ASTARTA HOLDING N.V.

Annual Report

2013

ASTARTA CEO AND FOUNDER'S STATEMENT

Dear Shareholders,

In 2013 ASTARTA laid the groundwork for its further long-term development. We commissioned two greenfield industrial facilities – a soybean crushing plant and a biogas production unit, made strategic value creative acquisitions, and managed to further improve operating efficiency.

ASTARTA's new soybean crushing plant is designed in accordance with the best international industry practices and conforms to highest safety and environmental norms. In addition to being the most energy efficient plant of its kind in Ukraine, our new facility also enjoys a beneficial location in the Poltava region, the one with a strong track record in soybean production, developed infrastructure and logistics. Thus, the plant perfectly suits ASTARTA's diversification and growth strategy, by extending the Group's value chain and securing its entrance into a promising market segment.

Our biogas production plant in Globyno is a unique project for Ukraine both in terms of its solid capacity and raw materials used for production of biogas. The success of the project will further contribute to ASTARTA's energy efficiency and pave the way for development of bioenergy program at ASTARTA.

Our core business, where we continue to generate the majority of returns for our stakeholders, remains in sugar processing, agricultural operations, and dairy farming. We are pleased to report strong achievements in these segments despite challenging market environment in 2013. Domestic sugar market faced significant consolidation as many inefficient producers quit being not able to tolerate low sugar prices stemming from the two consecutive years of overproduction. As a result sugar production in Ukraine dropped 46% year-over-year. With regard to material ending stocks, domestic sugar supply and demand are being currently close to a match, which provides good grounds for price recovery. We took deliberate decision to retain sugar production in a season of 2013 as ASTARTA entered the 2013/2014 marketing year with a sound level of sugar inventories. In a view of favourable domestic sugar price environment and solid level of sugar inventories as of end of 2013, we remain optimistic on our sugar segment outlook in 2014. Looking forward, ASTARTA will continue to strengthen its position as a leading sugar producer in Ukraine, and acquisition of Orzhytsia sugar plant should contribute to further consolidation of the Group's market share.

Cost efficiency improvements remain the key focus of ASTARTA's management. The Company continues to systematically optimize its production processes, implement new technologies, reduce energy consumption and improve its logistics, – furthering increasing yields while reducing costs per unit. Meanwhile, over the past two years we have pursued a consistent yet prudent development strategy, including moderate land bank expansion. We have found this to be the most effective path, and we are sure that only cost efficient producers can take advantage of sustainable growth opportunities given the current, uncertain environment on soft commodity markets. This is not a time to chase scale for its own sake, but rather a time to focus on efficiency and performance.

ASTARTA continues to pay significant attention to the personnel development as well as social and environmental initiatives. Social partnership programs, support of local communities, rural educational establishments and medicine are the key elements of the Group's philosophy and mission.

We believe that ongoing changes in Ukraine will lead to the fundamental transformation of the country. In the mid- and long-term outlook these reforms shall substantially improve business environment, attract foreign and domestic investments, and unlock value potential. Recent decisions to open EU markets for Ukraine which envisage decreasing import duties inclusive for some agricultural produce and opening a quota for free sugar trade are positive for companies like ASTARTA. At the same time, we understand that in the near-term Ukraine might face the period of macroeconomic instability and will have to adopt additional savings measures. In this environment, we see one of our priorities to be focused on risk management tools to control impact of currency and markets volatility.

We highly appreciate contribution of all the stakeholders into ASTARTA's remarkable growth. In connection therewith we started exploring potential for dividend policy to share the success of ASTARTA with its shareholders. Complimentary, we look into best patterns for an option-based motivation program for key managers and professionals of ASTARTA.

Our team is confident in the Group's future and will continue to work hard to exploit available growth opportunities, secure sustainability and contribute to broader economic development and social well-being in the regions of operations.

Thank you for your trust in our work.

Sincerely yours,

Viktor Ivanchyk, CEO

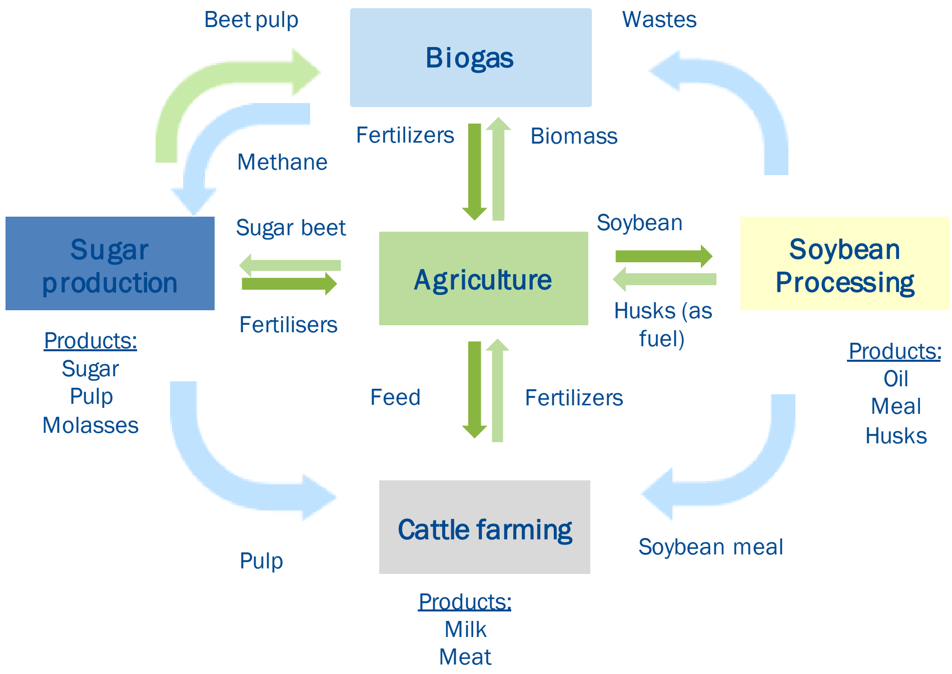
ASTARTA AT A GLANCE

Founded in 1993, ASTARTA is a vertically integrated agro-industrial holding operating in Ukraine, focused on sugar production, crop growing, and cattle farming. In line with its strategy to develop its value chain the Company recently expanded into biogas production and soybean processing.

The Group aims to become a leader in each segment in which it operates. At present, ASTARTA is already the #1 sugar manufacturer in Ukraine with a 26% share in production. The Group is also consistently ranked among Ukraine's largest companies in terms of land bank under cultivation and milk production volume.

The Group's vertically integrated business model, commitment to finding synergy between its core segments, and continued investment in improving operational efficiency have all proven to be effective ways to create value for ASTARTA's stakeholders.

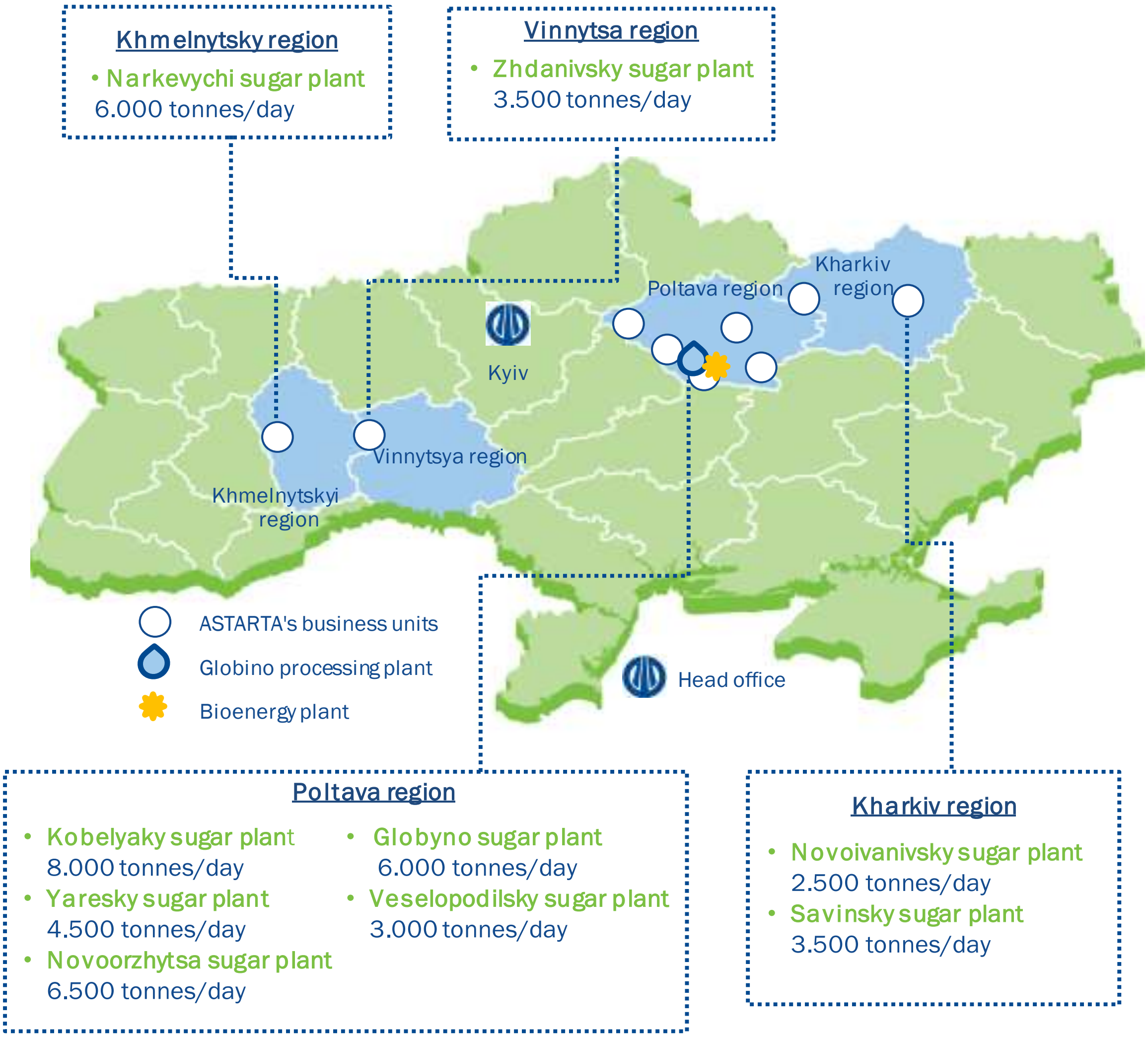
Figure 1. ASTARTA's business model overview



The Group's production facilities are consolidated into business units (clusters). These are designed for optimal operational management, ensuring low costs due to economies of scale while also keeping size and structure at a sustainable level. Proper organization makes all the difference. Thus, to bring down costs and secure stable supplies ASTARTA has consolidated optimal amounts of land plots close to its sugar plants.

The business units of ASTARTA are located in the **Poltava, Khmelnytsky, Kharkiv and Vinnytsa regions**, which enjoy a favourable climate and high quality soils, and have historically shown to be among best regions in Ukraine for crop farming.

Figure 2. ASTARTA map of operations

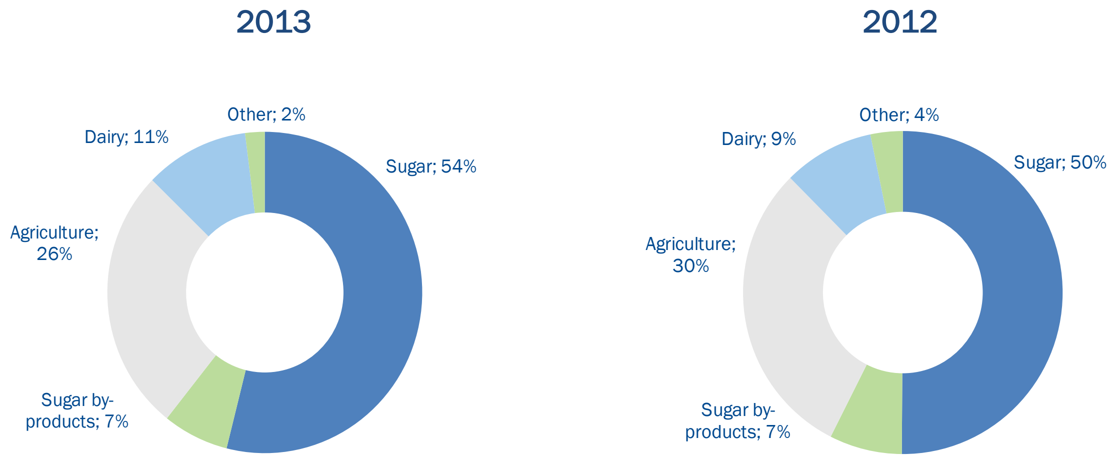


Source: Company data

PERFORMANCE IN KEY SEGMENTS

Although ASTARTA has considerably diversified its operations in recent years, developing its agricultural and cattle farming segments, its core business remains sugar production. In 2013, sugar and related sales generated 61% of consolidated revenues, while agricultural, and cattle farming accounted for 26% and 11%, respectively.

Figure 3. ASTARTA's revenue structure



Source: Company data

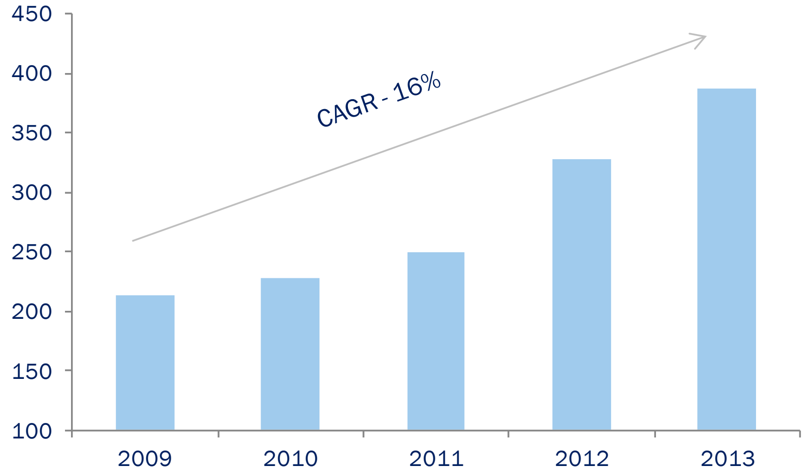
ASTARTA management considers sales to foreign customers as strategically important, notably due to their role as a natural hedge against currency and country-specific risks. In 2013 ***export proceeds accounted for 20% of ASTARTA's total revenues.*** The agricultural segment was the key contributor, with over ***60% of grains and oilseed crops being exported.***

SUGAR PRODUCTION SEGMENT

Key results

Sugar production remains ASTARTA's core business, contributing EUR 223 million to the Group’s consolidated revenues in 2013, up 10% y-o-y. This growth was mainly driven by an 18% increase in the volume of sugar sales, to 387 thousand tonnes.

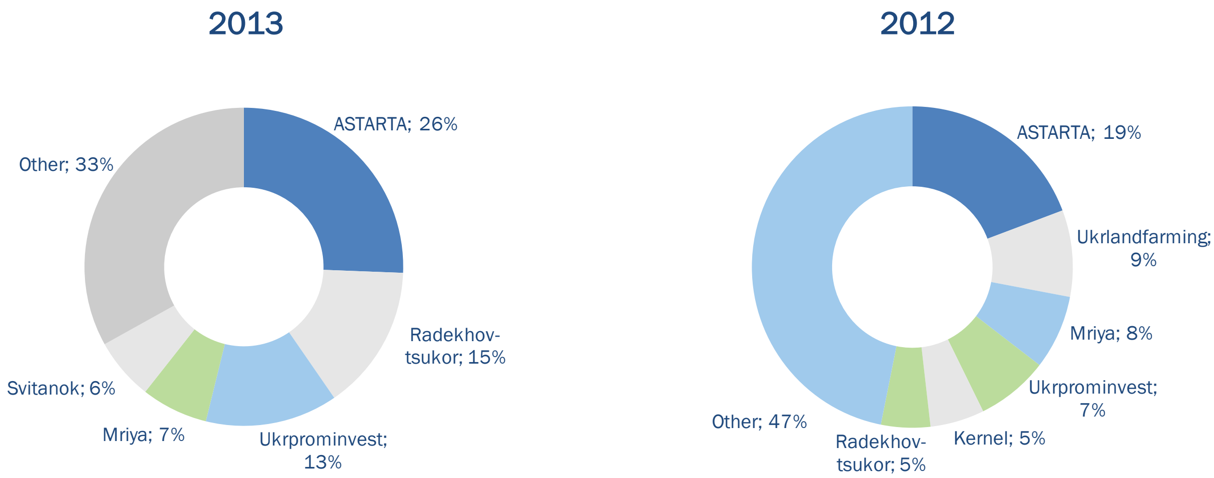
Figure 4. ASTARTA sugar sales, thousand tonnes



Source: Company data

Despite the deliberate decision by management to retain sugar production in 2013, ASTARTA nonetheless managed to increase its market share in domestic production from 19% to 26%, as the Group took over part of the market from cost inefficient sugar producers. Given the favourable domestic sugar price environment and the solid level of sugar inventories as of end-2013, we remain optimistic regarding our sugar segment outlook in 2014.

Figure 5. Top Ukrainian sugar producers, 2012-2013

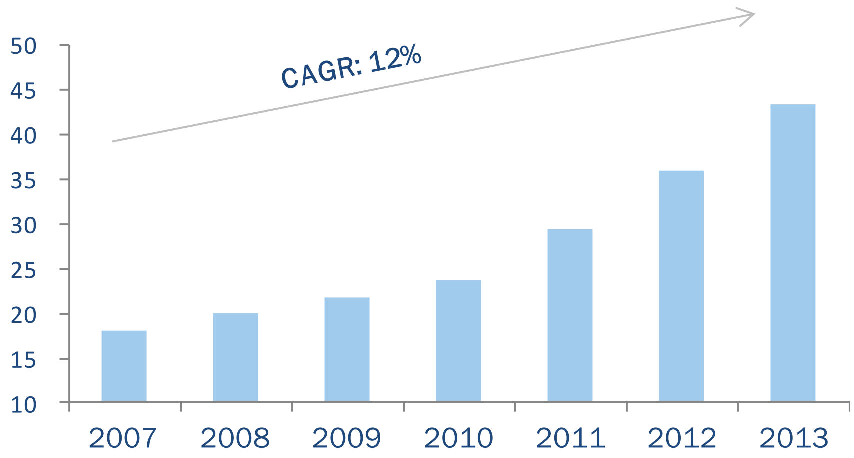


Source: Ukrainian Sugar Association, State Statistics Committee of Ukraine

Operating assets

ASTARTA is #1 sugar producer in Ukraine in terms of installed capacity and production volumes. The Group controls nine sugar plants with an aggregate daily processing capacities c. 43 thousand tonnes of sugar beet.

Figure 6. ASTARTA's sugar plants daily processing capacity, tonnes of beet



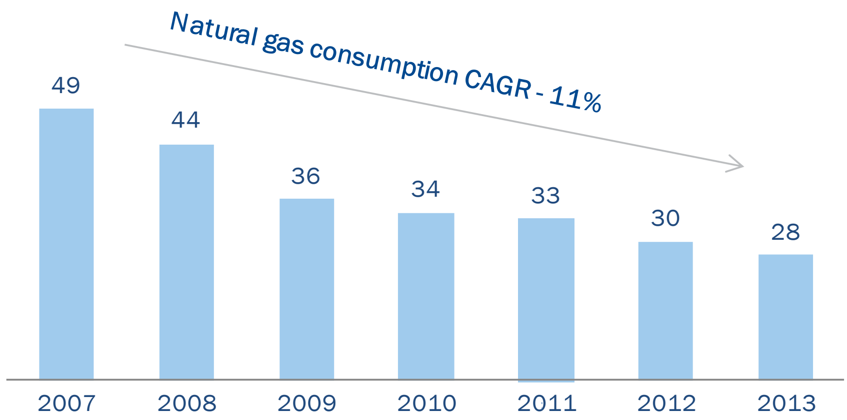
Source: Company data

In September 2013, the Group acquired the Orzhytsa sugar plant which has a designed daily processing capacity of 6 thousand tonnes of sugar beet. The plant, one of Ukraine's newest, is located in the Poltava region, which allows for easy integration into the Company's logistical and operational chains and ensures synergy with ASTARTA's other assets in the region. The acquisition of the Orzhytsa sugar plant falls within ASTARTA's sustainable growth strategy, which prioritizes a vertically integrated and cost-efficient business model.

Cost efficiency

During the reporting period, ASTARTA managed to improve sugar extraction ratio and decrease its natural gas consumption by 7%. As Ukraine's top sugar producer, ASTARTA has always sought to increase the efficiency of its operations through the continuous modernization of its sugar plants and maintaining a sustainable vertically integrated business model.

Figure 7. ASTARTA natural gas consumption, m^3 per tonne of beet processed



Source: Company data

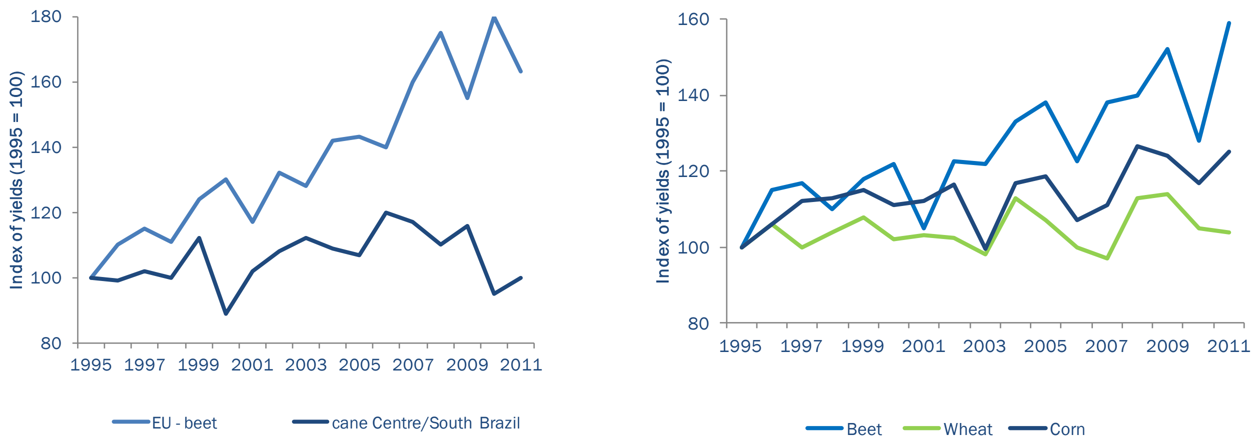
As a part of its program to improve cost efficiency and reduce natural gas consumption, ASTARTA constructed a greenfield biogas plant in Globyno (Poltava region). This is the first biogas plant in the non-EU Europe designed to process beet pulp into gas through microbiological digestion.

Figure 8. Globyno biogas plant

Market overview

The favourable international sugar price environment of 2009-2011 triggered a prolonged response, with four marketing years now being characterized by global overproduction. Yet the international sugar market structural surplus story might be coming to an end with production slowing and a steady growth in demand. At the same time, remarkably, in recent years sugar beets have become more competitive compared to sugar cane as a source of sugar.

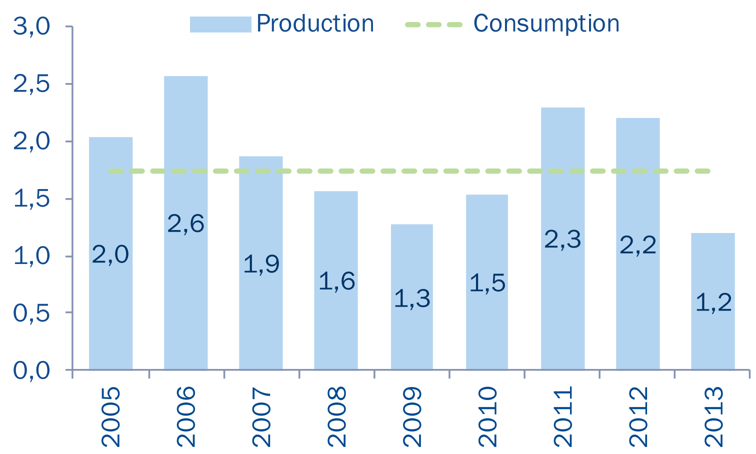
Figures 9, 10. Index of sugar yields: EU vs. Brazil; Index of yields, EU, beet vs. wheat and corn



Source: LMC international

In 2013, Ukraine's sugar output dropped by 46% to 1.2 million tonnes. Two years of overproduction on the domestic market resulted in a substantial price correction and forced many inefficient producers to quit. As a result, in 2013 only 33 sugar plants were in operation, compared to 62 a year before.

Figure 11. Ukrainian sugar production and estimated consumption



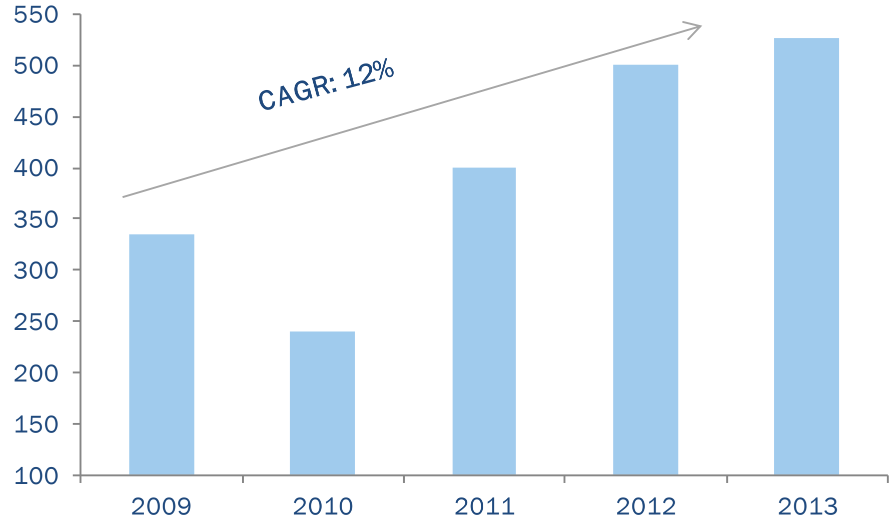
Source: Ukrainian Sugar Association, State Statistics Committee of Ukraine

AGRICULTURAL SEGMENT

Key Results

In 2013 ASTARTA sold a record-high volume of grains and oilseeds. Despite a weaker price environment for grain crops in 2013 (both domestically and internationally), ASTARTA was able to deliver sales to an almost record high of EUR 98 million, down only 8% y-o-y. In addition to lower prices, the decline is explained by a 38% decrease in soybean sales in volume terms (the most expensive crop in the Group's portfolio) to external customers as the Group formed the necessary inventory for its newly launched soybean crushing plant

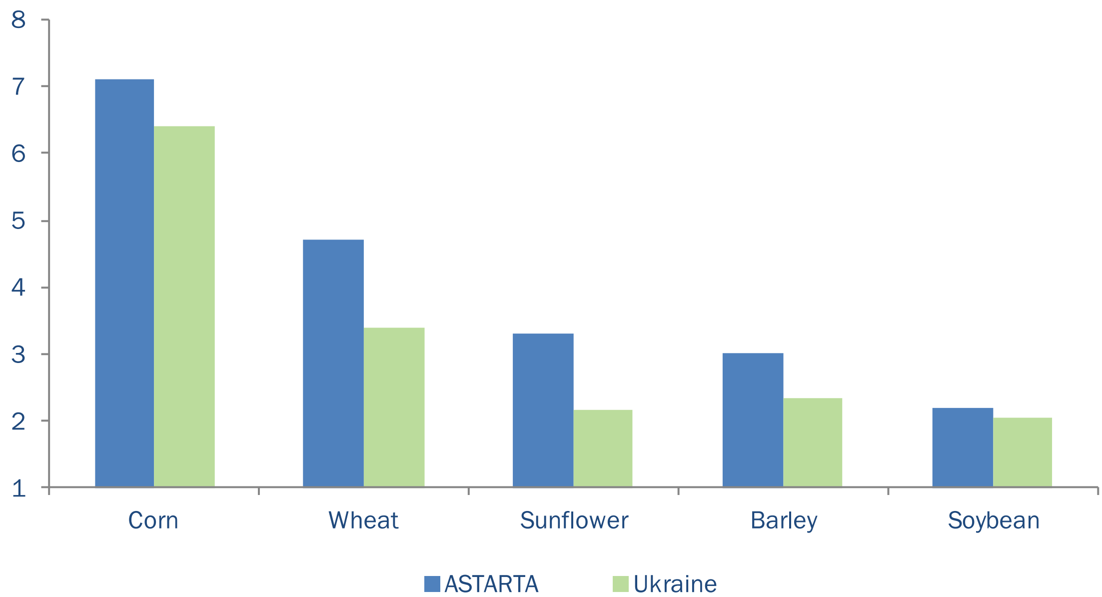
Figure 12. ASTARTA crop sales, thousand tonnes



Source: Company data

In 2013 ASTARTA increased its harvest of grain crops and oilseeds by 26% to 760 thousand tonnes, driven mainly by a significant improvement in yields, which have followed a sustainable growth trajectory in recent years.

Figure 13. ASTARTA's and average Ukrainian yields, tonnes from one hectare

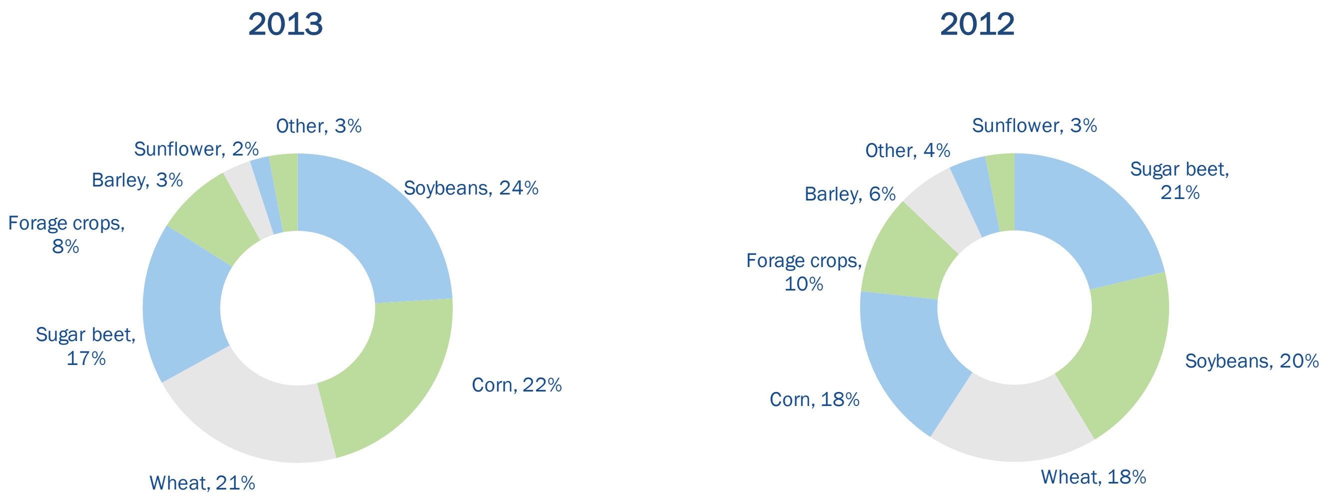


Importantly, as a vertically integrated sugar producer, ASTARTA harvested 2.1 million tonnes of sugar beet, posting a record high harvest yield of 56 tonnes per hectare (+7% y-o-y) and approaching the EU average on this indicator.

Operating Assets

ASTARTA is one of the largest companies in Ukraine in terms of land bank in operations, with approximately 245 thousand ha under cultivation. In 2013 the Group increased the area under corn and soybean cultivation to 22% and 24% of total land harvested, respectively. The new breakdown is in line with ASTARTA's developed crop rotation principles, which aim to adhere to the best agronomic practices, taking into account diverse climatic and soil conditions while also retaining the land's high fertility level.

Figure 14. ASTARTA crop rotation, % of land planted, 2013 vs.2012



Source: Company data

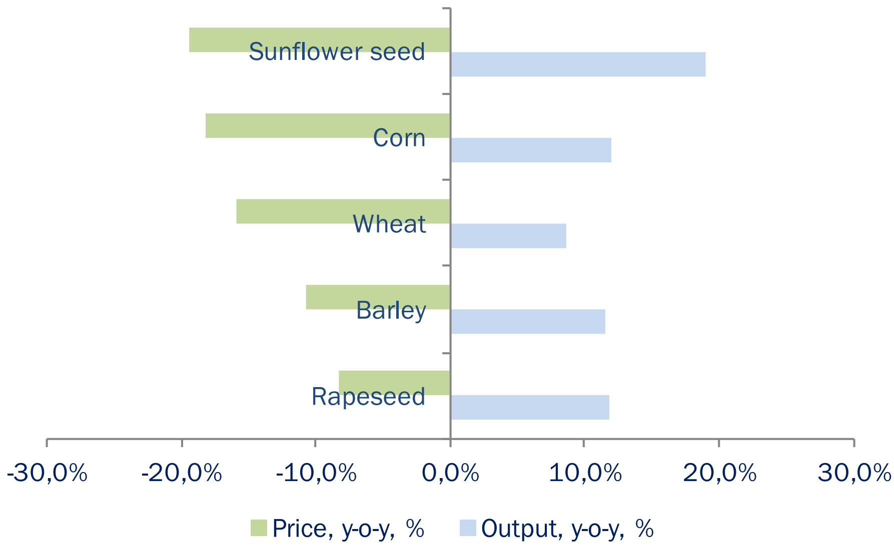
ASTARTA continued to develop crop logistics infrastructure by increasing available storage and handling capacity (including for drying and separation), which should further reduce handling costs and allow for more efficient management of crops sales.

Figure 15. ASTARTA grain silo, Vinnitsya

Market Overview

Last year, 2013, was very challenging for agricultural companies, with a bountiful harvest depressing international prices for many key crops.

Figure 16. Commodities performance in 2013 vs. 2012



Source: Bloomberg

In 2013, Ukraine saw a record harvest of 63 million tonnes of grain crops (+36% y-o-y), and 16 million tonnes of oilseeds (+16% y-o-y). Despite drop in soft commodities prices Ukraine's agricultural sector outperformed all domestic industries, growing 12% y-o-y and contributing a sizable 25% of foreign currency inflows from export sales. In 2013, Ukraine exported over 29 million tonnes of crops compared to 23 million tonnes a year earlier. As previously, most produce was shipped to countries in Europe, North Africa and Asia.

Research and innovation

ASTARTA's efforts to implement innovations support consistently strong and improving harvest yields and help to achieve better cost efficiency. In 2013 in-house research experts successfully tested over 62 varieties of sugar beet, 35 varieties of wheat, 142 hybrids of corn and 15 varieties of soybean. R&D programs also investigated the potential advantages of new types of fertilizers, new methods of crop protection, soil tillage, etc. In 2013 the Group's R&D efforts focused on biotechnology research to support its competitiveness and sustainability in the grain industry.

CATTLE FARMING SEGMENT

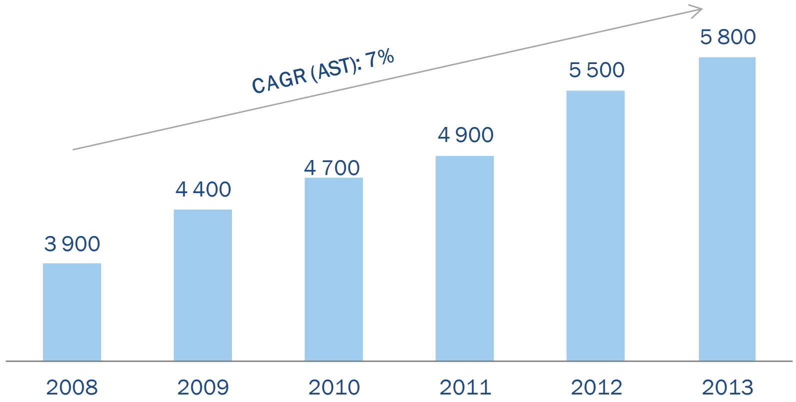
Key Results

The cattle farming segment once again put in a strong performance in 2013, with revenues surging 21% to EUR 39 million, driven by favourable pricing and a further increase in sale volumes, which rose 7% y-o-y to 87 million tonnes.

Operating Assets

ASTARTA has the second largest headcount of dairy livestock in Ukraine of at 31 thousand head. In 2013, the Group produced over 91 thousand tonnes of milk, up 8% y-o-y, supported by even higher average yields, which reached 5800 kg per cow annually.

Figure 17. Average milk yield per cow at ASTARTA farms

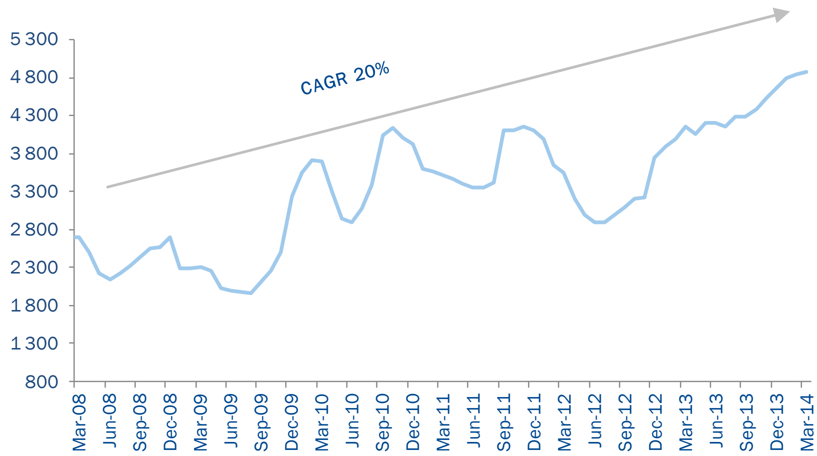


Source: Company data

Market Overview

Milk output in Ukraine remained nearly flat in 2013. At the same time the structural deficit for high-quality industrial milk in Ukraine, which still accounts for only 20% of total domestic supply, supported a favourable price environment for this product.

Figure18. Milk price from 2008-2013



Source: Company data, Ukrainian statistics committee

SOYBEAN PROCESSING PLANT

In the forth quarter of 2013, ASTARTA completed the construction of its greenfield soybean processing plant in Globyno (Poltava region), which is designed to process 220 thousand tonnes of soybeans annually and produce 160 thousand tonnes of soybean meal, 40 thousand tonnes of soybean oil and 10 thousand tonnes of granulated soybean husks. The facility includes storage capacity for meal and oil, as well as silos and warehouse for soybeans with a total capacity over 60 thousand tonnes. All the necessary connections, including road and rail, have already been set up.

The complex is fully in line with both international and local safety and environmental standards. The plant is currently operating at full design capacity. The project is an important element of ASTARTA's development strategy, which includes increased sales, expanding the Company's value chain and diversification. The new plant is successfully integrated into the production cycle of ASTARTA, providing the Company with a high level of self-sufficiency in raw materials. The project will have a positive impact on the economic and social development of Poltava region.

The soybean processing plant is expected to materially contribute to the Group's financial results in 2014. To ensure smooth operations throughout the entire production season, the Group retained inventories of in-house grown soybeans and purchased a further 20 thousand tonnes on the market

Figure 19. Globyno soybean processing plant

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Table 1. Consolidated statement of operations for the year ended 31 December (in thousands of UAH)

	2013	2012	2011	2010	2009
Revenues	4 008 949	3 683 990	3 385 529	2 328 203	1 480 739
Cost of revenues incl.remeasurement gains/loss	(3 022 161)	(2 560 775)	(2 037 574)	(1 364 475)	(972 761)
Gross profit	986 788	1 123 215	1 347 955	963 728	507 978
Profit (loss) before tax	231 950	463 498	1 003 609	829 052	335 339
Net profit (loss)	**244 000**	**472 434**	**976 110**	**834 788**	**329 917**

Table 2. Consolidated balance sheet as at 31 December (in thousands of UAH)

	2013	2012	2011	2010	2009
Total non-current assets	3 968 457	2 868 016	2 614 161	1 722 787	1 431 633
Total current assets	4 152 917	4 087 265	3 302 874	2 011 692	1 243 539
Total assets	8 121 374	6 955 281	5 917 035	3 734 479	2 675 172
Total equity	4 451 916	3 674 528	3 199 704	2 213 927	1 369 995
Total non-current liabilities	1 533 176	1 835 739	1 335 391	721 816	743 038
Total current liabilities	2 136 282	1 445 014	1 381 940	798 736	562 139
Total equity and liabilities	8 121 374	6 955 281	5 917 035	3 734 479	2 675 172

Table 3. Consolidated statement of operations for the year ended 31 December (in thousands of Euro)

	2013	2012	2011	2010	2009
Revenues	369 458	352 582	303 587	219 330	128 239
Cost of revenues incl.remeasurement gains/loss	(276 118)	(244 565)	(182 713)	(128 142)	(84 879)
Gross profit	93 340	108 017	120 874	91 188	43 360
Profit (loss) before tax	24 593	44 849	89 996	79 626	29 874
Net profit (loss)	25 670	45 709	87 530	80 041	29 449

Table 4. Consolidated balance sheet as at 31 December (in thousands of Euro)

	2013	2012	2011	2010	2009
Total non-current assets	346 591	268 540	250 881	162 680	123 843
Total current assets	362 700	382 701	316 974	189 959	107 571
Total assets	709 291	651 241	567 855	352 639	231 414
Total equity	388 813	344 054	307 123	209 054	118 508
Total non-current liabilities	133 903	171 886	128 157	68 160	64 276
Total current liabilities	186 575	135 301	132 575	75 425	48 630
Total equity and liabilities	709 291	651 241	567 855	352 639	231 414

Table 5. Consolidated statement of operations for the year ended 31 December (in thousands of USD)

	2013	2012	2011	2010	2009
Revenues	492 500	455 376	423 572	292 742	183 364
Cost of revenues incl.remeasurement gains/loss	(371 273)	(316 536)	(254 926)	(171 565)	(120 460)
Gross profit	121 227	138 840	168 646	121 176	62 904
Profit (loss) before tax	28 495	57 293	125 564	104 243	41 526
Net profit (loss)	29 975	58 397	122 124	104 964	40 855

Table 6. Consolidated balance sheet as at 31 December (in thousands of USD)

	2013	2012	2011	2010	2009
Total non-current assets	487 704	355 392	327 064	216 023	177 953
Total current assets	500 955	506 476	413 231	252 250	154 573
Total assets	979 659	861 869	740 295	468 273	332 526
Total equity	537 022	455 332	400 323	277 608	170 291
Total non-current liabilities	184 943	227 477	167 074	90 510	92 360
Total current liabilities	257 694	180 627	172 898	100 155	69 874
Total equity and liabilities	979 659	861 869	740 295	468 273	332 526

Table 7. Selected Financial Indicators and ratios

	2013	2012	2011	2010	2009
EBITDA, thousands of Euro	68 527	85 904	110 830	100 708	48 870
NET DEBT, thousands of Euro	264 311	240 264	192 230	110 429	82 865
NET PROFIT, thousands of Euro	25 670	45 709	87 530	80 041	29 449
EBITDA MARGIN,%	19%	24%	37%	46%	38%
NET PROFIT MARGIN,%	7%	13%	29%	36%	23%
ROE	7%	13%	29%	38%	25%
ROA	4%	7%	15%	23%	13%
ENTERPRISE VALUE (EV), thousands of Euro	667 646	422 494	496 217	696 912	329 687
EV / EBITDA	9.7	4,9	4,5	6,9	6,8
EV / SALES	1,8	1,2	1,6	3,2	2,6
NET DEBT / EQUITY	0,7	0,7	0,6	0,5	0,7
NET DEBT / EBITDA	3,9	2,9	1,7	1,1	1,7
NET DEBT / SALES	0,7	0,7	0,6	0,5	0,7
TOTAL DEBT RATIO	0,5	0,5	0,5	0,4	0,5
CURRENT RATIO	1,9	2,8	2,4	2,5	2,2
QUICK RATIO	0,3	0,6	0,5	0,4	0,4

Basis of Preparation

Our consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and prepared in accordance with Book 2 Section 9 of the Netherlands Civil Code.

Shareholder Structure

According to the information available as of 31 December 2013, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership in ASTARTA Holding N.V.

Table 8. Shareholders structure of ASTARTA Holding N.V. as of December 31, 2013

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.	9 246 883	36,99%	9 246 883	36,99%
Valery Korotkov through his wholly owned Cypriot Company Aluxes Holding Ltd.	6 496 883	25,99%	6 496 883	25,99%
AMPLICO Powszechne Towarystwo Emerytalne S.A.	1 504 415	6,02%	1 504 415	6,02%
Other shareholders	7 751 819	31,01%	7 751 819	31,01%
Total	**25 000 000**	**100%**	**25 000 000**	**100%**

In 2013 the Company purchased 16 064 own shares at an average price of PLN 63.9 per share during trading sessions on the main market of the Warsaw Stock Exchange. The shares were bought pursuant to resolution No.5, adopted by the shareholder's Annual General Meeting on 21 June 2013.

SHARE PRICE PERFORMANCE

ASTARTA's share price started the year at PLN 55. By the middle of the year, the price rose in line with market performance and peaked on 14 August at PLN 83.7. It ended 2013 at PLN 66.9. ASTARTA's share price increased 10% throughout the year, while the WIG-Ukraine Index of Ukrainian companies listed on the WSE lost nearly 33% over the same period

Figure 20. ASTRTA vs. WIG-Ukraine performance, 2013

Source: Bloomberg

Table 9. The Company's stock quotation data

Data/Year	2013	2012	2011	2010	2009
Opening price (PLN per share)	55,0	52,0	91,9	40,0	11,0
Highest trading price (PLN per share)	83,7	74,9	106,0	93,0	48,0
Lowest trading price (PLN per share)	50,1	46,0	43,6	37,1	7,7
Closing price (PLN per share)	66,9	55,0	52,0	91,9	40,0
Closing price (EUR)	16,1	13,3	11,8	23,2	9,7
Year price change	21,6%	5,8%	43,0%	30,0%	263,6%
EPS (EUR)	1,1	1,8	3,5	3,2	1,2
Price / earnings (P/E)	15,2	7,9	3,4	7,1	8,4
Market capitalization as of 31 December (thousand of PLN)	1 672 500	1 375 000	1 300 000	2 297 500	1 000 000
Market capitalization as of 31 December (thousand of EUR)	403 284	336 334	294 331	580 177	243 416

CORPORATE SOCIAL RESPONSIBILITY

Overview

ASTARTA is dedicated to the sustainable development of rural areas in which the Group operates. The Group has developed a Corporate Social Responsibility (CSR) Program to incorporate this commitment and take a responsible attitude towards both people and the environment. The Group's CSR program includes four key dimensions: environmental protection, rural community support, social development and volunteering activities. In 2013, the Group implemented a wide range of initiatives to enhance the economic and social life of local communities and protect the environment in its areas of operation.

ASTARTA coordinated and supported 60 kindergartens, repaired 91 schools, materially supported 28 medical centres in the regions of presence. Overall in 2013 ASTARTA invested UAH 22 million in social and charity activities, that is 18% higher y-o-y.

Being a member of the Ukrainian Network of UNO Global Compact since 2008, ASTARTA published a report on its achievements and progress in implementing the principles of the Global Compact for 2013. The report is available on the Global Compact website at www.unglobalcompact.org and includes information on ASTARTA's training, healthcare and safety programs, as well as information on the environmental issues related to the Company's operations and its social and charity programs.

Personnel and Professional Development

As of 31 December 2013, ASTARTA employed 8960 workers, of whom 67% were male. To develop its human capital the Group focused on the following areas: helping middle and top managers develop their leadership and management skills; implementing an annual performance appraisal for all employees; introducing a constructive internal feedback system.

In 2013, 15% of staff, or a total of 1339 employees, improved their skills by attending programs at universities and technical schools and taking part in specialized workshops, training sessions and conferences. Around 2% of staff, or a total of 194 employees, received higher education degrees with the financial support of ASTARTA.

Quality and Certification

In 2013 the Group's headquarters and sugar plants (Narkevychi, Yaresky, Globyno, Zhdanivka, Kobelyaky) were certified by the TÜV company in accordance with ISO 14001. Additionally, the headquarters and Narkevychi sugar plant were certified in accordance with OHSAS 18001, while the Yaresky and Zhdanivka sugar plants were certified in accordance with FSSC 22000. The Group developed a five year plan to gradually implement OHS (Occupational Health Safety) management systems in accordance with OHSAS 18001 and the IFC's performance standards.

The Group is also implementing a Corporate Integrated Management System (CIMS) in accordance with the requirements of OHSAS 18001 and ISO 14001. Furthermore, ASTARTA complies with the social and ecological standards of its corporate clients (Coca-Cola, Nestle, etc.).

Environmental protection

ASTARTA remains committed to its declared goal of protecting the environment. In 2013 the Group implemented the Environmental and Social Management Program, recognized by the IFC, the EBRD, the FMO and the EIB. ASTARTA also conducts annual environmental and social monitoring studies at its Narkevychi, Zhdanivka, Yaresky, Kobelyaky, and Globyno sugar plants in full compliance with international standards.

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:

Operational risks

- **Fluctuation in sugar, grain, and/or milk prices**
  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 many international and domestic factors, including but not limited to global demand and supply, weather, availability and cost of raw materials, biological factors, and state regulations.

  Mitigation: The Group has a diversified portfolio of products which helps to mitigate the negative effect of a price fluctuation in specific item. As well, available storage facilities allow the management to optimize timing of selling grains and sugar, avoiding sales during period of short-term or seasonal downward price corrections.

- **Increased costs, or disruptions in, energy, fertilizer or fuel supplies**
  Energy, fertilizer and fuel costs make up a material share of the Group's operating expenses. Thus any increases of price or disruptions in supplies of these inputs could make negative impact on company's operations and its financial results.

  Mitigation: The Group has established strong relationships with a number of reliable suppliers of inputs which should mitigate the risk of material disruptions of supply due to both high reputational track record of counterparties and diversification of supplies. As for energy price risk, the Group works continuously to reduce its major energy cost by intensive modernization of its sugar plants and implementation of its bioenergy program.

- **Weather**
  Unfavourable weather conditions could have a negative impact on the crops' harvest and sugar yield, which would have direct implication for a per unit cost of production.

- Mitigation: The Group's land bank under cultivation is located in several regions of Ukraine, which allow for geographical diversification of whether related risks, at least to some extent. Professional management and implementation of modern technologies allow us to sustainable achieve above average yields.

Country related risks

- **Regulatory risk**
  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. 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, operational and financial results.

Mitigation: The Group has balanced its exposure to domestic and foreign markets as it developed a diversified portfolio of products which should mitigate the effect of adverse impact on any specific product. As well the Group aims to achieve leading positions in cost efficiency in the segments it operates.

Financial risks

Please refer to corresponding notes in the Consolidated financial statements.

There were no major failings in the internal risk management and controls systems which have been discovered in the financial year 2013. Board of Directors confirms than these issues have been discussed with the audit committee and Non-Executive Directors.

Fulfilling the 2013 Plan

Development

- Launched a soybean crushing plant with annual processing capacity of 220 thousand tonnes in Globyno (Poltava region), in line with our strategy to expand ASTARTA's value chain. The facility also includes a silo and warehouses with a total storage capacity of over 60 thousand tonnes.

- Constructed a biogas facility at the Globyno sugar plant, with the goal of making energy supplies more cost efficient.

- Acquired the Orzhytsa sugar plant at an attractive valuation to explore emergent consolidation opportunities and secure further growth in the core sugar segment.

- Increased the fleet of modern agricultural machinery and effectiveness of its application, thus contributing to further cost optimization in the agricultural segment.

- Extended the Company's logistics network and further increased the capacities of its grain storage facilities, allowing for a more efficient sales strategy and lower handling costs.

Production and operations

- Harvested 2.1 million tonnes of sugar beet and 760 thousand tonnes of grains and oilseeds.
- Improved average yield of sugar beet by 7% y-o-y to 56 tonnes per hectare, and average yield of grains and oilseeds by 10-30%.
- Produced 305 thousand tonnes of high-quality white sugar; secured 85% sufficiency in in-house grown sugar beet.
- Achieved a 26% market share in domestic sugar production.
- Improved energy efficiency at the Group’s sugar plants by another 7%.
- Increased milk production to 91 thousand tonnes (+8% y-o-y), combined with improvements in milk quality.

Organization and management

- Developed organizational structure, business processes and management system.
- Improved environmental management and labour safety systems.

Marketing and sales

- Managed to expand export trade volumes, by selling over 60% of grains and 6% of sugar abroad, with export sales contributing 20% to total revenues.

Outlook for 2014

Based on the available resources and taking into account current market environment, the Board of Directors considers the following goals for 2014:

Development

- Expand and modernize sugar processing facilities, continue to implement energy efficiency program.
- Increase grains and oilseeds storage capacities.
- Develop the cattle farming segment.
- Expand further land bank within current business units and potentially create new business units.
- Develop bioenergy projects.

Production and operational activities

- Continue to improve efficiency of sugar, agricultural and dairy farming production.
- Sustain high level of vertical integration, providing sugar plants mainly with in-house grown sugar beet.
- Continue improvement of the organizational structure, business processes and the management system.

Marketing and sales

- Consider possibilities of sales expansion through retail network.
- Ensure swift response to changing market environment in order to provide efficient adjustment to the regulatory environment and price volatility.
- Explore new opportunities in key business areas and related segments; secure high level of export operations.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

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

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

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

Board of Directors of ASTARTA Holding N.V.

14 April 2014,

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

Disclaimer regarding forecasts

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

CORPORATE GOVERNANCE REPORT

1. GENERAL

ASTARTA Holding N.V. (hereinafter referred to as "Astarta" or "Company") was incorporated as a public limited liability company (*naamloze vennootschap*) under Dutch law on 9 June 2006.

The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 34248891.

Astarta's statutory seat is in Amsterdam, the Netherlands. In 2013 year the Company changed its registration address from Koningslaan 17, 1075 AA, Amsterdam, the Netherlands to Jan van Goyenkade 8, 1075 HP, Amsterdam, the Netherlands.

The Articles of Association (*statuten*) were executed on 9 June 2006 and amended on 15 July 2008.

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

We are pleased to represent for your attention our report of how the Company performed it's corporate governance in the 2013 financial year.

2. BOARD OF DIRECTORS

A Appointment and composition of the Board of Directors

The Company has a one-tier system of management that means that managing and supervisory duties are joined in the Board of Directors. Appointment and/or dismissal and/or suspension of the members of the Board of Directors is the prerogative power of the General Meeting of Shareholders. The General Meeting of Shareholders is authorized to determine the number of Directors.

The Board of Directors of the Company consists of five members: two Executive Directors A – Mr. Viktor Ivanchyk and Mr. Petro Rybin, one Executive Director B – Mr. Marcus Van Campen, and two Non—Executive Directors – Mr. Valery Korotkov and Mr. Wladyslaw Bartoszewski.

Directors A and Director B perform management duties and they are responsible for operational activity of the Company when the Non-Executive Directors have the supervisory obligations and shall bring specific expertise on activity of Executive Directors. Besides that one of our Non-Executive Directors is independent from the Company, shareholders of the Company and the other Directors. One of the Executive Directors is also independent.

In accordance with Act on Management and Supervision (Wet Bestuur en Toezicht), which entered into force on 1 January 2013 large companies are required to have balanced composition on their boards. The act indicates that a management board, supervisory board or, in a one-tier board, board of directors are deemed to have a balanced gender distribution Astarta has a one-tier board consisting only of men. Effective corporate governance is very much dependant on the skills and experience of members of the Board, both Executive and Non-Executive Directors of members of the Board in Astarta is made only on the basis of qualifications, abilities (including reputation and reliability) but not gender. If the Company has a vacancy in the Board of Directors, it will take into account the requirement in respect of gender balance and try to engage women to form the Board of Directors.

The members of the Board of Directors shall be appointed for a maximum period of four years. Reappointment is possible on each occasion for a maximum period of four years, but the Non-Executive Directors may be reappointed no more than three times. The profiles of our Board Members and re-appointment schedule can be found on page 23.

The composition, duties and other issues of the Board of Directors of the Company are regulated by the Rules of the Board of Directors 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)

On 21 June 2013, the General Meeting of Shareholders authorised the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the issued and paid in share capital at the time and to limit or cancel any existing pre-emptive rights in connection therewith, all for the period of one year starting from 21 June 2013 and ending not later than 20 June 2014. The General Meeting of Shareholders resolved that all resolutions hereto have to be taken by the Board of Directors with unanimous votes.

B Representation

The Company is represented by the Board of Directors, however the Board may entrust the Executive Director A acting jointly with Executive Director B with operational management of Company and Non-Executive Directors will supervise the policy and the fulfilment of the duties by Executive Directors.

The Board of Directors is also authorized to grant power of attorney to represent the Company to one official with general or limited power of representation. Nevertheless such official shall meet requirements of having no conflict of interest and with due observance of the limitations imposed on his or her powers. The Board of Directors determines the titles of such officials. Within 2013 financial year the Company didn't enter into agreements with legal or natural persons who hold at least ten percent of the shares in the Company, there were no any cases of conflict of interest.

In 2013 the Board of Directors several times authorized Mr. Viktor Ivanchyk acting individually to conclude agreements and to determine their conditions after general approval of transactions by the Board of Directors.

On June 21, 2013 the General Meeting of Shareholders resolved to appoint Mr. Sergiy Kontiruk, the Corporate Secretary and Compliance Officer of the Company, 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. In 2013 year where were no any cases of absence or inability to act of all Directors.

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 Board of Directors is formed by the following persons:

VIKTOR IVANCHYK (born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

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

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

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

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

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

PETRO RYBIN (born in 1956, male)

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

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

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

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

Mr. Rybin has, in the previous six years, been a member of the governing bodies of the following entities: LLC Trade House "APO Tsukrovyk Poltavshyny" and LLC APO «Tsukrovyk Poltavshyny». He graduated from Dnipropetrovsk State University in 1980 and from All-Soviet Union Financial and Economic Institute (1991). In 2005 he took a course on asset management in the Ukrainian institute for stock market development. In 2007 he graduated from International Management 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 six years, been Director at Montferland Beheer BV and Voorgrond Beheer BV at Schoonhoven (NL), Director at Nice Group BV, Amsterdam, Director at GMT (PEP Com) BV, Amsterdam, Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY) Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy and Director of Lugo Terminal Srl at Lugo, Italy.

Mr. van Campen is still holding the positions in the following entities: Montferland Beheer BV, Ovostar Union NV, Salvatore Ferragamo SpA and Lugo Terminal Srl.

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

Shares owned in the Company: 0.

VALERY KOROTKOV (born in 1963, male)

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

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

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

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

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

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

WLADYSLAW BARTOSZEWSKI (born in 1955, male)

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

Between 2012 and 2014 Mr. Bartoszewski was the CEO of PGE Dom Maklerski S.A., the brokerage house owned by PGE S.A., the largest Polish energy company. Between 2007 and the end of 2011, Mr. Bartoszewski worked for Credit Suisse, as the General Manager of Credit Suisse (Luxembourg) S.A., Poland Branch, based in Warsaw. Between 2004 and 2007, and also between 1991 and 1997 he was at Central Europe Trust Co. Ltd, a British consulting and advisory firm, where he was a Board Director, working in Warsaw, Kiev and Moscow. Between 2000-2003 he was a Managing Director of ING Barings, responsible for all its investment banking activities in Poland. In 1997, he joined J.P. Morgan where he was until the end of 2000 in charge of the Polish operations of the bank as a head of the Warsaw office. Prior to 1991 Mr. Bartoszewski was a lecturer at St Antony's College, Oxford, attached to the Institute of Russian, Soviet and East European Studies of the Oxford University as of 1985.

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

Shares owned in the Company: 0.

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

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

The Resignation Schedule for Members of the Board of Directors has been drawn up in accordance with article 6.2 of the Rules of the Board of Directors. It can be viewed on the Company's website (*www.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 maximum 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	2018
WLADYSLAW BARTOSZEWSKI	June 2006	May 2014	2018

In accordance with Resignation Schedule the period of appointment of Directors expires in 2014 year the General Meeting of Shareholders shall discuss and adopt the composition of the Board of Directors for the next years.

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 2013 was 15,743,766 amounting to approximately 62.98% of the issued and paid up share capital of the Company. The shareholding of the Directors has been notified with the AFM (*Autoriteit Financiële Markten*).

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

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

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

In accordance with Article 2:98 of the Dutch Civil Code and article 10 of the Company's Articles of Association the Company may repurchase shares in set cases, but the number of shares, the manner and the price in which they may be acquired should be specified.

The General Meeting of Shareholders on 21 June 2013 authorized the Board of Directors to repurchase shares in the capital of the Company up to a maximum of 500,000 shares, being 2% of the currently issued and paid up share capital for a purchase price per share of up to PLN 125.00, and to authorize that the repurchase shall take place through a broker in the open market and is for the purpose of meeting obligations arising from employee share option programs, or other allocations of shares to employees of the Company and resolved that the authorization is valid for a period of eighteen months from 21 June 2013.

As of 30 December 2013 the Company repurchased 16,064 shares.

E Chairman of the Board of Directors and the Corporate Secretary

The Chairman of the Board of Directors is the person who determines the agenda for the Board of Directors' meetings, chairs the meetings and monitors the proper functioning of the Board of Directors and its committees.

In case when Chairman of the Board of Directors cannot fulfil obligations Vice-Chairman will fulfil the tasks and duties.

Detailed information on competence of the Chairman of the Board of Directors and Vice-Chairman can be viewed on the Company's website (www.astartakiev.com.

Mr. Korotkov was reappointed as the Chairman of the Board of Directors on the General Meeting of Shareholders in 2010, At the same meeting Mr. Bartoszewski was reappointed as the Vice-Chairman of the Board of Directors. In accordance with re-appointment schedule in 2014 the General Meeting of Shareholders shall resolve whether to reappoint or not the Chairman of the Board of Directors as well as Vice-Chairman.

Within 2013 Vice-Chairman Mr. Bartoszewski performed the responsibilities of the Chairman of the Board of Directors twice – on 20 June and 21 June 2013.

The Board of Directors is assisted by the corporate secretary responsible for ensuring that accurate and sufficient documentation exists to meet legal requirements, and to enable authorized persons to determine when, how, and by whom the business of the Board of Directors was conducted.

The compliance officer can be elected and dismissed by the Board of Directors. The Task of the Compliance Officer of the Company can be viewed on the Company's website (www.astartakiev.com).

Mr. Kontiruk was elected by the Board of Directors to perform the responsibilities as the corporate secretary and compliance officer of the Company. Mr. Kontiruk is also Corporate Director for Legal Affairs in LLC Firm "Astarta-Kyiv", his profile is available on the Company's website (www.astartakiev.com).

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors formed two committees to aid compliance with applicable corporate governance requirements with a view to financial transparency: the Audit committee and the Remuneration committee. The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the General Meeting of Shareholders, Charters of the Committees are available on our website (www.astartakiev.com).

A Audit Committee

The Audit Committee is responsible for reviewing annually and reassessing the adequacy of the rules governing the committee as established by the Board of Directors. The Audit Committee is charged with advising on, and monitoring the activities of the Board of Directors with respect to inter alia, the integrity of our financial statements, our financing and finance related strategies and tax planning.

The Audit Committee of Astarta consists of the Chairman – Mr. Bartoszewski, and one member – Mr. Van Campen.

To make the activity of the Committee more efficient employees of the Company may be invited at the meetings as well as external professionals for consultations.

B Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors.

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

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

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

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

4. REMUNERATION POLICY

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

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

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

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

5. SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2013

The Company started its financial year from the discussion of the main operational and financial objectives, proposals in respect of strategy of the Company and corporate social responsibility matters.

Dates for the Board Meetings in 2013 year were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wanted to share. In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board agenda.

The Company has a one-tier structure where management and supervisory functions are joined in the Board of Directors. With evaluation purposes the Company encourages the Non-Executive Directors to hold meetings for discussion the management performance of the Executive Directors and Committee's activity without Executive Directors being present.

The annual General Meeting of Shareholders of the Company was held in Amsterdam, the Netherlands on 21 June 2013, the Minutes of which is available on the Company's website (www.astartakiev.com) in part "General Meeting of Shareholders".

Within the financial year 2013, the Board of Directors held the following meetings:

- four meetings in Amsterdam, the Netherlands, on 04 April 2013, 05 April 2013, on 20 June 2013 and 21 June 2013;

- four meetings via conference-call on 26 February 2013, 13 May 2013, 20 August 2013 and 12 November 2013.

Within the financial year 2013, the Audit Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 04 April 2013 and on 05 April 2013.

Within the financial year 2013, the Remuneration Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 04 April 2013 and on 21 June 2013.

6. GOVERNANCE AND CONTROL

A Dutch Corporate Governance Code

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

B WSE Corporate Governance Rules

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

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

Amended principles of "The Code of Best Practice for WSE Listed Companies" are applicable to companies listed on the Warsaw Stock Exchange. The document is available on the website (www.astartakiev.com) in part "Corporate documents".

C Application of the Corporate Governance Codes

The Company intends to comply with the Corporate Governance Codes inter alia by approval of the corporate governance documents.

The above-mentioned set of corporate governance documents includes:

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

All these documents are available on our corporate 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 2013. 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 2013. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practise provision III.6.4 of the Dutch Corporate Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.

Anti-takeover measures is a precautionary strategy used to protect the company's autonomy and market competitiveness. Management of Astarta tries to consider appropriate measures to mitigate the main risks in connection with takeover.

In accordance with best practice IV.1.6 the resolutions to approve the policy of the management board (discharge of management board members from liability) and to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability) shall be voted on separately in the general meeting. By Laws of the General Meeting of Shareholders of ASTARTA Holding N.V. effective from 29 June 2007 set the list of issues which the agenda of the General Meeting of Shareholders shall contain.

7. INTERNAL CONTROL

A Internal risk management and control systems

General

Our Board of Directors is responsible for our system of internal risk management and controls and for reviewing their operational effectiveness.

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

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

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

Control Systems

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

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

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

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

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

2) Control over revenues and expenses.

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

The budget commission is functioning 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 is functioning to improve efficiency of the investment decisions adoption process and to minimize risks of wrong investment decisions. Our internal control system executes thorough due diligence companies, which regard as objects of investment.

5) Policy of economic security.

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

6) Hot line.

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

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

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

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

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

Deficiencies

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

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

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

According to specific regulations we also permanently verify and improve our system of internal control over financial reports. Our external auditors are obligated to consider our internal control over financial reporting as a basis for designing their auditing procedures for the purpose of expressing their opinion on our consolidated financial statements. We have discussed our own assessment of our control and risk management framework with our auditors and are in agreement with them on the deficiencies to be remediated in 2014.

B Section II.1.5 of the Dutch Corporate Governance Code

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

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 2013 resulting in material errors in the financial reporting of the Company. The Board of Directors also believes that the Company's internal risk management and control systems have been implemented effectively until now, but note that there are areas where significant deficiencies as described above were identified, in relation to which adequate remedial actions have been taken. The Board of Directors is of the opinion that there are no indications, considering the attention given to the strengthening of our internal control over financial reporting and disclosure control and procedures, that our risk management and control systems will not operate properly as of now is of the opinion that from now on the systems will provide a reasonable level of assurance that the financial reporting will not contain material inaccuracies.

8. DEVIATION FROM THE DUTCH CORPORATE GOVERNANCE CODE

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

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

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

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

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

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

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

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

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

As for "The Code of Best Practice for WSE Listed Companies" the Company does not apply the following provision:

II. Best practice for Management Boards of Listed Companies

2a) on an annual basis, in the fourth quarter – information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the company in the last two years

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

III. Best Practice for Supervisory Board Members

6) At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2015 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.

There is one governing body in the Company, the Board of Directors comprising both Executive and Non-Executive Directors.

IV. Best Practices of Shareholders

10) A Company should enable its shareholders to participate in a General Meeting using electronic communication means through:

1. real-life broadcast of General Meetings;

2. real time communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

The corporate documents of the Company provide that all the meetings take place where the company's registered office is situated, or any other place within the Netherlands agreed upon by the Board of Directors. In a meeting held elsewhere, valid resolutions can only be taken if the entire capital is represented. The shareholders may exercise their voting rights by authorizing the company's proxies who are bound by instruction or a third party.

9. REMUNERATION REPORT

Background

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

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

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

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

The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with the Remuneration Policy dated 30 June 2011. The Remuneration Policy adopted on 30 June 2011 provides that the Directors responsible for the day-to-day operational management of the Company may be granted by cash bonuses of up to 150% of their fixed annual fee in a year, after adoption of the annual accounts of the preceding financial year. Upon proposal of the Remuneration Committee, the Board of Directors can decide whether a bonus shall be paid and what the amount of the bonus shall be. The Remuneration Committee shall form its proposal by taking into account the Company's activity results in a year, the adopted annual accounts, and the decisions taken by the directors in a year with regard to achieved long-term objectives of the Company.

Remuneration in financial year 2013

On 21 June 2013, in accordance with Remuneration Policy amended on 30 June 2011 year the Board of Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 35,000 per year, of Mr. Korotkov at EUR 35,000 per year, and of Mr. Van Campen at EUR 35,000 per year for financial year 2013.

Due to paragraph (A) Article 3 of Remuneration Policy, The Executive Directors “A” shall not be remunerated by the Company, but by its subsidiary LLC Firm “Astarta-Kyiv”. Thus, the Board of Directors approved the following recommended remuneration of Executive Directors “A” for 2013: Mr. Ivanchyk – equivalent of about EUR 360,000 and Mr. Rybin – equivalent of about EUR288,000.

Based on the recommendation of the Board of Directors ASTARTA Holding N.V., LLC Firm "Astarta-Kyiv" approved the remuneration of Mr. Ivanchyk and Mr. Rybin for financial year 2013, in an amount of equivalent of about EUR 272,610 and EUR 263,621 per year, respectively. Mr. Ivanchyk and Mr. Rybin obtained their remuneration on the monthly based period in UAH.

In 2013 the Board of Directors of ASTARTA Holding N.V. recommended and LLC Firm "Astarta-Kyiv" approved to grant to Executive Directors A cash bonuses for 2012 in the following amounts: to Mr. Ivanchyk – equivalent of about EUR 150,000 and to Mr. Rybin – equivalent of about EUR 150,000. On the date of payment the bonuses were equal to EUR143,610.

The abovementioned resolutions have been approved based on Remuneration Policy, the results of examination of the consolidated financial statements as at and for the year 2012 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 21 June 2013.

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

Director's name	Position	2011			2012			2013		
		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	30,000	8,163	38,163	35,000	-	35,000	35,000	5,569	40,569
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	30,000	-	30,000	35,000	2,000	37,000	35,000	2,057	37, 057
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	30,000	2,867	32,867	35,000	3,149	38,149	35,000	1,424	36,424
Total				101,030			110,149			114,050

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

Director's name	Position	2011			2012			2013		
		Remuneration for rendered services	Bonu-ses	Total	Remuneration for rendered services	Bonuses	Total	Remuneration for rendered services	Bonuses	Total

V. Ivanchyk	Execu-tive Director and Chief Execu-tive Officer	305,000	375,000	680,000	360,000	268,924	628,924	272,610	0[1]	272,610
P. Rybin	Execu-tive Director and Chief Operating and Financial Officer	244,000	300,000	544,000	288,000	366,000	654,000	263,621	143,610	407, 231
Total				1,224,0 00			1,282,924			679,841

On 21 June 2013 the Board of Directors resolved also to grant cash bonuses to four top managers of LLC Firm "Astarta-Kyiv" under results of their work in 2012 year for the total amount equivalent of EUR 242,500.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Korotkov and Mr. Bartoszewski, have performed the following actions and duties in their role as Non-Executive Directors in 2013.

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.

Mr. Korotkov and Mr. Bartoszewski within 2013 financial year held meetings on which the main items which were discussed – remuneration of the members of the Board of Directors, payment of bonuses and the Company's employee's share option programs.

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[1] **General Meeting of Participants of LLC Firm "Astarta-Kyiv" on the basis of the Resolution of the Board of Directors of Astarta dated 21 June 2013 resolved to grant to Mr. Ivanchyk cash bonuses, but Mr. Ivanchyk decided to refuse from the granted bonuses in favor of charity. The amount of bonuses is EUR 143,610.**

As for Mr. Bartoszewski, as a member of the Audit Committee, he has had several meetings with Mr. Van Campen and provided the Board of Directors with advice in this respect. The Audit Committee inter alia discussed effectiveness of the risk-management and internal control systems and strategic financial plan of the Company.

There were no irregularities in the 2013 financial year that required interventions by the Non-Executive Directors.

Board of Directors of ASTARTA Holding N.V.

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 2013 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 2013 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2013 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2013, 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 2013, 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 2013, 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 2013.

14 April 2014,

Amsterdam, the Netherlands

V. Ivanchyk (signed)

P. Rybin (signed)

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

V. Korotkov (signed)

W.T. Bartoszewski (signed)

ASTARTA HOLDING N.V.

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(in thousands of Ukrainian hryvnias)	*Notes*	2013	2012 (restated)	2011 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	*9*	**3,432,765**	2,388,193	2,113,117
Intangible assets	*10*	**64,206**	63,977	84,318
Biological assets	*11*	**296,896**	261,051	209,935
Value added tax		**165,880**	-	-
Financial instruments available-for-sale	*12*	**7,946**	15,066	11,684
Long-term receivables		**764**	691	18,376
Long-term cash deposits	*15*	**-**	138,937	174,922
Deferred tax assets	*29*	**-**	101	1,809
		3,968,457	2,868,016	2,614,161
Current assets				
Inventories	*13*	**3,001,841**	2,486,338	1,985,019
Biological assets	*11*	**555,552**	774,225	563,425
Trade accounts receivable	*14*	**326,065**	395,518	303,205
Other accounts receivable and prepayments	*14*	**190,098**	303,321	268,265
Current income tax		**2,405**	420	667
Short-term cash deposits	*15*	**47,484**	46,212	130,153
Cash and cash equivalents	*16*	**29,472**	81,231	52,140
		4,152,917	4,087,265	3,302,874
Total assets		**8,121,374**	6,955,281	5,917,035
EQUITY AND LIABILITIES				
Equity	*17*			
Share capital		**1,663**	1,663	1,663
Additional paid-in capital		**369,798**	369,798	369,798
Retained earnings		**3,236,519**	2,919,070	2,408,389
Treasury shares		**(2,596)**	-	-
Revaluation surplus		**842,517**	380,558	417,875
Currency translation reserve		**3,430**	697	(1,693)
Total equity attributable to equity holders of the parent company		**4,451,331**	3,671,786	3,196,032
Non-controlling interests in joint stock companies	*18*	**585**	2,742	3,672
Total equity		**4,451,916**	3,674,528	3,199,704
Non-current liabilities				
Loans and borrowings	*19*	**1,309,423**	1,653,260	1,121,125
Non-controlling interests in limited liability companies	*18*	**94,044**	92,002	100,613
Accounts payable for propery, plant and equipment		**17,803**	21,175	30,148
Deferred tax liabilities	*29*	**111,906**	69,302	83,505
		1,533,176	1,835,739	1,335,391
Current liabilities				
Loans and borrowings	*19*	**1,436,045**	740,036	875,849
Current portion of long-term loans and borrowings	*19*	**357,840**	300,158	189,418
Trade accounts payable		**131,511**	165,248	93,574
Current income tax		**4,613**	1,161	1,917
Other liabilities and accounts payable	*20*	**206,273**	238,411	221,182
		2,136,282	1,445,014	1,381,940
Total equity and liabilities		**8,121,374**	6,955,281	5,917,035

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(in thousands of Euros)	*Notes*	2013	2012 (restated)	2011 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	*9*	**299,804**	223,613	202,795
Intangible assets	*10*	**5,608**	5,990	8,092
Biological assets	*11*	**25,930**	24,443	20,148
Value added tax		**14,488**	-	-
Financial instruments available-for-sale	*12*	**694**	1,411	1,060
Long-term receivables		**67**	65	1,825
Long-term cash deposits	*15*	**-**	13,009	16,787
Deferred tax assets	*29*	**-**	9	174
		346,591	268,540	250,881
Current assets				
Inventories	*13*	**262,170**	232,803	190,501
Biological assets	*11*	**48,519**	72,493	54,071
Trade accounts receivable	*14*	**28,477**	37,033	29,098
Other accounts receivable and prepayments	*14*	**16,603**	28,401	25,746
Current income tax		**210**	38	64
Short-term cash deposits	*15*	**4,147**	4,327	12,491
Cash and cash equivalents	*16*	**2,574**	7,606	5,003
		362,700	382,701	316,974
Total assets		**709,291**	651,241	567,855
EQUITY AND LIABILITIES				
Equity	*17*			
Share capital		**250**	250	250
Additional paid-in capital		**55,638**	55,638	55,638
Retained earnings		**314,030**	281,932	232,639
Treasury shares		**(240)**	-	-
Revaluation surplus		**80,490**	40,157	43,651
Currency translation reserve		**(61,406)**	(34,180)	(25,407)
Total equity attributable to equity holders of the parent company		**388,762**	343,797	306,771
Non-controlling interests in joint stock companies	*18*	**51**	257	352
Total equity		**388,813**	344,054	307,123
Non-current liabilities				
Loans and borrowings	*19*	**114,361**	154,800	107,593
Non-controlling interests in limited liability companies	*18*	**8,213**	8,614	9,656
Accounts payable for propery, plant and equipment		**1,554**	1,983	2,894
Deferred tax liabilities	*29*	**9,775**	6,489	8,014
		133,903	171,886	128,157
Current liabilities				
Loans and borrowings	*19*	**125,419**	69,292	84,055
Current portion of long-term loans and borrowings	*19*	**31,252**	28,105	18,178
Trade accounts payable		**11,486**	15,473	8,981
Current income tax		**403**	108	184
Other liabilities and accounts payable	*20*	**18,015**	22,323	21,177
		186,575	135,301	132,575
Total equity and liabilities		**709,291**	651,241	567,855

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Ukrainian hryvnias)	*Notes*	2013	2012 (restated)
Revenues	*21*	**4,008,949**	3,683,990
Cost of revenues	*22*	**(3,466,832)**	(2,983,910)
Changes in fair value of biological assets and agricultiral produce	*11*	**444,671**	423,135
Gross profit		**986,788**	1,123,215
Other operating income	*23*	**36,596**	32,128
General and administrative expense	*24*	**(251,145)**	(250,821)
Selling and distribution expense	*25*	**(248,117)**	(213,872)
Other operating expense	*26*	**(147,544)**	(62,363)
Profit from operations		**376,578**	628,287
Finance costs	*27*	**(301,289)**	(254,247)
Finance income	*27*	**29,434**	62,059
Other income	*28*	**14,443**	9,251
Share in loss of joint venture	*7*	**(15,707)**	-
Gain on acquisition of subsidiaries	*5*	**128,491**	18,148
Profit before tax		**231,950**	463,498
Income tax benefit	*29*	**12,050**	8,936
Net profit		**244,000**	472,434
Net profit / (loss) attributable to:			
Non-controlling interests in joint stock companies		**(352)**	(930)
Equity holders of the parent company		**244,352**	473,364
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24,996**	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Ukrainian hryvnias)		**9.78**	18.93

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Euros)	*Notes*	2013	2012 (restated)
Revenues	*21*	**369,458**	352,582
Cost of revenues	*22*	**(318,391)**	(285,731)
Changes in fair value of biological assets and agricultural produce	*11*	**42,273**	41,166
Gross profit		**93,340**	108,017
Other operating income	*23*	**3,321**	3,089
General and administrative expense	*24*	**(23,083)**	(24,050)
Selling and distribution expense	*25*	**(22,655)**	(20,408)
Other operating expense	*26*	**(13,378)**	(5,942)
Profit from operations		**37,545**	60,706
Finance costs	*27*	**(27,737)**	(24,466)
Finance income	*27*	**2,710**	5,972
Other income	*28*	**1,368**	892
Share in loss of joint venture		**(1,401)**	-
Gain on acquisition of subsidiaries	*5*	**12,108**	1,745
Profit before tax		**24,593**	44,849
Income tax benefit	*29*	**1,077**	860
Net profit		**25,670**	45,709
Net profit / (loss) attributable to:			
Non-controlling interests in joint stock companies		**(37)**	(90)
Equity holders of the parent company		**25,707**	45,799
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24,996**	25,000
Basic and diluted earnings per share attributable to shareholders of the company (in Euros)		**1.03**	1.83

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Ukrainian hryvnias)	2013	2012 (restated)
Profit for the year	244,000	472,434
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	496	195
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	496	195
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange difference on translation of foreign operations (the Parent company)	2,237	*2,195*
Income tax effect	-	-
	2,237	*2,195*
Share in revaluation of property, plant and equipment of joint venture	39,132	-
Income tax effect	(8,630)	-
	30,502	-
Revaluation of property, plant and equipment	542,036	-
Income tax effect	(29,173)	-
	512,863	-
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	(11,538)	-
Income tax effect	1,846	-
	(9,692)	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	535,910	2,195
Total comprehensive income	780,406	474,824
Attributable to:		
Non-controlling interests in joint stock companies	(482)	(930)
Equity holders of the parent	780,888	475,754
Total comprehensive income as at 31 December	780,406	474,824

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Euros)	2013	2012 (restated)
Profit for the year	25,670	45,709
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translaction of foreign operations	(27,226)	(8,778)
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(27,226)	(8,778)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Gain on revaluation of property, plant and equipment of associate	3,418	-
Income tax effect	(754)	-
	2,664	-
Revaluation of property, plant and equipment	47,339	-
Income tax effect	(2,562)	-
	44,777	-
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	(1,008)	-
Income tax effect	161	-
	(847)	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	46,594	-
Total comprehensive income	45,038	36,931
Attributable to:		
Non-controlling interests in joint stock companies	(51)	(95)
Equity holders of the parent	45,089	37,026
Total comprehensive income as at 31 December	45,038	36,931

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Ukrainian hryvnias)	*Notes*	2013	2012 (restated)
Operating activities			
Profit before tax		231,950	463,498
Adjustments for:			
Depreciation and amortization		293,867	262,592
Allowance for impairement (recovery) of trade and other accounts receivable	*14*	12,525	10,396
Gain on acquisition of subsidiaries	*5*	(128,491)	(18,148)
Loss on sales of property, plant and equipment	*26*	2,812	354
Write down of inventories	*26*	6,184	7,197
Share in loss of joint venture		15,707	-
Finance income	*27*	(29,434)	(62,059)
Interest expense	*27*	205,162	217,603
Other finance costs		47,722	11,142
Impairment of property, plant and equipment	*26*	41,791	-
Changes in fair value of biological assets and agricultural produce		(444,671)	(423,135)
Loss from promissory note transactions	*27*	-	1,456
Recovery of assets previously written off	*23*	(5,498)	(7,559)
Non-controlling interests in limited liability companies	*18*	3,948	24,046
Foreign exchange loss / (gain)		64,078	(4,104)
Working capital adjustments:			
Decrease (increase) in inventories		155,786	(234,946)
Decrese (increase) in trade and other receivables		84,628	(100,629)
Decrease (increase) in biological assets due to other changes		(5,216)	(75,345)
(Decrease) increase in trade and other payables		(149,914)	134,985
Income taxes paid		(4,766)	(2,491)
Cash flows provided by operating activities		398,170	204,853
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(583,112)	(532,415)
Proceeds from sales of property, plant and equipment		1,333	4,121
Sale (purchase) of financial investments		7,120	(3,382)
Interest received	*27*	11,931	26,080
Acquisition of subsidiaries net of cash acquired	*5*	(35,151)	(19,894)
Cash deposits placement		(12,994)	(47,385)
Cash deposits withdrawal		152,219	167,852
Cash flows used in investing activities		(458,654)	(405,023)
Financing activities			
Proceeds from loans and borrowings		2,751,760	1,837,334
Repayment of loans and borrowings		(2,510,316)	(1,394,047)
Payments to shareholders for pledging shares		(31,961)	(3,256)
Shares buy back		(2,596)	-
Dividends paid to non-controlling interests in limited liability companies	*18*	(5,098)	(8,082)
Acquisition of non-controlling interest	*18*	(2,136)	(5,172)
Interest paid		(191,515)	(197,516)
Cash flows provided by financing activities		8,138	229,261
Net (decrease) increase in cash and cash equivalents		(52,346)	29,091
Cash and cash equivalents as at 1 January		81,231	52,140
Currency translation difference		587	-
Cash and cash equivalents as at 31 December		29,472	81,231

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Euros)	*Notes*	2013	2012 (restated)
Operating activities			
Profit before tax		24,593	44,849
Adjustments for:			
Depreciation and amortization		27,139	25,198
Allowance for impairement (recovery) of trade and other accounts receivable	*14*	1,157	998
Gain on acquisition of subsidiaries	*5*	(12,108)	(1,745)
Loss on sales of property, plant and equipment	*26*	261	34
Write down of inventories	*26*	571	691
Share in loss of joint venture		1,401	-
Finance income	*27*	(2,710)	(5,972)
Interest expense	*27*	18,903	20,941
Other finance costs		4,407	1,071
Impairment of property, plant and equipment	*26*	3,789	-
Changes in fair value of biological assets and agricultural produce		(42,273)	(41,166)
Loss from promissory note transactions	*27*	-	140
Recovery of assets previously written off	*23*	(508)	(729)
Non-controlling interests in limited liability companies	*18*	363	2,314
Foreign exchange loss / (gain)		5,917	(396)
Working capital adjustments:			
Decrease (increase) in inventories		14,387	(22,613)
Decrese (increase) in trade and other receivables		7,815	(9,657)
Decrease (increase) in biological assets due to other changes		(482)	(7,230)
(Decrease) increase in trade and other payables		(13,844)	10,674
Income taxes paid		(439)	(239)
Cash flows provided by operating activities		38,339	17,163
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		(54,350)	(51,090)
Proceeds from sales of property, plant and equipment		123	395
Sale (purchase) of financial investments		658	(325)
Interest received	*27*	1,100	2,509
Acquisition of subsidiaries net of cash acquired	*5*	(3,312)	(1,909)
Cash deposits placement		(1,200)	(4,547)
Cash deposits withdrawal		14,057	16,107
Cash flows used in investing activities		(42,924)	(38,860)
Financing activities			
Proceeds from loans and borrowings		254,136	178,590
Repayment of loans and borrowings		(231,829)	(133,772)
Payments to shareholders for pledging shares		(2,952)	(313)
Shares buy back		(240)	-
Dividends paid to non-controlling interests in limited liability companies	*18*	(471)	(776)
Acquisition of non-controlling interest	*18*	(197)	(496)
Interest paid		(17,686)	(18,954)
Cash flows provided by financing activities		761	24,279
Net (decrease) increase in cash and cash equivalents		(3,824)	2,582
Cash and cash equivalents as at 1 January		7,606	5,003
Currency translation difference		(1,208)	21
Cash and cash equivalents as at 31 December		2,574	7,606

The notes on pages 57 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to equity holders of the parent company								
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation adjustment	Subtotal	Non-controlling interests	Total equity
As at 1 January 2012	1,663	369,798	2,405,670	417,875	-	(1,693)	3,193,313	3,672	3,196,985
Changes in accounting policies (note 4)	-	-	2,719	-	-	-	2,719	-	2,719
As at 1 January 2012 (restated)	1,663	369,798	2,408,389	417,875	-	(1,693)	3,196,032	3,672	3,199,704
Net profit (loss) (restated)	-	-	473,364	-		-	473,364	(930)	472,434
Other comprehensive income, net of tax	-	-	-	-	-	2,390	2,390	-	2,390
Total comprehensive income (restated)	-	-	473,364	-	-	2,390	475,754	(930)	474,824
Realisation of revaluation surplus, net of tax (note 13)	-	-	37,317	(37,317)	-	-	-	-	-
As at 1 January 2013 (restated)	**1,663**	**369,798**	**2,919,070**	**380,558**	-	**697**	**3,671,786**	**2,742**	**3,674,528**
Net profit (loss)	-	-	244,352	-		-	244,352	(352)	244,000
Revaluation reserve, net of tax	-	-	-	512,993	-	-	512,993	(130)	512,863
Share in revaluation of joint venture, net of tax	-	-	-	30,502	-	-	30,502	-	30,502
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(9,692)	-	-	(9,692)	-	(9,692)
Exchange difference on translation	-	-	-	-	-	2,733	2,733	-	2,733
Total other comprehensive income, net of tax	-	-	-	533,803	-	2,733	536,536	(130)	536,406
Total comprehensive income	-	-	244,352	533,803	-	2,733	780,888	(482)	780,406
Acquisitions from non-controlling shareholders and other changes	-	-	1,253	-	-	-	1,253	(1,675)	(422)
Purchase of own shares	-	-	-	-	(2,596)	-	(2,596)	-	(2,596)
Realisation of revaluation surplus, net of tax	-	-	71,844	(71,844)	-	-	-	-	-
As at 31 December 2013	1,663	369,798	3,236,519	842,517	(2,596)	3,430	4,451,331	585	4,451,916

The notes on pages 47 to 138 are an integral part of these condenced consolidated interim financial statements.

(in thousands of Euros)	Attributable to equity holders of the parent company								
	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Currency translation adjustment	Treasury shares	Subtotal	Non-controlling interests	Total equity
As at 1 January 2012	250	55,638	232,329	43,651	(25,407)	-	306,461	352	306,813
Changes in accounting policies (note 4)	-	-	310	-	-	-	310	-	310
As at 1 January 2012 (restated)	250	55,638	232,639	43,651	(25,407)	-	306,771	352	307,123
Net profit (loss) (restated)	-	-	45,799	-	-		45,799	(90)	45,709
Other comprehensive loss, net of tax	-	-	-	-	(8,773)	-	(8,773)	(5)	(8,778)
Total comprehensive income (restated)	-	-	45,799	-	(8,773)	-	37,026	(95)	36,931
Realisation of revaluation surplus, net of tax (note 13)	-	-	3,494	(3,494)	-	-	-	-	-
As at 1 January 2013 (restated)	**250**	**55,638**	**281,932**	**40,157**	**(34,180)**	-	**343,797**	**257**	**344,054**
Net profit (loss)	-	-	25,707	-	-		25,707	(37)	25,670
Revaluation reserve, net of tax	-	-	-	44,791	-	-	44,791	(14)	44,777
Share in revaluation of joint venture, net of tax	-	-	-	2,664	-	-	2,664	-	2,664
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(847)	-	-	(847)	-	(847)
Exchange difference on translation	-	-	-	-	(27,226)	-	(27,226)	-	(27,226)
Total other comprehensive loss, net of tax	-	-	-	46,608	(27,226)	-	19,382	(14)	19,368
Total comprehensive income	-	-	25,707	46,608	(27,226)	-	45,089	(51)	45,038
Acquisitions from non-controlling shareholders and other changes	-	-	116	-	-	-	116	(155)	(39)
Purchase of own shares	-	-	-	-	-	(240)	(240)	-	(240)
Realisation of revaluation surplus, net of tax	-	-	6,275	(6,275)	-		-	-	-
As at 31 December 2013	**250**	**55,638**	**314,030**	**80,490**	**(61,406)**	**(240)**	**388,762**	**51**	**388,813**

The notes on pages 47 to 138 are an integral part of these condenced consolidated interim financial statements.

1 BACKGROUND

(a) Organisation and operations

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

The Company’s legal address is Jan van Goyenkade 8, 1075 HP Amsterdam, the Netherlands.

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

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

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

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

(b) Ukrainian business environment

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets 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, fiscal, 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.

In November 2013, the Ukrainian Government declined to sign the association agreement with the European Union, which resulted in protests and signs of political unrest. In January-March 2014, the political unrest escalated and resulted in the President and majority of Government officials being dismissed by the Parliament. The Parliament has initiated certain political reforms, has appointed a transitional Government and is forming a set of anti-crisis measures. On 21 March 2014 Ukraine signed a political association with the European Union.

Furthermore, from 1 January 2014 to 14 April 2014, the Ukrainian Hryvnia devaluated against major foreign currencies by approximately 50%, and the National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies at the inter-bank market. The international rating agencies have downgraded sovereign debt ratings for Ukraine. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available.

Management is monitoring these developments in the current environment and taking actions where appropriate. Further negative developments, including the political unrest, could adversely affect the Company’s results and financial position in a manner not currently determinable.

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code, applying the exemption offered by article 402 of the Title 9, Book 2 of the Netherlands Civil Code to present a condensed income statement in the Company financial statements. The consolidated financial statements were authorized by the Board of Directors on 14 April 2014.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 interests
- 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 OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

As at 31 December 2013 Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries, joint operations and an associate with the following percentage of ownership:

Name	Activity	31 December 2013 % of ownership	31 December 2012 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	100.00%	100.00%
LLC Firm "Astarta-Kyiv"	Asset management	99.98%	99.98%
LLC "APO "Tsukrovyk Poltavshchyny"	Sugar production	99.72%	99.26%
LLC "Agricultural company "Dovzhenko"	Agricultural	97.53%	97.03%
LLC "Shyshaki combined forage factory"	Fodder production	90.56%	90.56%
LLC "Agricultural company "Dobrobut"	Agricultural	98.24%	98.24%
LLC "Agricultural company "Musievske"	Agricultural	89.98%	89.98%
LLC "Globino processing factory "Globus"	Canning production, trade	99.98%	99.98%
LLC "Dobrobut" (Novo-Sanzharskiy region)	Agricultural	99.98%	99.98%
OJSC "Agricultural company "Agrocomplex"	Agricultural	83.80%	83.80%
OJSC "Agricultural company "Zhdanivske"	Agricultural	97.97%	97.97%
LLC "Investment company "Poltavazernoproduct"	Agricultural	98.68%	98.68%
LLC "List-Ruchky"	Agricultural	74.99%	74.99%
LLC "Agropromgaz"	Trade	89.98%	89.98%
LLC "Khmilnitske"	Agricultural	99.12%	99.09%
LLC "Volochysk-Agro"	Agricultural	97.52%	97.48%
LLC "Agricultural company "Mirgorodska"	Agricultural	89.98%	89.98%
LLC "Kobelyatskiy combined forage factory"	Fodder production	98.56%	98.56%
LLC "named after Ostrovskiy"	Agricultural	99.98%	74.99%
SC "Agricultural company "Agro-Kors"	Agricultural	99.98%	99.98%
LLC "Agricultural company "Khorolska"	Agricultural	98.95%	98.99%
LLC "Lan"	Agricultural	99.98%	99.98%
LLC "Nika"	Agricultural	98.98%	98.98%
LLC "Zhytnytsya Podillya"	Agricultural	74.99%	74.99%
LLC "Astarta-Selektsiya"	Research and development	74.99%	74.99%
LLC "Agrosvit Savyntsi"	Agricultural	98.98%	98.98%
LLC "Khorolskiy combined forage factory"	Fodder production	99.24%	99.24%
PC "Lan-M"	Agricultural	99.98%	99.98%
ALC "Novoivanivskiy sugar plant"	Sugar production	94.28%	94.28%
LLC "Geoexpertservice"	Agricultural	100.00%	100.00%
LLC "Investpromgaz"	Trade	99.93%	99.93%
LLC "Tsukragromprom"	Trade	99.98%	99.91%
LLC "Agricultural company Slobozhansk'ka Zhytnitsa"	Agricultural	50.99%	50.99%
LLC "Volochys'k-tsukor"	Trade	97.52%	97.48%
LLC "Globyns'kiy tsukor	Sugar production	98.68%	98.68%
LLC "Podilskiy krai"	Agricultural	50.30%*	-
PAC "Rybalkivsky"	Agricultural	98.24%*	-

Name	Activity	31 December 2013 % of ownership	31 December 2012 % of ownership
Subsidiaries:			
LLC "Zerno-Agrotrade"	Trade	99.97%*	-
LLC "APK Savynska"	Agricultural	100.00%*	-
LLC "Nonoorzhytskiy sugar plant"	Sugar production	99.98%*	-
Associates:			
LLC "Agricultural company "Pokrovska"	Agricultural	49.99%	49.99%
Joint venture:			
LLC "APK Savynska"	Agricultural	-*	49.99%
Joint operations:			
SC "Konyarstvo Ukrainy"	Agricultural	-**	80.00%
SC "Agricultural company named after Ivanenko"	Agricultural	80.00%	80.00%

* As at 31 December 2013, legal ownership in LLC "Zerno-Agrotrade" is 24% and legal ownership is LLC "APK Savynska" is 49.99%. Please refer to Note 5 for details.

** Please refer to Note 7 for details

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

(c) Business combinations and goodwill

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

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

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

(d) Transactions eliminated on consolidation

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

(e) Basis of accounting

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

(f) Non-controlling interest

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

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

For joint stock companies, the acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with IFRS 10. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent in transactions where the non-controlling interests are acquired or sold without loss of control. For limited liability companies, any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in the income statement of the parent in transactions where the non-controlling interests are acquired or sold without loss of control.

(g) Interest in joint operations

The Group has an interest in joint operations, whereby the parties that have joint control over the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognizes in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, transactions and unrealised gains and losses on such transactions between the Group and its joint operation. 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 accounted as stated above until the date on which the Group ceases to have joint control over the joint operation.

(h) Ivestment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in the associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

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

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

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

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

(i) Functional and presentation currency

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

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

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

Currency	Average reporting period rate		Reporting date rate	
	2013	2012	2013	2012
EUR	10.83	10.42	11.45	10.68
USD	8.14	8.09	8.29	8.07

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

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

Judgments

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

Operating lease – Group as a lessee

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

Estimates and assumptions

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

Impairment of trade accounts receivable

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

Revaluation of buildings, machinery and equipment

The Group adopted the revaluation model of accounting for buildings, constructions, machinery and equipment. Under this method, property is carried at fair value less any subsequent accumulated depreciation and impairment losses.

Most buildings and some items of machinery and equipment are valued using the market approach.

As construction and some buildings and equipment 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 cost approach (either replacement cost or new/ reproduction cost).

When cost approach is used, the entity ensures that both:

- the inputs used to determine replacement cost consistent with what market participant buyers would pay to acquire or construct a substitute asset of comparable utility; and
- the replacement cost has been adjusted for obsolescence that market participant buyers would consider – i.e. that the depreciation adjustment reflects all forms of obsolescence (i.e. physical deterioration, technological (functional) and economic obsolescence), which is broader than depreciation calculated in accordance with IAS 16.

Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Management engaged external independent appraisers to estimate the fair value of buildings, machinery and equipment as at 1 October 2013. Valuation of property, plant and equipment is within level 3 of the fair value hierarchy.

Depreciation

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

Fair value of biological assets

Due to the absence of an active market as defined by International Accounting Standard ("IAS") 41 *Agriculture*, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate. The fair value of biological assets is determined by the Group's own agricultural experts. Further details are provided in Note 11.

Fair value of agricultural produce

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

Weather conditions and yields

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

Deferred taxes

Deferred tax assets, including those arising on unused tax losses are recognised to the extent that it is probable that they will be recovered, which is dependent on the generation of sufficient future taxable profit. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 29.

VAT receivable

As at 31 December 2013, total VAT receivable amounted to UAH 234,868 thousand. The balance of VAT receivable may be realized either through cash refunds from the state budget or be set off against VAT payable originating on sales. Management classified VAT receivable balance as current and non-current based on its expectations of the timing of realisation of the balance.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

(b) Property, plant and equipment

(i) Owned assets

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

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

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

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

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

Uninstalled equipment comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction.

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

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

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

Property and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(ii) Leased assets

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

(iii) Subsequent expenditure

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

(iv) Depreciation

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

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

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

The estimated useful lives are as follows:

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

(c) Intangible assets, other than goodwill

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

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

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

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

(d) Biological assets

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

Gain (loss) from changes in fair value of biological assets is included in the consolidated income statement line "Changes in fair value of biological assets and agricultural produce". 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 is carried in the consolidated statement of financial position at fair value less estimated costs to sell at the point of harvest, which is considered to be the cost at that date. A gain or (loss) arising on initial recognition of agricultural produce at fair value less costs to sell is included in the consolidated income statement line "Changes in fair value of biological assets and agricultural produce".

(f) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets witfhin a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Held-to-maturity investments
- Available-for-sale financial investments
- Loans and receivables
- Financial assets at fair value through profit or loss

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading (including derivative) and financial assets designated upon initial recognition at fair value through profit or loss. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. As at 31 December 2013 and 2012 the Group did not have any separable derivatives or other financial assets at fair value through profit or loss.

(i) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(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 and finished goods at the agricultural and sugar production facilities is determined using the weighted average method including costs incurred in bringing them to their existing location and condition, such as transportation

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

Investments into future crops represent fertilizers and land cultivation to prepare for the subsequent growing season. After seeding the cost of field preparation is recognized as biological assets held at fair value less cost to sell.

(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) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(j) Impairment

(i) Financial assets

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

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

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

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

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

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

(ii) Non-financial assets

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

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

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

(iii) Reversal of impairment of non-financial assets

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

(k) Earnings per share

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

(l) Loans and borrowings

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

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

(m) Trade accounts payable

Trade accounts payable are stated at their amortized cost.

(n) Taxes

Current income tax

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

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

The Group's income was subject to taxation in Ukraine, Cyprus and the Netherlands. In 2013, Ukrainian corporate income tax was levied at a rate of 19% (2012: 21%). According to the Tax Code, which became effective on 1 January 2011, in Ukraine, a tax rate of 19% shall be applied starting from 1 January 2013 and 18% – from 1 January 2014. 22 subsidiaries of the Group are subject to CPT in Ukraine.

In 2013, the tax rates in Cyprus and the Netherlands were 12.5% and 25% (2012: 10% and 25%), respectively.

Deferred tax

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

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

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

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

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

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

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

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

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

(o) Fixed agricultural tax

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

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

(p) Special VAT regime for entities engaged in agricultural production

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

(q) Government subsidies

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

(i) Government grants related to crop production

The amount of this subsidy is calculated based on the number of hectares sowed with a particular crop.

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

(ii) Government grants related to cattle farming

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

(iii) Partial compensation for finance costs and other subsidies

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

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

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

(r) 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.

(s) Expenses

Expenses are accounted for on an accrual basis.

(t) 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.

(u) Finance cost and income

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

(v) Offsetting

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

(w) 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 financing activities. Interest received is included in investing activities.

(x) New and amended standards and interpretations adopted

The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. In addition, the application of IFRS 12 Disclosure of Interests in Other Entities resulted in additional disclosures in the consolidated financial statements.

Several other amendments apply for the first time in 2013. However, they do not impact the consolidated financial statements of the Group. The nature and the impact of each new standards and amendments is described below:

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

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

IFRS 1 Government Loans – Amendments to IFRS 1

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

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

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

IFRS 10 Consolidated Financial Statements, IAS 27 Seperate Financial Statements (early adoption)

The Group adopted IFRS 10 in the current year. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The adoption of the standard did not have effect on the Group's decision about consolidated subsidiaries as at 31 December 2012 and before.

IFRS 11 Joint Arrangements (early adoption)

IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The early adoption of this standard affected the accounting for the Group's 49.99% interest in a joint venture LLC APK "Savynska". For more details please refer to Note 4 Changes in accounting policy.

IFRS 12 Disclosure of interests in other entities (early adoption)

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. IFRS 12 disclosures are provided in Notes 5 - 8.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to property, plant and equipment, biological assets and available for sale investments, whose fair values were determined.

IAS 19 Employee Benefits (Revised)

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

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

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and

Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The standard had no impact on the Group's financial position or performance.

Annual Improvements May 2012

These improvements did not not have an impact on the Group's financial position or performance, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

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

IAS 32 Financial Instruments, Presentation

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

IAS 34 Interim Financial Reporting

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

(y) New and amended standards and interpretations not yet adopted

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected in 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. Effective date of IFRS 9 is tentatively decided to be 1 January 2018.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group is currently assessing the impact of IFRIC 21 on the financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group does not expect that this amendment will have material financial impact in future financial statements.

4 RESTATEMENT AND RECLASSIFICATIONS

a) The application of IFRS 11

The early adoption of IFRS 11 impacted the accounting for the Group's 49.9% interest in a joint venture, LLC "APK Savynska". Prior to the transition to IFRS 11, LLC "APK Savynska" was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest in LLC "APK Savynska" to be classified as a joint venture, which is required to be accounted for using the equity method under IFRS 11. The transition was applied retrospectively and, accordingly, the comparative information for the immediately preceding period (year ended 31 December 2012) was restated. Since LLC "APK Savynska" was loss-making and the cumulative share of the Group in losses was higher than the cost of the investment as as 1 January 2012, the application of IFRS 11 resulted in de-recognition of the Group's share in losses of LLC "APK Savynska" of UAH 6,000 thousand (EUR 576 thousnd) in 2012.

On 31 December 2013, the Group obtained control over LLC "APK Savynska" (Note 7).

b) Change in classification of payroll expense

In 2013, the Group identified that payroll of managerial personnel employed by the entities engaged in agricultural production was included into cost of production, whereas other entities in the industry include such expense to general and administration expense. The Group decided to amend classification in order to be in line with the industry practice. The Group made a respective reclassification in the corresponding figures for the year ended 31 December 2012. Such change in classification did not have impact on balances of inventories or biological assets

c) Change in presentation of gain from valuation of agricultural produce

In 2013, the Group revisited its presentation of cost of revenues and gain (loss) arising from remeasurement of agricultural produce to fair value. Previously, the difference between the historical cost of agricultural produce harvested during the reporting period and fair value less costs to sell at the point of harvest was included in the consolidated income statement as gain/(loss) on remeasurement of agricultural produce to fair value. Agricultural produce sold was charged to the cost of revenues at historical cost. The difference between such cost and the respective fair value less costs to sell, in the case of agricultural produce harvested in previous periods but sold during the reporting period, was booked to gain/(loss) on remeasurement of agricultural produce to fair value. With effect from 1 January 2013 the accounting policy was revised so that agricultural produce is charged to cost of revenues at fair value less cost to sell at the point of harvesting. The Group believes that new accounting policy provides the users of the consolidated financial statements with more relevant and reliable information, which is aligned with prevalent practice in the industry. The Group made a respective reclassification in the corresponding figures for the year ended 31 December 2012.

d) Change in classification of other income

In 2013, the Group identified that other income (recovery of assets previously written off and loss (gain) on sales of property, plant and equipment) are part of operating profit, because they reoccur every year. The Group made a respective reclassification in the corresponding figures for the year ended 31 December 2012.

e) Change in classification of other long-term assets

In 2013, the Group identified that assets which were classified as other long-term assets in 2012 are prepayments for property plant and equipment . The Group made a respective reclassification in the corresponding figures for the year ended 31 December 2012.

f) Change in presentation of gain arising from remeasurement of agricultural produce and change in fair value of biological assets

In 2013, the Group revisited its presentation of gain (loss) arising from remeasurement of agricultural produce to fair value and change in fair value of biological assets. Previously, change in fair value of biological assets was presented separately below "Gross profit" line. With effect from 1 January 2013 the accounting policy was revised so that change in fair value of biological assets was combined with gain arising from remeasurement of agricultural produce in one line "Changes in fair value of biological assets and agricultural produce" in consolidated income statement. The Group believes that new accounting policy provides the users of the consolidated financial statements with more relevant and reliable information, which is aligned with prevalent practice in the industry. The Group made a respective reclassification in the corresponding figures for the year ended 31 December 2012.

The adoption of IFRS 11 had the following effect on the cash flows:

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of restatement	As restated
Operating	163,538	41,315	204,853
Investing	(409,775)	4,752	(405,023)
Financing	274,291	(45,030)	229,261

(in thousands of Euro)	As previously reported	Effect of restatement	As restated
Operating	15,480	1,683	17,163
Investing	(39,316)	456	(38,860)
Financing	26,321	(2,042)	24,279

Other changes in the accounting policy did not have effect on the statement of cash flows.

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of restatement / reclassification						As restated
		a)	b)	c)	d)	e)	f)	
Consolidated statement of financial position as at 31 December 2012:								
ASSETS								
Non-current assets								
Property, plant and equipment	2,363,684	(12,427)	-	-	-	36,936	-	2,388,193
Other long-term assets	36,936	-	-	-	-	(36,936)	-	-
Intangible assets	63,977	-	-	-	-	-	-	63,977
Biological assets	261,051	-	-	-	-	-	-	261,051
Financial instruments available-for-sale	15,066	-	-	-	-	-	-	15,066
Long-term receivables	691	-	-	-	-	-	-	691
Long-term cash deposits	138,937	-	-	-	-	-	-	138,937
Deferred tax assets	101	-	-	-	-	-	-	101
	2,880,443	(12,427)	-	-	-	-	-	2,868,016
Current assets								
Inventories	2,497,865	(11,527)	-	-	-	-	-	2,486,338
Biological assets	774,225	-	-	-	-	-	-	774,225
Trade accounts receivable	397,416	(1,898)	-	-	-	-	-	395,518
Other accounts receivable and prepayments	304,970	(1,649)	-	-	-	-	-	303,321
Current income tax	420	.	-	-	-	-	-	420
Short-term cash deposits	46,212	-	-	-	-	-	-	46,212
Cash and cash equivalents	81,265	(34)	-	-	-	-	-	81,231
	4,102,373	(15,108)	-	-	-	-	-	4,087,265
Total assets	**6,982,816**	**(27,535)**	**-**	**-**	**-**	**-**	**-**	**6,955,281**
EQUITY AND LIABILITIES								
Equity								
Share capital	1,663	-	-	-	-	-	-	1,663
Additional paid-in capital	369,798	-	-	-	-	-	-	369,798
Retained earnings	2,910,351	8,719	-	-	-	-	-	2,919,070
Revaluation surplus	380,558	-	-	-	-	-	-	380,558
Currency translation reserve	697	-	-	-	-	-	-	697
Total equity attributable to equity holders of the parent company	3,663,067	8,719	-	-	-	-	-	3,671,786
Non-controlling interests in joint stock companies	2,742	-	-	-	-	-	-	2,742
Total equity	3,665,809	8,719	-	-	-	-	-	3,674,528
Non-current liabilities								
Loans and borrowings	1,653,260	-	-	-	-	-	-	1,653,260
Non-controlling interests in limited liability companies	92,002	-	-	-	-	-	-	92,002
Accounts payable for propery, plant and equipment	21,175	-	-	-	-	-	-	21,175
Deferred tax liabilities	69,302	-	-	-	-	-	-	69,302
	1,835,739	**-**	**-**	**-**	**-**	**-**	**-**	**1,835,739**
Current liabilities								
Loans and borrowings	762,637	(22,601)	-	-	-	-	-	740,036
Current portion of long-term loans and borrowings	300,158	-	-	-	-	-	-	300,158
Trade accounts payable	172,873	(7,625)	-	-	-	-	-	165,248
Current income tax	1,161	-	-	-	-	-	-	1,161
Other liabilities and accounts payable	244,439	(6,028)	-	-	-	-	-	238,411
	1,481,268	**(36,254)**	**-**	**-**	**-**	**-**	**-**	**1,445,014**
Total equity and liabilities	**6,982,816**	**(27,535)**	**-**	**-**	**-**	**-**	**-**	**6,955,281**

(in thousands of Euros)	As previously reported	Effect of restatement / reclassification a)	b)	c)	d)	e)	f)	As restated
Consolidated statement of financial position as at 31 December 2012:								
ASSETS								
Non-current assets								
Property, plant and equipment	221,319	(1,164)	-	-	-	3,458	-	223,613
Other long-term assets	3,458	-	-	-	-	(3,458)	-	-
Intangible assets	5,990	-	-	-	-	-	-	5,990
Biological assets	24,443	-	-	-	-	-	-	24,443
Financial instruments available-for-sale	1,411	-	-	-	-	-	-	1,411
Long-term receivables	65	-	-	-	-	-	-	65
Long-term cash deposits	13,009	-	-	-	-	-	-	13,009
Deferred tax assets	9	-	-	-	-	-	-	9
	269,704	(1,164)	-	-	-	-	-	268,540
Current assets								
Inventories	233,882	(1,079)	-	-	-	-	-	232,803
Biological assets	72,493	-	-	-	-	-	-	72,493
Trade accounts receivable	37,211	(178)	-	-	-	-	-	37,033
Other accounts receivable and prepayments	28,555	(154)	-	-	-	-	-	28,401
Current income tax	38	-	-	-	-	-	-	38
Short-term cash deposits	4,327	-	-	-	-	-	-	4,327
Cash and cash equivalents	7,609	(3)	-	-	-	-	-	7,606
	384,115	(1,414)	-	-	-	-	-	382,701
Total assets	**653,819**	**(2,578)**	**-**	**-**	**-**	**-**	**-**	**651,241**
EQUITY AND LIABILITIES								
Equity								
Share capital	250	-	-	-	-	-	-	250
Additional paid-in capital	55,638	-	-	-	-	-	-	55,638
Retained earnings	281,046	886	-	-	-	-	-	281,932
Revaluation surplus	40,157	-	-	-	-	-	-	40,157
Currency translation reserve	(34,110)	(70)	-	-	-	-	-	(34,180)
Total equity attributable to equity holders of the parent company	342,981	816	-	-	-	-	-	343,797
Non-controlling interests in joint stock companies	257	-	-	-	-	-	-	257
Total equity	343,238	816	-	-	-	-	-	344,054
Non-current liabilities								
Loans and borrowings	154,800	-	-	-	-	-	-	154,800
Non-controlling interests in limited liability companies	8,614	-	-	-	-	-	-	8,614
Accounts payable for propery, plant and equipment	1,983	-	-	-	-	-	-	1,983
Deferred tax liabilities	6,489	-	-	-	-	-	-	6,489
	171,886	**-**	**-**	**-**	**-**	**-**	**-**	**171,886**
Current liabilities								
Loans and borrowings	71,408	(2,116)	-	-	-	-	-	69,292
Current portion of long-term loans and borrowings	28,105	-	-	-	-	-	-	28,105
Trade accounts payable	16,187	(714)	-	-	-	-	-	15,473
Current income tax	108	-	-	-	-	-	-	108
Other liabilities and accounts payable	22,887	(564)	-	-	-	-	-	22,323
	138,695	**(3,394)**	**-**	**-**	**-**	**-**	**-**	**135,301**
Total equity and liabilities	**653,819**	**(2,578)**	**-**	**-**	**-**	**-**	**-**	**651,241**

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of restatement / reclassification a)	b)	c)	d)	e)	f)	As restated
Consolidated income statement for the year ended 31 December 2012								
Revenues	3,701,605	(17,615)	-	-	-	-	-	3,683,990
Cost of revenues	(2,765,176)	18,564	91,200	(328,498)	-	-	-	(2,983,910)
Changes in fair value of biological assets and agricultural produce	(77,344)	-	-	328,498	-	-	171,981	423,135
Gross profit	**859,085**	**949**	**91,200**	**-**	**-**	**-**	**171,981**	**1,123,215**
Changes in fair value of biological assets	171,981	-	-	-	-	-	(171,981)	-
Other operating income	24,636	(67)	-	-	7,559	-	-	32,128
General and administrative expense	(168,234)	1,958	(84,545)	-	-	-	-	(250,821)
Selling and distribution expense	(207,808)	591	(6,655)	-	-	-	-	(213,872)
Other operating expense	(62,728)	719	-	-	(354)	-	-	(62,363)
Profit from operations	**616,932**	**4,150**	**-**	**-**	**7,205**	**-**	**-**	**628,287**
Finance costs	(256,058)	1,811	-	-	-	-	-	(254,247)
Finance income	62,071	(12)	-	-	-	-	-	62,059
Other income	16,467	(11)	-	-	(7,205)	-	-	9,251
Gain on acquisition of subsidiaries	18,148	-	-	-	-	-	-	18,148
Profit before tax	**457,560**	**5,938**	**-**	**-**	**-**	**-**	**-**	**463,498**
Income tax benefit	8,874	62	-	-	-	-	-	8,936
Net profit	**466,434**	**6,000**	**-**	**-**	**-**	**-**	**-**	**472,434**

(in thousands of Euros)	As previously reported	Effect of restatement / reclassification a)	b)	c)	d)	e)	f)	As restated
Consolidated income statement for the year ended 31 December 2012								
Revenues	354,272	(1,690)	-	-	-	-	-	352,582
Cost of revenues	(264,789)	1,781	8,733	(31,456)	-	-	-	(285,731)
Changes in fair value of biological assets and agricultural produce	(6,793)	-	-	31,456	-	-	16,503	41,166
Gross profit	**82,690**	**91**	**8,733**	**-**	**-**	**-**	**16,503**	**108,017**
Changes in fair value of biological assets	16,503	-	-	-	-	-	(16,503)	-
Other operating income	2,366	(6)	-	-	729	-	-	3,089
General and administrative expense	(16,142)	188	(8,096)	-	-	-	-	(24,050)
Selling and distribution expense	(19,828)	57	(637)	-	-	-	-	(20,408)
Other operating expense	(5,977)	69	-	-	(34)	-	-	(5,942)
Profit from operations	**59,612**	**399**	**-**	**-**	**695**	**-**	**-**	**60,706**
Finance costs	(24,640)	174	-	-	-	-	-	(24,466)
Finance income	5,973	(1)	-	-	-	-	-	5,972
Other income	1,588	(1)	-	-	(695)	-	-	892
Gain on acquisition of subsidiaries	1,745	-	-	-	-	-	-	1,745
Profit before tax	**44,278**	**571**	**-**	**-**	**-**	**-**	**-**	**44,849**
Income tax benefit	855	5	-	-	-	-	-	860
Net profit	**45,133**	**576**	**-**	**-**	**-**	**-**	**-**	**45,709**

	(in thousands of Ukrainian hryvnias)				(in thousands of Euros)			
	As previously reported	*Effect of restatement / reclassification*		**As restated**	**As previously reported**	*Effect of restatement / reclassification*		**As restated**
		a)	*e)*			*a)*	*e)*	
Consolidated statement of financial position as at 31 December 2011:								
ASSETS								
Non-current assets								
Property, plant and equipment	2,101,871	(7,771)	19,017	2,113,117	201,715	(746)	1,826	202,795
Intangible assets	84,318	-	-	84,318	8,092	-	-	8,092
Biological assets	209,935	-	-	209,935	20,148	-	-	20,148
Value added tax	-	-	-	-	-	-	-	-
Long-term receivables	18,376	-	-	18,376	1,825	-	-	1,825
Other long-term assets	19,017	-	(19,017)	-	1,826	-	(1,826)	-
Financial instruments available-for-sale	11,684	-	-	11,684	1,060	-	-	1,060
Long-term cash deposits	174,922	-	-	174,922	16,787	-	-	16,787
Deferred tax assets	1,809	-	-	1,809	174	-	-	174
	2,621,932	**(7,771)**	-	2,614,161	251,627	(746)	-	250,881
Current assets								
Inventories	1,999,638	(14,619)	-	1,985,019	191,904	(1,403)	-	190,501
Biological assets	563,425	-	-	563,425	54,071	-	-	54,071
Trade accounts receivable	303,670	(465)	-	303,205	29,143	(45)	-	29,098
Other accounts receivable and prepayments	269,030	(765)	-	268,265	25,819	(73)	-	25,746
Current income tax	667	-	-	667	64	-	-	64
Short-term cash deposits	130,153	-	-	130,153	12,491	-	-	12,491
Cash and cash equivalents	53,211	(1,071)	-	52,140	5,106	(103)	-	5,003
	3,319,794	(16,920)	-	3,302,874	318,598	(1,624)	-	316,974
Total assets	5,941,726	(24,691)	-	5,917,035	**570,225**	**(2,370)**	**-**	567,855
EQUITY AND LIABILITIES								
Equity					-	-	-	
Share capital	1,663	-	-	1,663	250	-	-	250
Additional paid-in capital	369,798	-	-	369,798	55,638	-	-	55,638
Retained earnings	2,405,670	2,719	-	2,408,389	232,329	310	-	232,639
Treasury shares	-	-	-	-	-	-	-	-
Revaluation surplus	417,875	-	-	417,875	43,651	-	-	43,651
Currency translation reserve	(1,693)	-	-	(1,693)	(25,407)	-	-	(25,407)
Total equity attributable to equity holders of the parent company	**3,193,313**	**2,719**	**-**	**3,196,032**	**306,461**	**310**	**-**	306,771
Non-controlling interests in joint stock companies	3,672	-	-	3,672	352	-	-	352
Total equity	3,196,985	2,719	-	3,199,704	**306,813**	**310**	**-**	307,123
Non-current liabilities								
Loans and borrowings	1,121,125	-	-	1,121,125	107,593	-	-	107,593
Non-controlling interests in limited liability companies	100,613	-	-	100,613	9,656	-	-	9,656
Accounts payable for propery, plant and equipment	30,148	-	-	30,148	2,894	-	-	2,894
Deferred tax liabilities	83,505	-	-	83,505	8,014	-	-	8,014
	1,335,391	-	-	1,335,391	128,157	-	-	128,157
Current liabilities								
Loans and borrowings	875,849	-	-	875,849	84,055	-	-	84,055
Current portion of long-term loans and borrowings	189,418	-	-	189,418	18,178	-	-	18,178
Trade accounts payable	95,068	(1,494)	-	93,574	9,124	(143)	-	8,981
Current income tax	1,917	-	-	1,917	184	-	-	184
Other liabilities and accounts payable	247,098	(25,916)	-	221,182	23,714	(2,537)	-	21,177
	1,409,350	(27,410)	-	1,381,940	135,255	(2,680)	-	132,575
Total equity and liabilities	5,941,726	(24,691)	-	5,917,035	**570,225**	**(2,370)**	**-**	567,855

5 BUSINESS COMBINATIONS

Acquisition of new entities

During the year ended 31 December 2013, the Group acquired 3 new non-listed entities and an integral property complex previousely owned by LLC "Orzhytsky tsukrovy zavod". The property complex includes a set of moveable and immovable assets necessary for production of sugar. The Group employed key technical personnel of the sugar plant, which was dismissed by the previous owner. Management treated the transaction as a business combination.

On 1 July 2013, the Group reached and agreement to acquire 99.98% in a trading company LLC "Zerno-Agrotrade" and accrued consideration for the total ownership. Up to 31 December 2013, the deal was legally completed only in respect of 24% of ownership rights; the transfer of the remaining ownership rights was not finalized as at the date of issue of these consolidated financial statements. On 1 July 2013 the Group also concluded a management agreement according to which the Group has decision-making rights over the relevant activities of the investee and is entitled to all profits earned or losses incurred by the investee.

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 "Podilskiy krai"	Ukraine	Agricultural	01.01.2013	50.30%
PAC "Rybalkivsky"	Ukraine	Agricultural	01.05.2013	98.24%
LLC "Zerno-agrotrade"	Ukraine	Trade	01.07.2013	99.97%
LLC "Orzhytskiy tsukroviy zavod"	Ukraine	Sugar production	18.09.2013	99.98%

Management commissioned an independent appraiser to determine the fair value of property, plant and equipment and land lease rights of LLC "Orzhytsky tsukrovy zavod".

In 2013, 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:

	Recognised fair value at acquisition				
(in thousands of Ukrainian hryvnias)	Podilskiy krai	Rybalkivsky	Orzhytsky tsukrovy zavod	Zerno-Agrotrade	Total
Non-current assets					
Property, plant and equipment	117	205	155,826	-	156,148
Intangible assets	-	-	9,850	-	9,850
Other non-current assets	-	94	-	-	94
Current assets					
Inventories	-	-	-	12,819	12,819
Trade accounts receivable	4,354	-	-	8,288	12,642
Other accounts receivable and prepayments	1,348	20	-	37,775	39,143
Cash and cash equivalents	32	-	-	142	174
Non-current liabilities					
Deffered tax liabilities	-	-	(21,071)	-	(21,071)
Current liabilities					
Trade accounts payable	(7,906)	-	-	(2,878)	(10,784)
Other liabilities and accounts payable	(42)	(20)	-	(50,432)	(50,494)
Net identifiable assets, liabilities and contingent liabilities	(2,097)	299	144,605	5,714	148,521
Non-controlling interest	(1,042)	(5)	-	-	(1,047)
Net assets aquired	(3,139)	294	144,605	5,714	147,474
Excess of net assets acquired over consideration paid	-	-	110,625	5,564	116,189
Goodwill on acquisition	(4,035)	(5)	-	-	(4,040)
Consideration paid	(896)	(299)	(33,980)	(150)	(35,325)
Cash acquired	32	-	-	142	174
Net cash outflow	(864)	(299)	(33,980)	(8)	(35,151)

Recognised fair value at acquisition

(in thousands of Euros)	Podilskiy krai	Rybalkivsky	Orzhytsky tsukrovy zavod	Zerno-Agrotrade	Total
Non-current assets					
Property, plant and equipment	11	19	14,682	-	14,712
Intangible assets	-	-	928	-	928
Other non-current assets	-	9	-	-	9
Current assets					
Inventories	-	-	-	1,208	1,208
Trade accounts receivable	410	-	-	781	1,191
Other accounts receivable and prepayments	127	2	-	3,559	3,688
Cash and cash equivalents	3	-	-	14	17
Non-current liabilities					
Deffered tax liabilities	-	-	(1,985)	-	(1,985)
Current liabilities					
Trade accounts payable	(745)	-	-	(271)	(1,016)
Other liabilities and accounts payable	(4)	(2)	-	(4,751)	(4,757)
Net identifiable assets, liabilities and contingent liabilities	(198)	28	13,625	540	13,995
Non-controlling interest	(99)	-	-	-	(99)
Net assets aquired	(297)	28	13,625	540	13,896
Excess of net assets acquired over consideration paid	-	-	10,423	526	10,949
Goodwill on acquisition	(381)	-	-	-	(381)
Consideration paid	(84)	(28)	(3,202)	(14)	(3,328)
Cash acquired	3	-	-	13	16
Net cash outflow	(81)	(28)	(3,202)	(1)	(3,312)

The gain on a bargain purchase of integral property complex of LLC “Orzhytsky tsukrovy zavod” is stipulated by the Group's unique bargaining power of the Group since the Group has sufficient land in a proximity to the Orzhystky sugar plant and had available funds for the acquisition at the time when the sugar plant was put up for sale.

Step acquisition of joint venture

On 31 December 2013 the Group reached and agreement to acquire 50.01% in a former joint venture LLC APK "Savynska" and transferred consideration for the total ownership. The deal was legally completed in February 2014. On 31 December 2013 the Group concluded a management agreement according to which the Group has decision-making rights over the relevant activities of the investee and is entitled to all profits earned or losses incurred by the investee. LLC APK "Savynska" is an owner of a sugar plant and is engaged in sugar production. The consideration was settled with a transfer of sugar, the fair value of consideration was estimated as cost of sugar at market price on the date of transfer.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed as at acquisition date

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Non-current assets		
Property, plant and equipment	88,856	7,760
Current assets		
Inventories	52,883	4,619
Trade accounts receivable	10,970	958
Other accounts receivable and prepayments	10,652	930
Cash and cash equivalents	17	1
Non-current liabilities		
Deferred tax liabilites	(10,744)	(938)
Long-term loans and borrowings	(73,532)	(6,422)
Current liabilities		
Short-term loans and borrowings	(30,212)	(2,639)
Trade accounts payable	(14,995)	(1,310)
Other liabilities and accounts payable	(4,298)	(375)
Net identifiable assets, liabilities and contingent liabilities	29,597	2,584

Gain arising from the acquisition has been recognised as follows:

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Consideration transferred	2,500	218
Fair value of pre-existing interest in APK Savynska	(14,795)	(1,207)
Fair value of identifiable net assets	29,597	2,584
Gain from the acquisition	12,302	1,159

As a joint venture, LLC "APK Savynska" followed the Group's policy and revalued its PPE as at 1 October 2013. The Group recognised its share of revaluation reserve of LLC "APK Savynska" of UAH 30,502 thousand net of deferred tax within OCI. At the same time the Group recognized previously uncrecognised losses of LLC "APK Savynska" of UAH 14,601 thousand. When assessing the fair value of the consideration, the parties agreed that the consideration should cover significant part of those losses (agreed on lower consideration), which resulted in a gain on acquisition.
In 2012, the Group completed acquisitions of 4 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
PC "Mir"	Ukraine	Agricultural	02.01.2012	99.06%
LLC “Agricultural company "Pershe travnya”	Ukraine	Agricultural	23.01.2012	89.98%
LLC “Agricultural company "Kolos”	Ukraine	Agricultural	01.02.2012	89.98%
LLC "Investpromgaz"	Ukraine	Trade	19.03.2012	99.93%

The 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:

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

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

For the business combinations in 2013 and 2012 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.

Total revenues of LLC “APK Savynska” for 2013 equaled UAH 81,410 thousand and total losses – UAH 9,711 thousand.

Should the acquisition of LLC “Orzhytsky tsukrovy zavod” have occurred on the 1 January 2013, the Group’s revenue would be UAH 142,759 thousand higher and the Group’s profit – UAH 20,741 thousand higher.

From the acquisition date till 31 December 2013, the acquired entities added UAH 278,133 thousand (EUR 26,682 thousand) of revenue to the Group’s revenue and UAH 5,058 thousand (EUR 467 thousand) of loss to the Group’s profit.

For other acquisitions made during the year ended 31 December 2013 and 2012, it is not practicable to determine what would be the total revenue and net profit for the year ended 31 December 2013 and 2012 had the acquisitions occurred on 1 January in accordance with IFRS because the acquired companies’ financial statements were prepared in accordance with Ukrainian National Accounting Standards, which are different from IFRSs.

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

6 MATERIAL PARTLY-OWNED SUBSIDIARIES

The summarised financial information of the subsidiaries that have material non-controlling interests and proportion of equity interest held by non-controlling interests is provided below. All presented below subsidiaries are limited liability companies. This information is based on amounts before inter-company eliminations.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Non-current assets	**186,936**	135,958	**491,464**	371,003	**39,846**	35,445	**194,767**	154,079	**315,240**	215,633
Current assets	**798,023**	686,330	**1,149,669**	1,012,139	**135,589**	151,621	**776,189**	685,605	**789,576**	732,119
Non-current liabilities	**767**	61,173	**878**	71,135	**114**	121	**1,098**	55,750	**2,263**	925
Current liabilities	**402,660**	312,427	**265,230**	225,849	**68,194**	104,544	**252,524**	198,435	**520,502**	454,216
Total net assets	**581,532**	448,688	**1,375,025**	1,086,158	**107,127**	82,401	**717,334**	585,499	**582,051**	492,611
Non-controlling interest, %	**1.76%**	1.76%	**2.47%**	2.97%	**10.02%**	10.02%	**1.32%**	1.32%	**2.48%**	2.52%
Attributable to:										
Non-controlling interest	**10,242**	7,944	**34,126**	32,314	**10,445**	8,518	**9,404**	7,739	**14,413**	12,430
Equity holders of parent	**571,290**	440,744	**1,340,899**	1,053,844	**96,682**	73,883	**707,930**	577,760	**567,638**	480,181

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Non-current assets	**16,326**	12,730	**42,923**	34,738	**3,480**	3,319	**17,010**	14,427	**27,532**	20,190
Current assets	**69,696**	64,263	**100,408**	94,770	**11,842**	14,197	**67,789**	64,195	**68,959**	68,550
Non-current liabilities	**67**	5,728	**77**	6,661	**10**	11	**96**	5,220	**198**	87
Current liabilities	**35,167**	29,253	**23,164**	21,147	**5,956**	9,789	**22,054**	18,580	**45,459**	42,530
Total net assets	**50,788**	42,012	**120,090**	101,700	**9,356**	7,716	**62,649**	54,822	**50,834**	46,123
Non-controlling interest, %	**1.76%**	1.76%	**2.47%**	2.97%	**10.02%**	10.02%	**1.32%**	1.32%	**2.48%**	2.52%
Attributable to:										
Non-controlling interest	**894**	744	**2,980**	3,026	**912**	798	**821**	725	**1,259**	1,164
Equity holders of parent	**49,894**	41,268	**117,110**	98,674	**8,444**	6,918	**61,828**	54,097	**49,575**	44,959

SUMMARIZED INCOME STATEMENT

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	**724,113**	658,759	**965,826**	749,323	**207,922**	126,315	**634,490**	711,189	**856,932**	645,026
Cost of sales	**(549,675)**	(504,957)	**(691,628)**	(530,261)	**(160,664)**	(96,702)	**(440,501)**	(542,959)	**(675,823)**	(520,305)
Changes in fair value of biological assets and agricultural produce	**40,150**	(66,782)	**84,423**	(21,399)	**(684)**	12,108	**31,337**	(26,830)	**(4,137)**	75,501
Gross profit	**214,588**	87,020	**358,621**	197,663	**46,574**	41,721	**225,326**	141,400	**176,972**	200,222
Other operating income	**(4,601)**	4,957	**(9,835)**	16,104	**(11,381)**	1,166	**(7,455)**	4,561	**(12,347)**	6,524
Administrative expenses	**(23,038)**	(12,929)	**(34,771)**	(14,975)	**(3,502)**	(2,816)	**(25,507)**	(11,935)	**(24,639)**	(10,954)
Selling and distribution expenses	**(34,063)**	(41,725)	**(31,304)**	(42,999)	**(5,509)**	(3,687)	**(32,875)**	(39,885)	**(50,930)**	(37,312)
Other operating expense	**(9,805)**	(4,768)	**(21,914)**	1,763	**(6,300)**	(2,328)	**(9,372)**	(18,770)	**(7,613)**	(6,559)
Profit from operations	**143,081**	32,555	**260,797**	157,556	**19,882**	34,056	**150,117**	75,371	**81,443**	151,921
Finance cost	**(24,581)**	(11,297)	**(22,465)**	(21,228)	**(2,255)**	(3,272)	**(14,667)**	(12,154)	**(24,652)**	(12,867)
Finance income	**107**	316	**113**	208	**34**	38	**99**	505	**186**	281
Other income	**2,156**	6,351	**1,039**	5,951	**209**	232	**(25)**	455	**756**	6,969
Profit befor tax	**120,763**	27,925	**239,484**	142,487	**17,870**	31,054	**135,524**	64,177	**57,733**	146,304
Income tax	-	-	-	-	-	-	-	-	-	-
Profit for the year from continuing operation	**120,763**	27,925	**239,484**	142,487	**17,870**	31,054	**135,524**	64,177	**57,733**	146,304
Non-controlling interest, %	**1.76%**	1.76%	**2.47%**	2.97%	**10.02%**	10.02%	**1.32%**	1.32%	**2.48%**	2.52%
Attributable to:										
Non-controlling interest	**2,131**	493	**5,914**	4,231	**1,790**	3,111	**1,789**	847	**1,430**	3,686
Equity holders of parent	**118,632**	27,432	**233,570**	138,256	**16,080**	27,943	**133,735**	63,330	**56,303**	142,618

SUMMARIZED INCOME STATEMENT

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue	**63,241**	61,682	**84,352**	70,161	**18,159**	11,827	**55,414**	66,591	**74,841**	60,396
Cost of sales	**(48,007)**	(47,281)	**(60,404)**	(49,650)	**(14,032)**	(9,054)	**(38,472)**	(50,839)	**(59,024)**	(48,718)
Changes in fair value of biological assets and agricultural produce	**3,507**	(6,253)	**7,373**	(2,004)	**(60)**	1,134	**2,737**	(2,512)	**(361)**	7,069
Gross profit	**18,741**	8,148	**31,321**	18,507	**4,067**	3,907	**19,679**	13,240	**15,456**	18,747
Other operating income	**(402)**	464	**(859)**	1,508	**(994)**	109	**(651)**	427	**(1,078)**	611
Administrative expenses	**(2,012)**	(1,211)	**(3,037)**	(1,402)	**(306)**	(264)	**(2,228)**	(1,118)	**(2,152)**	(1,026)
Selling and distribution expenses	**(2,975)**	(3,907)	**(2,734)**	(4,026)	**(481)**	(345)	**(2,871)**	(3,735)	**(4,448)**	(3,494)
Other operating expense	**(856)**	(446)	**(1,914)**	165	**(550)**	(218)	**(819)**	(1,757)	**(665)**	(614)
Profit from operations	**12,496**	3,048	**22,777**	14,752	**1,736**	3,189	**13,110**	7,057	**7,113**	14,224
Finance cost	**(2,147)**	(1,058)	**(1,962)**	(1,988)	**(197)**	(306)	**(1,281)**	(1,138)	**(2,153)**	(1,205)
Finance income	**9**	30	**10**	19	**3**	4	**9**	47	**16**	26
Other income	**188**	595	**91**	557	**18**	22	**(2)**	43	**66**	653
Profit befor tax	**10,546**	2,615	**20,916**	13,340	**1,560**	2,909	**11,836**	6,009	**5,042**	13,698
Income tax	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year from continuing operation	**10,546**	2,615	**20,916**	13,340	**1,560**	2,909	**11,836**	6,009	**5,042**	13,698
Non-controlling interest, %	**1.76%**	1.76%	**2.47%**	2.47%	**10.02%**	10.02%	**1.32%**	1.32%	**2.48%**	2.52%
Attributable to:										
Non-controlling interest	**186**	46	**517**	396	**156**	291	**156**	79	**125**	345
Equity holders of parent	**10,360**	2,569	**20,399**	12,944	**1,404**	2,618	**11,680**	5,930	**4,917**	13,353

SUMMARISED STATEMENT OF CASH FLOWS

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Operating	**(678)**	51,023	**97,681**	99,135	**11,226**	11,609	**82,096**	50,894	**(4,232)**	30,035
Investing	**(109,426)**	(70,002)	**(97,080)**	(103,334)	**(10,430)**	(12,315)	**(48,384)**	(66,291)	**(105,695)**	(78,294)
Financing	**109,605**	16,822	**(1,837)**	1,147	**(1,250)**	261	**(40,565)**	19,841	**107,328**	48,926
Net increase/(decrease) in cash and cash equivalents	**(499)**	(2,157)	**(1,236)**	(3,052)	**(454)**	(445)	**(6,853)**	4,444	**(2,599)**	667

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Operating	**(1,208)**	4,804	**7,192**	9,230	**918**	1,066	**6,664**	4,750	**(958)**	2,678
Investing	**(10,122)**	(6,716)	**(8,980)**	(9,914)	**(965)**	(1,182)	**(4,475)**	(6,360)	**(9,776)**	(7,512)
Financing	**10,123**	1,614	**(170)**	110	**(116)**	25	**(3,746)**	1,904	**9,912**	4,695
Net increase/(decrease) in cash and cash equivalents	**(1,207)**	(298)	**(1,958)**	(574)	**(163)**	(91)	**(1,557)**	294	**(822)**	(139)

7 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

As at 31 December 2013, the Group has 49.99% ownership in LLC Agricultural company "Pokrovska" (2012: 49.99%), which is involved in agricultural activity. LLC Agricultural company "Pokrovska" is a private entity that is not listed on any public exchange. The Group's interest in LLC Agricultural company "Pokrovska" is accounted for using the equity method in the consolidated financial statements. In 2007, the Group discontinued recognition of its share of losses of associate LLC Agricultural company "Pokrovska".

As at 31 December 2012 the Group had a 49.99% investment in a joint venture LLC "APK Savynska". On 31 December 2013 the Group obtained control over LLC "APK Savynska" (Note 6).

Summarized financial information of the Group's associate and joint venture as at and for the year ended 31 December 2013 is as follows:

	LLC "APK Savynska"		LLC "Agricultural company "Pokrovska"	
	Joint venture:		Associates:	
(in thousands of Ukrainian hryvnias)	**2013**	**2012**	**2013**	**2012**
Non-current assets				
Property, plant and equipment	-	24,859	**6,407**	8,400
Intangible assets	-	-	**46**	-
	-	24,859	**6,453**	8,400
Current assets				
Inventories	-	23,059	**40,840**	12,912
Trade accounts receivable	-	3,797	**4,997**	7,835
Other accounts receivable and prepayments	-	3,299	**5,203**	1,716
Cash and cash equivalents	-	67	**1,357**	338
	-	30,222	**52,397**	22,801
Non-current liabilities				
Loans and borrowings	-	-	**(3,673)**	(3,673)
	-	-	**(3,673)**	(3,673)
Current liabilities				
Loans and borrowings	-	(45,211)	**(72,129)**	(72,129)
Trade accounts payable	-	(15,253)	**(42,327)**	(17,668)
Other liabilities and accounts payable	-	(12,058)	**(57,606)**	(33,892)
	-	(72,522)	**(172,062)**	(123,689)
Net assets attributable to participants	-	(17,441)	**(116,885)**	(96,161)
The Group's share in the joint venture/ associate	-	49.99%	**49.99%**	49.99%
Carrying amount of the investment	-	-	-	-
Unrecognised share in acumulated losses	-	(8,719)	**(58,431)**	(48,071)
Revenues	**81,410**	17,615	**9,635**	30,312
Net loss	**(24,174)**	(6,000)	**(20,724)**	(29,836)
Other comprehensive income	**61,016**	-	-	-
Total comprehensive income as at 31 December	**36,842**	(6,000)	**(20,724)**	(29,836)
Group's share of profit for the year	**(15,707)***	-	-	-

	LLC "APK Savynska" Joint venture:		LLC "Agricultural company "Pokrovska" Associates:	
(in thousands of Ukrainian hryvnias)	**2013**	**2012**	**2013**	**2012**
Group's share of other comprehensive income for the year	**30,502**	-	-	-
Income tax benefit	-	-	-	-
Depreciation and amortization	**(3,871)**	(3,006)	**(2,107)**	(2,205)
Interest income	**211**	-	-	(3)
Interest expenses	**(7,313)**	(3,622)	**11,202**	10,928

*The Group's share in losses of LLC "APK Savynska" of UAH 15,707 thousand includes recognition of previously uncrecognised losses (Note 5).

	LLC "APK Savynska" Joint venture:		LLC "Agricultural company "Pokrovska" Associates:	
(in thousands of Euros)	**2013**	**2012**	**2013**	**2012**
Non-current assets				
Property, plant and equipment	-	2,328	**560**	787
Intangible assets	-	-	**4**	-
	-	2,328	**564**	787
Current assets				
Inventories	-	2,159	**3,567**	1,209
Trade accounts receivable	-	357	**436**	734
Other accounts receivable and prepayments	-	309	**454**	161
Cash and cash equivalents	-	6	**119**	32
	-	2,831	**4,576**	2,136
Non-current liabilities				
Loans and borrowings	-	-	**(321)**	(344)
	-	-	**(321)**	(344)
Current liabilities				
Loans and borrowings	-	(4,233)	**(6,299)**	(6,754)
Trade accounts payable	-	(1,428)	**(3,697)**	(1,654)
Other liabilities and accounts payable	-	(1,129)	**(5,031)**	(3,173)
	-	(6,790)	**(15,027)**	(11,581)
Net assets attributable to participants		(1,631)	**(10,208)**	(9,002)
The Group's share in the joint venture/ associate	-	49.99%	**49.99%**	49.99%
Carrying amount of the investment	-	-	-	-
Unrecognised share in acumulated losses	-	(815)	(5,094)	(4,500)
Revenues	**7,517**	1,690	**890**	2,933
Net profit	**(2,232)**	(576)	**(1,914)**	(2,887)
Other comprehensive income	**5,634**	-	-	-
Total comprehensive income as at 31 December	**3,402**	(576)	**(1,914)**	(2,887)
Group's share of profit for the year	**(1,401)***	-	-	-
Group's share of other comprehensive income for the year	**2,664**	-	-	-

	LLC "APK Savynska"		LLC "Agricultural company "Pokrovska"	
	Joint venture:		Associates:	
(in thousands of Euros)	2013	2012	2013	2012
Income tax benefit	-	-	-	-
Depreciation and amortization	357	(291)	(195)	(213)
Interest income	19	-	-	-
Interest expenses	(675)	(348)	1,035	1,057

*The Group's share in losses of LLC "APK Savynska" of EUR 1,401 thousand includes recognition of previously uncrecognised losses (Note 5).

8 INTEREST IN JOINT OPERATIONS

As at 31 December 2013 and 2012 the Group had an 80% interest in SC "Agricultural company named after Ivanenko". SC "Agricultural company named after Ivanenko" is not a separate legal entity. According to the written agreement, the Group's share in assets, liabilities and net profit of SC "Agricultural company named after Ivanenko" is 80%; however, all decisions about the relevant activity (crop growing and sales) require the unanimous consent of both operators. Therefore, the Group accounts for SC "Agricultural company named after Ivanenko" as a joint operation.

As at 31 December 2012 the Group also had an 80% interest in SC"Konyarstvo Ukrainy". The arrangement was accounted as a joint operation because it was not a separate legal entity and according to the written agreement decisions about relevant activity required the unanimous consent of both operators.

In April 2013 the joint operation SC "Konayrstvo Ukrainy" was terminated by the unanimous decision of both operators. Assets and liabilities of SC "Konayrstvo Ukrainy" on the termination date and revenues and expenses till the termination date comprised the following:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2013	2012	2013	2012
Current assets	14,116	76,794	1,304	7,190
Current liabilities	(14,116)	(50,115)	(1,304)	(4,692)
Equity	-	(26,679)	-	(2,498)
Proportion of the Group's ownership	80%	80%	80%	80%
Revenues	32,367	49,492	2,989	4,749
Cost of revenues	(39,204)	(36,084)	(3,621)	(3,463)
Changes in fair value of biological assets and agricultural produce	(6,476)	14,251	(598)	1,368
Gross profit	(13,313)	27,659	(1,230)	2,654
General and administrative expense	(2)	4,630	-	444
Selling and distribution expense	(635)	(9,450)	(59)	(907)
Other operating income (expense)	(890)	269	(82)	26
Profit from operations	(14,840)	23,108	(1,371)	2,217
Finance income	768	(253)	71	(24)
Other income (expenses)	(96)	271	(9)	26
Profit before tax	(14,168)	23,126	(1,309)	2,219
Income tax benefit	(1,083)	(1,032)	(100)	(99)
Net profit	(15,251)	22,094	(1,409)	2,120

Current assets included cash and cash equivalents of UAH 1 thousand (100 EUR).On the date of termination each operator obtained its share in assets and liabilities. There were no cash settlements and no gain or loss on termination.

9 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2013 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Un-installed equipment	Total
Cost or valuation 1 January 2013	757,914	248,040	1,467,459	152,502	7,589	320,945	2,954,449
Additions	43,933	85,132	218,645	968	6,489	235,065	590,232
Additions from acquisition of subsidiaries (note 5)	140,032	64,955	34,865	5,050	102	-	245,004
Disposals	(6,574)	(1,027)	(17,716)	(1,927)	(603)	-	(27,847)
Impairment	(10,764)	(9,558)	(21,469)	-	-	-	(41,791)
Elimination of depreciation on revaluation date	(67,038)	(44,508)	(531,772)	-	-	-	(643,318)
Revaluation	87,058	155,278	299,700	-	-	-	542,036
Transfer between Group	(68,278)	6,193	(10,970)	(601)	44,466	29,190	-
31 December 2013	876,283	504,505	1,438,742	155,992	58,043	585,200	3,618,765
Accumulated depreciation 1 January 2013	53,418	37,620	402,562	68,395	4,261	-	566,256
Depreciation charge	26,787	22,859	201,971	17,374	8,631	439	278,061
Disposals	(245)	(578)	(8,227)	(5,437)	(512)	-	(14,999)
Elimination of depreciation on revaluation date	(67,038)	(44,508)	(531,772)	-	-	-	(643,318)
Transfer between Group	(1,746)	(2,487)	(11,967)	(373)	16,280	293	-
31 December 2013	11,176	12,906	52,567	79,959	28,660	732	186,000
Net book value 31 December 2013	865,107	491,599	1,386,175	76,033	29,383	584,468	3,432,765

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Un-installed equipment	Total
Cost or valuation 1 January 2013	70,966	23,225	137,402	14,279	711	30,051	276,634
Additions	4,057	7,862	20,192	89	599	21,661	54,460
Additions from acquisition of subsidiaries (note 5)	13,192	6,120	3,286	476	10		23,084
Disposals	(607)	(95)	(1,636)	(178)	(56)	-	(2,572)
Impairment	(994)	(883)	(1,983)	-	-	-	(3,860)
Elimination of depreciation on revaluation date	(6,191)	(4,110)	(49,109)	-	-	-	(59,410)
Revaluation	7,603	13,561	26,175	-	-	-	47,339
Currency translation difference	(4,628)	(2,191)	(7,538)	(958)	(300)	(4,012)	(19,627)
Transfer between Group	(6,306)	572	(1,012)	(56)	4,106	2,696	-
31 December 2013	77,092	44,061	125,777	13,652	5,070	50,396	316,048
Accumulated depreciation 1 January 2013	5,002	3,522	37,693	6,404	400	-	53,021
Depreciation charge	2,474	2,111	18,652	1,604	797	41	25,679
Disposals	(23)	(53)	(760)	(502)	(47)	-	(1,385)
Elimination of depreciation on revaluation date	(6,191)	(4,110)	(49,109)	-	-	-	(59,410)
Currency translation difference	(125)	(113)	(780)	(489)	(150)	(4)	(1,661)
Transfer between Group	(161)	(230)	(1,105)	(34)	1,503	27	-
31 December 2013	976	1,127	4,591	6,983	2,503	64	16,244
Net book value 31 December 2013	76,116	42,934	121,186	6,669	2,567	50,332	299,804

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

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property plant and equipment	Un-installed equipment	Total
Cost or valuation 1 January 2012	711,569	200,588	1,199,720	141,108	6,452	169,720	2,429,157
Additions	53,801	47,877	278,302	11,704	1,229	151,225	544,138
Additions from acquisition of subsidiaries (note 5)	129	2,386	894	945	-	-	4,354
Disposals	(7,585)	(2,811)	(11,457)	(1,255)	(92)	-	(23,200)
31 December 2012	757,914	248,040	1,467,459	152,502	7,589	320,945	2,954,449
Accumulated depreciation 1 January 2012	32,068	26,553	220,094	51,971	3,449	-	334,135
Depreciation charge	21,740	11,514	189,514	17,371	889	-	241,028
Disposals	(390)	(447)	(7,046)	(947)	(77)	-	(8,907)
31 December 2012	53,418	37,620	402,562	68,395	4,261	-	566,256
Net book value 31 December 2012	704,496	210,420	1,064,897	84,107	3,328	320,945	2,388,193

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property plant and equipment	Un-installed equipment	Total
Cost or valuation 1 January 2012	66,626	18,782	112,333	13,212	604	15,891	227,448
Additions	5,038	4,483	26,058	1,096	115	14,159	50,949
Additions from acquisition of subsidiaries (note 5)	12	236	79	91	-	-	418
Disposals	(710)	(263)	(1,073)	(118)	(9)	-	(2,173)
Currency translation difference	-	(13)	5	(2)	1	1	(8)
31 December 2012	70,966	23,225	137,402	14,279	711	30,051	276,634
Accumulated depreciation 1 January 2012	3,003	2,486	20,608	4,866	323	-	31,286
Depreciation charge	2,036	1,078	17,745	1,626	84	-	22,569
Disposals	(37)	(42)	(660)	(89)	(7)	-	(835)
Currency translation difference	-	-	-	1	-	-	1
31 December 2012	5,002	3,522	37,693	6,404	400	-	53,021
Net book value 31 December 2012	65,964	19,703	99,709	7,875	311	30,051	223,613

As at 1 October 2013 an independent valuation of the Group's buildings, constructions, machinery and equipment was performed in accordance with International Valuation Standards by an independent appraiser. Most buildings and some machinery and equipment were valued using the market approach. Other items of buildings, machinery and equipment and constructions were valued using cost approach.

Market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. Valuation techniques consistent with the market approach use prices and other market data derived from observed transactions for the same or similar assets, for example, revenue, or EBITDA multiples.

Cost approach either determines the cost to construct the assets in their present state and considers their remaining useful life or identifies fair value as a depreciated replacement cost. Cost approach was used only in the cases where there was no possibility to use market approach.

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 well as physical deterioration

When applying discounting in the valuation techniques, the independent appraiser used the following discount rates:

- Sugar CGU: - 18.5% which gradually diminishes to 14.7% p.a. in the terminal period;
- Agricultural CGU: 21.8% p.a. which gradually diminishes to 18.0% p.a. in the terminal period;
- Cattle CGU: 21.7 % p.a. which gradually diminishes to 17.9% p.a. in the terminal period.

The increase in the discount rate may result in a significant decrease in the fair value of the property, plant and equipment.

As at 31 December 2013, 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 550,032 thousand or EUR 50,796 thousand (2012: UAH 315,995 thousand or EUR 30,323 thousand), machinery and equipment is UAH 649,765 thousand or EUR 60,006 thousand (2012: UAH 835,554 thousand or EUR 80,187 thousand) and construction is UAH 431,709 thousand or EUR 39,869 thousand.

In 2013 revaluation surplus of UAH 71,844 thousand or EUR 6,275 thousand (2012: UAH 37,317 thousand, EUR 3,494 thousand) was reclassified from revaluation reserve to retained earning because it was realized through depreciation or disposal of the revalued items of property, plant and equipment.

In 2013 the Group capitalized borrowing costs in amount of UAH 10,126 thousand or EUR 884 thousand (2012: UAH 2,066 thousand, EUR 198 thousand) using average rate of 6.88% p.a. (2012: 7.6% p.a.).

For amount of property, plant and equipment pledged to secure bank loans refer to Note 19.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. At 31 December 2013, the net book value of leased assets are UAH 8,423 thousand or EUR 736 thousand (2012: UAH 26,774 thousand; EUR 2,507 thousand).

10 INTANGIBLE ASSETS

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

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2013	**140,757**	**5,483**	**3,843**	**150,083**
Additions	-	-	2,319	2,319
Additions through acquisition of subsidiaries (note 5)	9,850	4,040	-	13,890
Disposals	(176)	-	(1,866)	(2,042)
31 December 2013	**150,431**	**9,523**	**4,296**	**164,250**
Accumulated amortization 1 January 2013	**83,883**	**-**	**2,223**	**86,106**
Amortization charge	15,738	-	68	15,806
Disposals	(2)	-	(1,866)	(1,868)
31 December 2013	**99,619**	**-**	**425**	**100,044**
Net book value 31 December 2013	**50,812**	**9,523**	**3,871**	**64,206**

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2013	**13,180**	**513**	**360**	**14,053**
Additions	-	-	213	213
Additions through acquisition of subsidiaries (note 5)	928	381	-	1,309
Disposals	(16)	-	(172)	(188)
Currency translation differences	(953)	(62)	(27)	(1,042)
31 December 2013	**13,139**	**832**	**374**	**14,345**
Accumulated amortization 1 January 2013	**7,855**	**-**	**208**	**8,063**
Amortization charge	1,453	-	6	1,459
Disposals	-	-	(172)	(172)
Currency translation differences	(607)	-	(6)	(613)
31 December 2013	**8,701**	**-**	**36**	**8,737**
Net book value 31 December 2013	**4,438**	**832**	**338**	**5,608**

The movement of intangible assets is as follows:

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

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

Goodwill which originated in 2013 is attributable to expected synergies with the newly acquired entity, in particular form implementation of the Group's know how in crop growing.

Goodwill has been allocated to agricultural CGU, which is also an operating and reportable segment. The Group performs its annual impairment test as at 31 December. As at 31 December 2013 and 2012 no impairment was identified.

The recoverable amount of the agricultural CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 21.8% for five years and

18% for the terminal period (2012: 18.93% and 17% in the terminal period). Gross profit beyond the five-year period is increasing using a 3.8% growth rate (2012: 3.8%) that is the same as the long-term average growth rate for the agricultural industry.

The discount rates were estimated based on the weighted average cost of capital. The weighted average cost of capital elements were derived based on market data and risks specific to the agricultural CGU for which future estimates of cash-flows have not been adjusted.

Other significant assumptions include crop yields and crop prices. Crop yield were derived based on average yields of the Group achieved in the three years preceeding the budgeted period. For the purpose of impairment testing, the Group conservatively did not budget for any increase in yields.

Crop prices were based on actual prices for the year preceding the budgeted year adjusted based on the commodity price forecasts.

The resulting value in use provides for significant headroom; therefore, management believes that no reasonable change in the assumption would cause the carrying value of the CGU to materially exceed its value-in-use.

11 BIOLOGICAL ASSETS

Biological assets consist of crops and livestock. Non-current cattle consists of dairy livestock with an average yearly lactation period of nine months. Current cattle comprise immature cattle and cattle intended for sale. Other livestock mainly represent pigs, horses and sheep. The valuation of the biological assets is within level 3 of the fair value hierarchy.

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

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

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

The significant unobservable inputs used in the fair value measurement of the crops are as follows:

- Discount rate (16%)
- Yields of crops (5.55 tons per hectar for winter wheat, 3.0 tons per hectar for winter rye)
- Prices of crops (UAH 2,100 per ton for winter wheat, 1,100 for winter rye)

The significant unobservable inputs used in the fair value measurement of the cattle are as follows:

- Discount rate (16%)
- Milk prices (UAH 4.34 per litre)
- Meat prices (UAH 11.5 per kilogram)

Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. An increase in discount rate leads to a decrease in fair value, whereas increase in prices and yields leads to increase in fair values.

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	2013		2012	
	Units	Amount	Units	Amount (restated)
Non-current biological assets:				
Cattle	14,990	294,489	13,782	257,556
Other livestock		2,407		3,495
Non-current biological assets:		296,896		261,051
Current biological assets:				
Cattle	15,130	219,241	15,247	202,563
Other livestock		4,810		5,888
		224,051		208,451
Crops:	Hectares		Hectares	
Winter wheat	39,126	328,918	48,843	444,756
Winter rye	1,449	2,583	1,935	7,327
Corn	-	-	5,974	96,986
Sugar beet	-	-	508	8,522
Soy	-	-	793	8,183
	40,575	331,501	58,053	565,774
		555,552		774,225
Total biological assets		852,448		1,035,276

(in thousands of Euros)	2013		2012	
	Units	Amount	Units	Amount (restated)
Non-current biological assets:				
Cattle	14,990	25,720	13,782	24,116
Other livestock		210		327
		25,930		24,443
Current biological assets:				
Cattle	15,130	19,148	15,247	18,967
Other livestock		419		551
		19,567		19,518
Crops:	Hectares		Hectares	
Winter wheat	39,126	28,726	48,843	41,644
Winter rye	1,449	226	1,935	686
Corn	-	-	5,974	9,081
Sugar beet	-	-	508	798
Soy	-	-	793	766
	40,575	28,952	58,053	52,975
		48,519		72,493
Total biological assets		74,449		96,936

For amount of biological assets pledged to secure bank loans refer to Note 19.

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

(in thousands of Ukrainian hryvnias)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2012	209,935	201,461	361,964	773,360
Purchases	7,876	3,885	-	11,761
Additions from acquisitions of subsidiaries	1,588	5,566	7,436	14,590
Investments into livestock and future crops	-	106,347	2,011,950	2,118,297
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	22,760	(10,022)	410,397	423,135
Transfers	25,931	(25,931)	-	-
Sales	(7,039)	(72,855)	-	(79,894)
Decrease due to harvest	-	-	(2,225,973)	(2,225,973)
As at 1 January 2013	**261,051**	**208,451**	**565,774**	**1,035,276**
Purchases	**2,412**	**1,185**	-	**3,597**
Investments into livestock and future crops	-	**102,758**	**1,379,675**	**1,482,433**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**6,521**	**5,063**	**433,087**	**444,671**
Transfers	**26,967**	**(26,967)**	-	-
Sales	**(55)**	**(66,439)**	-	**(66,494)**
Decrease due to harvest	-	-	**(2,047,035)**	**(2,047,035)**
As at 31 December 2013	**296,896**	**224,051**	**331,501**	**852,448**

(in thousands of Euros)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2012	20,148	19,334	34,737	74,219
Purchases	756	373	-	1,129
Additions from acquisitions of subsidiaries	153	535	715	1,403
Investments into livestock and future crops	-	10,205	193,132	203,337
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	2,184	(962)	39,944	41,166
Transfers	2,488	(2,488)	-	-
Sales	(675)	(6,991)	-	(7,666)
Decrease due to harvest	-	-	(213,603)	(213,603)
Currency translation difference	(611)	(488)	(1,950)	(3,049)
As at 1 January 2013	**24,443**	**19,518**	**52,975**	**96,936**
Purchases	**223**	**109**	-	**332**
Investments into livestock and future crops	-	**9,490**	**127,414**	**136,904**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**620**	**481**	**41,172**	**42,273**
Transfers	**2,490**	**(2,490)**	-	-
Sales	**(5)**	**(6,136)**	-	**(6,141)**
Decrease due to harvest	-	-	**(189,045)**	**(189,045)**
Currency translation difference	**(1,841)**	**(1,405)**	**(3,564)**	**(6,810)**
As at 31 December 2013	**25,930**	**19,567**	**28,952**	**74,449**

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

	2013			
	Biological assets		*Earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
10% increase in price for milk	92,992	8,122	3.72	0.32
10% decrease in prices for milk	(92,992)	(8,122)	(3.72)	(0.32)
10% increase in price for meat	9,945	869	0.40	0.03
10% decrease in price for meat	(9,945)	(869)	(0.40)	(0.03)
10% increase in milk yield	41,667	3,639	1.67	0.15
10% decrease in milk yield	(41,667)	(3,639)	(1.67)	(0.15)
10% increase in prices for crops	33,150	3,667	1.68	0.15
10% decrease in prices for crops	(33,150)	(3,667)	(1.68)	(0.15)
10% increase in yield for crops	41,991	3,667	1.68	0.15
10% decrease in yiled for crops	(41,991)	(3,667)	(1.68)	(0.15)
10% increase in production costs until harvest	(8,858)	(774)	(0.35)	(0.03)
10% decrease in production costs until harvest	8,858	774	0.35	0.03
5% increase in annual consumer price index	4,231	370	0.17	0.01
5% decrease in annual consumer price index	(4,189)	(366)	(0.17)	(0.01)
1% increase in discount rate	(1,839)	(161)	(0.07)	(0.01)
1% decrease in discount rate	1,839	161	0.07	0.01

	2012			
	Biological assets		Earnings per share	
	(thousands of Ukrainian hryvnias)	(thousands of Euros)	(thousands of Ukrainian hryvnias)	(thousands of Euros)
10% increase in price for milk	78,728	7,372	3.15	0.29
10% decrease in prices for milk	(78,728)	(7,372)	(3.15)	(0.29)
10% increase in price for meat	16,151	1,512	0.65	0.06
10% decrease in price for meat	(16,151)	(1,512)	(0.65)	(0.06)
10% increase in milk yield	30,078	2,816	1.20	0.11
10% decrease in milk yield	(30,078)	(2,816)	(1.20)	(0.11)
10% increase in prices for crops	56,577	5,297	2.26	0.21
10% decrease in prices for crops	(56,577)	(5,297)	(2.26)	(0.21)
10% increase in yield for crops	67,060	6,279	2.68	0.25
10% decrease in yiled for crops	(67,060)	(6,279)	(2.68)	(0.25)
10% increase in production costs until harvest	(10,483)	(982)	(0.42)	(0.04)
10% decrease in production costs until harvest	10,483	982	0.42	0.04
5% increase in annual consumer price index	5,749	538	0.23	0.02
5% decrease in annual consumer price index	(5,709)	(535)	(0.23)	(0.02)
1% increase in discount rate	(1,473)	(138)	(0.06)	(0.01)
1% decrease in discount rate	1,473	138	0.06	0.01

For financial risk management regarding biological assets refer to section Material risk factors and threats to the Group of the Directors' report.

12 FINANCIAL INSTRUMENTS AVAILABLE-FOR-SALE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2013	2012	2013	2012
Venture fund certificates	**7,946**	15,066	**694**	1,411

In 2013, the Group sold available-for-sale investments with a carrying value of UAH 7,120 thousand with a gain of UAH 1,302 thousand recognized within finance income. As at 31 December 2013 fair value of the available-for-sale investments was identified with the reference to recent transactions and equaled its carrying value. On 1 April 2014 the participants of the investee took a decision to liquidate it and to pay out the participant's shares in cash. The estimated share of the Group is UAH 8,560 thousand. The actual cash received may differ because the fair value will be re-estimated as at the actual date of liquidation. The valuation of available-for-sale investments is within level 3 of fair value hierarchy because the investee is a closed fund and information about the recent transactions is not available at the market. The Group used recent transactions with own certificates a a measure of fair value.

13 INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2013	2012 (restated)	2013	2012 (restated)
Finished goods:				
Sugar products	1,049,572	1,200,910	91,666	112,444
Agricultural produce	781,256	608,390	68,232	56,965
Cattle farming	1,133	703	99	66
Other products	5,596	6,517	489	610
Raw materials and consumables for:				
Sugar production	20,390	61,561	1,781	5,765
Agricultural produce	98,041	76,869	8,563	7,197
Cattle farming	90,701	88,863	7,921	8,321
Other production	2,586	520	226	49
Investments into future crops	952,566	442,005	83,193	41,386
	3,001,841	2,486,338	262,170	232,803

All inventories are stated at historical cost, except of agricultural produce, which is measured at fair value less costs to sell at the point of harvest. The fair value of agricultural produce was estimated based on market price as at the date of harvest and is within level 1 of the fair value hierarchy.

For amounts of inventories pledged to secure bank loans refer to Note 19.

14 TRADE AND OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2013	2012 (restated)	2013	2012 (restated)
Trade receivables	340,757	409,025	29,760	38,299
Less allowance	(14,692)	(13,507)	(1,283)	(1,266)
	326,065	395,518	28,477	37,033
Prepayments and other non-financial assets:				
Taxes recoverable and prepaid	68,988	212,598	6,025	19,906
Advances to suppliers	75,137	67,425	6,562	6,313
Less allowance	(2,280)	(7,029)	(199)	(658)
	141,845	272,994	12,388	25,561
Other financial assets:				
Financial aid	9,035	4,265	789	399
Other receivables	41,008	29,537	3,582	2,766
Less allowance	(1,790)	(3,475)	(156)	(325)
	48,253	30,327	4,215	2,840
	516,163	698,839	45,080	65,434

For amounts of trade accounts receivable pledged to secure bank loans refer to Note 19.

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)	
	2013	2012 (restated)	2013	2012 (restated)
Balance at 1 January	**24,011**	17,431	**2,248**	1,672
Charge in income statement	**12,525**	10,396	**1,157**	998
Amounts written off	**(17,774)**	(3,816)	**(1,641)**	(357)
Currency translation difference	**-**	-	**(126)**	(65)
Balance as at 31 December	**18,762**	24,011	**1,638**	2,248

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

(in thousands of Ukrainian hryvnias)	Gross 2013	Impairment 2013	Gross 2012 (restated)	Impairment 2012 (restated)
Not past due	**182,050**	**-**	255,871	-
Past due 1-30 days	**40,726**	**-**	30,915	-
Past due 31-120 days	**60,157**	**(1,647)**	93,040	(2,068)
Past due 121-365 days	**17,941**	**(5,149)**	9,979	(1,983)
More than one year	**39,883**	**(7,896)**	19,221	(9,457)
	340,757	**(14,692)**	409,026	(13,508)

(in thousands of Euros)	Gross 2013	Impairment 2013	Gross 2012 (restated)	Impairment 2012 (restated)
Not past due	**15,900**	**-**	23,957	-
Past due 1-30 days	**3,557**	**-**	2,895	-
Past due 31-120 days	**5,254**	**(143)**	8,712	(193)
Past due 121-365 days	**1,566**	**(450)**	933	(186)
More than one year	**3,483**	**(690)**	1,800	(885)
	29,760	**(1,283)**	38,297	(1,264)

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

15 CASH DEPOSITS

Deposits as at 31 December are as follows:

	Effective interest rate	Nominal interest rate	*(in thousands of Ukrainian hryvnias)* 2013	2012	*(in thousands of Euros)* 2013	2012
Short-term bank deposits in UAH	17.0%	17.0%	**39,512**	21,000	**3,451**	1,966
Short-term bank deposits in UAH	24.0%	24.0%	**-**	20,000	**-**	1,873
Short-term bank deposits in UAH	26.0%	26.0%	**-**	5,212	**-**	488
Short-term bank deposits in USD	5.2%	5.2%	**7,972**	-	**696**	-
			47,484	46,212	**4,147**	4,327
Long-term bank deposits in USD	9.4%	9.4%		138,937	**-**	13,009
Long-term bank deposits in USD	5.5%	5.5%	**-**	-	**-**	
			-	138,937	**-**	13,009
			47,484	185,149	**4,147**	17,336

For total amount of deposits pledged to secure bank loans refer to Note 19. The early withdrawal of bank deposits is permitted only if the full repayment of the secured bank loans is executed.

16 CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias) 2013	2012 (restated)	*(in thousands of Euros)* 2013	2012 (restated)
Cash in banks in USD	**20,395**	55,581	**1,782**	5,204
Cash in banks in UAH	**7,839**	25,239	**685**	2,363
Cash in banks in PLN	**954**	-	**83**	-
Cash in banks in EUR	**54**	198	**5**	19
	29,242	81,018	**2,555**	7,586
Cash on hand in UAH	**230**	213	**19**	20
	29,472	81,231	**2,574**	7,606

As at 31 December 2013, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2013, current accounts denominated in USD earned interest of 0,10% p.a., in UAH – 0,00% p.a., overnights denominated in UAH – 0,00% - 6,00% depending on the amount deposited.

17 EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as of 31 December 2013 is 30,000 thousand (2012: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2012: 25,000 thousand). For amount of shares pledged to secure bank loans refer to Note 19.

Shareholders structure as at 31 December is as follows:

	2013	2012
Astarta Holding N.V.		
Ivanchyk V.P.	**36.99%**	36.99%
Korotkov V.M.	**25.99%**	25.99%
Amplico	**6%**	-
Other shareholders	**31.02%**	37.02%
	100.00%	100.00%

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012 (restated)**	**2013**	**2012 (restated)**
Net profit attributable to equity holders of the company	**244,352**	473,364	**25,707**	45,799
Weighted average basic and diluted shares outstanding (in thousands of shares)	**24,996**	25,000	**24,996**	25,000
Earnings per share attributable to shareholders of the company	**9.78**	18.93	**1.03**	1.83

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.

In order to achieve the overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants, in the absence of waivers from the bank, would permit the bank to immediately call loans and borrowings.

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

As at 31 December 2013, the gearing ratio was 40% compared to 41% a year before. The decrease in gearing ratio is attributable to decrease in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012 (restated)**	**2013**	**2012 (restated)**
Total borrowings (note 19)	**3,103,308**	2,693,454	**271,032**	252,197
Less cash, cash equivalents and short-term deposits	**(76,956)**	(127,443)	**(6,721)**	(11,933)
Net debt	**3,026,352**	2,566,011	**264,311**	240,264
Total equity	**4,451,916**	3,674,528	**388,813**	344,054
Total capital	**7,478,268**	6,240,539	**653,124**	584,318
Gearing ratio	**40%**	41%	**40%**	41%

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 of proceeds from the issuance of shares above the nominal value.

Revaluation surplus

In 2013 management engaged independent appraiser to revalue the Group's buildings, machinery and equipment as at 1 October 2013. The related revaluation surplus of UAH 533,803 thousand was recognised in equity. During the year ended 31 December 2013 the revaluation surplus realized through depreciation and disposal of property and equipment was UAH 71,844 thousand or EUR 6,275 thousand (2012: UAH 37,317 thousand, EUR 3,494 thousand).

Currency translation reserve

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

Other reserves

As at 31 December 2013 the Group's consolidated retained earnings as presented in these consolidated financial statements, amounted to UAH 3,236,519 thousand or EUR 314,030 thousand (2012: UAH 2,919,070 thousand or EUR 281,932 thousand), including the net profit for the year ended 31 December 2013. Statutory retained earnings of the Company and its Ukrainian subsidiaries may differ substantially from the retained earnings presented in these financial statements.
Refer to the Company's financial statements for information about distribution of profits.

Dividend policy

The Company's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2013.

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.

18 NON-CONTROLLING INTERESTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012	2013	2012
Balance as at 1 January	**2,742**	3,672	**257**	352
Share in loss	**(352)**	(930)	**(37)**	(90)
Acquisition from non-controlling shareholders	**(1,675)**	-	**(155)**	-
Non-controlling interest in Revaluation surplus	**(130)**	-	**(12)**	-
Currency translation difference	**-**	-	**(2)**	(5)
Balance as at 31 December	**585**	2,742	**51**	257

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012	2013	2012
Balance as at 1 January	**92,002**	100,613	**8,614**	9,656
Non-controlling interests of limited liability companies in profit (Note 27)	**3,948**	24,046	**363**	2,314
Acquisitions from non-controlling participants	**(7,547)**	(24,752)	**(697)**	(2,373)
Dividensd paid	**(5,098)**	(8,082)	**(471)**	(776)
Non-controlling interests acquired with new subsidiaries	**1,047**	177	**99**	17
Non-controlling interest in Revaluation surplus	**9,692**	-	**847**	-
Currency translation difference	**-**	-	**(542)**	(224)
Balance as at 31 December	**94,044**	92,002	**8,213**	8,614

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

19 LOANS AND BORROWINGS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Long-term loans and borrowings:				
Bank loans	**1,340,343**	1,692,303	**117,061**	158,455
Finance lease liabilities (note 33 c)	**4,392**	529	**384**	50
Transaction costs	**(35,312)**	(39,572)	**(3,084)**	(3,705)
	1,309,423	1,653,260	**114,361**	154,800
Current portion of long-term loans and borrowings:				
Bank loans	**374,025**	317,431	**32,666**	29,722
Finance lease liabilities (note 33 c)	**2,467**	212	**215**	20
Transaction costs	**(18,652)**	(17,485)	**(1,629)**	(1,637)
	357,840	300,158	**31,252**	28,105
Short-term loans and borrowings:				
Bank loans	**1,436,045**	733,050	**125,419**	68,638
Finance lease liabilities (note 33 c)	**-**	7,153	**-**	670
Transaction costs	**-**	(167)	**-**	(16)
	1,436,045	740,036	**125,419**	69,292
	3,103,308	2,693,454	**271,032**	252,197

As at 31 December 2013 the Group was in breach of financial covenants under a number of loans stated above because of the decrease in gross profit mainly driven by the decline in prices for sugar and wheat in 2013. According to the terms of respective loan agreements, the lenders may at their option declare all or any portion of the loan and accrued interest payable on demand. As at 31 December 2013 the Group received from the banks waivers of rights to require compliance with the breached covenants and therefore classified the loans in accordance with their initial contractual maturity.

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

					(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	Interest type	Effective interest rate	Nominal interest rate	Year of maturity	2013	2012 (restated)	2013	2012 (restated)
Loans from Ukrainian banks received in UAH	Fixed	10.00%	10.00%	2014	13,900	-	1,214	-
Loans from Ukrainian banks received in UAH	Fixed	12.00%	12.00%	2014	55,050	-	4,808	-
Loans from Ukrainian banks received in UAH	Fixed	12.20%	12.20%	2014	17,520	-	1,530	-
Loans from Ukrainian banks received in UAH	Fixed	12.50%	12.50%	2014	204,700	-	17,881	-
Loans from Ukrainian banks received in UAH	Fixed	12.60%	12.60%	2014	15,000	-	1,310	-
Loans from Ukrainian banks received in UAH	Fixed	12.70%	12.70%	2014	100,000	-	8,734	-
Loans from Ukrainian banks received in UAH	Fixed	13.30%	13.30%	2014	10,800	-	943	-
Loans from Ukrainian banks received in UAH	Fixed	14.00%	14.00%	2014	22,600	-	1,974	-
Loans from Ukrainian banks received in UAH	Fixed	14.10%	14.10%	2014	32,200	-	2,812	-
Loans from Ukrainian banks received in UAH	Fixed	14.40%	14.40%	2014	10,050	-	878	-
Loans from Ukrainian banks received in UAH	Fixed	14.50%	14.50%	2014	94,514	-	8,254	-
Loans from Ukrainian banks received in UAH	Fixed	18.00%	18.00%	2014	39,512	-	3,451	-
Loans from Ukrainian banks received in UAH	Fixed	19.00%	19.00%	2014	14,738	-	1,287	-
Loans from Ukrainian banks received in UAH	Fixed	20.50%	20.50%	2014	3,700		323	-
Loans from Ukrainian banks received in UAH	Fixed	13.00%	13.00%	2013	-	2,641	-	247
Loans from Ukrainian banks received in UAH	Fixed	18.00%	18.00%	2013	-	21,000	-	1,966
Loans from Ukrainian banks received in UAH	Fixed	19.00%	19.00%	2013	-	61,500	-	5,758
Loans from Ukrainian banks received in UAH	Fixed	20.00%	20.00%	2013	-	18,100	-	1,695
Loans from Ukrainian banks received in UAH	Fixed	20.50%	20.50%	2013	-	14,305	-	1,339
Loans from Ukrainian banks received in UAH	Fixed	20.70%	20.70%	2013	-	11,473	-	1,074
Loans from Ukrainian banks received in UAH	Fixed	22.00%	22.00%	2013	-	13,000	-	1,217
Loans from Ukrainian banks received in UAH	Fixed	22.50%	22.50%	2013	-	38,295	-	3,586
Loans from Ukrainian banks received in UAH	Fixed	22.85%	22.85%	2013	-	72,749	-	6,812
Loans from Ukrainian banks received in UAH	Fixed	23.00%	23.00%	2013	-	73,835	-	6,913
Loans from Ukrainian banks received in UAH	Fixed	23.25%	23.25%	2013	-	6,000	-	562
Loans from Ukrainian banks received in UAH	Fixed	24.00%	24.00%	2013	-	12,000	-	1,124
Loans from Ukrainian banks received in UAH	Fixed	24.50%	24.50%	2013	-	5,000	-	468
Loans from Ukrainian banks received in UAH	Fixed	25.00%	25.00%	2013	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	27.00%	27.00%	2013	-	14,400	-	1,348
Loans from Ukrainian banks received in UAH	Fixed	30.00%	30.00%	2013	-	30,000	-	2,809
Loans from Ukrainian banks received in UAH	Floating	23.25%	Kievprime+3.25%	2013	-	10,000	-	936
Loans from Ukrainian banks received in UAH	Floating	12.25%	Kievprime+3.25%	2014	119,435	-	10,431	-

					(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	Interest type	Effective interest rate	Nominal interest rate	Year of maturity	2013	2012	2013	2012
						(restated)		(restated)
Loans from Ukrainian banks received in USD	Fixed	6.50%	6.50%	2014	88,786	-	7,754	-
Loans from Ukrainian banks received in USD	Fixed	8.50%	8.50%	2014	16,580	-	1,448	-
Loans from Ukrainian banks received in USD	Fixed	7.50%	7.50%	2014	4,813	14,059	420	1,316
Loans from Ukrainian banks received in USD	Fixed	7.50%	7.50%	2013	-	40,360	-	3,779
Loans from Ukrainian banks received in USD	Fixed	9.00%	9.00%	2014	-	247,144	-	23,141
Loans from Ukrainian banks received in USD	Floating	5.92%	Libor+5.75%	2014	123,148	-	10,755	-
Loans from Ukrainian banks received in USD	Floating	6.67%	Libor+6.5%	2014	9,119	-	796	-
Loans from Ukrainian banks received in USD	Floating	6.70%	Libor+6.53%	2014	46,779	-	4,086	-
Loans from Ukrainian banks received in USD	Floating	6.77%	Libor+6.6%	2014	143,243	-	12,510	-
Loans from Ukrainian banks received in USD	Floating	7.67%	Libor+7.5%	2014	98,903	-	8,638	-
Loans from Ukrainian banks received in USD	Floating	9.31%	Libor+9%	2013	-	121,042	-	11,334
Loans from non-Ukrainian banks received in USD	Fixed	9.40%	9.40%	2013	-	153,907	-	14,411
Loans from non-Ukrainian banks received in USD	Fixed	10.08%	9.40%	2017	-	138,612	-	12,979
Loans from non-Ukrainian banks received in USD	Fixed	8.16%	8.16%	2014	66,320	-	5,792	-
Loans from non-Ukrainian banks received in USD	Floating	2.85%	Libor+2.5%	2015	23,844	-	2,082	-
Loans from non-Ukrainian banks received in USD	Floating	4.60%	Libor+4.25%	2016	79,712	-	6,962	-
Loans from non-Ukrainian banks received in USD	Floating	5.25%	Libor+5%	2019	99,479	-	8,688	-
Loans from non-Ukrainian banks received in USD	Floating	5.85%	Libor+5.5%	2019	36,476	-	3,186	-
Loans from non-Ukrainian banks received in USD	Floating	6.53%	Libor+5.5%	2019	295,124	-	25,776	-
Loans from non-Ukrainian banks received in USD	Floating	6.97%	Libor+1.75%	2018	54,472	-	4,757	-
Loans from non-Ukrainian banks received in USD	Floating	6.99%	Libor+1.75%	2016	44,220	60,279	3,862	5,644
Loans from non-Ukrainian banks received in USD	Floating	6.40%	Libor+1.8%	2018	66,118	78,685	5,774	7,368
Loans from non-Ukrainian banks received in USD	Floating	8.96%	Libor+2.8%	2015	12,317	19,988	1,076	1,872
Loans from non-Ukrainian banks received in USD	Floating	5.45%	Libor+4.75%	2018	314,385	367,341	27,457	34,395
Loans from non-Ukrainian banks received in USD	Floating	5.99%	Libor+5%	2018	207,250	242,160	18,100	22,674
Loans from non-Ukrainian banks received in USD	Floating	1.76%	Libor+1.25%	2013	-	8,274	-	775
Loans from non-Ukrainian banks received in USD	Floating	2.81%	Libor+2.3%	2013	-	5,168	-	484
Loans from non-Ukrainian banks received in USD	Floating	3.01%	Libor+2.5%	2015	-	38,697	-	3,623
Loans from non-Ukrainian banks received in USD	Floating	4.51%	Libor+4%	2016	-	108,662	-	10,174
Loans from non-Ukrainian banks received in USD	Floating	5.25%	Libor+4.5%	2019	-	96,864	-	9,070
Loans from non-Ukrainian banks received in USD	Floating	5.44%	Libor+4.3%	2016	165,801	201,800	14,480	18,895
Loans from non-Ukrainian banks received in USD	Floating	6.88%	Libor+5.5%	2019	-	125,923	-	11,791
Loans from non-Ukrainian banks received in USD	Floating	6.79%	Libor+1.8%	2019	78,572	90,416	6,862	8,466
Loans from non-Ukrainian banks received in USD	Floating	7.24%	Libor+1.75%	2017	57,756	72,305	5,044	6,770
Loans from non-Ukrainian banks received in EUR	Floating	6.92%	Euribor+4.75%	2018	95,416	106,800	8,333	10,000
Loans from non-Ukrainian banks received in EUR	Floating	5.18%	Euribor+1.25%	2020	83,426	-	7,286	-

	Interest type	Effective interest rate	Nominal interest rate	Year of maturity	*(in thousands of Ukrainian hryvnias)* 2013	2012	*(in thousands of Euros)* 2013	2012
						(restated)		(restated)
Other short-term borrowings received from non-Ukrainian non-financial institution in EUR	Fixed	9.40%	9.40%	2014	3,034	-	265	-
Other short-term borrowings received from non-Ukrainian non-financial institution in USD	Fixed	9.40%	9.40%	2014	81,601	-	7,127	-
Finance lease liabilities	Fixed	6.00%	6.00%	2013	-	1,363	-	128
Finance lease liabilities	Fixed	6.50%	6.50%	2016	-	1,233	-	115
Finance lease liabilities	Fixed	14.00-16.00%	14.00-16.00%	2013	-	14	-	2
Finance lease liabilities	Floating	8.13%	Libor+7.00%	2013	-	3,653	-	342
Finance lease liabilities	Floating	9.28%	Libor+8.15%	2013	-	125	-	12
Finance lease liabilities	Floating	9.18%	Libor+8.60%	2013	-	1,506	-	141
Finance lease liabilities	Floating	9.25%	Libor+9.00%	2016	6,859	-	599	-
Transaction costs					(53,964)	(57,224)	(4,713)	(5,358)
					3,103,308	2,693,454	271,032	252,197

Bank loans are secured as follows:

(in thousands of Ukrainian hryvnias)	(in thousands of Ukrainian hryvnias) 2013	2012	(in thousands of Euros) 2013	2012
Rights of claim on future cash proceeds from sale contracts	1,295,572	657,610	113,150	61,574
Inventories (Note 13)	1,433,568	1,134,587	125,202	106,235
Property, plant and equipment (Note 9)	1,260,612	973,020	110,097	91,107
Biological assets (Note 11)	64,553	66,478	5,638	6,225
Short-term deposits (Note 15)	47,484	46,212	4,147	4,327
Long-term deposits (Note 15)	-	138,937	-	13,009
Cash and cash equivalents (Note 16)	-	6,970	-	653
	4,101,789	3,023,814	358,234	283,130

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82% of Astarta Holding N.V. issued shares in equal parts (2012: 5.3%).

20 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)*	
	2013	2012 (restated)	2013	2012 (restated)
Other liabilities:				
Advances received from customers	**73,250**	120,824	**6,397**	11,313
	73,250	120,824	**6,397**	11,313
Other accounts payable:				
Accounts payable for property, plant and equipment	**30,167**	18,564	**2,635**	1,738
Accrual for unused vacations	**25,220**	23,746	**2,203**	2,223
Interest payable	**25,053**	21,532	**2,075**	2,016
Salaries payable	**17,930**	16,248	**1,566**	1,521
Social insurance payable	**8,513**	8,059	**743**	755
Settlements for acquired companies	**3,603**	3,293	**315**	308
Settlements with land and fixed assets lessors	**1,453**	1,453	**127**	136
Other taxes and charges payable	**7,489**	2,602	**654**	244
Other payables	**13,595**	22,090	**1,300**	2,069
	133,023	117,587	**11,618**	11,010
	206,273	238,411	**18,015**	22,323

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

21 REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Sugar and related sales:				
Sugar	**2,148,532**	1,845,776	**198,005**	176,653
Molasses	**78,036**	102,042	**7,192**	9,766
Pulp	**69,303**	46,372	**6,387**	4,438
Other sugar related products and services	**123,379**	122,421	**11,370**	11,715
	2,419,250	2,116,611	**222,954**	202,572
Crops	**1,058,986**	1,108,942	**97,594**	106,134
Cattle farming	**426,416**	338,158	**39,298**	32,364
Other sales	**104,297**	120,279	**9,612**	11,512
	1,589,699	1,567,379	**146,504**	150,010
	4,008,949	3,683,990	**369,458**	352,582

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

For the years ended 31 December 2013 and 2012 there were no sales settled through barter transactions. In 2013, 80% of revenue is generated from sales to customers in Ukraine (2012: 76%).

22 COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Sugar and related sales:				
Sugar	**1,837,705**	1,475,807	**168,773**	141,319
Molasses	**43,442**	58,402	**3,990**	5,593
Pulp	**45,345**	31,862	**4,164**	3,051
Other sugar related products and services	**131,390**	110,848	**12,067**	10,613
	2,057,882	1,676,919	**188,994**	160,576
Crops	**980,868**	937,276	**90,082**	89,752
Cattle farming	**330,403**	258,054	**30,344**	24,711
Other sales	**97,679**	111,661	**8,971**	10,692
	1,408,950	1,306,991	**129,397**	125,155
	3,466,832	2,983,910	**318,391**	285,731

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Depreciation and amortization costs	**273,557**	248,115	**25,271**	23,813
Land lease expenses	**260,009**	235,319	**24,012**	22,581
Employee benefits expenses	**462,033**	431,314	**42,669**	41,389

In 2013 cost of sales includes FAT of UAH 6,066 thousand (EUR 560 thousand) and UAH 1,745 thousand (EUR 167 thousand) in 2012.

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

23 OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Government subsidies relating to:				
Cattle farming	**21,065**	23,065	**1,911**	2,215
Reimbursement of the cost of construction	**8,513**	-	**772**	-
Crop production	**-**	264	**-**	25
Recovery of assets previously written off	**5,498**	7,559	**508**	729
Other operating income	**1,520**	1,240	**130**	120
	36,596	32,128	**3,321**	3,089

24 GENERAL AND ADMINISTRATIVE EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Salary and related charges	**173,013**	185,327	**15,902**	17,766
Professional services	**19,111**	15,785	**1,757**	1,515
Depreciation	**13,703**	8,191	**1,259**	786
Fuel and other materials	**7,797**	5,654	**717**	542
Taxes other than corporate income tax	**6,901**	7,602	**634**	730
Rent	**6,424**	6,981	**590**	670
Office expenses	**3,291**	2,380	**302**	228
Communication	**3,040**	2,971	**279**	285
Bank charges	**2,446**	4,393	**225**	421
Maintenance	**2,321**	2,409	**213**	231
Insurance	**1,546**	3,461	**142**	332
Transportation	**482**	442	**44**	42
Other	**11,070**	5,225	**1,019**	502
	251,145	250,821	**23,083**	24,050

25 SELLING AND DISTRIBUTION EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Transportation	**117,136**	100,225	**10,695**	9,563
Salary and related charges	**41,441**	43,546	**3,784**	4,156
Storage and logistics	**30,206**	14,783	**2,758**	1,411
Fuel and other materials	**29,094**	22,432	**2,657**	2,140
Professional services	**9,803**	8,730	**895**	833
Depreciation	**5,551**	4,352	**507**	415
Allowance for trade accounts receivable	**1,154**	3,739	**107**	359
Commissions	**502**	793	**46**	76
Customs duties and services	**216**	1,744	**20**	166
Advertising	**87**	75	**8**	7
Other	**12,927**	13,453	**1,178**	1,282
	248,117	213,872	**22,655**	20,408

26 OTHER OPERATING EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Impairment of property, plant and equipment	**41,791**	-	**3,789**	-
VAT written off	**22,406**	11,760	**2,032**	1,129
Charity and social expenses	**21,943**	18,984	**1,990**	1,809
Allowance for other accounts receivable	**11,371**	6,657	**1,050**	639
Penalties paid	**10,088**	2,663	**915**	253
Other salary and related charges	**7,485**	5,339	**679**	508
Write down of inventories	**6,184**	7,197	**571**	691
Loss on sales of property, plant and equipment	**2,812**	354	**261**	34
Canteen expenses	**1,253**	1,560	**114**	149
Depreciation	**1,056**	1,934	**96**	184
Representative expenses	**1,121**	1,072	**102**	102
Other	**20,034**	4,843	**1,779**	444
	147,544	62,363	**13,378**	5,942

27 FINANCE (COSTS) INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012 (restated)**	**2013**	**2012 (restated)**
Finance costs				
Interest expense:				
Bank loans	**(201,596)**	(210,906)	**(18,559)**	(20,297)
Finance lease liabilities	**(2,685)**	(6,697)	**(248)**	(644)
Borrowings from non-financial institutions	**(881)**	-	**(96)**	-
	(205,162)	(217,603)	**(18,903)**	(20,941)
Foreign currency exchange loss, net	**(44,457)**	-	**(4,093)**	-
Consideration to shareholders for pledged shares	**(39,133)**	(6,626)	**(3,603)**	(638)
Net profit attributable to non-controlling interests of limited liability company subsidiaries (Note 18)	**(3,948)**	(24,046)	**(363)**	(2,314)
Loss from promissory note transactions	-	(1,456)	-	(140)
Other finance costs	**(8,589)**	(4,516)	**(775)**	(433)
	(96,127)	(36,644)	**(8,834)**	(3,525)
	(301,289)	(254,247)	**(27,737)**	(24,466)
Finance income				
Interest income:				
Long-term bank deposits	-	16,083	-	1,548
Short-term bank deposits	**10,984**	7,489	**1,011**	721
Cash balances	**1,517**	2,508	**140**	240
	12,501	26,080	**1,151**	2,509
Gain from derivative	**10,729**	8,414	**988**	810
Gain from delution of non-controlling interest in limited liabilities companies	**6,204**	19,607	**571**	1,887
Foreign currency exchange gain, net	-	7,927	-	763
Other finance income	-	31	-	3
	16,933	35,979	**1,559**	3,463
	29,434	62,059	**2,710**	5,972

28 OTHER INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012 (restated)**	**2013**	**2012 (restated)**
Sale of emission reduction units	**4,438**	-	**426**	-
Accounts payable writen off	**2,859**	5,813	**259**	558
Other income	**7,146**	3,438	**683**	334
	14,443	9,251	**1,368**	892

29 INCOME TAX EXPENSE

23 subsidiaries elected to pay FAT in lieu of other taxes in 2012 (2011: 23 companies). FAT expense is included to cost of revenues. The remaining companies were subject to the Ukrainian corporate income tax at a 19% rate (2012: 21%), Dutch corporate income tax rate of 25 % and Cypriot income tax rate of 12.5%.

According to the Tax Code of Ukraine introduced in 2013, a tax rate from of 18% shall be applied starting from 1 January 2014, 17% - from 1 January 2015 and 16% - from 1 January 2016. When estimating deferred taxes as at 31 December 2013, the Group accounted for these changes. On 1 April 2014 the Parliament of Ukraine adopted the Law which sets 18% income tax rate from the date of signing and stipulates no income tax rate decrease in the future periods, as it was established by the changes to Tax Code before.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012	**2013**	2012
Current expense	**(6,233)**	(3,621)	**(557)**	(349)
Deferred benefit (expense)	**18,283**	12,557	**1,634**	1,209
	12,050	8,936	**1,077**	860

As at 31 December 2013 the Group did not recognize deferred tax asset relating to tax losses of UAH 77,964 thousand (EUR 7,300 thousand) (2012: UAH 77,964 thousand (EUR 7,300 thousand) originated at Astarta Holding N.V. since realization of this asset is uncertain.

As at 31 December 2013 the Group has not recognized deferred tax asset of UAH 8,601 thousand in relation to tax losses carried forward of UAH 53,756 thousand originated at LLC Firm “Astarta-Kyiv” because realisation of this asset is uncertain due to frequent changes to the laws and regulations. Losses carried forward do not have expiration date.

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

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2013			
Profit before tax	(82,426)	314,376	231,950
Income tax benefit at statutory rate of 19%	(14,837)	-	(14,837)
Non-deductible items at a rate of 19%	738	-	738
Non-taxable items at a rate of 19%	2,049	-	2,049
Income tax benefit	(12,050)	-	(12,050)

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2013			
Profit before tax	(8,739)	33,332	24,593
Income tax benefit at statutory rate of 19%	(1,573)	-	(1,573)
Non-deductible items at a rate of 19%	78	-	78
Non-taxable items at a rate of 19%	418	-	418
Income tax benefit	(1,077)	-	(1,077)

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2012			
Profit before tax	(147,056)	610,554	463,498
Income tax benefit at statutory rate of 21%	(30,882)	-	(30,882)
Non-deductible items at a rate of 21%	815	-	815
Non-taxable items at a rate of 21%	21,131	-	21,131
Income tax benefit	(8,936)	-	(8,936)

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2012			
Profit before tax	(14,231)	59,940	45,709
Income tax benefit at statutory rate of 21%	(2,988)	-	(2,988)
Non-deductible items at a rate of 21%	78	-	78
Non-taxable items at a rate of 21%	2,050	-	2,050
Income tax benefit	(860)	-	(860)

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

(in thousands of Ukrainian hryvnias)	As at 31 December 2012	Recognize d in Equity	Recognized on acquisition of subsidiarieries	Recognize d in income statement	As at 31 December 2013
Deferred tax assets					
Tax loss recoverable	990	-	-	(990)	-
Inventories	588	-	-	(375)	213
Trade and other accounts receivable and prepayments	2,194	-	-	2,060	4,254
Trade and other accounts payable	398	-	-	3,550	3,948
Loans and borrowings	-	-	-	6,358	6,358
Set off of tax	(4,069)	-	-	(10,704)	(14,773)
	101	-	-	(101)	-
Deferred tax liabilities					
Property, plant and equipment	(66,416)	(29,173)	(31,815)	5,770	(121,634)
Investments	(5,607)	-	-	562	(5,045)
Inventories	-	-	-	-	-
Biological assets	(401)	-	-	401	-
Loans and borrowings	(947)	-	-	947	-
Trade and other accounts payable	-	-	-	-	-
Set off of tax	4,069	-	-	10,704	14,773
	(69,302)	(29,173)	(31,815)	18,384	(111,906)

(in thousands of Euros)	As 31 December 2012	Recog-nized in Equity	Recognized on acquisition of subsidiarie-ries	Recognized in income statement	Currency translation difference	As at 31 December 2013
Deferred tax assets						
Tax loss recoverable	93	-	-	(89)	(4)	-
Inventories	55	-	-	(34)	(2)	19
Trade and other accounts receivable and prepayments	205	-	-	185	(18)	372
Trade and other accounts payable	37	-	-	318	(10)	345
Loans and borrowings	-	-	-	570	(15)	555
Set off of tax	(381)	-	-	(960)	50	(1,291)
	9	-	-	(10)	1	-
Deferred tax liabilities						
Property, plant and equipment	(6,219)	(2,548)	(2,923)	512	553	(10,625)
Investments	(525)	-	-	50	34	(441)
Inventories	-	-	-	-	-	-
Biological assets	(38)	-	-	36	2	-
Loans and borrowings	(88)	-	-	86	2	-
Trade and other accounts payable	-	-	-	-	-	-
Set off of tax	381	-	-	960	(50)	1,291
	(6,489)	(2,548)	(2,923)	1,644	541	(9,775)

(in thousands of Ukrainian hryvnias)	1 January 2012	Recognized in income statement	31 December 2012
Deferred tax assets			
Tax loss recoverable	3,128	(2,138)	990
Inventories	3,914	(3,326)	588
Trade and other accounts receivable and prepayments	2,678	(484)	2,194
Trade and other accounts payable	1,883	(1,485)	398
Loans and borrowings	1,852	(1,852)	-
Set off of tax	(11,646)	7,577	(4,069)
	1,809	(1,708)	101
Deferred tax liabilities			
Property, plant and equipment	(75,707)	9,291	(66,416)
Investments	(13,398)	7,791	(5,607)
Inventories	(3,103)	3,103	-
Biological assets	(1,250)	849	(401)
Loans and borrowings	-	(947)	(947)
Trade and other accounts payable	(1,755)	1,755	-
Set off of tax	11,646	(7,577)	4,069
	(83,567)	14,265	(69,302)

(in thousands of Euros)	1 January 2012	Recognized in income statement	Currency translation difference	31 December 2012
Deferred tax assets				
Tax loss recoverable	300	(206)	(1)	93
Inventories	376	(320)	(1)	55
Trade and other accounts receivable and prepayments	257	(47)	(5)	205
Trade and other accounts payable	181	(143)	(1)	37
Loans and borrowings	178	(178)	-	-
Set off of tax	(1,118)	730	7	(381)
	174	(164)	(1)	9
Deferred tax liabilities				
Property, plant and equipment	(7,265)	894	152	(6,219)
Investments	(1,286)	751	10	(525)
Inventories	(298)	299	(1)	-
Biological assets	(120)	82	-	(38)
Loans and borrowings	-	(91)	3	(88)
Trade and other accounts payable	(168)	171	(3)	-
Set off of tax	1,118	(733)	(4)	381
	(8,019)	1,373	157	(6,489)

30 SEGMENT REPORTING

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

At 31 December 2013 and 2012, the group is organized into four main operating/ reportable segments:

- production and wholesale distribution of sugar
- growing and selling grain and oilseeds crops (agriculture)
- dairy cattle farming (cattle farming)
- other bussiness
- soybean processing

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

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

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

In the years ended 31 December 2013 and 2012 there were no revenues from transactions with a single external customer in the amount of 10% or more of Group's revenue.

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

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

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

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

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

(in thousands of Ukrainian hryvnias)	Production and wholesale distri-bution of sugar		Agriculture		Cattle farming		Other businesses		Soybean processing		Unallocated		Total	
	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)
Total revenues	2,419,250	2,116,611	2,160,323	2,319,621	426,416	338,158	104,297	120,279	-	-	-	-	5,110,286	4,894,669
Inter-segment revenues	-	-	1,101,337	1,210,679	-	-	-	-	-	-	-	-	1,101,337	1,210,679
Revenues from external customers	2,419,250	2,116,611	1,058,986	1,108,942	426,416	338,158	104,297	120,279	-	-	-	-	4,008,949	3,683,990
Total cost of revenues	(2,057,882)	(1,676,920)	(2,082,205)	(2,147,955)	(330,403)	(258,054)	(97,679)	(111,660)			-	-	(4,568,169)	(4,194,589)
Inter-segment cost of revenues	-	-	(1,101,337)	(1,210,679)	-	-	-	-			-	-	(1,101,337)	(1,210,679)
Cost of revenues	(2,057,882)	(1,676,920)	(980,868)	(937,276)	(330,403)	(258,054)	(97,679)	(111,660)	-	-	-	-	(3,466,832)	(2,983,910)
Changes in fair value of biological assets and agricultural produce	-	-	433,087	410,396	11,584	12,739	-		-		-		444,671	423,135
Gross profit	361,368	439,691	511,205	582,062	107,597	92,843	6,618	8,619	-	-	-	-	986,788	1,123,215
Other operating income	3,209	4,240	4,439	9,402	28,701	18,374	223	112	24	-	-	-	36,596	32,128
General and administrative expense	(88,291)	(95,323)	(52,793)	(62,450)	(14,958)	(14,889)	(7,567)	(9,796)	(2,955)	-	(84,581)	(68,363)	(251,145)	(250,821)
Selling and distribution expense	(111,585)	(120,198)	(111,212)	(85,376)	(5,121)	(1,475)	(1,505)	(2,973)	(61)	-	(18,633)	(3,850)	(248,117)	(213,872)
Other operating expense	(4,101)	(5,494)	(20,547)	(7,360)	(2,418)	(2,219)	(7)	(2,160)	(238)	-	(120,233)	(45,130)	(147,544)	(62,363)
Profit (loss) from operations	160,600	222,916	331,092	436,278	113,801	92,634	(2,238)	(6,198)	(3,230)	-	(223,447)	(117,343)	376,578	628,287
Foreign currency exchange gain (loss)	-	-	-	-	-	-	-	-	-	-	(44,457)	7,927	(44,457)	7,927
Interest expense	(39,934)	(46,591)	(33,569)	(24,943)	(21)	(22)	(1,845)	(3,989)	(1,369)	-	(128,424)	(142,058)	(205,162)	(217,603)
Interest income	-	-	-	-	-	-	-	-	-	-	12,501	26,080	12,501	26,080
Other income (expense)	-	-	-	-	-	-	-	-	-	-	(20,100)	659	(20,100)	659
Share in loss of joint venture	(15,707)	-	-	-	-	-	-	-	-	-	-	-	(15,707)	-
Gain on acquisition of subsidiaries	128,491	-	-	18,148	-	-	-	-	-	-	-	-	128,491	18,148
Profit (loss) before tax	233,256	176,325	297,523	429,483	113,780	92,612	(4,083)	(10,187)	(4,599)	-	(403,927)	(224,735)	231,950	463,498
Taxation	-	-	-	-	-	-	-	-	-	-	12,050	8,936	12,050	8,936
Net profit (loss)	233,256	176,325	297,523	429,483	113,780	92,612	(4,083)	(10,187)	(4,599)	-	(391,877)	(215,799)	244,000	472,434
Consolidated total assets	2,659,162	2,399,213	3,755,102	2,993,518	896,975	782,770	144,976	76,365	241,106	-	424,053	703,415	8,121,374	6,955,281
Consolidated total liabilities	591,903	647,520	813,037	789,318	37,042	41,969	8,266	139,007	430,492	-	1,788,718	1,662,939	3,669,458	3,280,753
Other segment information:														
Depreciation and amortisation	93,065	84,329	169,176	160,232	14,495	9,765	2,819	2,643	62	-	14,250	5,623	293,867	262,592
Additions to non-current assets:														
Property, plant and equipment	342,495	130,418	227,135	299,605	26,260	29,734	42,310	23,550	225,026	-	8,946	28,249	872,172	511,556
Intangible assets	-	-	13,890	1,332	-	-	-	-	-	-	2,259	65	16,149	1,397
Biological non-current assets	-	-	-	-	3,622	9,464	-	-	-	-	-	-	3,622	9,464

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

(in thousands of Euros)	Production and wholesale distri-bution of sugar		Agriculture		Cattle farming		Other businesses		Soybean processing		Unallocated		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(restated)		(restated)		(restated)		(restated)		(restated)		(restated)		(restated)
Total revenues	**222,954**	202,572	**199,092**	222,005	**39,298**	32,364	**9,611**	11,512	**-**	-	**-**	-	**470,955**	468,453
Inter-segment revenues	**-**	-	**101,497**	115,871	**-**	-	**-**	-	**-**	-	**-**	-	**101,497**	115,871
Revenues from external customers	**222,954**	202,572	**97,595**	106,134	**39,298**	32,364	**9,611**	11,512	**-**	-	**-**	-	**369,458**	352,582
Total cost of revenues	**(188,994)**	(160,576)	**(191,579)**	(205,622)	**(30,344)**	(24,711)	**(8,971)**	(10,693)	**-**	-	**-**	-	**(419,888)**	(401,602)
Inter-segment cost of revenues	**-**	-	**(101,497)**	(115,871)	**-**	-	**-**	-	**-**	-	**-**	-	**(101,497)**	(115,871)
Cost of revenues	**(188,994)**	(160,576)	**(90,082)**	(89,751)	**(30,344)**	(24,711)	**(8,971)**	(10,693)	**-**	-	**-**	-	**(318,391)**	(285,731)
Changes in fair value of biological assets and agricultural produce	**-**	-	**41,172**	39,944	**1,101**	1,222	**-**	-	**-**	-	**-**	-	**42,273**	41,166
Gross profit	**33,960**	41,996	**48,685**	56,327	**10,055**	8,875	**640**	819	**-**	-	**-**	-	**93,340**	108,017
Other operating income	**291**	415	**403**	905	**2,605**	1,758	**20**	11	**2**	-	**-**	-	**3,321**	3,089
General and administrative expense	**(8,115)**	(9,325)	**(4,852)**	(5,890)	**(1,375)**	(1,397)	**(695)**	(928)	**(272)**	-	**(7,774)**	(6,510)	**(23,083)**	(24,050)
Selling and distribution expense	**(10,189)**	(11,450)	**(10,155)**	(8,139)	**(468)**	(139)	**(137)**	(283)	**(6)**	-	**(1,700)**	(397)	**(22,655)**	(20,408)
Other operating expense	**(372)**	(557)	**(1,863)**	(701)	**(219)**	(688)	**(1)**	(205)	**(22)**	-	**(10,901)**	(3,791)	**(13,378)**	(5,942)
Profit (loss) from operations	**15,575**	21,079	**32,218**	42,502	**10,598**	8,409	**(173)**	(586)	**(298)**	-	**(20,375)**	(10,698)	**37,545**	60,706
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(4,093)**	763	**(4,093)**	763
Interest expense	**(3,688)**	(4,484)	**(3,100)**	(2,400)	**(2)**	(2)	**(170)**	(384)	**(126)**	-	**(11,817)**	(13,671)	**(18,903)**	(20,941)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,151**	2,509	**1,151**	2,509
Other income (expense)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,814)**	67	**(1,814)**	66
Share in loss of associate	**(1,401)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,401)**	-
Gain on acquisition of subsidiaries	**12,108**	-	**-**	1,745	**-**	-	**-**	-	**-**	-	**-**	-	**12,108**	1,745
Profit (loss) before tax	**22,594**	16,595	**29,118**	41,847	**10,596**	8,407	**(343)**	(970)	**(424)**	-	**(36,948)**	(21,030)	**24,593**	44,849
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,077**	861	**1,077**	861
Net profit (loss)	**22,594**	16,595	**29,118**	41,847	**10,596**	8,407	**(343)**	(970)	**(424)**	-	**(35,871)**	(20,170)	**25,670**	45,709
Consolidated total assets	**232,241**	224,705	**327,957**	280,292	**78,338**	73,293	**12,662**	7,150	**21,057**	-	**37,036**	65,801	**709,291**	651,241
Consolidated total liabilities	**51,695**	60,623	**71,008**	73,906	**3,235**	3,930	**722**	13,016	**37,598**	-	**156,220**	155,712	**320,478**	307,187
Other segment information:														
Depreciation and amortisation	**8,595**	8,091	**15,623**	15,376	**1,339**	937	**260**	254	**6**	-	**1,316**	540	**27,139**	25,198
Additions to non-current assets:													-	
Property, plant and equipment	**31,809**	11,319	**21,095**	28,750	**2,439**	2,853	**3,930**	2,260	**20,899**	-	**830**	2,716	**81,002**	47,898
Intangible assets	**-**	-	**1,283**	129	**-**	-	**-**	-	**-**	-	**234**	6	**1,517**	135
Biological non-current assets	**-**	-	**-**	-	**334**	909	**-**	-	**-**	-	**-**	-	**334**	909

Geographic information

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2013	**2012**	**2013**	**2012**
Revenue from external customers				
Ukraine	**3,288,342**	2,893,889	**303,048**	276,964
Euroland	**529,151**	681,701	**48,766**	65,243
CIS	**167,660**	98,965	**15,451**	9,472
Asia	**23,796**	9,436	**2,193**	903
	4,008,949	3,683,990	**369,458**	352,582

31 FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments as at 31 December 2013 are recorded in the financial statements line items as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2013			
Financial assets as per statement of financial position			
Long-term receivables	764	-	764
Financial assets available-for-sale	-	7,946	7,946
Trade accounts receivable	326,065	-	326,065
Other accounts receivable	48,253	-	48,253
Short-term deposits	47,484	-	47,484
Cash and cash equivalents	29,472	-	29,472
	452,038	7,946	459,984

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	3,103,308
Trade accounts payable	131,511
Non-controlling interests relating to limited liability companies	94,044
Other long-term liabilities	17,803
Other accounts payable	133,023
	3,479,689

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2013			
Financial assets as per statement of financial position			
Long-term receivables	67	-	67
Financial assets available-for-sale	-	694	694
Trade accounts receivable	28,477	-	28,477
Other accounts receivable	4,215	-	4,215
Short-term deposits	4,147	-	4,147
Cash and cash equivalents	2,574	-	2,574
	39,480	694	40,174

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	271,032
Trade accounts payable	11,486
Non-controlling interests relating to limited liability companies	8,213
Other long-term liabilities	1,554
Other accounts payable	11,618
	303,903

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

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	691	-	691
Financial assets available-for-sale	-	15,066	15,066
Trade accounts receivable	395,518	-	395,518
Other accounts receivable	30,327	-	30,327
Long-term deposits	138,937	-	138,937
Short-term deposits	46,212	-	46,212
Cash and cash equivalents	81,231	-	81,231
	692,916	15,066	707,982

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	2,693,454
Trade accounts payable	165,248
Non-controlling interests relating to limited liability companies	92,002
Other long-term liabilities	21,175
Other accounts payable	117,587
	3,089,466

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2012			
Financial assets as per statement of financial position			
Long-term receivables	65	-	65
Financial assets available-for-sale	-	1,411	1,411
Trade accounts receivable	37,033	-	37,033
Other accounts receivable	2,840	-	2,840
Long-term deposits	13,009	-	13,009
Short-term deposits	4,327	-	4,327
Cash and cash equivalents	7,606	-	7,606
	64,880	1,411	66,291

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	252,197
Trade accounts payable	15,473
Non-controlling interests relating to limited liability companies	8,614
Other long-term liabilities	1,983
Other accounts payable	11,010
	289,277

In 2013 the Company used derivative contracts to hedge risk related to price volatily which were closed as at 31 December 2013. As result of hedge transactions the Company received gain in amount of UAH 10,729 thousand or EUR 988 thousand.

32 FINANCIAL RISK MANAGEMENT

(a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

(b) Credit risk

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

(c) Trade accounts receivable

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

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

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

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2013 and 2012 no guarantees are outstanding.

(d) Credit quality of financial assets

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012 (restated)	2013	2012 (restated)
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Standard & Poor's)				
A	**13,986**	12,189	**1,221**	1,141
BBB+	**16,778**	-	**1,465**	-
BBB	**6,159**	-	**538**	-
Counterparties without external credit rating				
Group A	**130,647**	234,364	**11,410**	21,944
Group B	**14,480**	9,313	**1,265**	873
Past due trade receivables	**144,015**	139,652	**12,578**	13,075
	326,065	395,518	**28,477**	37,033

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

In the year ended 31 December 2013 approximately 10% of revenues (2012: 14%) are derived from two customers. Receivables from corresponding customers as at 31 December 2013 equal UAH 14,348 thousand or EUR 1,253 thousand (2012: UAH 24,681 thousand, EUR 2,311 thousand).

The credit quality of deposits by external credit rating:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012**	**2013**	**2012**
Banks with external credit rating (Moody's):				
Short-term deposits				
Banks without external credit rating:				
Group A	**47,484**	46,212	**4,147**	4,327
Long-term deposits				
Caa2	-	138,937	-	13,009
	47,484	185,149	**4,147**	17,336

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012**	**2013**	**2012**
		(restated)		**(restated)**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A2	**19,984**	54,324	**1,745**	5,086
A3	**5,034**	2,844	**440**	266
B2	**-**	234	**-**	22
Ba3	**13**	35	**1**	3
Caa2	**3,040**	23,384	**266**	2,190
Caa3	**116**	-	**10**	-
Banks without external credit rating:				
Group A	**1,042**	189	**91**	18
Group B	**13**	8	**2**	1
Cash on hand	**230**	213	**19**	20
	29,472	81,231	**2,574**	7,606

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

(e) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including future interest payments).

31 December 2013

(in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Loans and borrowings	3,096,449	3,150,413	1,810,070	395,132	945,211
Finance lease liabilities	6,859	6,859	2,467	2,565	1,827
Interest payable	23,758	467,012	140,881	86,947	239,184
Trade and other accounts payable	240,777	240,777	240,777	-	-
	3,367,843	3,865,061	2,194,195	484,644	1,186,222

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Loans and borrowings	270,433	275,146	158,086	34,509	82,551
Finance lease liabilities	599	599	215	224	160
Interest payable	2,075	40,787	12,304	7,594	20,889
Trade and other accounts payable	21,029	21,029	21,029	-	-
	294,136	337,561	191,634	42,327	103,600

31 December 2012

(in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Loans and borrowings	2,685,560	2,742,784	1,050,480	603,546	1,088,757
Finance lease liabilities	7,894	7,894	7,365	212	317
Interest payable	21,532	620,078	198,583	111,463	310,032
Trade and other accounts payable	261,756	261,756	261,756	-	-
	2,976,742	3,632,512	1,518,184	715,221	1,399,106

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Loans and borrowings	251,457	256,815	98,360	56,512	101,944
Finance lease liabilities	740	740	690	20	30
Interest payable	2,016	58,060	18,594	10,437	29,029
Trade and other accounts payable	24,509	24,509	24,509	-	-
	278,722	340,124	142,153	66,969	131,003

(f) Market risk

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

Currency risk

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

(in thousands of Ukrainian hryvnias)	2013		2012	
	EUR	USD	EUR	USD
Trade accounts receivable	-	13,299	-	30,340
Other accounts receivable	145	66	11,342	2,444
Long-term deposits	-	-	-	138,937
Short-term deposits	-	7,972	-	-
Cash and cash equivalents	54	20,395	198	55,581
Bank loans	(181,876)	(2,214,818)	(106,800)	(2,231,685)
Trade accounts payable	(2,042)	(16,691)	(654)	(920)
Other liabilities and accounts payable	(2,219)	(53,582)	(11,110)	(64,613)
Net exposure	(185,938)	(2,243,359)	(107,024)	(2,069,916)

(in thousands of Euros)	2013		2012	
	EUR	USD	EUR	USD
Trade accounts receivable	-	1,161	-	2,841
Other accounts receivable	13	6	1,062	229
Long-term deposits	-	-	-	13,009
Short-term deposits	-	696	-	-
Cash and cash equivalents	5	1,782	19	5,204
Bank loans	(15,884)	(193,432)	(10,000)	(208,961)
Trade accounts payable	(178)	(1,458)	(61)	(86)
Other liabilities and accounts payable	(194)	(4,680)	(1,040)	(6,050)
Net exposure	(16,238)	(195,925)	(10,020)	(193,814)

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

pre-tax profit	*(Effect in thousands of Ukrainian hryvnias)*		*(Effect in thousands of Euros)*	
	2013	2012	2013	2012
Weakening of UAH, %	30%	10%	30%	10%
EUR	(55,781)	(10,702)	(4,872)	(1,002)
USD	(674,041)	(206,992)	(58,868)	(19,381)

As is stated under note 2 (i) the consolidated financial statements are presented in UAH. For the benefit of certain users, the Group also presents all numerical information in EUR. A weakening of the Ukrainian hryvnia against the EUR by 30% as at 31 December 2013 would have decreased total equity presented in UAH by UAH 1,049,788 thousand. A weakening of the Ukrainian hryvnia against the EUR by 30% as at 31 December 2013 would have decreased total equity presented in EUR by EUR 91,684 thousand.This analysis assumes that all other variables, in particular interest rates, remain constant.

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)*	
	2013	2012 (restated)	2013	2012 (restated)
Fixed rate instruments				
Financial liabilities	**(883,914)**	(976,103)	**(77,198)**	(91,396)
Variable rate instruments				
Financial liabilities	**(2,219,394)**	(1,717,351)	**(193,834)**	(160,801)

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

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

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

	Increase (decrease) in interest rate	*(in thousands of Ukrainian hryvnias)*		*(in thousands of Euros)*	
		2013	2012	2013	2012
Euribor	1.00%	**1,788**	1,068	**156**	100
Euribor	-0.25%	**(447)**	(267)	**(39)**	(25)
Libor	1.00%	**19,211**	16,578	**1,678**	1,552
Libor	-0.25%	**(4,803)**	(4,144)	**(419)**	(388)
Kievprime	1.00%	**1,194**	100	**104**	9
Kievprime	-0.25%	**(299)**	(25)	**(26)**	(2)

Other market price risk

The Group does not enter into commodity contracts other than to meet expected usage and sale requirements; such contracts are not settled net.

(g) Fair values of financial instruments

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

As at 31 December 2013, the carrying value of the Group's financial instruments approximates their fair values, except for long-term loans. Fair value of loans was UAH 152,433 thousand higher than their carrying value. The fair value of the loans was estimated by discounting the expected future cash outflows by a market interest rate of 6% and is within level 2 of the fair value hierarchy.

As at 31 December 2012, 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 are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

33 COMMITMENTS

(a) Social commitments

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

(b) Operating leases

The Group leases property and equipment under operating leases. Lease payments are subject to market conditions and legal regulations.

The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments recognized as an expense in 2013 are UAH 260,009 thousand or EUR 24,012 thousand (2012: UAH 235,319 thousand or EUR 22,034 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)*	
	2013	**2012**	**2013**	**2012**
Less than one year	**241,675**	207,954	**21,107**	19,471
From one to five years	**503,318**	492,146	**43,958**	46,081
More than five years	**298,986**	319,264	**26,112**	29,894
	1,043,979	1,019,364	**91,177**	95,446

(c) Financial leases

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012**	**2013**	**2012**
Minimal lease payments:				
Less than one year	**2,659**	6,579	**232**	617
From one to two years	**2,436**	204	**213**	19
More than two years	**1,597**	284	**139**	27
	6,692	7,067	**584**	663
Future finance charges on finance leases	**(975)**	(488)	**(84)**	(46)
Present value of minimal lease payments	**5,717**	6,579	**500**	617
Less than one year	**2,057**	6,138	**180**	575

From one to two years	**2,137**	177	**187**	17
More than two years	**1,523**	264	**133**	25
	5,717	6,579	**500**	617

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012**	**2013**	**2012**
Long-term finance lease liabilities:				
Present value of minimal lease payments	**3,660**	441	**320**	42
VAT liability under finance lease	**732**	88	**64**	8
	4,392	529	**384**	50
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**2,057**	6,138	**180**	575
VAT liability under finance lease	**410**	1,227	**35**	115
	2,467	7,365	**215**	690
	6,859	7,894	**599**	740

(d) Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	**2012**	**2013**	**2012**
Sales commitments:				
Sugar and by-products	**198,921**	103,261	**17,373**	9,909
	198,921	103,261	**17,373**	9,909
Purchase commitments:				
Materials	**652**	-	**57**	-
Professional services	**505**	-	**44**	-
Transportation	**129**	30	**11**	3
Property,plant and equipment	**-**	304	**-**	29
	1,286	334	**112**	32
	200,207	103,595	**17,485**	9,941

34 TAX AND LEGAL MATTERS

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

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

Further, in 2013 the Group gained control over two legal entities which are subject to regulation of Antimonopoly Committee of Ukraine. Having considered legal, technical and practical risks, management believes that the acquisition was done in accordance with the effective legislation. Failure to comply with regulator's rules may lead to fines of up to 5% for acquirers' revenues for the past year.

Also, during the reporting period three Group's subsidiaries were involved in litigations with the tax authorities with the total exposure of UAH 63,802 thousand The litigations are related to the results of the tax authorities' audits.

The Group's operations and financial position will continue to be affected by Ukrainian political developments including the application of existing and future legislation and tax regulations. Management believes that the Group has complied with all regulations and paid or accrued all taxes that are applicable. In the ordinary course of business, the Group is subject to various legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of the Group's operations. Where the risk of outflow of resources is probable, the Group has accrued liabilities based on management's best estimate.

35 RELATED PARTY TRANSACTIONS

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

As at 31 December 2013 the Group recognized allowance of UAH 280 thousand (EUR 24 thousand) on balances due from related parties (2012: nil).

The following table provides the total amount of transactions that have been entered into with related parties for the year ended 31 December 2013 as well as balances with related parties as of 31 December 2013:

(in thousands of Ukrainian hryvnias)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	52	1,880	9,955	74
Joint venture and joint operations	18,411	8,828	2,721	3,529
Associate	26	-	958	171
	18,489	10,708	13,634	3,774

(in thousands of Euros)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies under common control	5	174	869	6
Joint venture and joint operations	1,700	815	238	308
Associate	2	-	84	15
	1,707	989	1,191	329

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

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

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

Other transactions

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82% of Astarta Holding N.V. issued shares in equal parts (2012: 5.3%) (Note 19). In 2013, the Group's expenses in relation to this pledge are UAH 39,133 thousand or EUR 3,603 thousand (2012: UAH 6,626 thousand or EUR 638 thousand). The consideration paid by the Group does not exceed the market consideration for similar types of transactions. As at 31 December 2013 UAH 11,260 thousand (EUR 983 thousand) remained unpaid.

As at 31 December 2013 the Group had a USD denominated loan from the entity under control of a shareholder of UAH 81,601 thousand (2012: nil) or EUR 7,127 thousand (2012: nil) bearing an interest of 9.4% p.a. and a EUR denominated loan of UAH 3,034 thousand (2012: nil) or EUR 265 thousand(2012: nil) bearing an interest of 9.4% p.a.

Management remuneration

The total remuneration of executive and non-executive Board members is specified below:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2013	2012	2013	2012
Viktor Ivanchyk	**2,972**	6,554	**273**	629
Petro Rybin	**4,430**	6,815	**407**	654
Marc van Campen	**381**	365	**35**	35
Valery Korotkov	**381**	365	**35**	35
Wladyslaw Bartoszewski	**381**	365	**35**	35
	8,545	14,464	**785**	1,388

Remuneration of key management for the year ended 31 December 2013 is UAH 8,545 thousand or EUR 785 thousand (2012: UAH 14,464 thousand or EUR 1,388 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totaling five persons).

In 2013 bonuses accrued for Mr.Ivanchyk of EUR 144 thousand (2012: EUR 269 thousand) were allocated for charity. Bonuses paid to Mr. Rybin of EUR 144 thousand (2012: EUR 366 thousand) are included into the table above.

36 EVENTS SUBSEQUENT TO THE REPORTING DATE

From 1 January 2014 to 14 April 2014, the Ukrainian Hryvnia devaluated by more than 50% compared to Euro. The Group has assets and liabilities denominated in USD and EUR, which when translated at the current spot rates would lead to a net forex loss. A devaluation of 1% of the UAH results in forex loss of UAH 24,293 thousand (EUR 2,122 thousand).

In March 2014, the Parliament of Ukraine adopted changes to the tax legislation in accordance to which corporate income tax rate is established at level of 18% of taxable incomes without further step-downgrading to 17% and 16% in 2015 and 2016, respectively (income tax rates effective at 31 December 2013 are described in Note 2 (q). These changes become effective from the 1 April 2014.

ASTARTA HOLDING N.V.

COMPANY FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENT

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(before appropriation of the result)

(in thousands of Euros)		2013	2012 restated
Assets			
Non-current assets			
Investments in subsidiaries	*3*	397,316	348,028
Other long-term assets		30	54
Loan receivable from subsidiary		-	12,557
		397,346	360,639
Current assets			
Cash and cash equivalents	*4*	87	21
Other accounts receivable		20	22
		107	43
Total assets		397,453	360,682
Shareholders' equity and liabilities			
Equity			
Share capital	*5*	250	250
Additional paid-in capital		55,638	55,638
Retained earnings		245,810	195,057
Revaluation of biological assets and agricultural produce		42,273	41,166
Revaluation of property, plant and equipment		80,490	40,157
Currency translation adjustment		(61,406)	(34,180)
Unallocated result for the year		25,707	45,709
Total equity		388,762	343,797
Non-current liabilities			
Loans and borrowings	*6*	4,177	7,267
Long-term loan from subsidiary	*6*	711	6,322
		4,888	13,589
Current liabilities			
Current portion of long-term loans and borrowings	*6*	2,785	2,907
Other liabilities and accounts payable	*8*	1,018	389
		3,803	3,296
Total equity and liabilities		397,453	360,682

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 143 to 149.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Euros)		2013	2012 restated
Net income from subsidiaries and associated companies		29,783	46,844
Other net expense, after taxation	9	(4,076)	(1,135)
Net profit		25,707	45,709

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 143 to 149.

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 Section 9, Book 2 of the Netherlands Civil Code. In conformity with article 402 of Book 2 Section 9 of the Netherlands Civil Code, a condensed income statement is included in the separate financial statements of the parent company.

Information on the use of financial instruments and on related risks for the Group has been provided under note 32 of the financial statements.

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 Article 362-8 of Book 2 Section 9 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. Investments in subsidiaries are stated at net asset value. These consolidated financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS).

Basis of recognition of participations in subsidiaries

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

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

Restatement

The restatement in 2012 information was caused by the early adoption of IFRS 11 Joint Arrangements. For details refer to Note 4 of the consolidated financial statements.

3 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2013 and 2012 the Company owns 100% of the shares of Ancor Investments Ltd, a subsidiary based in Cyprus. These shares were received in July 2006 in exchange for a contribution-in-kind transaction.

(in thousands of Euros)	2013	2012 restated
Balance as at 1 January	**348,028**	309,550
Net income	**29,746**	46,844
Increase in reserves	**46,768**	199
Translation differences	**(27,226)**	(8,565)
Balance as at 31 December	**397,316**	348,028

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

4 CASH

As at 31 December 2013, amount of cash is EUR 87 thousand (2012: EUR 21 thousand). There is no restricted cash.

5 EQUITY

The authorized share capital as at 31 December 2012 and 2011 amounts to EUR 300,000 and consists of 30,000,000 ordinary shares with a nominal value of EUR 0.01 each. As at 31 December 2013, 25,000,000 shares are issued and fully paid. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total number of shares held by executive and non-executive Board members, and third parties is specified below:

	2013	2012
Astarta Holding N.V.		
Ivanchyk V.P.	**36.99%**	36.99%
Korotkov V.M.	**25.99%**	25.99%
Amplico	**6%**	-
Other shareholders	**31.02%**	37.02%
	100.00%	100.00%

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82 % of Astarta Holding NV issued shares in equal parts. For movements in equity refer to the consolidated statement of changes in equity.

With respect to the total equity, not all reserves are available for distribution to the shareholders. The restricted reserves, which are not available for distribution to the shareholders, include the following:

- the accumulated gain on revaluation of property, plant and equipment of EUR 80,490 thousand (2012: EUR 40,157 thousand);
- the accumulated gain on revaluation of biological assets and agricultural produce of EUR 42,273 thousand (2012: EUR 41,166 thousand);
- the accumulated loss from currency translation adjustment of EUR 61,406 thousand (2012: 34,180 thousand).

6 LOANS AND BORROWINGS

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

(in thousands of Euros)	Effective interest rate	Nominal interest rate	Year of maturity	2013	2012
Loans from non-resident banks received in USD	4.81%	Libor+4.00%	2016	-	-
Loans from non-resident banks received in USD	4.60%	Libor+4.00%	2016	**6,962**	10,174
				6,962	10,174

As at 31 December 2013 the Company has a loan due to its subsidiary of EUR 710 thousand (2012: EUR 6,322 thousand). The loan is unsecured and bears interest of 5% p.a.

7 OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	2013	2012
Payment to shareholders for pledged shares	983	312
Interest payable	13	19
Other payables	22	58
	1,018	389

8 OTHER NET EXPENSE

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

(in thousands of Euros)	2013	2012
Payment to shareholders for pledged shares	3,603	638
Interest expenses	448	602
Professional services	401	443
Bank commissions and charges	22	22
Exchange differences	(120)	43
Interest income	(278)	(613)
	4,076	1,135

9 INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 11.4 million as of 31 December 2013 (2012: EUR 7.3 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 statements line items as follows:

	2013	2012
(in thousands of Euros)	Loans and receivables	Loans and receivables
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	-	12,557
Other accounts receivable	20	22
Cash and cash equivalents	87	21
	107	12,600

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	6,962	10,174
Loan payable to subsidiary	711	6,322
Other liabilities and accounts payable	1,018	389
	8,691	16,885

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 2013 loan receivable from subsidiary and other accounts receivable is nil (2012: EUR 12,579 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)	2013	2012
Loan receivable from subsidiary	-	12,557
Other accounts receivable	20	22
Cash and cash equivalents	87	21
	107	12,600

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

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2013					
Bank loans	6,962	6,962	2,785	2,785	1,392
Loan payable to subsidiary	711	711	-	711	-
Other accounts payable	1,018	1,018	1,018	-	-
	8,691	8,691	3,803	3,496	1,392

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2012					
Bank loans	10,174	10,174	2,907	2,907	4,360
Loan payable to subsidiary	6,322	6,322	-	6,322	-
Other accounts payable	389	389	389	0	-
	16,885	16,885	3,296	9,229	4,360

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

With respect to variable rate instruments, a change of 100 basis points in interest rates over the reporting period would have increased (decreased) equity and net profit by EUR 128 thousand provided all other variables are held constant.

At 31 December 2013 the Company does not have outstanding guarantees. The fair values of financial instruments approximate their carrying amount.

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 2013 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82 % of Astarta Holding NV issued shares in equal parts to secure bank loans in the amount of EUR 6.962 thousand.

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

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 2013, 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)	2013	2012
Viktor Ivanchyk	**272,610**	629,000
Petro Rybin	**407,231**	654,000
Marc van Campen	**35,000**	35,000
Valery Korotkov	**35,000**	35,000
Wladyslaw Bartoszewski	**35,000**	35,000
	784,841	1,388,000

In 2013 bonuses accrued for Mr. Ivanchyk of EUR 150 thousand (2012: EUR 269 thousand) were allocated for charity and not included to the table above. Bonuses accrued for Mr. Rybin of EUR 144 thousand (2012: EUR 366 thousand) are included into the table above.

The amount due from the Company's Directors as at 31 December 2013 is nil (31 December 2012 is nil).

14 AUDIT FEES

Fees of the Group's auditor are EUR 143.5 thousand for 2013 (2012: EUR 146 thousand). Out of this, EUR 37.5 thousand relates to "Ernst & Young Accountants" LLP and EUR 106 thousand relate to Ernst & Young Audit Services LLC (2012: EUR 36 thousand and EUR 110 thousand, respectively).

Audit fees include the fees of EUR 143.5 thousand agreed and due to "Ernst & Young" for professional services related to the audit of the Company and its subsidiaries for the relevant year. In 2013, the Group paid to "Ernst & Young" EUR 13.4 thousand for tax and other non-audit services (2012: nil).

14 April 2014

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 25,670 thousand to retained earnings.

Independent auditor's report

To: the shareholders and the board of directors of Astarta Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Astarta Holding N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

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

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

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

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

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at 31 December 2013, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of matter with respect to the Ukrainian business environment
We draw attention to Note 1 (b) to the consolidated financial statements, which describes the political unrest in Ukraine that started in November 2013 and escalated in 2014. The events referred to in Note 1(b) could adversely affect the Group's results and financial position in a manner not currently determinable. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

Amsterdam, 14 April 2014

Ernst & Young Accountants LLP

signed by G.A. Arnold