239

For the year ended 31 December 2010 there were no sales settled through barter transactions, which do not result in a net cash inflow from operations (2009: UAH 182 thousand, EUR 16 thousand). More than 90% of revenue is generated from sales to customers in Ukraine.

21 COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Sugar and related sales:				
Sugar	838,411	532,119	79,048	46,292
Molasses	23,629	24,988	2,228	2,176
Pulp	12,787	12,622	1,206	1,099
Other sugar related sales	54,380	21,224	5,127	1,848
	929,207	590,953	87,609	51,415
Crops	293,131	240,126	27,637	20,738
Cattle farming	121,538	88,842	11,459	7,696
Other sales	17,120	32,022	1,614	2,789
	431,789	360,990	40,710	31,223
	1,360,996	951,943	128,319	82,638

The Group's costs of finished goods and services include the following expenses:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Depreciation and amortization costs	125,937	80,169	11,897	7,054
Land lease expenses	84,891	64,127	8,022	39,208
Employee benefits expenses	248,829	108,692	23,515	9,561

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

The (loss) gain arising from remeasurement of agricultural produce to fair value represents the fair value of agricultural produce at the time of harvest.

The (loss) gain arising from remeasurement of agricultural produce for the year ended 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Valuation adjustment with respect to agricultural produce as at				
31 December	69,695	73,174	6,586	6,437
1 January	(73,174)	(93,992)	(6,437)	(8,268)
Currency translation difference	-	-	28	(410)
Gain (loss) arising from remeasurement of agricultural produce to fair value	(3,479)	(20,818)	177	(2,241)

23 OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Government subsidies relating to:				
Cattle farming	32,491	11,237	3,057	953
Crop production	18,454	2,813	1,736	239
Interest and financing costs	13	2,010	1	171
Other operating income	2,444	3,014	231	255
	53,402	19,074	5,025	1,618

24 GENERAL AND ADMINISTRATIVE EXPENSE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Salary and related charges	45,346	43,979	4,301	3,873
Professional services	12,608	8,872	1,196	781
Depreciation	9,254	11,158	878	983
Fuel and other materials	6,351	5,947	602	524
Rent	4,982	4,654	473	337
Insurance	2,912	2,407	276	212
Communication	2,801	2,821	266	248
Taxes other than corporate income tax	2,455	2,284	233	274
Office expenses	2,302	1,865	218	164
Maintenance	2,216	2,404	210	212
Transportation	884	826	84	73
Other services	2,976	2,872	282	253
Other general and administrative expense	2,623	2,039	248	180
	97,710	92,128	9,267	8,114

25 SELLING AND DISTRIBUTION EXPENSE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Transportation	30,730	32,255	2,927	2,825
Salary and related charges	17,164	9,885	1,635	866
Fuel and other materials	8,449	6,381	805	559
Allowance for trade accounts receivable	5,145	1,760	489	155
Storage and logistics	5,088	5,703	485	499
Professional services	3,588	1,753	342	154
Commissions	772	1,442	74	126
Depreciation	554	664	53	58
Advertising	235	359	22	31
Other services	2,148	1,513	205	133
Other selling and distribution expense	2,427	1,359	230	118
	76,300	63,074	7,267	5,524

26 OTHER OPERATING EXPENSE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Charity and social expenses	10,132	5,568	951	477
Penalties paid	7,777	2,924	731	250
Fixed assets written off	7,178	1,531	674	130
VAT written off	5,023	4,246	471	383
Inventory written off	4,921	6,229	465	548
Allowance for other accounts receivable	3,390	935	318	82
Other salary and related charges	2,245	1,764	211	150
Representative expenses	848	617	80	53
Depreciation	552	978	52	84
Canteen expenses	712	1,081	67	92
Fixed assets adjustment due to revaluation	-	17,659	-	1,528
Other operating expenses	2,021	1,646	189	141
	44,799	45,178	4,209	3,918

27 CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

Changes in fair value of biological assets represent increase (decrease) in the carrying value at the reporting date of livestock and crops as compared with the respective values at the beginning of the year. Increases (decreases) in fair value of biological assets for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Non-current livestock	**(6,900)**	80,681	**(732)**	7,896
Current livestock	**34,987**	30,097	**3,714**	2,946
Crops	**85,329**	24,118	**9,058**	2,428
	113,416	134,896	**12,040**	13,270

28 FINANCIAL (EXPENSE) INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Financial expense				
Interest expense:				
Bank loans	**(78,280)**	(82,905)	**(7,457)**	(7,108)
Finance lease liabilities	**(9,267)**	(10,331)	**(883)**	(886)
Interest-bearing vendor financing arrangements	**(531)**	(896)	**(51)**	(77)
Borrowings from non-financial institutions	**(90)**	(440)	**(9)**	(38)
Bonds payable	**-**	(1,068)	**-**	(92)
	(88,168)	(95,640)	**(8,400)**	(8,201)
Net profit attributable to non-controlling interests of limited liability company subsidiaries	**(23,316)**	(14,426)	**(2,221)**	(1,238)
(Loss) gain from promissory note transactions	**(9,158)**	1,403	**(873)**	120
Foreign currency exchange income (loss)	**(2,403)**	(25,219)	**(229)**	(2,163)
Other financial expense	**(5,016)**	(3,427)	**(478)**	(295)
	(39,893)	(41,669)	**(3,801)**	(3,576)
	(128,061)	(137,309)	**(12,201)**	(11,777)
Financial income				
Interest income:				
Short-term deposits	**500**	2,334	**47**	200
Cash balances	**371**	263	**36**	23
	871	2,597	**83**	223

29 OTHER INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Sales of non-current assets	**147**	2,380	**14**	209
Cost of non-current assets sold	**(5,126)**	(2,241)	**(485)**	(197)
Written off assets recovered	**3,299**	2,289	**325**	194
Other non-operational (one off) income	**3,891**	4,102	**364**	358
	2,211	6,530	**218**	564

30 INCOME TAX BENEFIT/(EXPENSE)

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Current (expense) income	**(2,686)**	155	**(194)**	12
Deferred benefit (expense)	**8,422**	(5,577)	**609**	(437)
	5,736	(5,422)	**415**	(425)

13 subsidiaries elected to pay FAT in lieu of other taxes in 2010 (2009: 13 companies). Amount of FAT expense in 2010 was UAH 1,043 thousand or EUR 99 thousand (2009: UAH 885 thousand, EUR 78 thousand) and is included in cost of revenues.

The remaining companies are subject to the Ukrainian corporate income tax at a 25% rate (2009: 25%) and a Dutch corporate income tax rate of 25.5%.

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

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

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

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

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

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2009			
Profit before tax	4,762	330,577	335,339
Income tax expense at statutory rate of 25%	1,190	-	1,190
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	1,099	-	1,099
Non-deductible items at a rate of 25%	4,587	-	4,587
Non-taxable items at a rate of 25%	(1,454)	-	(1,454)
Income tax expense	5,422	-	5,422

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2009			
Profit before tax	425	29,449	29,874
Income tax expense at statutory rate of 25%	106	-	106
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	97	-	97
Non-deductible items at a rate of 25%	403	-	403
Currency translation difference	(53)	-	(53)
Non-taxable items at a rate of 25%	(128)	-	(128)
Income tax benefit	425	-	425

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Non-deductible items:				
Insurance	2,628	-	247	-
Foreign currency exchange differences	2,108	3,240	199	285
Materials used in non-production activities	1,525	111	144	10
Representative expenses, social expenses, consulting services	1,392	741	132	65
VAT written off	445	83	42	7
Rent	375	-	36	-
Bad debts written off	233	110	22	10
Penalties	217	197	21	17
Imputed interests on financial aid	70	78	7	7
50% expenses on fuel and lubricants for motor cars	64	66	6	6
Expenses without supporting documents	-	10	-	1
Other non-deductible items	(810)	(49)	(77)	(5)
	8,247	4,587	779	403
Non-taxable items:				
Foreign currency exchange differences	(1,964)	(1,454)	(186)	(128)
	(1,964)	(1,454)	(186)	(128)

Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the Company's net loss of UAH 582 thousand or EUR 55 thousand (2009: UAH 1,099 thousand, EUR 97 thousand). No deferred tax asset has been recognized due to insufficient future taxable income of the Company. Movements in temporary differences during the years ended 31 December are as follows:

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

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

(in thousands of Ukrainian hryvnias)	1 January 2009	Recognized in equity	Recognized in income statement	31 December 2009
Deferred tax assets				
Tax loss recoverable	37,192	-	(23,634)	13,558
Inventories	2,354	-	8,149	10,503
Trade and other accounts receivable and prepayments	6,805	-	(4,682)	2,123
Trade and other accounts payable	45,431	-	38,028	83,459
Set off of tax	(87,506)	-	(10,378)	(97,884)
	4,276	-	7,483	11,759
Deferred tax liabilities				
Property, plant and equipment	(53,233)	(52,893)	(3,759)	(109,885)
Intangible assets	(2,198)	-	1,880	(318)
Investments	(3,993)	-	(479)	(4,472)
Inventories	(10,646)	-	9,100	(1,546)
Biological assets	(514)	-	514	-
Trade and other accounts receivable and prepayments	(1,204)	-	(190)	(1,394)
Loans and borrowings	(36,376)	-	(30,050)	(66,426)
Trade and other accounts payable	-	-	(454)	(454)
Set off of tax	87,506	-	10,378	97,884
	(20,658)	(52,893)	(13,060)	(86,611)

(in thousands of Euros)	1 January 2009	Recognized in equity	Recognized in income statement	Currency translation difference	31 December 2009
Deferred tax assets					
Tax loss recoverable	3,306	-	(1,853)	(280)	1,173
Inventories	209	-	639	61	909
Trade and other accounts receivable and prepayments	605	-	(367)	(54)	184
Trade and other accounts payable	4,038	-	2,981	201	7,220
Set off of tax	(7,778)	-	(813)	122	(8,469)
	380	-	587	50	1,017
Deferred tax liabilities					
Property, plant and equipment	(4,732)	(4,575)	(295)	96	(9,506)
Intangible assets	(195)	-	147	20	(28)
Investments	(355)	-	(38)	6	(387)
Inventories	(946)	-	713	99	(134)
Biological assets	(46)	-	40	6	-
Trade and other accounts receivable and prepayments	(107)	-	(15)	1	(121)
Loans and borrowings	(3,233)	-	(2,353)	(160)	(5,746)
Trade and other accounts payable	-	-	(36)	(3)	(39)
Set off of tax	7,778	-	813	(122)	8,469
	(1,836)	(4,575)	(1,024)	(57)	(7,492)

Tax losses recoverable were recognized as management considers it probable that future taxable profits will be available against which they can be utilized. Tax losses recoverable expire in the fourth quarter of 2013

Unrecognized deferred tax liability

A temporary difference of UAH 2,122,323 thousand or EUR 200,408 thousand (2009: UAH 1,041,486 thousand; EUR 90,094 thousand) relating to investments in subsidiaries has not been recognized as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

For the disclosure of the Company's income tax refer to the Company financial statements note 30.

31 SEGMENT REPORTING

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

At 31 December 2010 and 2009, the group is organized into three main business segments:

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

Other group operations mainly comprise the production and sales of canned goods, 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.

Revenues of UAH 545,099 thousand or EUR 51,351 thousand in the year ended 31 December 2010 (2009: UAH 323,702 thousand, EUR 28,121 thousand) are derived from two customers and are attributable to the sugar production segment.

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

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

(in thousands of Ukrainian hryvnias)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	1,693,062	1,004,902	184,177	21,604	-	2,903,745
Inter-segment revenues	-	575,542	-	-	-	575,542
Revenues from external customers	1,693,062	429,360	184,177	21,604	-	2,328,203
Total cost of revenues	(929,207)	(868,673)	(121,538)	(17,120)	-	(1,936,538)
Inter-segment cost of revenues	-	(575,542)	-	-	-	(575,542)
Cost of revenues	(929,207)	(293,131)	(121,538)	(17,120)	-	(1,360,996)
Gain from remeasurement of agricultural produce to fair value	-	(3,479)	-	-	-	(3,479)
Gross profit	763,855	132,750	62,639	4,484	-	963,728
General and administrative expense	(55,807)	(13,572)	(3,751)	(4,546)	(20,034)	(97,710)
Selling and distribution expense	(51,191)	(15,955)	(1,784)	(220)	(7,150)	(76,300)
Other operating income (expense)	(6,736)	99,251	59,571	181	(30,248)	122,019
Profit (loss) from operations	650,121	202,474	116,675	(101)	(57,432)	911,737
Loss from exchange differences	-	-	-	-	(2,403)	(2,403)
Interest expense	(21,515)	(14,096)	-	-	(52,557)	(88,168)
Interest income	-	-	-	-	871	871
Other expense	-	-	-	-	(35,279)	(35,279)
Gain on acquisition of subsidiaries	-	-	-	-	42,294	42,294
Profit (loss) before tax	628,606	188,378	116,675	(101)	(104,506)	829,052
Taxation	-	-	-	-	45,497	45,497
Net profit (loss)	628,606	188,378	116,675	(101)	(59,009)	874,549
Total assets	1,368,268	1,597,675	501,448	62,355	200,971	3,730,717
Unallocated deferred tax	-	-	-	-	3,762	3,762
Consolidated total assets	1,368,268	1,597,675	501,448	62,355	204,733	3,734,479
Total liabilities	423,680	284,887	2,445	509	758,720	1,470,241
Unallocated deferred tax	-	-	-	-	50,311	50,311
Consolidated total liabilities	423,680	284,887	2,445	509	809,031	1,520,552
Other segment information:						
Depreciation and amortisation	41,266	89,280	4,463	1,558	3,084	139,651
Additions to non-current assets:						
Property, plant and equipment	140,496	211,362	38,770	200	11,196	402,024
Intangible assets	-	23,824	-	-	493	24,317
Biological non-current assets	-	-	8,022	-	-	8,022

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

(in thousands of Euros)	Sugar and sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	159,496	94,667	17,351	2,035	-	273,549
Inter-segment revenues	-	54,219	-	-	-	54,219
Revenues from external customers	159,496	40,448	17,351	2,035	-	219,330
Total cost of revenues	(87,609)	(81,856)	(11,459)	(1,614)	-	(182,538)
Inter-segment cost of revenues	-	(54,219)	-	-	-	(54,219)
Cost of revenues	(87,609)	(27,637)	(11,459)	(1,614)	-	(128,319)
Gain from remeasurement of agricultural produce to fair value	-	177	-	-	-	177
Gross profit	71,887	12,988	5,892	421	-	91,188
General and administrative expense	(5,293)	(1,287)	(356)	(431)	(1,900)	(9,267)
Selling and distribution expense	(4,876)	(1,520)	(170)	(21)	(680)	(7,267)
Other operating income (expense)	(632)	10,205	6,102	19	(2,838)	12,856
Profit (loss) from operations	61,086	20,386	11,468	(12)	(5,418)	87,510
Loss from exchange differences	-	-	-	-	(229)	(229)
Interest expense	(2,050)	(1,343)	-	-	(5,007)	(8,400)
Interest income	-	-	-	-	83	83
Other expense	-	-	-	-	(3,354)	(3,354)
Gain on acquisition of subsidiaries	-	-	-	-	4,016	4,016
Profit (loss) before tax	59,036	19,043	11,468	(12)	(9,909)	79,626
Taxation	-	-	-	-	4,076	4,076
Net profit (loss)	59,036	19,043	11,468	(12)	(5,833)	83,702
Total assets	129,204	150,866	47,351	5,888	18,975	352,284
Unallocated deferred tax	-	-	-	-	355	355
Consolidated total assets	129,204	150,866	47,351	5,888	19,330	352,639
Total liabilities	40,008	26,902	231	48	71,645	138,834
Unallocated deferred tax	-	-	-	-	4,751	4,751
Consolidated total liabilities	40,008	26,902	231	48	76,396	143,585
Other segment information:						
Depreciation and amortisation	3,900	8,437	422	147	292	13,198
Additions to non-current assets:						
Property, plant and equipment	13,277	19,991	3,664	19	1,058	38,009
Intangible assets	-	2,261	-	-	47	2,308
Biological non-current assets	-	-	761	-	-	761

The segment information for the year ended 31 December 2009 is as follows:

(in thousands of Ukrainian hryvnias)	Sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	955,162	868,233	103,680	36,459	-	1,963,534
Inter-segment revenues	-	482,795	-	-	-	482,795
Revenues from external customers	955,162	385,438	103,680	36,459	-	1,480,739
Total cost of revenues	(590,953)	(722,921)	(88,842)	(32,022)	-	(1,434,738)
Inter-segment cost of revenues	-	(482,795)	-	-	-	(482,795)
Cost of revenues	(590,953)	(240,126)	(88,842)	(32,022)	-	(951,943)
Loss from remeasurement of agricultural produce to fair value	-	(20,818)	-	-	-	(20,818)
Gross profit	364,209	124,494	14,838	4,437	-	507,978
General and administrative expense	(32,772)	(26,391)	(5,818)	(3,691)	(23,456)	(92,128)
Selling and distribution expense	(36,139)	(18,688)	(2,220)	(3,666)	(2,361)	(63,074)
Other operating income (expense)	(15,756)	22,200	118,372	2,093	(18,117)	108,792
Profit (loss) from operations	279,542	101,615	125,172	(827)	(43,934)	461,568
Loss from exchange differences	-	-	-	-	(25,219)	(25,219)
Interest expense	(11,391)	(14,009)	-	-	(70,240)	(95,640)
Interest income	-	-	-	-	2,597	2,597
Other expense	-	-	-	-	(9,920)	(9,920)
Gain on acquisition of subsidiaries	-	-	-	-	1,953	1,953
Profit (loss) before tax	268,151	87,606	125,172	(827)	(144,763)	335,339
Taxation	-	-	-	-	(5,422)	(5,422)
Net profit (loss)	268,151	87,606	125,172	(827)	(150,185)	329,917
Total assets	978,157	1,075,621	404,214	64,314	141,107	2,663,413
Unallocated deferred tax	-	-	-	-	11,759	11,759
Consolidated total assets	978,157	1,075,621	404,214	64,314	152,866	2,675,172
Total liabilities	364,621	194,169	4,703	1,209	653,864	1,218,566
Unallocated deferred tax	-	-	-	-	86,611	86,611
Consolidated total liabilities	364,621	194,169	4,703	1,209	740,475	1,305,177
Other segment information:						
Depreciation and amortisation	31,216	55,825	2,193	1,541	2,194	92,969
Additions to non-current assets:						
Property, plant and equipment	41,634	53,593	19,826	36	1,958	117,047
Intangible assets	101	3,942	-	-	101	4,144
Biological non-current assets	-	-	2,192	-	-	2,192
Property, plant and equipment impairment loss	12,649	4,460	520	30	-	17,659

The segment information for the year ended 31 December 2009 is as follows (continued):

(in thousands of Euros)	Sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	82,763	75,282	8,977	3,168	-	170,190
Inter-segment revenues	-	41,951	-	-	-	41,951
Revenues from external customers	82,763	33,331	8,977	3,168	-	128,239
Total cost of revenues	(51,415)	(62,689)	(7,696)	(2,789)	-	(124,589)
Inter-segment cost of revenues	-	(41,951)	-	-	-	(41,951)
Cost of revenues	(51,415)	(20,738)	(7,696)	(2,789)	-	(82,638)
Loss from remeasurement of agricultural produce to fair value	-	(2,241)	-	-	-	(2,241)
Gross profit	31,348	10,352	1,281	379	-	43,360
General and administrative expense	(2,886)	(2,324)	(512)	(325)	(2,067)	(8,114)
Selling and distribution expense	(3,165)	(1,637)	(194)	(321)	(207)	(5,524)
Other operating income (expense)	(1,350)	2,643	11,036	194	(1,553)	10,970
Profit (loss) from operations	23,947	9,034	11,611	(73)	(3,827)	40,692
Loss from exchange differences	-	-	-	-	(2,163)	(2,163)
Interest expense	(977)	(1,201)	-	-	(6,023)	(8,201)
Interest income	-	-	-	-	223	223
Other expense	-	-	-	-	(849)	(849)
Gain on acquisition of subsidiaries	-	-	-	-	172	172
Profit (loss) before tax	22,970	7,833	11,611	(73)	(12,467)	29,874
Taxation	-	-	-	-	(425)	(425)
Net profit (loss)	22,970	7,833	11,611	(73)	(12,892)	29,449
Total assets	84,616	93,047	34,967	5,563	12,204	230,397
Unallocated deferred tax	-	-	-	-	1,017	1,017
Consolidated total assets	84,616	93,047	34,967	5,563	13,221	231,414
Total liabilities	31,542	16,797	407	105	56,563	105,414
Unallocated deferred tax	-	-	-	-	7,492	7,492
Consolidated total liabilities	31,542	16,797	407	105	64,055	112,906
Other segment information:						
Depreciation and amortisation	2,746	4,911	193	136	192	8,178
Additions to non-current assets:						
Property, plant and equipment	3,662	4,714	1,744	3	173	10,296
Intangible assets	9	345	-	-	9	363
Biological non-current assets	-	-	193	-	-	193
Property, plant and equipment impairment loss	1,094	386	45	3	-	1,528

32 FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2010			
Financial assets as per balance sheet			
Other long-term receivables	53	-	53
Financial instruments available-for-sale	-	14,295	14,295
Trade accounts receivable	132,375	-	132,375
Other accounts receivable	21,011	-	21,011
Promissory notes available-for-sale	-	2,714	2,714
Short-term deposits	10,978	-	10,978
Cash and cash equivalents	11,872	-	11,872
	176,289	17,009	193,298

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	1,192,290
Trade accounts payable	59,518
Non-controlling interests relating to limited liability companies	66,785
Other long-term liabilities	14,072
Other liabilities and accounts payable	93,026
	1,425,691

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2010			
Financial assets as per balance sheet			
Other long-term receivables	5	-	5
Financial instruments available-for-sale	-	1,350	1,350
Trade accounts receivable	12,500	-	12,500
Other accounts receivable	1,984	-	1,984
Promissory notes available-for-sale	-	256	256
Short-term deposits	1,037	-	1,037
Cash and cash equivalents	1,121	-	1,121
	16,647	1,606	18,253

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	112,587
Trade accounts payable	5,620
Non-controlling interests relating to limited liability companies	6,306
Other long-term liabilities	1,329
Other liabilities and accounts payable	8,785
	134,627

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

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2009			
Financial assets as per balance sheet			
Other long-term receivables	60	-	60
Financial instruments available-for-sale	-	846	846
Trade accounts receivable	89,526	-	89,526
Other accounts receivable	16,011	-	16,011
Promissory notes available-for-sale	-	4	4
Cash and cash equivalents	22,313	-	22,313
	127,910	850	128,760

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	980,230
Trade accounts payable	45,455
Non-controlling interests relating to limited liability companies	40,245
Promissory notes issued	2,400
Other long-term liabilities	10,018
Other liabilities and accounts payable	86,758
	1,165,106

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2009			
Financial assets as per balance sheet			
Other long-term receivables	5	-	5
Financial instruments available-for-sale	-	73	73
Trade accounts receivable	7,744	-	7,744
Other accounts receivable	1,385	-	1,385
Cash and cash equivalents	1,930	-	1,930
	11,064	73	11,137

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	84,795
Trade accounts payable	3,932
Non-controlling interests relating to limited liability companies	3,481
Promissory notes issued	208
Other long-term liabilities	867
Other liabilities and accounts payable	7,506
	100,789

Credit quality of financial assets

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Fitch Ratings)				
A+/Stable	4,041	-	382	-
BBB-/Stable	5,883	-	556	-
Counterparties with external credit rating (Standard & Poor's)				
A/Negative/A-1	-	2,508	-	217
Counterparties without external credit rating				
Group A	59,632	22,208	5,631	1,921
Past due trade receivables	62,819	64,810	5,931	5,606
	132,375	89,526	12,500	7,744

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

In the year ended 31 December 2010 approximately 23% of revenues (2009: 24%) are derived from two customers. Receivables from corresponding customers as at 31 December 2010 equal UAH 54,487 thousand or EUR 5,145 thousand (2009: UAH 24,275 thousand, EUR 2,100 thousand).

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

(in thousands of Ukrainian hryvnias)	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	69,556	-	24,716	-
Past due 1-30 days	22,614	-	31,782	-
Past due 31-120 days	21,303	(401)	24,188	(487)
Past due 121-365 days	20,245	(1,687)	8,717	(1,923)
More than one year	8,278	(7,533)	7,530	(4,997)
	141,996	(9,621)	96,933	(7,407)

(in thousands of Euros)	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	6,568	-	2,138	-
Past due 1-30 days	2,135	-	2,749	-
Past due 31-120 days	2,012	(38)	2,092	(42)
Past due 121-365 days	1,912	(159)	754	(166)
More than one year	781	(711)	652	(433)
	13,408	(908)	8,385	(641)

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
Aa1/Stable	1,008	-	95	-
Aa2/Stable	607	-	57	-
Aa3/Stable	56	-	5	-
A2/Stable	-	10,535	-	911
Baa1Negative	154	-	15	-
Ba1/Stable	7,212	-	681	-
Ba3/Stable	1,029	-	97	-
B3/Stable	-	11,014	-	952
B3/Negative	-	427	-	37
Caa2/Negative	-	49	-	4
Banks without external credit rating:				
Group A	94	114	9	10
Group B	275	122	26	11
Cash in transit	1,328	-	125	-
Cash on hand	109	52	11	5
	11,872	22,313	1,121	1,930

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.

33 FINANCIAL RISK MANAGEMENT

(a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

(b) Credit risk

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Financial instruments available-for-sale	**14,295**	846	**1,350**	73
Trade accounts receivable	**132,375**	89,526	**12,500**	7,744
Other accounts receivable	**21,011**	16,011	**1,984**	1,385
Promissory notes available-for-sale	**2,714**	4	**256**	-
Short-term deposits	**10,978**	-	**1,037**	-
Cash and cash equivalents	**11,872**	22,313	**1,121**	1,930
	193,245	128,700	**18,248**	11,132

(c) Trade accounts receivable

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

Approximately 23% of revenues (2009: 24%) are derived from two customers.

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

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 balance of the twelve major debtors as at 31 December is as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Debtors with external credit rating (Fitch Ratings)				
A+/Stable	**8,871**	-	**838**	-
BBB-/Stable	**6,953**	-	**657**	-
Debtors with external credit rating (Standard & Poor's)				
A+/Negative/A-1	-	7,838	-	678
Debtors without external credit rating				
Group A	**79,945**	43,829	**7,549**	3,791
Group B	-	6,424	-	556
	95,769	58,091	**9,044**	5,025

Group A represents existing customers (more than one year) for whom there is no recent history of defaults. Group B represents new customers (less than one year) for whom there is no recent history of defaults. The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss on allowances is determined based on historical data of payment statistics for similar financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2010 no guarantees are outstanding (2009: none). For loan security refer to note 17.

(d) Liquidity risk

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

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

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

31 December 2010 *(in thousands of Ukrainian hryvnias)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	1,172,322	1,172,322	597,442	161,805	413,075
Borrowings from non-financial institutions	620	620	620	-	-
Finance lease liabilities	40,270	40,270	18,381	15,149	6,740
Interest-bearing vendor financing arrangements	2,614	2,614	2,614	-	-
Interest payable	9,792	208,996	74,555	39,884	94,557
Trade and other accounts payable	142,752	142,752	142,752	-	-
	1,368,370	1,567,574	836,364	216,838	514,372

31 December 2010 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	110,702	110,702	56,416	15,282	39,004
Borrowings from non-financial institutions	59	59	59	-	-
Finance lease liabilities	3,801	3,801	1,735	1,430	636
Interest-bearing vendor financing arrangements	247	247	247	-	-
Interest payable	925	19,735	7,040	3,766	8,929
Trade and other accounts payable	13,480	13,480	13,480	-	-
	129,214	148,024	78,977	20,478	48,569

31 December 2009 *(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	925,513	925,513	354,503	198,883	372,127
Borrowings from non-financial institutions	899	899	899	-	-
Finance lease liabilities	48,040	48,040	15,523	15,280	17,237
Interest-bearing vendor financing arrangements	5,778	5,778	3,141	2,637	-
Interest payable	4,906	177,094	59,616	30,329	87,149
Trade and other accounts payable	127,307	127,307	127,307	-	-
	1,112,443	1,284,631	560,989	247,129	476,513

31 December 2009 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	80,061	80,061	30,666	17,203	32,192
Borrowings from non-financial institutions	78	78	78	-	-
Finance lease liabilities	4,156	4,156	1,343	1,322	1,491
Interest-bearing vendor financing arrangements	500	500	272	228	-
Interest payable	424	15,320	5,157	2,624	7,539
Trade and other accounts payable	11,014	11,014	11,014	-	-
	96,233	111,129	48,530	21,377	41,222

(e) Market risk

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

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Ukrainian hryvnia. The currencies in which these transactions primarily are denominated are U.S. dollars and the EUR. 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)	2010		2009	
	EUR	USD	EUR	USD
Trade accounts receivable	-	3,038	-	598
Other accounts receivable	856	759	4,611	-
Short-term deposits	-	4,777	-	-
Cash and cash equivalents	306	3,008	122	17,151
Bank loans	(105,900)	(690,342)	-	(713,576)
Interest-bearing vendor financing arrangements	-	(2,614)	-	(5,778)
Trade accounts payable	(973)	(513)	(2,236)	(6,361)
Other liabilities and accounts payable	(2,751)	(21,647)	(516)	(25,891)
Net exposure	(108,462)	(703,534)	1,981	(733,857)

(in thousands of Euros)	2010		2009	
	EUR	USD	EUR	USD
Trade accounts receivable	-	287	-	52
Other accounts receivable	81	72	399	-
Short-term deposits	-	451	-	-
Cash and cash equivalents	29	284	11	1,484
Bank loans	(10,000)	(65,187)	-	(61,729)
Interest-bearing vendor financing arrangements	-	(247)	-	(500)
Trade accounts payable	(92)	(48)	(193)	(550)
Other liabilities and accounts payable	(260)	(2,044)	(45)	(2,240)
Net exposure	(10,242)	(66,432)	172	(63,483)

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

	(Effect in thousands of Ukrainian hryvnias)		*(Effect in thousands of Euros)*	
	2010	2009	2010	2009
pre-tax profit				
EUR	(10,846)	198	(1,024)	17
USD	(70,353)	(73,386)	(6,643)	(6,348)
equity				
EUR	(8,126)	254	(767)	22
USD	(61,388)	(62,198)	(5,797)	(5,380)

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

Interest rate risk

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	2010	2009
Fixed rate instruments				
Financial liabilities	(401,280)	(242,027)	(37,893)	(20,937)
Variable rate instruments				
Financial liabilities	(791,010)	(738,203)	(74,694)	(63,858)

The tendency of few recent years shows that the floating interest rates were cheaper than the fixed ones. 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.

With respect to variable rate instruments, a change of 100 basis points in interest rates over the reporting period would have increased (decreased) net profit by UAH 7,174 thousand or EUR 717 thousand (2009: UAH 6,972 thousand or EUR 613 thousand) provided all other variables are held constant.

Other market price risk

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

(f) Fair values of financial instruments

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 2010 and 2009, 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.

34 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 2010 are UAH 84,891 and or EUR 8,022 thousand (2009: UAH 64,127 thousand or EUR 5,641 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)*	
	2010	2009	2010	2009
Less than one year	**72,063**	60,406	**6,805**	5,225
From one to five years	**156,259**	133,926	**14,755**	11,585
More than five years	**103,786**	38,733	**9,800**	3,351
	332,108	233,065	**31,360**	20,161

(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)*	
	2010	2009	**2010**	2009
Minimal lease payments:				
Less than one year	**17,532**	15,718	**1,656**	1,360
From one to two years	**13,758**	14,596	**1,299**	1,263
More than two years	**5,886**	15,526	**556**	1,343
	37,176	45,840	**3,511**	3,966
Future finance charges on finance leases	**(3,617)**	(5,807)	**(343)**	(503)
Present value of minimal lease payments	**33,559**	40,033	**3,168**	3,463
Less than one year	**15,318**	12,936	**1,446**	1,119
From one to two years	**12,625**	12,733	**1,192**	1,101
More than two years	**5,616**	14,364	**530**	1,243
	33,559	40,033	**3,168**	3,463

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	2009	**2010**	2009
Long-term finance lease liabilities:				
Present value of minimal lease payments	**18,241**	27,098	**1,722**	2,344
VAT liability under finance lease	**3,648**	5,419	**344**	469
	21,889	32,517	**2,066**	2,813
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**15,318**	12,936	**1,446**	1,119
VAT liability under finance lease	**3,063**	2,587	**289**	224
	18,381	15,523	**1,735**	1,343
	40,270	48,040	**3,801**	4,156

(d) Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Purchase commitments:				
Fixed assets	15,275	6,298	1,442	545
Materials	7,399	-	699	-
	22,674	6,298	2,141	545
Sales commitments:				
Sugar and by-products	45,650	10,798	4,311	934
Agricultural produce	4,787	35,677	452	3,086
	50,437	46,475	4,763	4,020

35 CONTINGENCIES

(a) Insurance

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

(b) Litigation

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

Dispute with Antimonopoly Committee

As at 31 December 2010 the Group failed in a suit with the Antimonopoly Committee of Ukraine and will pay out UAH 4,420 thousand by April 2013. The Group recognized provision in the amount of the present value of the liability that is UAH 3,266 thousand.

Dispute with State Price Inspection

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

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

(c) Taxation contingencies

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

One of the Group's subsidiary was involved in litigation with tax authorities. The amount of litigation's expouser was UAH 113,000 thousand. On 17 December 2010 the Supreme Administrative Court of Ukraine ruled in favor of the Group.

36 RELATED PARTY TRANSACTIONS

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

Balances and transactions with related parties, wich are with companies under significant influence of the Group and the associate are shown at their carrying value and are as follows:

(a) Revenues

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Revenues:				
Agriculture produce	**12,603**	11,371	**1,191**	1,000
Sugar and by products	**73**	2,656	**7**	233
	12,676	14,027	**1,198**	1,233
Associate:				
Consumables: grains other agri production	**1,793**	697	**169**	61
Other	**178**	386	**17**	34
	1,971	1,083	**186**	95
	14,647	15,110	**1,384**	1,328

(b) Purchases

Purchases for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Purchases:				
Services	**331**	157	**31**	14
Sugar and by products	-	2,208	-	194
Fixed assets	-	1,047	-	92
Agriculture produce	-	793	-	70
	331	4,204	**55**	370
Associate:				
Agriculture produce	**4,718**	7,494	**446**	659
	5,049	11,698	**501**	1,029

(c) Receivables

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Trade accounts receivable	**5,046**	6,227	**476**	539
Other receivables	**1,679**	216	**159**	19
	6,725	6,443	**635**	558
Associate:				
Trade accounts receivable	**895**	384	**85**	33
	7,620	6,827	**720**	591

There is no contractual maturity for the receivables from related parties. Balances are unsecured. No allowance for doubtful debts is created on these balances as at 31 December 2010 and 2009.

(d) Payables

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Advances received	**10,408**	17,600	**983**	1,522
Other payables	**660**	147	**62**	13
	11,068	17,747	**1,045**	1,535
Associate:				
Trade accounts payable	**2,262**	5,477	**214**	474
	13,330	23,224	**1,259**	2,009

(e) Financial services

Financial services provided by related parties are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2010	2009	2010	2009
Financial services	**6,387**	-	**604**	-

(g) Management remuneration

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2010	**2009**	**2010**	**2009**
Salary and short term benefits	**10,656**	2,064	**1,007**	182

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

37 EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The following events occurred subsequent to the reporting date :

Loan Portfolio

On February 2011, The Hellenic Bank Public Company Ltd has signed loan agreements with LLC Firm "Astarta-Kyiv". Short-term financing of up to USD 20,000 thousand and long-term financing of up to USD 30,000 thousand will be provided for loan portfolio restructuring and/or working capital financing.

On 15 February 2011, The Landesbank Baden-Wurttemberg has signed a long-term loan agreement with "Ancor Investments Ltd". The financing of up to EUR 8,600 thousand will be used for purchasing agricultural equipment.

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

On January 2011, the Chief Executive Officer Mr.Viktor Ivanchyk delivered and the Non Executive Director Mr. Valery Korotkov received 800 thousand shares that correspond to 3.2% of the Company's share capital. As a result of the abovementioned transaction, Mr. Viktor Ivanchyk holds 36.99% and Mr.Valery Korotkov holds 31.99% of the Company's share capital.

On 10 March 2011, Mr.Valery Korotkov sold 1,500 thousand shares. After this transaction, the total free float of the Company's shares increased from 31.02% to 37.02%.

Acquisitions

Subsequent to 31 December 2010 the Group acquired the following agricultural companies 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 "Tarasivske"	Ukraine	Agricultural	04.02.2011	97.98%	2,875	271
LLC "Nika"	Ukraine	Agricultural	11.02.2011	99.98%	974	92
LLC "Zhytnicya Podillya"	Ukraine	Agricultural	21.02.2011	74.99%	15	1
PC "Valmer"	Ukraine	Agricultural	25.02.2011	99.98%	5,332	503
LLC "Zdobytok"	Ukraine	Agricultural	31.03.2011	99.98%	19,383	1,830
LLC "Chervona Zirka"	Ukraine	Agricultural	31.03.2011	99.98%	3,490	330
LLC "Niva"	Ukraine	Agricultural	04.04.2011	99.98%	1,900	179

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

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

The disclosure of amount of the acquiree's profit or loss recognised since the acquisition was not available as at the time these financial statements as at and for the year ended 31 December 2010 are made public (26 April 2011), because assessment of the fair value of the acquired assets and liabilities was not complete.

Subsequent to the statement of financial position date, the Group disposed LLC "Astarta-trade" for UAH 665 thousand (EUR 63 thousand) and established two subsidiaries LLC "Astarta-Selekciya" and LLC "Agro-Tradex" with the authorised share capital amounting to UAH 10 thousand (EUR 1 thousand) each.

26 April 2011,

Amsterdam, The Netherlands

The Board of Directors of ASTARTA Holding N.V.

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

ASTARTA HOLDING N.V.

COMPANY FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

These company financial statements contain 10 pages

CONTENT

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(before appropriation of the result)

(in thousands of Euros)		2010	2009
Assets			
Non-current assets			
Investments in subsidiaries	3	210,942	120,234
Other long-term assets		98	110
Loan receivable from subsidiary	4	15,506	16,799
		226,546	137,143
Current assets			
Cash and cash equivalents		14	7
Other accounts receivable		23	27
		37	34
Total assets		226,583	137,177
Shareholders' equity and liabilities			
Share capital	5	250	250
Additional paid-in capital		55,638	55,691
Retained earnings		61,124	26,230
Fair value reserve		-	-
Revaluation surplus		46,969	50,309
Currency translation adjustment		(35,092)	(43,507)
Unallocated result for the year		80,053	29,460
Total equity		208,942	118,433
Non-current liabilities			
Loans and borrowings	6	13,032	14,722
Current liabilities			
Current portion of long-term loans and borrowings	6	2,896	2,677
Other liabilities and accounts payable	7	1,713	1,345
		4,609	4,022
Total equity and liabilities		226,583	137,177

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 146 to 150.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		2010	2009
Net income from subsidiaries and associated companies		80,269	29,839
Other net expense, after taxation	*8*	(216)	(379)
Net income (loss) after taxation		80,053	29,460

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 146 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 EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please, see pages 16 to 30 for a description of these principles.

Basis of recognition of participations in subsidiaries

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

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

3 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2010 and 2009 the Company owns 100% of the shares of Ancor Investments Ltd. These shares were acquired in July 2006 in return for a contribution-in-kind transaction.

(in thousands of Euros)	2010	2009
Balance as at 1 January	120,234	57,940
Net income	80,269	29,295
(Decrease) increase in reserves	2,024	33,695
Translation differences	8,415	(696)
Balance as at 31 December	210,942	120,234

4 LOAN TO SUBSIDIARY

In 2008 the company entered into a loan agreement with its subsidiary Ancor Investments Limited for a total amount of USD 23.9 million. As at 31 December 2010 the Company's loan to subsidiary is USD 20.3 million (EUR 15.5 million) (2009: USD 23.9 million, EUR 16.8 million). The maturity date is on 31 October 2015, together with accrued and unpaid interest. Interest rate on loan is LIBOR plus 5.5%.

5 EQUITY

The authorized share capital as at 31 December 2010 and 2009 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 2010 25,000,000 shares are issued and fully paid up. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total number of shares held by executive and non-executive Board members, and third parties is specified below:

(in thousands of Euros)	2010		2009	
	Amount	**%**	**Amount**	**%**
Astarta Holding N.V.				
Ivanchyk V.P.	**100**	**40.19%**	101	40.19%
Korotkov V.M.	**72**	**28.79%**	88	35.19%
Aviva Investors Poland SA	**12**	**5.00%**	-	-
Other shareholders	**66**	**26.02%**	61	24.62%
	250	**100.00%**	250	100.00%

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 7.60% of Astarta Holding NV issued shares in equal parts.

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

6 LOANS AND BORROWINGS

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

				2010				2009			
(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	Less than one year	From one to two years	More than two years	Total	Less than one year	From one to two years	More than two years	Total
Loans in USD	Floating	4.8%	Libor+4.0%	**2,896**	**2,896**	**10,136**	**15,928**	2,677	2,677	12,045	17,399

7 OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	2010	2009
Payables to subsidiaries	**1,625**	1,260
Interest payable	**34**	41
Other payables	**54**	44
	1,713	1,345

8 OTHER NET EXPENSE

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

(in thousands of Euros)	2010	2009
Interest expenses	917	1,164
Professional services	440	379
Exchange differences	54	65
Bank commissions and charges	34	34
Interest income	(1,063)	(1,204)
Other (income) expense	(168)	(59)
	216	379

9 INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 4.8 million as of 31 December 2010 (2009: EUR 4.6 million). No deferred tax asset has been recognized due to insufficient future taxable income.

10 FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	2010 Loans and receivables	2009 Loans and receivables
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	15,506	16,799
Other accounts receivable	23	27
Cash and cash equivalents	14	7
	15,543	16,833

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	15,928	17,399
Other liabilities and accounts payable	1,713	1,345
	17,641	18,744

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 2010 loan receivable from subsidiary and other accounts receivable of EUR 15,529 thousand (2009: EUR 16,826 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)	2010	2009
Loan receivable from subsidiary	15,506	16,799
Other accounts receivable	23	27
Cash and cash equivalents	14	7
	15,543	16,833

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

31 December 2010 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	15,928	15,928	2,896	2,896	10,136
Other accounts payable	1,713	1,713	1,713	-	-
	17,641	17,641	4,609	2,896	10,136

31 December 2009 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	17,399	17,399	2,677	2,677	12,045
Other accounts payable	1,345	1,345	1,345	-	-
	18,744	18,744	4,022	2,677	12,045

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 189 thousand provided all other variables are held constant.

At 31 December 2010 the Company does not have outstanding guarantees.

11 NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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

12 COMMITMENTS

As at 31 December 2010 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 7.63% of Astarta Holding NV issued shares in equal parts totaling EUR 44,259 thousand to secure bank loans in the amount of EUR 15,734 thousand. As at 31 December 2009 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 34.82% of Astarta Holding NV issued shares in equal parts totaling EUR 84,760 thousand to secure bank loans in the amount of EUR 24,514 thousand.

13 DIRECTORS

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

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

During 2010, there were no changes in the rules governing appointment or dismissal of members of the Board of Directors. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total remuneration of executive and non-executive Board members is specified below:

(in Euros)	**2010**	**2009**
Viktor Ivanchyk	**497,981**	79,169
Petro Rybin	**396,416**	64,919
Marc van Campen	**37,500**	12,500
Valery Korotkov	**37,500**	12,500
Wladyslaw Bartoszewski	**37,500**	12,500
	1,006,897	181,588

No bonuses were granted to Directors in 2010 and 2009. No salary related charges were accrued and paid by the Company in 2010 and 2009.

14 AUDIT FEES

Fees paid to the Group's auditor for 2010 and 2009 can be broken down into the following:

(in thousands of Euros)	**2010**	**2009**
Audit fees	**126**	113
	126	113

Audit fees include the fees agreed and due to LLP "Ernst & Young" EUR 126 thousand for professional services related to the audit of the Company and its subsidiaries for the relevant year. No fees were paid to LLP "Ernst & Young" for tax or other non-audit services.

26 April 2011,

Amsterdam, The Netherlands

The Board of Directors

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

OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

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

Article 24

1. The profits shall be at the disposal of the General Meeting.
2. The Company can only make profit distributions to the extent its equity exceeds the paid and called up capital plus reserves which must be maintained pursuant to the law.
3. Dividend payments may be made only after adoption of the annual accounts which show that such payments are permitted. Dividends shall be payable immediately after they have been declared, unless the General Meeting should fix a different date when adopting the relevant resolution. Shareholders' claims vis-à-vis the Company in respect of the payment of a dividend shall lapse after a period of five years from the point at which they are made payable.
4. With due observance of the provisions of paragraph 2 and provided that the requirements of paragraph 2 are fulfilled as evidenced by the interim balance sheet as mentioned in article 2:105, paragraph 4 Dutch Civil Code (Burgerlijk Wetboek), the General Meeting may adopt a resolution to distribute an interim dividend or to make distributions from a reserve which need not be maintained by law.

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

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 80,053 thousand to retained earnings.

Ernst & Young

Independent auditor's report

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

Report on the financial statements

We have audited the financial statements for the year ended December 31, 2010 of Astarta Holding N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2010, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2010, the company profit and loss account for the year then ended and the notes.

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2010, 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 2:393 sub 5 part f of the Dutch Civil Code we report to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, April 26, 2011

Ernst & Young Accountants LLP

signed by W.C. van Hoeven

CORPORATE INFORMATION
LLC Firm "Astarta-Kyiv"

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

Registered office

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

Press-release

ASTARTA HOLDING N.V.

ASTARTA Holding N.V, a leading producer of agricultural products and sugar, published its annual report for the full year 2010

Financial Highlights

Revenues
Revenues increased significantly to EUR 219.3 million (+71% y-o-y) due to increase in volumes of sales of sugar, sugar by-products, and milk, as well as favourable markets.

Cost of revenues and gross profit
Cost of revenues had more moderate growth (55% y-o-y) compared to revenues themselves following management efforts to increase efficiency and widely introduce energy-saving technologies. Gross profit increased by 110% y-o-y to EUR 91.2 million. The gross margin rose to 42% from 34% in 2009.

Profit from operations (EBIT) and EBITDA
Profit from operations (EBIT) more than doubled to EUR 87.5 million. The EBIT margin rose from 32% in 2009 to 40% in 2010. EBITDA increased by 106% y-o-y to EUR 100.7 million. EBITDA margin increased from 38% in 2009 to 46% in 2010.

Profit before tax and net profit
Profit before tax in 2010 increased to EUR 79.6 million (+167% y-o-y). Net profit grew by 172% y-o-y to EUR 80 million. Net profit margin increased from 23% in 2009 to 36% in 2010.

Operational Highlights

Production and sales of crops
In 2010 the Group continued to increase its agri-operations. By the end of the year a land bank totalled 210 thousand ha (20% y-o-y). Along with a land bank increase, ASTARTA went on with development of grain storage and processing facilities, considerably increased agricultural machinery fleet, and proceeded with wide introduction of modern agri-technologies.
At the same time, due to adverse weather conditions in summer, gross harvest of grains and oilseeds was lower than planned and totalled 330 thousand tonnes. Nevertheless, yields of all key crops were traditionally higher than Ukrainian average.
Decrease in volumes of sales of agricultural produce (-32% y-o-y) was fully compensated by favourable market conditions, and the segment's revenues increased by 21% y-o-y to EUR 40.5 million.

Production and sales of sugar
In 2010 ASTARTA kept its leading position in the market, as it processed 1.56 million tonnes of sugar beet and produced c. 200 thousand tonnes of sugar contributing c. 13% to the total sugar production in Ukraine. The average sugar extraction ratio at the Group's plants was traditionally higher than the Ukrainian average, but due to low sugar content in sugar beet (that resulted from unfavourable weather conditions) it fell to 12,7% (14,8% in 2009).

In 2010 management continued to improve energy efficiency of plants and achieved a reduction of average natural gas consumption for processing of one tonne of sugar beet by 8% y-o-y to 33 cubic meters.
Sugar sales volumes increased by 7% compared to 2009, and revenues grew by 93% y-o-y to EUR 159.5 million. More than 80% of sugar was sold to large domestic and international beverage producers and confectionaries, thus strengthening the Group's position of a reliable supplier of high-quality produce.

Production and sales of cattle farming produce
In 2010, ASTARTA continued to develop its cattle farming segment. The first phase of a modern cattle farming facility was launched in Poltava region, and the Group continued to enhance its cattle farming facilities in other regions of operations. Total cattle herd increased by 8% y-o-y to around 24 thousand heads. The Group increased milk sales by 19%, and revenues constituted EUR 17.4 million (93% y-o-y).

Viktor Ivanchyk, CEO of ASTARTA Holding N. V. said:

"In March ASTARTA celebrated its eighteenth anniversary, and this is a respectable age for a business in Ukraine. Nevertheless, the Group remains a fast-growing and dynamic enterprise. Recently, we made some important acquisitions, and plan to further uprate our production capacities, while simultaneously elevating its efficiency and synergy.

In August we will celebrate the fifth anniversary of the ASTARTA's debut at the Warsaw Stock Exchange. Thereafter the Group demonstrated strong growth of financial and operating results that was reflected in more than a fourfold increase in capitalization. Still, probably the most important achievement is that ASTARTA invigorated a confidence of investors in Ukrainian business. To that extent, our successful experience contributed to a number of recent and planned IPO's of Ukrainian companies in Warsaw. We fully recognize our responsibility of the successful pioneer, and will continue to do our best for further growth of ASTARTA's value for shareholders, while promoting Ukrainian agro-industrial business worldwide".