Annual Report for the Year 2009

ASTARTA HOLDING N.V.

Contents

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS AND RATIOS

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

	2009	2008	2007	2006	2005
Revenues	117,718	123,382	87,747	68,051	51,783
Cost of revenues including remeasurement gains	(79,584)	(88,735)	(63,145)	(53,984)	(36,403)
Gross profit	38,134	34,647	24,602	14,067	15,380
Operating income (expenses), net	2,245	(13,204)	1,175	(6,628)	(6,143)
Profit from operations (EBIT)	40,379	21,443	25,777	7,439	9,237
Net financing expenses and other non-operating income (expense)	(11,049)	(32,246)	(4,359)	(1,932)	30
Profit (loss) before tax	29,330	(10,803)	21,418	5,507	9,267
Income tax (expense) benefit	(425)	3,209	80	256	386
Net profit (loss)	**28,905**	**(7,594)**	**21,498**	**5,763**	**9,653**
Net profit (loss) attributable to:					
Minority interests	(11)	75	(90)	(637)	1,502
Equity holders of parent company	**28,916**	**(7,669)**	**21,588**	**6,400**	**8,151**

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

	2009	2008	2007	2006	2005
Property, plant and equipment	105,495	72,717	77,919	31,505	25,448
Non-current biological assets	12,747	5,150	6,380	3,701	2,467
Other non-current assets	5,601	5,796	1,228	1,209	846
Total non-current assets	**123,843**	**83,663**	**85,527**	**36,415**	**28,761**
Inventories	66,429	55,372	51,855	45,910	29,867
Biological assets	19,962	14,620	15,216	7,157	1,854
Trade and other accounts receivable, prepayments and promissory notes	16,143	14,689	19,026	26,644	15,284
Short-term deposits	-	4,393	-	-	-
Cash and cash equivalents	1,930	949	1,068	2,991	503
Current income tax	36	6	3	-	-
Total current assets	**104,500**	**90,029**	**87,168**	**82,702**	**47,508**
Total assets	**228,343**	**173,692**	**172,695**	**119,117**	**76,269**
Share capital	250	250	250	250	60
Additional paid-in capital and reserves	108,451	78,335	78,482	55,743	30,654
Retained earnings	50,243	20,870	28,038	6,254	-
Currency translation adjustment	(43,507)	(42,811)	(8,710)	(447)	(296)
Minority interests relating to open joint stock companies	75	967	1,014	-	-
Total equity	**115,512**	**57,611**	**99,074**	**61,800**	**30,418**
Long-term loans and borrowings	52,436	11,897	5,647	8,092	10,086
Minority interests relating to limited liability companies	3,406	3,894	3,566	2,099	8,729
Other long-term liabilities, promissory notes issued, deffered tax liabilities	8,359	2,883	6,688	1,223	1,729
Total non-current liabilities	**64,201**	**18,674**	**15,901**	**11,414**	**20,544**
Short-term loans and current portion of loans and borrowings	32,359	80,517	45,634	27,712	11,888
Trade accounts payable, promissory notes, other liabilities and accounts payable	16,271	16,889	12,085	18,191	13,419
Current income tax	-	1	1	-	-
Total current liabilities	**48,630**	**97,407**	**57,720**	**45,903**	**25,307**
Total equity and liabilities	**228,343**	**173,692**	**172,695**	**119,117**	**76,269**

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

	2009	2008	2007	2006	2005
EBITDA	50,085	30,893	30,820	11,314	12,411
NET DEBT	82,865	87,072	50,213	32,813	21,471
EBITDA MARGIN,%	42.5%	25.0%	35.1%	16.6%	24.0%
NET PROFIT MARGIN,%	24.6%	-6.2%	24.5%	8.5%	18.6%
ROE	25.0%	-13.2%	21.7%	9.3%	31.7%
ROA	12.7%	-4.4%	12.4%	4.8%	12.7%
MARKET CAPITALIZATION	243,416	65,909	223,339	111,519	-
ENTERPRISE VALUE (EV)	329,687	156,875	277,118	146,431	-
EV / EBITDA	6.58	5.08	8.99	12.94	-
EV / SALES	2.80	1.27	3.16	2.15	-
NET DEBT / EQUITY	0.72	1.51	0.51	0.53	0.71
NET DEBT / EBITDA	1.65	2.82	1.63	2.90	1.73
NET DEBT / SALES	0.70	0.71	0.57	0.48	0.41
TOTAL DEBT RATIO	0.49	0.67	0.43	0.48	0.60
DEBT / EQUITY	0.98	2.01	0.74	0.93	1.51
CURRENT RATIO	2.15	0.92	1.51	1.80	1.88
QUICK RATIO	0.37	0.21	0.35	0.65	0.62
P/E	8.39	-8.50	10.35	17.42	-
EPS	1.16	-0.31	0.86	0.26	-

Formulae for calculation of financial indicators

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

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

Dear Shareholders,

2009 was quite a challenging year for the global economy. Ukraine was particularly impacted by the volatility on international markets, national currency devaluation and interest rates increase. In these tough conditions, agriculture proved to be the only stable sector, mostly due to its fundamental advantages translated into high competitiveness of Ukrainian agricultural goods.

At the same time, 2009 presented a good chance to do some "homework" focusing on efficiency. During the year, ASTARTA accomplished some significant structural and operational improvements. First of all, after many years of rapid growth the Group needed a new quality of business organization. In particular it was necessary to optimize the Group's structure, reinforce efficient management of all production assets, and streamline the decision-making process. These important tasks were solved by transforming the Group's structure and integrating several dozens of agri-firms and industrial enterprises into five regional business units.

In addition to organizational improvements, we continued to introduce advanced technologies into agricultural production and processing. Our main focuses were: better cost efficiency of agri-production, energy saving and higher productivity at sugar plants, expansion of modern storage facilities and grain dryers, advances in cattle farming breeding. Significant efforts were also aimed at improving the procurement system, internal control and audit, accounting and budgeting procedures.

Successful loan portfolio restructuring accomplished in autumn 2009 also became an important factor for stable development of our business. At the moment, more than three-quarter of all loans received by the Group are long-term ones. Our revenues in hard currencies from increasing export sales are the reliable component of natural currency risk hedging.

The key to success of any business, including ours, are people. As in previous years, we paid considerable attention to human capital development and engaging top experts from Ukraine and abroad. A lot of attention was given to staff training that involved all levels from farm workers to top managers.

All in all by being proactive and innovative we managed to respond successfully to several strategic challenges. And now ASTARTA's significant financial, technological, and institutional potential provides a good basis for further dynamic growth. In particular, in 2010 we plan to continue the organic development by integrating additional areas of land into existing regional business units. Increasing sales in all key segments, further enhancing of energy efficiency and productivity are also in our plans. In the recent years, we actively cooperated with foreign partners in preparation for new bio-fuel and biotechnology projects, and now we start working hard on their practical implementation. We cannot also rule out the possibility of more rapid development of the Group through the acquisition of new assets or businesses synergetic to ours that will strengthen our leading position and develop some new key competencies.

The company has always been consistent in doing its best to meet the expectations of investors and achieve its goals. Analyzing the results of 2009, we are satisfied that all objectives set for the management were met, and a reliable basis was created for the further Group's development and increase of its value for shareholders.

Sincerely yours,

Viktor Ivanchyk, CEO

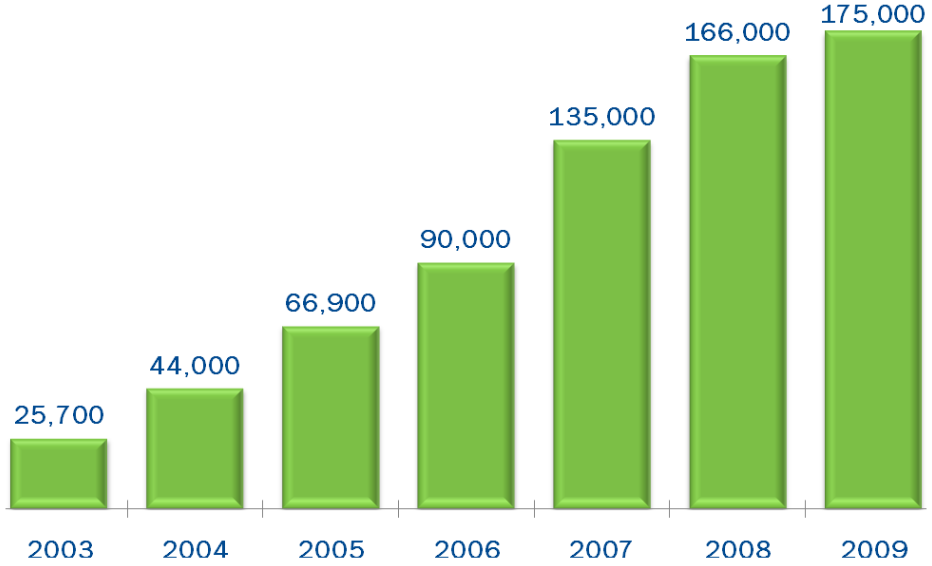
Valery Korotkov, Chairman

REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS FOR THE YEAR 2009

The Group at a Glance

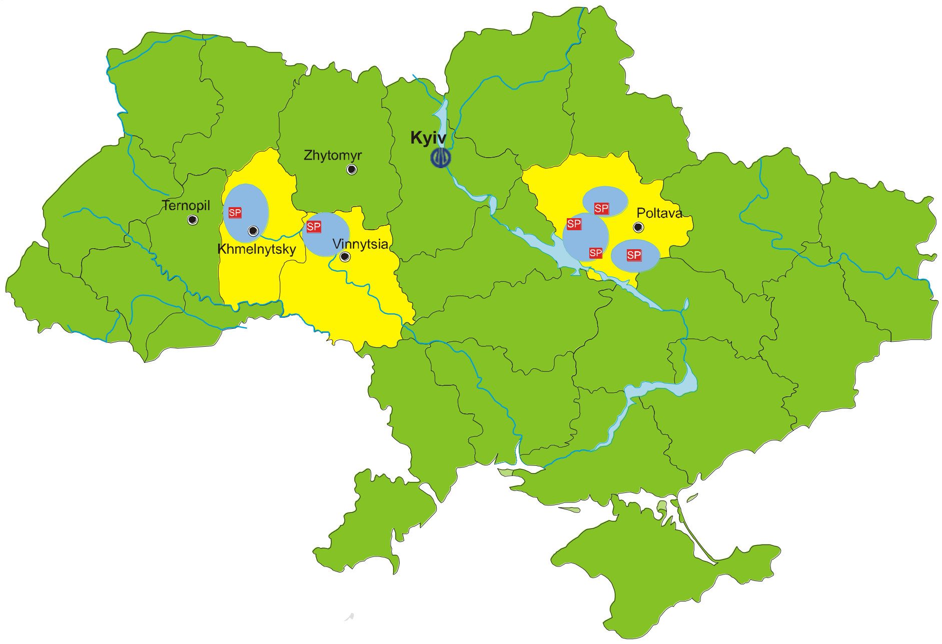
Founded in 1993, ASTARTA is an integrated producer of agricultural crops, sugar and its by-products, and cattle farming produce. It is the leader of the Ukrainian agricultural and sugar sectors. The Group's business has been dynamically growing for almost two decades; by the end of 2009, the area of cultivated land under long-term lease grew to over 175,000 hectares, placing ASTARTA among the top three largest public agri-operators in Ukraine.

Figure 1. Area of operated agricultural land under long-term lease, hectares, as of December 31



ASTARTA has been progressively developing its possessing and storage capacities, agricultural machinery and cargo transportation fleet, as well as cattle farms. The Group has advanced its technological and managerial expertise in main business areas. After successful consolidation in 2009, its operations are concentrated in five regional business units: three located in the Poltava region, and one each in the Vinnytsia and Khmelnytsky regions.

Figure 2. Geography of ASTARTA's business



SP – ASTARTA's sugar plants

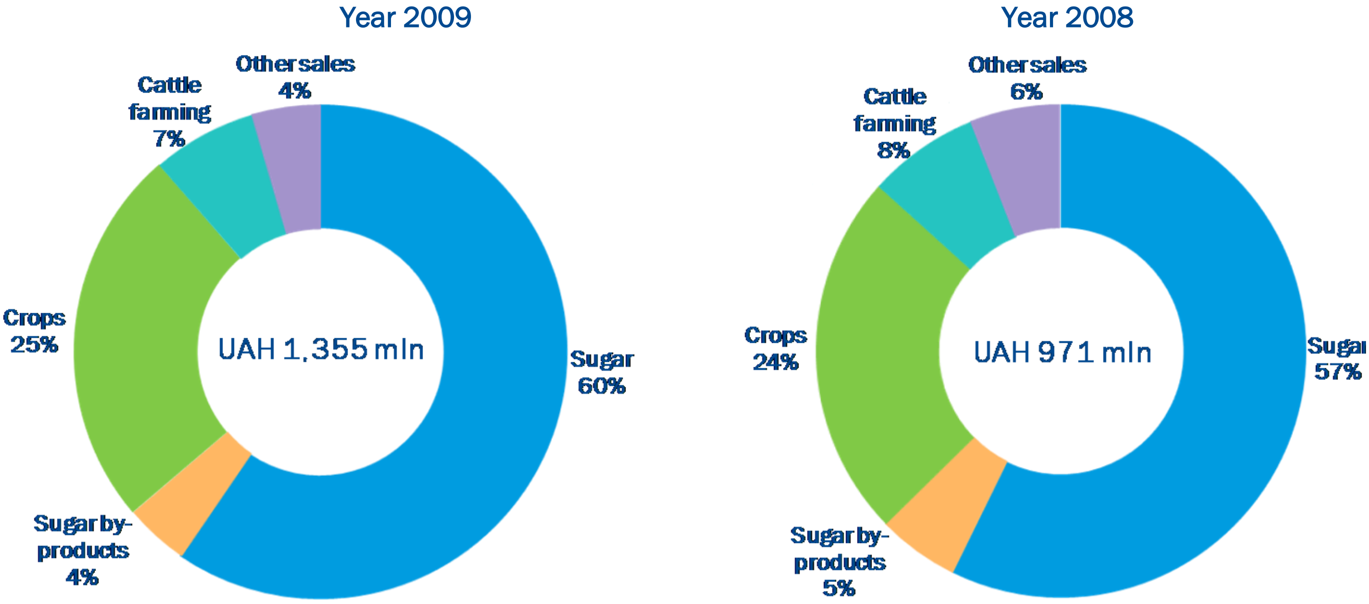
– Location of land bank

Key Products, Production and Sales

The basic products of the Group are sugar and sugar by-products (molasses, beet pulp), sugar beet, grains and oilseeds, as well as cattle farming produce, including milk.

Upward price trends in the agri- and sugar markets in 2009 contributed to a 40% y-o-y increase in revenues in the Ukrainian hryvnia equivalent to UAH 1,355 million. At the same time, due to the Ukrainian hryvnia depreciation against the Euro, revenue in the Euro equivalent marginally decreased by 5% y-o-y to EUR 118 million.
In 2009, the breakdown of revenues just slightly changed compared to 2008. Due to strong sugar prices in 2009, the share of sugar sales grew from 57% to 60% of the total. The share of revenues from crop sales also grew from 24% to 25% mostly due to an increase in sales volume. The share of revenues from cattle farming (meat and milk sales) dropped from 8% to 7% of the total.

Figure 3. Breakdown of revenues in 2008 and 2009



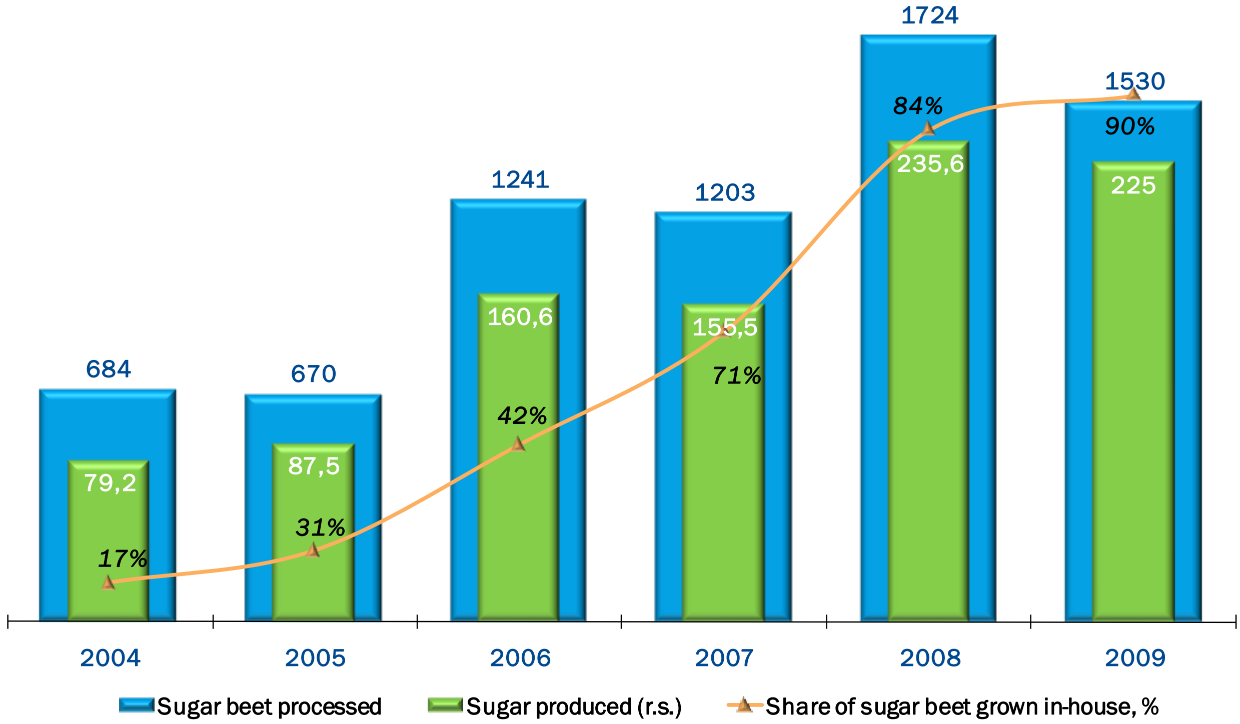
Total export sales in 2009 grew by 46% y-o-y to EUR 14.5 million (UAH 164 million), and constituted approximately 12% of the total sales (EUR 9.9 million or 8% of the total in 2008). The Group exported 38% of dry granulated pulp to foreign consumers as a high-quality animal feed. Molasses was mainly exported to EU-27 consumers (57%), with the rest (43%) sold in Ukraine (distilleries and yeast producers). Crops were exported more actively than in 2008, resulting in EUR 10.8 million of export revenues (37% of the total of the category) compared to EUR 7.4 million in 2008.

Sugar Segment

Sugar Production

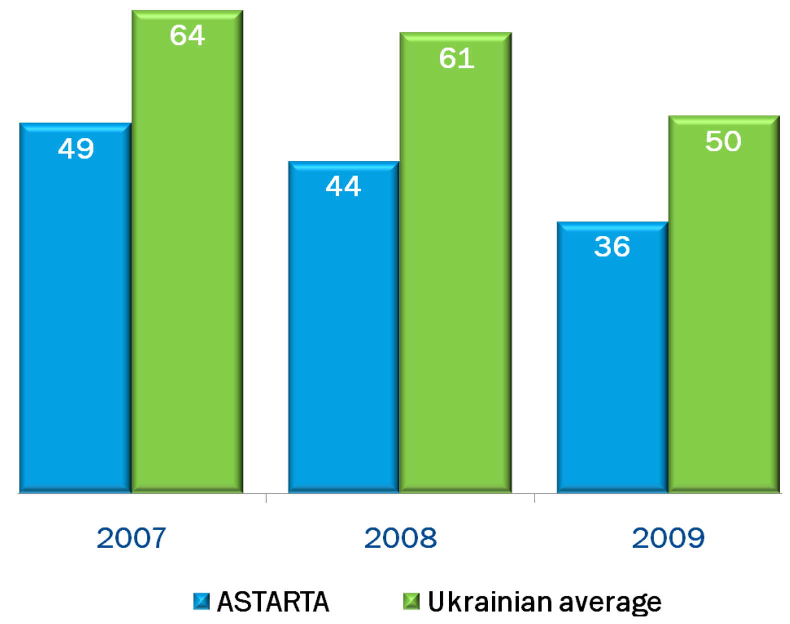
Vertical integration and synergy of our business allow us to build an important value-added chain as the share of sugar beet makes up to c. 60% of sugar production costs. In 2009, we increased the share of own sugar beet in the total volume of beet processed to 90% (84% a year earlier). The price for in-house produced sugar beet is significantly lower than for that purchased from other agricultural producers in the market while its quality (sugar content, resilience, processing “friendliness”, etc.) is higher, thus the average sugar yield per ton of beet grown at ASTARTA farms improved from 13.8% in 2008 to 14.8% in 2009. The average Ukrainian figure reached 13.5% (12.8% in 2008).

Figure 4. ASTARTA’s processed sugar beet, and sugar produced, and the share of in-house sugar beet in 2005-2009, thousand tons and %



In 2009, the Group continued implementing the energy efficiency program started in 2007. Sugar plant modernization and implementation of engineering upgrades provided for an increase in daily beet processing capacities and for a cut in input consumption per ton of sugar beet (by 18% of natural gas, by 33% of lime stone, and by 27% of coal).

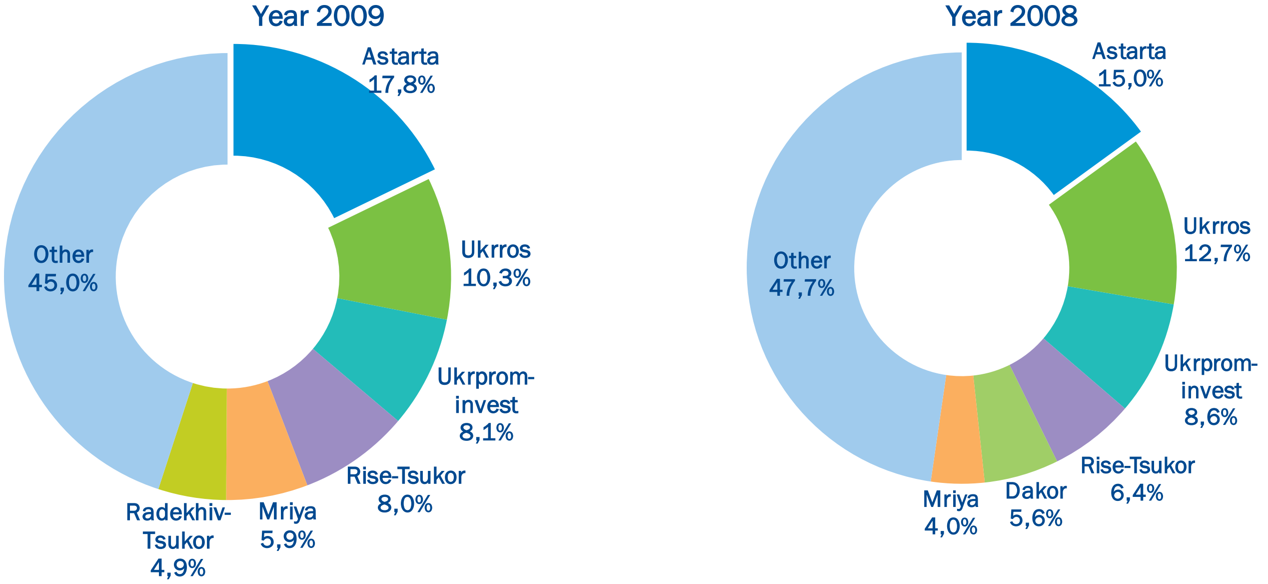
Figure 5. Gas consumption at ASTARTA's sugar plants and in Ukraine on average, cubic meters per ton of beet processed



Source: National Sugar Producers Association Ukrtsukor, management estimates.

Overall in Ukraine in 2009, following the trend of the last decades a number of operating sugar plants went further down and only 56 plants started operations (69 in 2008, and 106 in 2007). Average sugar production per plant across Ukraine stayed at traditional 22-23 thousand tons, while the Group's productivity was almost two times higher than in Ukraine. With the further increase in the production capacity due to the plants modernization, as well as extension of the sugar production season to 90-100 days, the Group's existing plants output could be further raised by another 25-30%.
In the production season of 2009, the Ukrainian sugar industry continued its consolidation with the six largest sugar companies producing around 55% of total sugar output. In 2008 the production share of six largest companies was about 52%. ASTARTA's share in the total Ukrainian sugar production grew to c. 18%, which consolidated its position as the biggest sugar producer in Ukraine.

Figure 6. Production shares of major sugar producers in Ukraine in 2008 and 2009



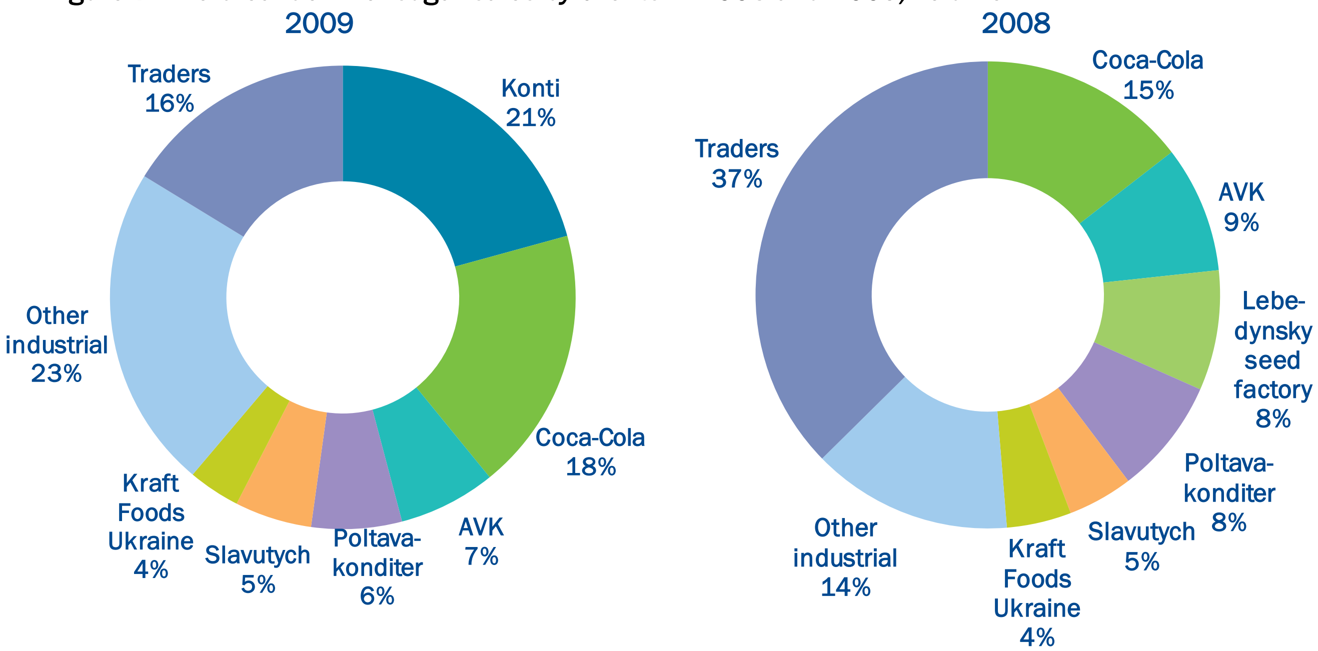
Source: National Sugar Producers Association Ukrtsukor, management estimates.

Sales of Sugar and Sugar By-Products

Sales of sugar accounted for 60% of the total revenues and amounted to EUR 70.1 million (70.7 million in 2008). In terms of volume, sugar sales decreased by 6% from 212 thousand tons to 199 thousand tons.

In 2009, ASTARTA reinforced its market position among large industrial sugar consumers and demonstrated a flexible marketing approach actively developing its B2B client base. Approximately 84% of sugar was sold to large Ukrainian and international beverage producers and confectionaries (around 63% in 2008). As a result of management efforts to attract new clients and enter new market segments, the breakdown of key clients slightly changed y-o-y reflecting changes in the consuming industries. Eventually, Coca-Cola became the second largest client absorbing 18% of the Group's sugar sales (No. 1 client with 15% in 2008). Sugar purchases by the traditional largest confectionary clients (AVK, Kraft Foods Ukraine and Poltavakonditer) remained high, granting them an aggregate 17% share. Konti (leading confectionary producer in Ukraine), a new client in 2008, became the largest sugar client with a 21% share in the total Group's sugar sales.

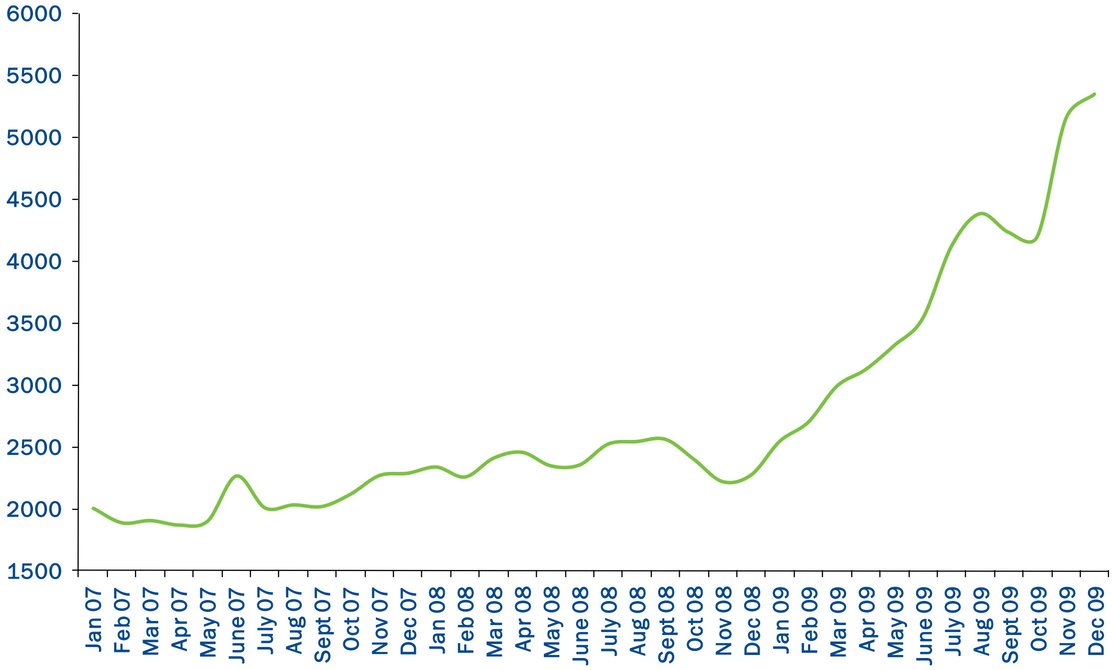
Figure 7. The breakdown of sugar sales by clients in 2008 and 2009, volume



The Hryvnia weakening in the fourth quarter of 2008 and rising world prices for sugar increased the competitiveness of Ukrainian sugar producers in local and foreign markets. Benefitting from this situation, ASTARTA accelerated export sales of sugar and its by-products that resulted in securing new customers in Eastern Europe and CIS at the beginning of 2009; however, a high demand for sugar in Ukraine during the year, as well as a projected sugar shortage for 2010, discouraged further sugar exports after March 2009.

The rise in sugar prices in Ukraine in 2009 was caused by several reasons: declining areas under sugar beet, low ending stocks of sugar, Ukrainian hryvnia depreciation against the US dollar, and rising cost of production (especially by inefficient producers).

Figure 8. Average sugar prices in Ukraine in 2007 through 2009, UAH per ton, VAT excl.



Source: National Sugar Producers Association Ukrtsukor, management estimates.

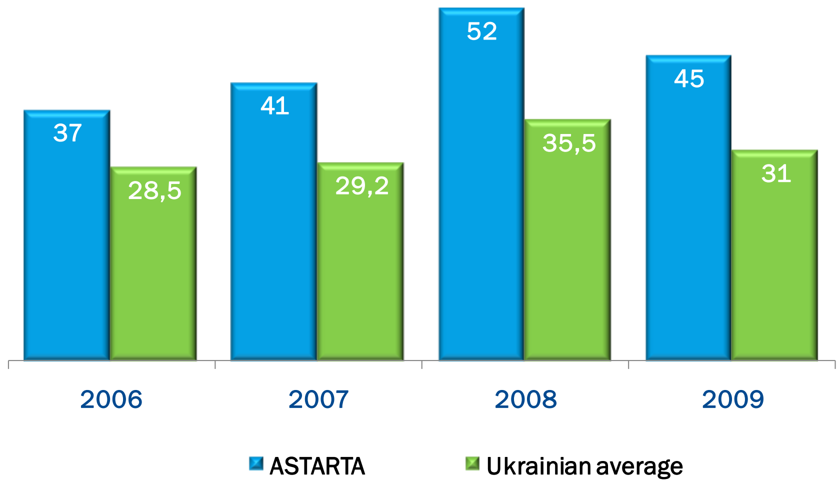
At the same time, high international prices made sugar imports to Ukraine unviable. 2009 was the first year when the new sugar import regime was applied in Ukraine. Under WTO agreements, a quota for 260,000 tons of raw sugar should have been allocated among local companies for imports under a 2% tariff rate (the rest of sugar imported is charged with a 50% tariff). Most of the quotas for 2009 were distributed in December, with no possibility for prolongation and only 39,500 tons of raw cane sugar were imported.

Agricultural Segment

Agricultural Production

In 2009, ASTARTA mainly focused on agri-production cost efficiency rather than a fast growth of this segment. To achieve higher vertical integration, ASTARTA increased the area under sugar beet production from 30,000 hectares in 2008 to 34,000 hectares in 2009, or by 13%. Due to lesser than normal precipitation in spring and late summer, as well as lower application of fertilizers (aimed at the reduction of production costs), ASTARTA's beet yields per hectare decreased from 52 tons in 2008 to 45 tons in 2009. At the same time, in 2009, the Group's sugar beet yield per hectare was traditionally substantially higher than the Ukrainian average.

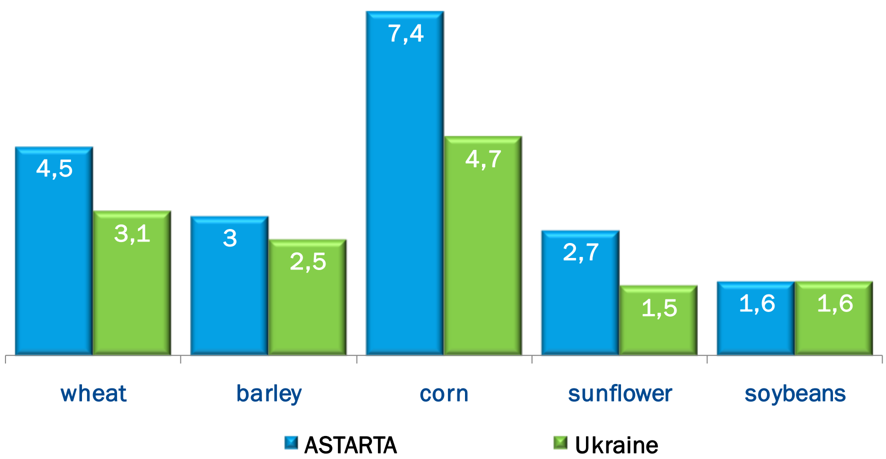
Figure 9. Average yield of sugar beet in Ukraine and at ASTARTA's farms in 2006-2009, tons per hectare



Source: State Statistics Committee of Ukraine, management estimates

In 2009, ASTARTA harvested 376 thousand tons of grains and oilseeds. A 4% y-o-y decrease in gross harvest was caused by the same reasons as for sugar beet. Similarly, the yield of basic grains and oilseeds by the Group's agricultural companies in most cases exceeded Ukrainian averages.

Figure 10. Average crop yields in 2009 at ASTARTA farms and in Ukraine, tons per ha

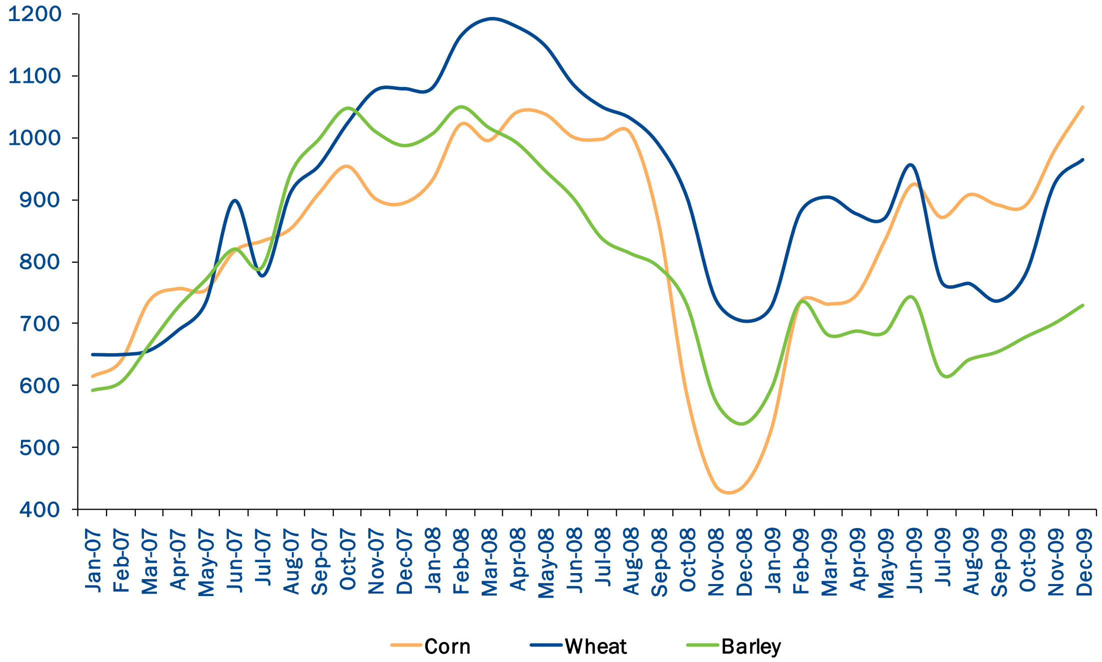


Source: State Statistics Committee of Ukraine, management estimates

Sales of Agricultural Produce

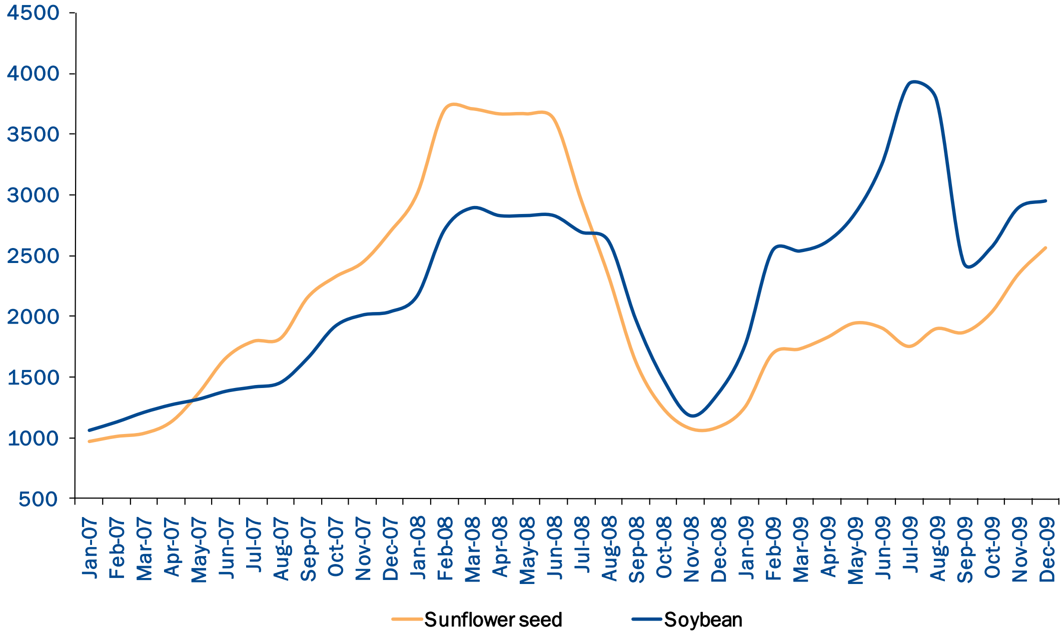
Sales of crops accounted for 25% of the total revenues and amounted to EUR 29.3 million (EUR 29.6 million in 2008). In terms of volume, 2009 sales of the key five crops grew 27% compared to 2008. This increase was caused by the larger output in the season of 2008 and higher beginning stocks in 2009.
The Ukrainian hryvnia depreciation in late 2008 became a positive incentive for the national crop producers. After a deep dive by the end of 2008, prices for grains and oilseeds grew in Hryvnia equivalent from 40% to 140% in the first six months of 2009 on the back of aggressive exports, however they did not reach the 2008 highs. Later that year, as harvesting season started in late June-early July, a downward correction affected the Ukrainian crops market. Crop prices re-gained their momentum in autumn, as a response to high export demand. Prices for oilseeds were volatile but mostly regained strength after their lows of December 2008.

Figure 11. Average Ukrainian prices for grains in 2007-2009, UAH per ton, VAT incl.



Source: APK-inform analytical agency

Figure 12. Average Ukrainian prices for oilseeds in 2007-2009, UAH per ton, VAT incl.



Source: APK-inform analytical agency

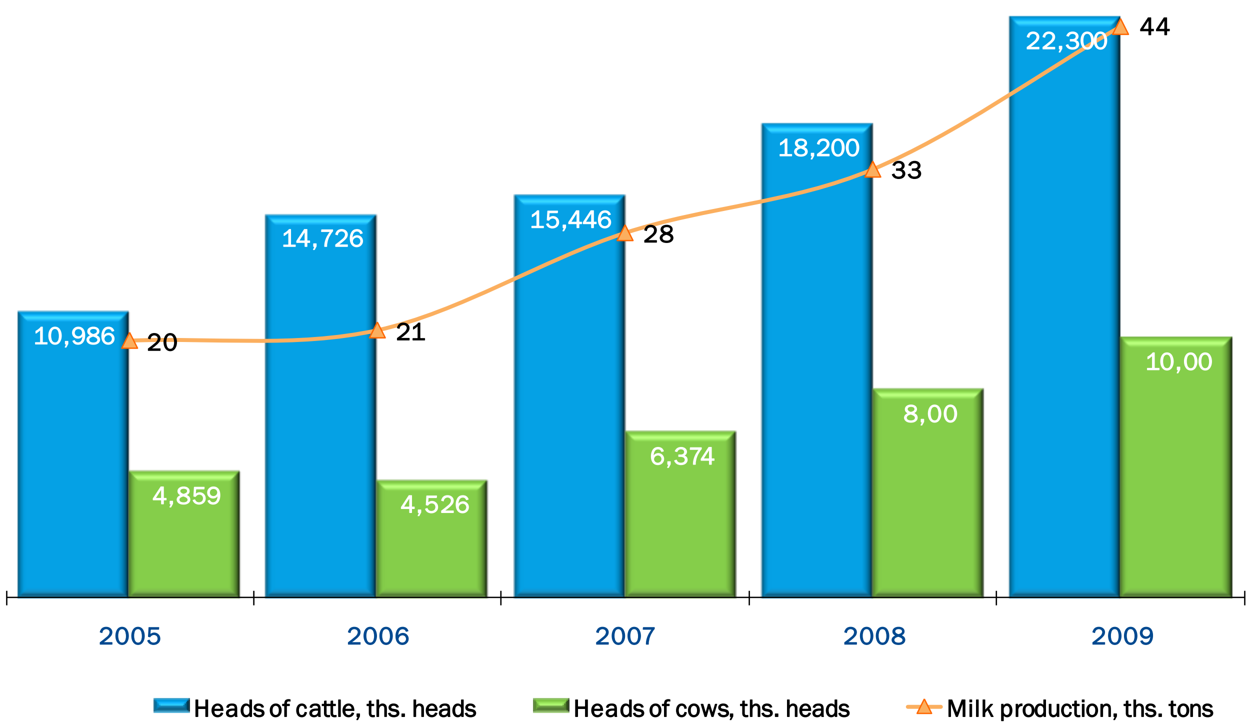
Export sales of grains and oilseeds generated 37% of the total revenues from crop sales in 2009. The major international traders (Louis Dreyfus and Finrock Capital LLP) became the largest clients. The Group also sold crops to other international traders such as Alfred C. Toepfer International and VA Intertreding, as well as Kernel Trade. These companies are the Group's traditional partners. About half of the crops were sold to smaller clients whose individual shares were less than 3%.

In 2009, Ukraine re-gained its position as one of the world's largest grain and oilseed exporters after export restrictions had been lifted in 2008. Wheat and corn were exported most actively overall in 2009. Corn was exported mostly to Asian and African countries; Egypt, Iran and Syria being the most active buyers. Wheat was mainly exported to Europe and Asian countries; Bangladesh, Philippines, Republic of Korea and Spain being the major importers.

Production and Sales of Cattle Farming Produce

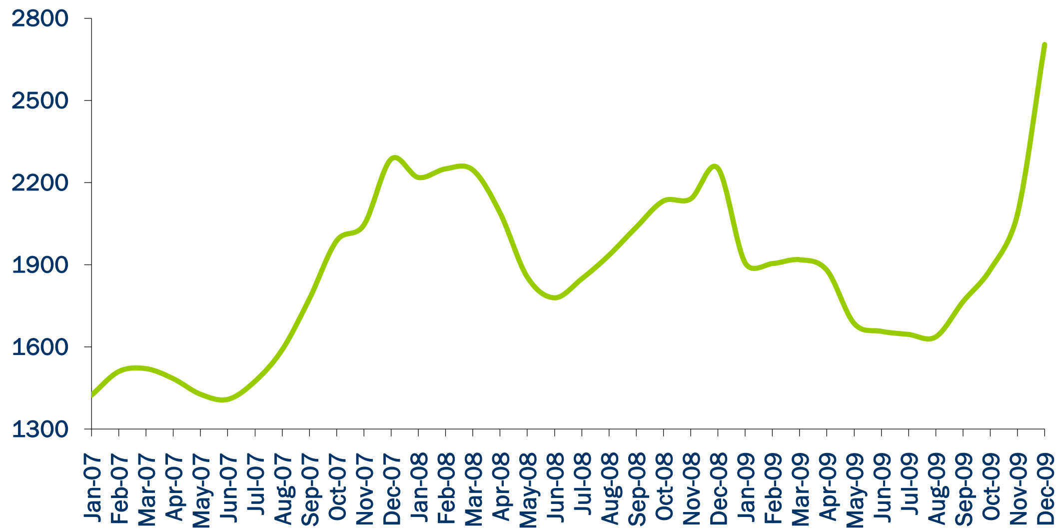
In 2009, ASTARTA continued to develop its cattle farming segment. The Group increased its milk production by 33% from 33 thousand tons to 44 thousand tons and milk sales by 29% from 32 thousand tons to 41 thousand tons. Due to lower demand for industrial dairy products, average prices for milk in 2009 were down compared to 2008; thus, despite increased volumes, sales of cattle farming produce accounted for 7% in 2009 (vs. 8% in 2008) worth EUR 8.1 million (EUR 9.1 million in 2008).

Figure 13. Cattle headcount and milk output at ASTARTA farms in 2005-2009



With revival of consumption later in the year, prices for raw milk started to recover in October-November and almost doubled in December compared to January. Management of ASTARTA has seized this market opportunity by settling the one-year agreements with dairy processors at favorable prices.

Figure 14. Average price for row milk in Ukraine in 2007-2009, UAH per ton, VAT excl.



Source: State Statistics Committee of Ukraine

Financial Performance and Financial Position

The Table below provides selected financial data as of and for the twelve months ended 31 December 2009 and 2008 in thousands of Ukrainian hryvnia, Euro and Polish zloty.

Table 2. Selected financial data

	UAH		EUR		PLN	
	2009	2008	2009	2008	2009	2008
I. Revenues	**1,354,776**	970,736	**117,718**	123,382	**509,406**	433,888
II. Profit from operations	**457,528**	150,794	**40,379**	21,443	**174,734**	75,407
III.Profit (loss) before tax	**328,688**	(116,457)	**29.330**	(10,803)	**126,921**	(37,990)
IV. Net profit (loss)	**323,266**	(89,248)	**28,905**	(7,594)	**125,082**	(26,705)
V. Cash flows provided (used) by operating activities	**158,456**	(52,572)	**14,131**	(2,270)	**61,150**	(7,983)
VI. Cash flows used in investing activities	**(57,631)**	(349,198)	**(5,149)**	(43,224)	**(22,281)**	(152,003)
VII. Cash flows (used in) provided by financing activities	**(89,192)**	404,524	**(7,849)**	52,590	**(33,965)**	184,939
VIII. Total net cash flow	**11,633**	2,754	**1,133**	7,096	**4,903**	24,954
IX. Total assets	**2,639,672**	1,954,013	**228,343**	173,692	**938,079**	724,713
X. Current liabilities	**562,139**	1,095,823	**48,630**	97,407	**199,782**	406,421
XI. Non-current liabilities	**742,168**	210,079	**64,201**	18,674	**263,751**	77,915
XII. Share capital	**1,663**	1,663	**250**	250	**1,027**	1,043
XIII. Total equity	**1,335,365**	648,111	**115,512**	57,611	**474,546**	240,376
XIV. Number of shares	**25,000,000**	25,000,000	**25,000,000**	25,000,000	**25,000,000**	25,000,000
XV. Profit (loss) per ordinary share	**12.94**	(3.60)	**1.16**	(0.31)	**5.02**	(1.09)

Financial Performance

Table 3. Summary income statement

	(in thousands of Euros)		*(in thousands of Ukrainian hryvnias)*	
	2009	2008	2009	2008
Revenues	117,718	123,382	1,354,776	970,736
Cost of revenues including remeasurement gains	(79,584)	(88,735)	(908,569)	(717,020)
Gross profit	**38,134**	**34,647**	**446,207**	**253,716**
Changes in fair value of biological assets	13,628	(31)	139,244	1,615
Other operating income	7,151	11,661	84,290	89,004
General and administrative expense	(8,114)	(11,959)	(92,128)	(91,467)
Selling and distribution expense	(5,654)	(6,926)	(64,553)	(53,491)
Other operating expense	(4,766)	(5,949)	(55,532)	(48,583)
Profit from operations (EBIT)	**40,379**	**21,443**	**457,528**	**150,794**
Net financial expense,other income	(11,221)	(41,197)	(130,793)	(341,216)
Gain on acquisition of subsidiaries	172	8,951	1,953	73,965
Profit (loss) before tax	**29,330**	**(10,803)**	**328,688**	**(116,457)**
Income tax (expense) benefit	(425)	3,209	(5,422)	27,209
Net profit (loss)	**28,905**	**(7,594)**	**323,266**	**(89,248)**
Net profit (loss) attributable to:				
Minority interests	(11)	75	(136)	647
Equity holders of parent company	**28,916**	**(7,669)**	**323,402**	**(89,895)**
Earnings (loss) per share attributable to shareholders of the parent (in Euros)	**1.16**	**(0.31)**	**12.94**	**(3.60)**

Revenues

Upward price trends in the agri- and sugar markets in 2009 contributed to a 40% y-o-y increase in revenues in the Ukrainian hryvnia equivalent to UAH 1,354,776 thousand. Another driver for revenue growth was an increase in the volume of crop sales. At the same time, due to the Ukrainian hryvnia depreciation against the Euro, revenue in the Euro equivalent marginally decreased by 5% y-o-y to EUR 117,718 thousand from EUR 123,382 thousand a year before.

Revenues from sugar sales grew 45% in the Hryvnia equivalent to UAH 807,101 thousand as a result of better pricing (but marginally fell 1% in the Euro equivalent to EUR 70,130 thousand due to the Hryvnia depreciation). The rise in revenues from sugar sales was also limited by the cut in sales volume. In terms of volume, sugar sales dropped 6% to 199 thousand tons. For more details on the sugar market situation and sales of sugar, refer to section *Sugar Sales*.

Revenues from crop sales increased by 45% in the Hryvnia equivalent to UAH 336 698 thousand resulting from two factors: higher volumes (27% y-o-y for key crops) and changing breakdown of sales by crops. In the Euro equivalent, revenues from crop sales also marginally fell by 1% to EUR 29,256 thousand (EUR 29,577 thousand in 2008).

Revenues from sales of cattle farming produce in the Ukrainian hryvnia equivalent grew 29% to UAH 93,117 thousand (fell 12% in the Euro equivalent to EUR 8,091 thousand). The volumes of milk sales grew from 32 thousand tons in 2008 to 41 thousand tons in 2009 or by 29%, while the average market price for milk in Ukraine was generally lower for the first nine months of the year, then starting to grow rapidly in October. *(For more information on the Group's sales, refer to the section Key Products, Production and Sales).*

Gross profit and cost of revenues

The cost of revenues demonstrated a moderate growth by 17% in the Hryvnia equivalent to UAH 894,040 thousand. In the Euro equivalent, the cost of revenues decreased by 19% to EUR 77,861 thousand. The gross profit grew 76% in the Hryvnia equivalent to UAH 446,207 thousand (10% in the Euro equivalent to EUR 38,134 thousand). The gross margin rose to 33% compared to 26% in 2008.

The cost of revenues grew slower than the revenues themselves due to the following reasons: a) prices for our products grew faster than the cost of production that was limited by the management efforts to increase efficiency and, in some cases, less expensive inputs; b) volumes of sugar sales were lower than in 2008; c) sales of the most profitable crops (corn and sunflower) grew.

Some factors out of the management's control contributed to an increase in costs in the Ukrainian hryvnia equivalent. In particular, the price for the key energy source for sugar production, natural gas, grew from USD 255 per 1000 cubic meters in 2008 to USD 292 per 1000 cubic meters in 2009 or by 15% (including VAT and transportation costs). In the Hryvnia equivalent, prices for natural gas for sugar producers grew 50%. Wages of production workforce are calculated based on a tariff scale linked to the minimal wage set by the government. This minimal wage grew 22% in 2009.

Management made a considerable effort to facilitate cost cutting in view of growing prices for inputs. In particular, the share of in-house grown sugar beet in 2009 reached 90% of the total volume processed by the Group's sugar plants (84% in 2008). Since the cost of growing our own sugar beet is lower than the market price and its quality (i.e. sugar content) is better than that purchased from the market, this had a significant impact on the prime costs of sugar produced in 2009. Also, in 2009 ASTARTA continued its program of sugar plant modernization aimed at decreasing fuel consumption and increasing efficiency; thus, the costs of sugar production were lower than they could have been if sugar beet was purchased from the market and energy consumption was unchanged. *(For more information on the Group's production, refer to the section Key Products, Production and Sales).*

The loss on remeasurement of agricultural produce to fair value contributed to a decrease in gross profit. The loss of UAH 14,529 thousand (EUR 1,723 thousand) was incurred mainly due to a seasonal drop in prices for grains and lower remaining inventories of grains y-o-y.

Profit from operations (EBIT)

In 2009, the profit from operations (EBIT) tripled in the Ukrainian hryvnia equivalent to UAH 457,528 thousand and almost doubled in the Euro equivalent to EUR 40,379 thousand. The EBIT margin more than doubled from 16% in 2008 to 34% in 2009.

Such an increase in the profit from operations was a result of targeted management efforts; namely, the Group's restructuring aimed to increase efficiency and to cut transaction costs. General and administrative expense grew only 1% in the Hryvnia equivalent to UAH 92,128 thousand and represented 6.8% of the revenues compared to 9.4% in 2008. In the Euro equivalent, general and administrative expense fell 32% to EUR 8,114 thousand. Administrative salary and related charges represent 48% of the total general and administrative expense. An inconsiderable increase in this expense resulted from hiring new highly skilled professionals. A decrease in professional and other services (13% of the total G&A expense) contributed to stabilization of general and administrative expense.

Selling and distribution expenses constituted 4.8% of the revenues in 2009 compared to 5.5% in 2008. They grew 21% in the Hryvnia equivalent to UAH 64,553 thousand and fell 18% in the Euro equivalent to EUR 5,654 thousand. Transportation costs represent about 50% of the selling and distribution expense. The increased volumes of crop sales resulted in an increase in transportation costs, however, this increase was somewhat offset by a cut in sugar volumes sold in the fourth quarter 2009.

Other operating income fell 5% in the Hryvnia equivalent to UAH 84,290 thousand (39% in the Euro equivalent to EUR 7,151 thousand) due to a decrease in government subsidies in 2009. Ukraine faced a severe budget deficit in 2009 due to a decrease in industrial production. This deficit led to insufficient funding of government subsidizing; namely, agricultural production-relating subsidies fell (50-90% by different categories) due to a lack of budget financing. In 2009, subsidies for sugar beet growing were included into the State Budget of Ukraine (UAH 750 per hectare of plantation), but they have never been paid to agricultural producers. Subsidies relating to cattle farming and milk production were also under-financed. Subsidies relating to compensation of interest and financing cost were paid in part. Unlike other subsidies, VAT-relating subsidies in agriculture grew 180%. For more details on VAT regime in agriculture, refer to *Note 21 to the Consolidated Financial Statements*.

In 2009, the change in fair value of biological assets was UAH 139,244 thousand (EUR 13,628 thousand) mostly due to a sharp increase in milk prices in the fourth quarter of 2009, as well as the growth of the Group's cattle headcount. The change in fair value of biological assets in crop production also reflected the increase in areas under winter crops as well as higher prices for these crops compared to December 31, 2008. For more details refer to *Note 25 to the Consolidated Financial Statements*.

The above factors contributed to an almost tripled profit from operations in 2009.

Net financial expense

The net financial expense fell by 60% to UAH 137,793 thousand (72% in the Euro equivalent to EUR 11,822 thousand), mainly due to the stability of the Ukrainian hryvnia. In 2008, the Group incurred substantial non-cash foreign currency translation losses of UAH 276.2 million (EUR 33,187 thousand). In 2009, foreign currency translation loss was only UAH 25.2 million (EUR 2.2 million). Unlike in 2008, 2009 interest expense on bank loans constituted 60% of all financial expense (14% in 2008).

Profit before tax and net profit

Profit before tax in 2009 constituted UAH 328,688 thousand against loss before tax of UAH 116 457 thousand in 2008. In the Euro equivalent, 2009 profit before tax was EUR 29,330 thousand.

In 2009, net profit constituted UAH 323,266 thousand (EUR 28,905 thousand) against net loss of UAH 89,248 thousand (EUR 7,594 thousand) in 2008. Net margin reached 24%.

Financial Position

Table 4. Summary Balance sheet as of December 31

	(in thousands of Euros)		*(in thousands of Ukrainian hryvnias)*	
	2009	2008	2009	2008
Property, plant and equipment	105,495	72,717	1,219,524	818,060
Non-current biological assets	12,747	5,150	147,358	57,946
Other non-current assets	5,601	5,796	64,751	65,204
Total non-current assets	**123,843**	**83,663**	**1,431,633**	**941,210**
Inventories	66,429	55,372	767,935	622,917
Biological assets	19,962	14,620	230,758	164,470
Trade and other accounts receivable, prepayments and promissory notes	16,143	14,689	186,618	165,248
Short-term deposits	-	4,393	-	49,422
Cash and cash equivalents	1,930	949	22,313	10,680
Current income tax	36	6	415	66
Total current assets	**104,500**	**90,029**	**1,208,039**	**1,012,803**
Total assets	228,343	173,692	2,639,672	1,954,013
Share capital	250	250	1,663	1,663
Additional paid-in capital and reserves	108,451	78,335	886,032	538,257
Retained earnings	50,243	20,870	436,640	107,955
Currency translation adjustment	(43,507)	(42,811)	10,116	(10,640)
Minority interests relating to open joint stock companies	75	967	864	10,876
Total equity	**115,512**	**57,611**	**1,335,365**	**648,111**
Long-term loans and borrowings	52,436	11,897	606,164	133,843
Minority interests relating to limited liability companies	3,406	3,894	39,375	43,802
Other long-term liabilities, promissory notes issued, deffered tax liabilities	8,359	2,883	96,629	32,434
Total non-current liabilities	**64,201**	**18,674**	**742,168**	**210,079**
Short-term loans and current portion of loans and borrowings	32,359	80,517	374,066	905,812
Trade accounts payable, promissory notes, other liabilities and accounts payable	16,271	16,889	188,073	190,004
Current income tax	-	1	-	7
Total current liabilities	**48,630**	**97,407**	**562,139**	**1,095,823**
Total equity and liabilities	228,343	173,692	2,639,672	1,954,013

Table 5. Liquidity analysis information

	2009	2008
Production and inventory cycle, days	218	183
Average collection period, days	18	18
Average payment period, days	16	17
Average operating cycle (cash conversion period), days	220	184
Working capital, thousands of Euro	55,870	(7,378)
EBITDA	50,085	30,893
Current ratio	2.15	0.92
Quick ratio	0.37	0.21
Cash ratio	0.04	0.05

Definitions:

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

Table 6. Capital structure and solvency analysis information (if analyzed in Euro)

	2009	2008
Total debt ratio	0.49	0.67
Debt to equity ratio	0.98	2.01
Net debt/EBITDA	1.65	2.82
Net debt/sales	0.70	0.71

Definitions:

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

Figure 15. Assets structure in 2005-2009, thousands Euro

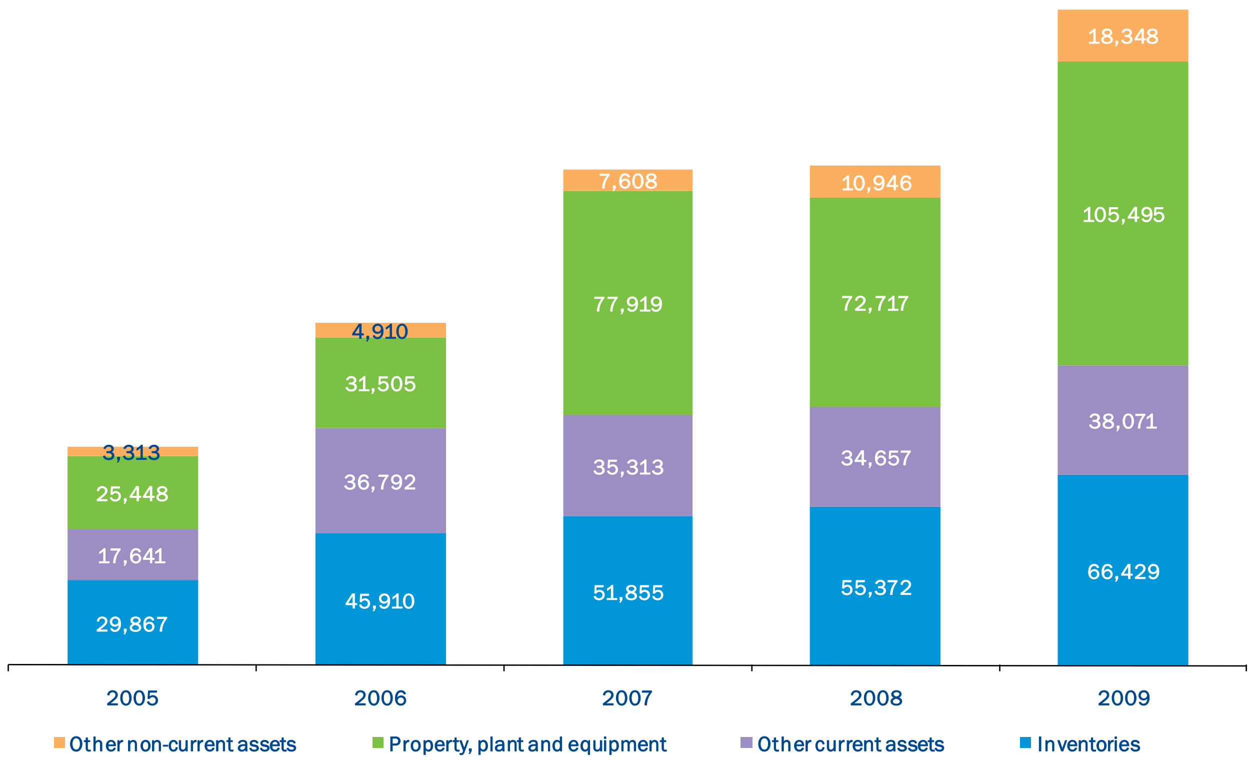


Figure 16. Equity and liabilities of the Group in 2005-2009, thousands Euro

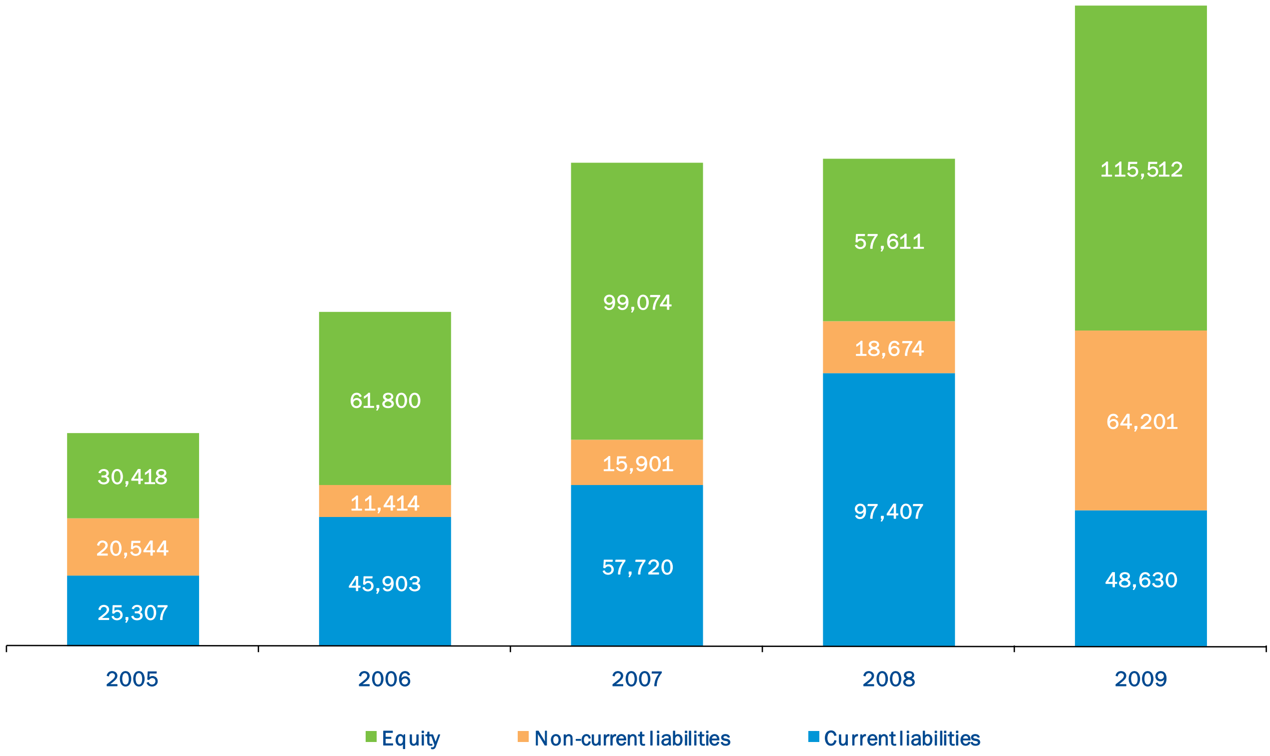
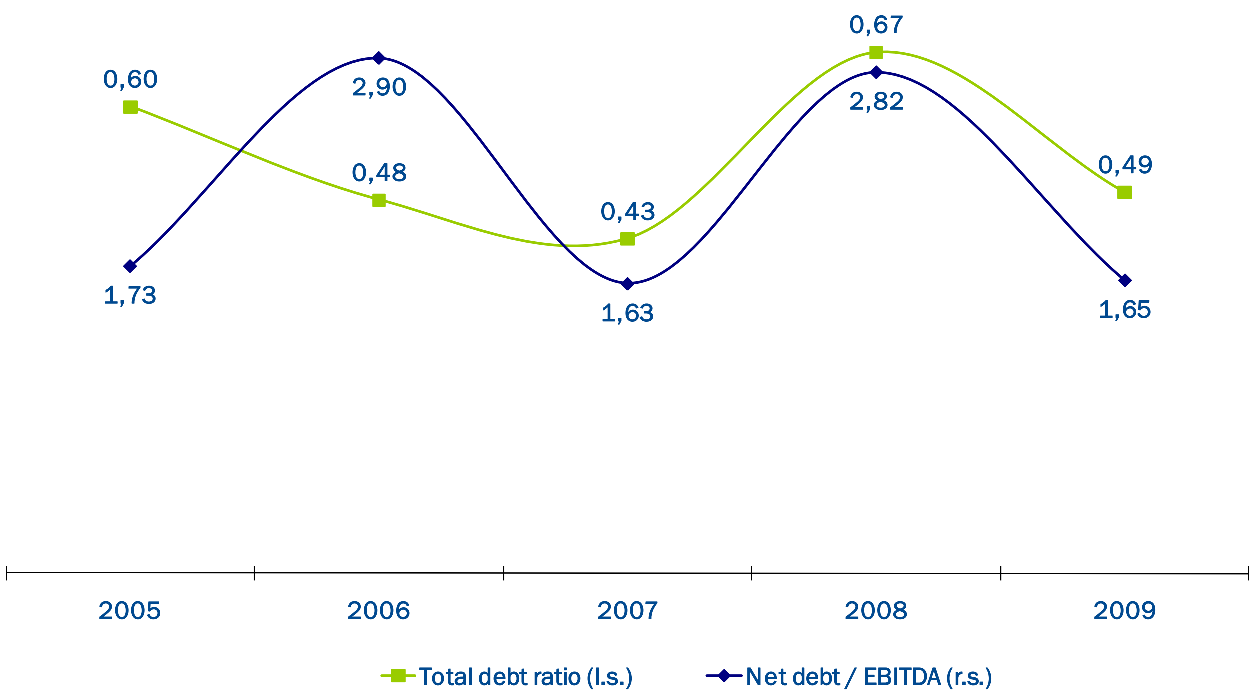


Figure 17. Selected debt ratios of the Group in 2005-2009



<u>*Assets*</u>

Total assets grew 35% from UAH 1,954,013 thousand as of 31 December 2008 to UAH 2,639,672 thousand a year later. Non-current assets in 2009 increased to UAH 1,431,633 thousand from UAH 941,210 thousand a year before, or by 52%, while current assets increased 19% to UAH 1,208,039 thousand compared to UAH 1,012,803 thousand.

Represented in the Euro equivalent, total assets grew 31% from EUR 173,692 thousand to EUR 228,343 thousand over the reporting year. Non-current assets increased 48% to EUR 123,843 thousand from EUR 83,663 thousand a year before, while current assets increased 16% to EUR 104,500 thousand compared to EUR 90,029 thousand.

The 52% increase in non-current assets (if denominated in UAH) was mainly due to a 49% rise in PPE. As Ukrainian hryvnia is the Group's functional currency, all additions are reported in Hryvnia. In 2008, the Group purchased machinery and equipment paid for in US dollars and accounted for in Hryvnia. After Hryvnia depreciation in the 4th quarter of 2008 the book value of these assets in Hryvnia did not represent the fair value of such assets on the Ukrainian market. To give a clear view of the true value of the assets purchased in 2008, the Group's management made a decision to report these assets at fair value. As of 31 December 2009 an independent valuation of the Group's buildings, machines and equipment was performed in accordance with International Valuation Standards by a certified appraiser to estimate their fair value. Machines and equipment are valued using the market approach at UAH 450,625 thousand or EUR 38,981 thousand. For more information on the principles of estimation of their fair value, refer to *Note 5 to the Consolidated Financial Statements*. Another reason for such an increase in non-current assets was a substantial (154% y-o-y) growth in the value of non-current biological assets (milking cows) following a sharp rise in milk prices in late 2009. For more information on the non-current biological assets and principles of estimation of their fair value, refer to *Note 7 to the Consolidated Financial Statements*.

The expansion of current assets was mainly due to a 23% increase in inventories of finished goods of sugar production. An increase in the fair value of current biological assets was another incentive for current assets growth. For more information on the current biological assets and principles of estimation of their fair value, refer to *Note 7 to the Consolidated Financial Statements*.

Current assets were 46% and non-current assets 54% of total assets (52% and 48% in 2008).

Equity and liabilities

Equity grew by EUR 57,901 thousand (UAH 687,254 thousand for the Hryvnia denominated consolidated balance sheet) from the year before mainly because of the increase in retained earnings (by 141% in the Euro equivalent and 304% in the Hryvnia respectively), as well as a rise in revaluation surplus (representing fixed assets revaluation to their fair value) by 127% in Euro equivalent and 201% in the Ukrainian hryvnia.

Long-term liabilities increased from UAH 210,079 thousand to UAH 742,168 thousand at the end of 2009. This resulted mainly from an increase in long-term loans and borrowings from UAH 133,843 thousand to UAH 606,164 thousand (as of 31 December 2008, certain financial covenants under the long-term loan agreements were breached. As a result, in 2008, the long-term loans were reclassified as short-term loans. As of December 31, 2009, these loans were reclassified back to long-term loans after the financial covenants were met in full). After the reclassification and short-term debt restructuring with disbursement of the second loan from EBRD in the amount of USD 20 million, short-term loans and current portion of long-term portion fell 59% from UAH 905,812 thousand to UAH 374,066 thousand.

If denominated in Euro, the Group's long-term liabilities increased from EUR 18,674 thousand as of 31 December 2008 to EUR 64,201 thousand a year later. Short-term liabilities fell from EUR 97,407 thousand to EUR 48,630 thousand, with a decrease in short-term loans from EUR 74,834 thousand to EUR 20,847 thousand, and a growth in the current portion of long-term borrowings from EUR 5,683 thousand to EUR 11,512 thousand a year later. *(Also refer to Note 15 to the Consolidated Financial Statements*).

Equity was 51%, non-current liabilities 28% and current liabilities 21% in the total structure of equity and liabilities (respectively: 33%, 11%, and 56% as of 31 December, 2008).

Key Investments in the Reporting Year

In 2009, the Group continued investments into fixed assets and the acquisition of corporate rights in agricultural enterprises. Table 9 below lists the key investments by type in 2005 through 2009.

Table 7. Key investments in 2005 through 2009, thousands of Euros

	2009	2008	2007	2006	2005
Acquisition of property, plant and equipment					
Buildings	621	1,693	918	490	763
Constructions	430	1,829	1,162	399	625
Equipment and machinery	4,057	22,421	16,223	6,179	4,053
Vehicles	1,067	4,091	1,896	1,994	749
Other fixed assets	60	92	79	187	59
Total acquisition of property, plant and equipment	**6,235**	***30,126***	***20,278***	***9,249***	***6,249***
Acquisition of controlling interest in agricultural companies	**131**	***2,496***	***2,555***	***495***	***42***
Other investments	**2,608**	***246***	***175***	***111***	-
Total investments	**8,974**	**32,868**	**23,008**	**9,855**	**6,291**

In 2009, the Group focused on efficiency rather than expansion. That is why investments were limited to two main areas:

- modernization of existing sugar production capacities, aimed at cutting consumption of fuel and increasing efficiency of production equipment, and
- purchases of agricultural machinery.

Other investments represent increases in the controlling stakes in subsidiaries.

Currency Exchange Risk Hedging

The Group purchases most of the raw materials and inputs used in production in Ukrainian Hryvnia. The interest expense and amortizing part of loans received in foreign currency represent the primary currency outflow. In 2009, the total interest expense was EUR 8,203 thousand. The interest on loans received in foreign currency was paid from foreign currency receipts generated from export revenues which totaled EUR 14,454 thousand.

ASTARTA's policy is to secure a sufficient level of the export sales to abundantly cover with currency proceeds the interest and amortizing part of debt received in foreign currencies. This policy is well supported by increasing competitiveness of the Group's products on international markets.

Loans and Borrowings Contracted by the Group

For more details, please refer to *Note 15 to the Consolidated Financial Statements and Material Factors and Events.*

Related Party Transactions

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

Financial instruments

For more details, please refer to *Notes 3, 8, and 30 to the Consolidated Financial Statements.*

Investment Plans for 2010 and the Sources of their Financing

In the year 2010, we will increase our investments in order to achieve the strategic goals of the Group. We will invest in further development of the agricultural business, as well as in the reconstruction and modernization of the sugar plants with the purpose of reducing the power consumption in production. Such investments will be financed within the credit facility agreements and with retained earnings.

Basis of Preparation

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

Shareholder Structure

Shareholder Structure of ASTARTA Holding N.V.

According to information available, as of December 31, 2009, the following shareholders provided information concerning direct or indirect (through subsidiaries) ownership of at least 5% of the total votes at the General Shareholders Meeting of ASTARTA Holding N.V.

Table 8. Shareholder structure of ASTARTA Holding N.V. as of December 31, 2009

Shareholder	Number of shares	Percentage of owned share capital	Number of votes at the General Meeting	Percentage of votes at the General Meeting
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	10,046,883	40.19	10,046,883	40.19
Valeriy Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	8,796,883	35.19	8,796,883	35.19
Other shareholders	6,156,234	24.62	6,156,234	24.62
TOTAL	**25,000,000**	**100.00**	**25,000,000**	**100.00**

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

- On June 17, 2009, two major shareholders Viktor Ivanchyk and Valery Korotkov, each acquired 46,883 shares in the Company. The shares were acquired as a result of exchange of the other issuers' shares possessed by Albacon Ventures Limited and Aluxes Holding Limited for the Company's shares. The transactions were executed outside the regulated market. As a result of this transaction, the above shareholders each held 10,046,883 shares in the Company.
- On July 21, 2009, ING Fundusz Inwestycyjny Otwarty Akcji, ING Fundusz Inwestycyjny Otwarty Średnich i Małych Spółek, ING Specjalistyczny Fundusz Inwestycyjny Otwarty Akcji 2 and ING Parasol Fundusz Inwestycyjny Otwarty managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. increased their shareholding in the Company to more than 5%. The shareholding in ASTARTA Holding N.V. changed due to the acquisition of shares of the Company. As of July 21, 2009 the investment funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. held altogether 1,263,761 shares of ASTARTA Holding N.V., constituting 5.06% of the share capital of the Company.
- On August 7, 2009, ING Parasol Fundusz Inwestycyjny Otwarty disposed of shares of ASTARTA Holding N.V. that resulted in declining the threshold of 5% of voting rights on the general shareholders meeting of ASTARTA Holding N.V. held by jointly treated funds under ING Towarzystwo Funduszy Inwestycyjnych S.A. As of August 7, 2009 all the investment funds under the management of ING Towarzystwo Funduszy Inwestycyjnych S.A. treated jointly possessed 1,219,468 shares of ASTARTA Holding N.V., which gives 4.88% of registered capital of this company.
- On November 5, 2009, after acquisition of shares of ASTARTA Holding N.V. by ING Fundusz Inwestycyjny Otwarty Średnich i Małych Spółek and ING Parasol Fundusz Inwestycyjny Otwarty, the investment funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. held shares constituting more than 5% of the total number of votes at the general meeting of ASTARTA Holding N.V. The shareholding in ASTARTA Holding N.V. changed due to the acquisition of shares of the Company. As of November 5, 2009, the investment funds managed by ING Towarzystwo Funduszy Inwestycyjnych S.A. held altogether 1,262,814

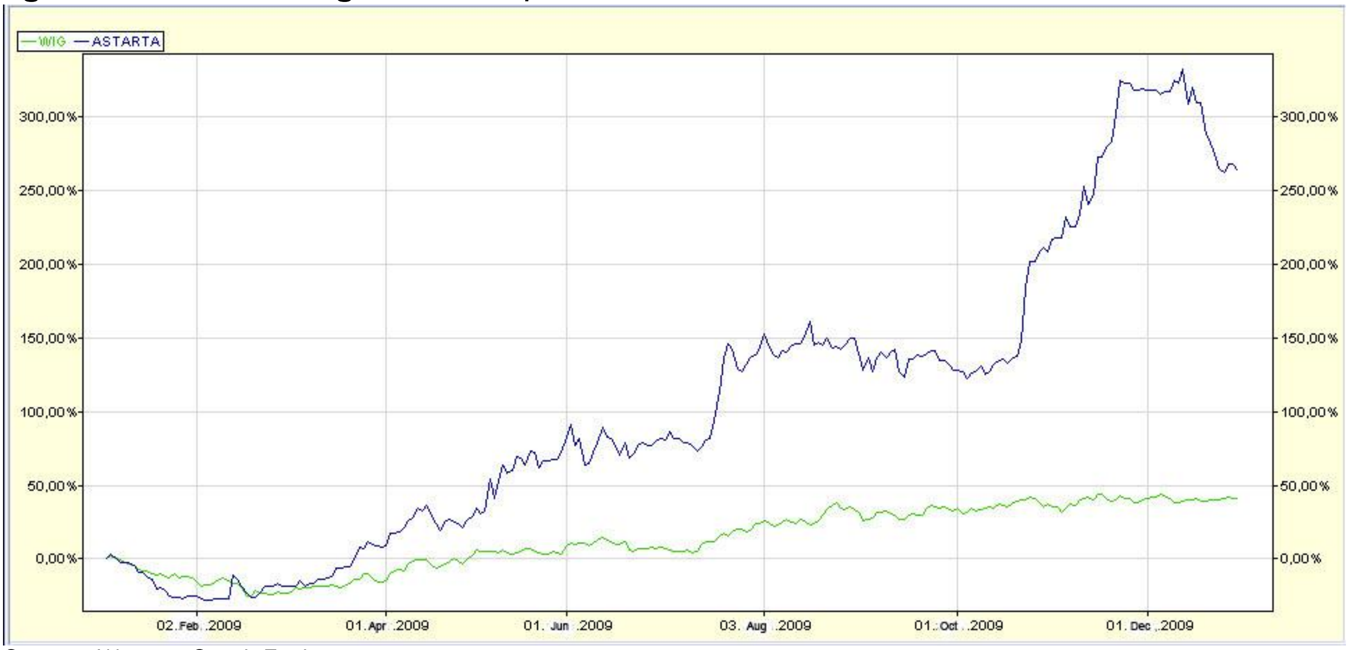
shares of ASTARTA Holding N.V., which constituted 5.05% of the share capital of the Company.

- On November 19, 2009, ING Parasol Fundusz Inwestycyjny Otwarty disposed of shares of ASTARTA Holding N.V. that resulted in declining the threshold of 5% of voting rights on the general shareholders meeting of ASTARTA Holding N.V. held by jointly treated funds under ING Towarzystwo Funduszy Inwestycyjnych S.A. As of November 19, 2009, all the investment funds under the management of ING Towarzystwo Funduszy Inwestycyjnych S.A. treated jointly possessed 1,012,814 shares of ASTARTA Holding N.V., which gives 4.05% of registered capital of this company.
- On December 11, 2009, Aluxes Holding Limited, one of the two majority shareholders of the Company wholly owned by Mr. Valery Korotkov, Chairman of the Board of ASTARTA Holding N.V. sold 1,250,000 shares, each share representing one vote, in the Company, bringing the total shareholding of Aluxes Holding Limited from 10,046,883 shares prior to the sale, to 8,796,883 shares following the transaction, such shareholding, post transaction, being equivalent to 35.19% of total shares outstanding. The shareholding of the other majority shareholder of the Company, Albacon Ventures Limited wholly owned by Mr. Viktor Ivanchyk, CEO of ASTARTA Holding N.V., has not changed and represents 40.19% of total shares outstanding. After this transaction, the total freefloat of the Company's shares has been increased from 19.62% to 24.62%.

Share Price Performance

Shares of ASTARTA Holding N.V. demonstrated positive performance in 2009. Affected by the general adverse situation, they hit historical lows in February and started growing since then. By the year end, ASTARTA shares added 263.6% to the opening price as a response to positive developments on the Group's key markets and stable growth of the Group's operations and financials.
The quotations of ASTARTA Holding N.V. shares on the Warsaw Stock Exchange compared with the WIG index are shown in Figure 19.

Figure 18. ASTARTA Holding N.V. vs. WIG quotations in 2009



Source: Warsaw Stock Exchange

Table 9. The Company's significant stock quotation data

	2009	2008
Opening price (PLN)	11.00	32.00
Highest trading price (PLN)	48.00	50.70
Lowest trading price (PLN)	7.70	10.13
Closing price (PLN)	40.00	11.00
Closing price (EUR)	9.74	2.64
Year price change	+263.6%	-65.6%
EPS (EUR)	1.16	-0.31
Price / earnings (P/E)	8.39	-8.50
Market capitalization (thousands of PLN) as of 31 December	1,000,000	275,000
Market capitalization (thousands of EUR) as of 31 December	243,416	65,909
Share trading turnover (thousands of PLN)	201,778	412,965
Share trading turnover (thousands of EUR)	49,116	117,320

Management and Personnel

Management of the Company

Composition of the Company's Board of Directors

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

Remuneration of the members of the Board of Directors

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

Other information

As of December 31, 2009, there was no stock option plan for the management of the Company and its subsidiaries, nor other forms of remuneration, bonuses or benefits (whether in cash, in kind or in any other form), including those resulting from share-based incentive or bonus schemes, and in particular schemes based on bonds with pre-emptive rights, convertible bonds, subscription warrants, paid, payable or potentially payable to the Group's managing and supervisory personnel.

During the last financial year, there were no agreements concluded between the Company and its management personnel which provide for compensation in case of their resignation or being removed from their position without a good reason, or being removed as a result of the Company being merged into another company.

Viktor Ivanchyk and Valery Korotkov, as owners of companies in Cyprus, hold indirectly 40.19% and 35.19% respectively of the votes at the General Shareholders Meeting of the Company. In addition, Viktor Ivanchyk and Valery Korotkov each own directly 0.01% of the share capital of Astarta-Kyiv. The rest of the directors do not own, directly or indirectly, any shares or other securities giving them rights to acquire these shares, either from the date of the Company's registration up to the date of this statement, or after this period.

The Group's Structure

The information about the Group's structure and changes are presented in *notes 2 (b) and 5 to the Consolidated Financial Statements.*
In 2009, we consolidated our main production assets into five regional holdings, each involved in agricultural operations and sugar production.

Personnel

As of December 31, 2009, headcount comprised 6,817 employees, including 155 employees of the head office in Kyiv and 188 temporary workers. As ASTARTA's production activities are arranged through production subsidiaries, the majority of our personnel are based outside Kyiv. The key companies within the Group have their own HR managers and are responsible for hiring and dismissing their personnel. Staffing structure comprises about 6% charged with managerial functions and about 16% are service staff. The remaining 78% are approximately equally divided between core and auxiliary production work force. Approximately 67% of our employees are male and 33% are female. We provide equal employment opportunities to everyone, regardless of their gender, religion or nationality.

Training and Professional Development for Personnel

In 2008, the Group created the Internal System of Staff Training and Development. ASTARTA's specialists developed all documents in accordance with ISO 10015:1999 standard. In 2009, personnel training was carried out according to the documents adopted (Personnel Training Policy, Procedures for Personnel Training, as well as other provisions).
HR services in our key production subsidiaries studied the demand for professional training among key professionals and presented their plans for corporate education for 2009 to the headquarters. The top priority of the general training plan was to develop competence of the key personnel in sugar and agricultural production, as well as middle management in the operation company, Astarta-Kyiv.
In 2009, 3500 employees were trained under the corporate program, representing 37% of the production personnel and 35% of technicians, service staff and management, including 60 employees of Astarta-Kyiv. Two master classes were held for 30 managers of Astarta-Kyiv and subsidiaries to develop their managerial skills. In order to share the best experience, up to 90% of all training programs are held by ASTARTA key professionals. The Group's partners, such as National Association of Sugar Producers of Ukraine "Ukrtsukor", National University for Food Technologies, Poltava Agrarian Academy, Amity Technology and other institutions and companies take part in sharing the best experience and state-of-the-art technologies with our employees.
We pay much attention to helping our new employees adapt to their new jobs. A special procedure for new employees' adaptation was developed at Astarta-Kyiv.
Our young professionals program continued in 2009. Under this program, 34 students studied in leading Ukrainian universities last year.

Research and Development

To increase productivity and effectiveness of agricultural and sugar production, in cooperation with leading Ukrainian and foreign scientific and R&D institutions and companies, we adjust to our needs advanced technologies and applications. In agriculture, we test seeding material of sugar beet and other crops, develop crop treatment methodologies and crop rotation combinations that provide for higher harvests. At sugar plants, we install and adopt modern equipment to ensure high energy efficiency and best product quality. In 2009, a R&D Council was set up in the Group to supervise the R&D implementation in production and general operations.

Corporate Social Responsibility

Our Group is committed to its employees, customers and the public at large. For ASTARTA Holding, corporate social responsibility is a conscious voluntary decision to take part in addressing the social problems of society and means implementing our strategy and applying our mission to the business.

This means that not only do we pay attention to environmental issues by implementing state-of-the-art technologies. But we also develop social infrastructure in those areas where our enterprises operate, and are concerned with improving the wellbeing of the community. As part of our corporate responsibility approach, we aim to invest in a range of local community activities to create additional benefits for affected communities.

In 2009, we initiated signing Social Responsibility Agreements with the municipalities where our production assets are located. Under these agreements, the Group committed to assist those municipalities in developing their social programs and public infrastructure.

Global Compact and Social Responsibility of Business

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

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

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

Material Factors and Events

Material Factors and Events in 2009

The Group's Restructuring

In 2009, sugar production assets and more than 60 agri-companies were consolidated into five large business units geographically grouped around our sugar plants. This reform provided for better management, improved logistics, optimization of personnel, more effective use of agricultural machinery, and minimization of unnecessary transaction costs. For the purposes of the Fixed Agricultural Tax (FAT), these subsidiaries were registered as agricultural companies.

Acquisition of Subsidiaries

- On February 18, 2009, Astarta-Kyiv acquired 100% stake in the Private Enterprise "Bilogirsky Sokil 2008", an agricultural company in the Khmelnytsky Oblast. After this acquisition, "Bilohirsky Sokil 2008" was merged to another ASTARTA subsidiary, LLC "Volochysk Agro".
- On 17 August 2009, the Group increased its control over the subsidiary company LLC “Victoriya” by means of acquisition of additional share of 18.12% in the subsidiary’s net assets. The share of ownership in the subsidiary company LLC “Victoriya” is 93.11% as a result of the transaction.
- On October 5, 2009, Astarta-Kyiv acquired the corporate rights with 100% stake in the Private Enterprise "Zaluchanske-1".
- On October 28, 2009, Astarta-Kyiv acquired 20.99% of LLC "Ukraine-Brataliv" from six shareholders of this company, 3.5% from each. The share of Astarta-Kyiv in this company increased to 95.98%.
- On November 13, 2009, Astarta-Kyiv established a new 100% owned subsidiary LLC Agricultural Company “Myrhorodska” in Poltava Oblast. On December 28, 2009, the Group decreased its control over this subsidiary by means of sale of 10% share in the subsidiary’s net assets. The share of ownership in the subsidiary company LLC “Myrhorodska” is 90.00% as a result of the transaction.
- On December 14, 2009, Astarta-Kyiv established a new 95% owned subsidiary Astarta Trade. Two major ASTARTA Holding N.V. shareholders, Viktor Ivanchyk and Valery Korotkov each hold 2.5% shares in this subsidiary. This subsidiary will provide for trading of the Group’s products.

Loan Portfolio Optimization

- On March 30, 2009, the European Bank for Reconstruction and Development (EBRD) signed a Loan agreement to provide financing to CJSC APO "Tsukrovyk Poltavshchyny", an indirect subsidiary of ASTARTA Holding N.V. The financing of up to USD 20 million was granted to re-finance the portion of the existing Group financial debt and to invest into energy efficiency improvements at its sugar plants and purchase of agricultural machinery. The loan to ASTARTA was the first under the new EBRD Mid-Sized Corporate Support Facility. The financing comprised a secured, long-term loan for 5 years with 18-month grace period, fully guaranteed by ASTARTA Holding N.V.
- In June and October 2009, the Group’s subsidiaries signed two facility agreements with Ukrainian banks for working capital needs for the total amount of UAH 17.88 million.

- On October 7, 2009, Raiffeisen Bank Aval signed Loan agreements to provide financing to the Group's subsidiaries. The financing of up to UAH 208.6 million was granted to invest into purchase of agricultural machinery as well as for working capital needs.
- On October 22, 2009, the Group successfully completed restructuring of short-term bank debts by the execution of a long-term credit facility in the amount of USD 20 million provided by the European Bank for Reconstruction and Development (EBRD). Moreover, following stabilization and growth on the Company's markets as well as due to its strong financial position, the maturity of the loans provided to the Group by ABN AMRO BANK N.V and Raiffeisen Bank Aval has been extended until March and July 2011 respectively.

Changes in the Reporting Obligations

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

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

On June 5, 2009, the Annual General Meeting of the Company's Shareholders was held. The AGM adopted a set of resolutions concerning the Company's corporate governance system. For more details, please refer to the Company's website (www.astartakiev.com).

Changes in the Shareholder Structure of ASTARTA Holding N.V

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

Material Events on the Ukrainian Sugar and Grain Markets in 2009

The significant events on the Ukrainian sugar and crops market in 2009 are described in the section *The Group's Operations in 2009*.

Material Political and Legal Events in Ukraine in 2009

Tax Benefits for Bio-Fuel Industry

The Law of Ukraine "On Amendments to Some Laws of Ukraine on Stimulating Production and Consumption of Biological Fuels" (No. 1391-VI dated May 21, 2009) was passed by the Parliament of Ukraine in May, 2009 and signed by the President of Ukraine on June 17, 2009. The law creates favorable conditions for the development of the bio-fuel industry in Ukraine and the increase of domestic bio-fuel production and consumption in Ukraine, which remain marginal despite large domestic production and exports of products that may be used as a source of bio-energy. The law introduces that in the period from January 1, 2010 to January, 2019, importers of machinery and equipment that is used for reconstructing and building new enterprises producing bio-fuel, as well as machinery and equipment used for production and modernization of transport vehicles for bio-fuel consumption (if these machinery and equipment or their equivalents are not produced in Ukraine) will enjoy zero import duty.

According to the new law, the non-state (private) companies have the possibility to produce bio-ethanol. Thus, ASTARTA received an opportunity to proceed with its bio-ethanol project that has been considered earlier.

Material Events after the Reporting Date

Loan Portfolio Optimization

- On March 2, 2010, Landesbank Baden-Wurttemberg signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to EUR 3 755 thousand expressed in USD was granted to invest into the purchase of agricultural machinery. The financing would comprise a secured long-term loan for 5 years with a 6-month grace period.
- On February 22, 2010, Pravex Bank signed loan agreements to provide finance to two of the Group's agricultural subsidiaries. The total amount of these agreements is UAH 30 million granted for working capital needs.
- On April 22, 2010, Wells Fargo HSBC Trade Bank signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to USD 9 789 thousand was granted to invest into the purchase of agricultural machinery. The financing would comprise a secured long-term loan for 5 years with a 6-month grace period.

Acquisition of Subsidiaries

- On February 5, 2010, Astarta-Kyiv acquired the corporate rights with 85% stake in the Agricultural Company "Goropayivske" in the Zhytomyr Oblast (administrative region) of Ukraine.
- On March 10, 2010, Astarta-Kyiv acquired the corporate rights with 100% stake in the Company "Zaricha-Agro" in the Vinnytsia Oblast (administrative region) of Ukraine.
- On March 11, 2010, Astarta-Kyiv established subsidiary "Mriya-97 Plus" in the Khmelnytsky Oblast (administrative region) of Ukraine.
- On April 1, 2010, Astarta-Kyiv acquired the corporate rights with 75% stake in the Company "Varovetske" in the Khmelnytsky Oblast (administrative region) of Ukraine.
- On April 2, 2010, Astarta-Kyiv acquired the corporate rights with 100% stake in the Company "AINA" in the Poltava Oblast (administrative region) of Ukraine. After this acquisition, "AINA" was merged to another ASTARTA subsidiary, LLC Agricultural Company "Dobrobut".

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

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

Fulfillment of Strategy in 2009 and Outlook for 2010

Fulfillment of Strategy in 2009

In 2009, the Group achieved the following goals:

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

2. *Operations and production:*
   - increased the vertical integration, securing around 90% of in-house sugar beet for the sugar production
   - continued modernization of sugar plants by improving their energy efficiency and daily processing capacity
   - further improved logistics and decreased beet losses during transportation and storage
   - made progress in sourcing and procurement of external services and goods by introducing effective tendering procedures

3. *Financial & investment policy:*
   - restructured the Group's loan portfolio by increasing the share of long-term loans and lowering accordingly the short-term debt

4. *Marketing & Sales policy:*
   - increased export sales, securing high profitability and sufficient hard currency inflows to pay the interest and principal part of debt received in foreign currencies

Outlook for 2010

Based on the results attained, and in view of the current situation of the markets, the Board of Directors sets the following targets for 2010:

1. Production and operational activities:
   - continue to strengthen the agricultural production efficiency through increasing the yield of major crops, optimizing crop rotation, improving cattle breeding
   - continue the modernization of sugar plants, increasing their energy efficiency and processing capacity
   - introduce necessary technological and logistical elements to prepare one of the plants of the Group for raw sugar processing
   - sustain high level of vertical integration, providing sugar plants mainly with own sugar beet
   - continue improving the procurement system, internal control and audit
   - continue to improve recruitment, training and motivation of personnel, taking into account the importance of the human factor in the success of business development.

2. Marketing and sales:
   - increase domestic and export sales, ensuring high profitability and sufficient volume of currency proceeds to repay the principal and interest on loans received in foreign currency
   - ensure swift response to changing market conditions to temper the impact of possible reduction in demand in one market segment or volatility risk;
   - continue to explore new business opportunities in key areas of the Group's core activities, in particular through the development of grain and oilseeds trading.

3. Investment and development:
   - provide for further development of the Group by expanding the land bank and increasing areas of land under cultivation within the regional business units
   - continue development of storage and processing facilities for grains and oilseeds, expand the machinery and transportation fleet
   - further develop cattle farming business by expanding the cows headcount as well as their daily milk productivity
   - continue active elaboration of the projects of biomass methanization and bioethanol production for its application at the Group's sugar plants
   - explore the possibility of expanding the Group business through acquisitions of assets or/and businesses

Material Risk Factors and Threats to the Group

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

Market Risks

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

  Any of these factors may bring down prices or drive up costs, subjecting our business, operating results and finances to unfavorable effects. The current situation on the Ukrainian sugar and agricultural products market and future prospects are described in the section *The Group's Operations in 2009.*

- In an effort to minimize logistic and administrative expenses, we prefer wholesale trade, especially in white sugar and grains. For this reason, we have established reliable relations with an array of major customers, first of all, with producers of confectionary and soft drinks. A loss of some large customers or the termination of contracts with them, as well as a decrease in sugar consumption by confectionary and soft drink producers in Ukraine could lead to a temporary material decrease in sales volumes, which could have an adverse effect on our business, the results of operations and financial conditions.

- Energy and labor costs make up a substantial share of our operating expenses. These expenses are expected to keep growing. Although we are currently working to cut energy consumption and reduce labor intensity, growing wages and energy prices will affect our operating results.

- Most of our customers make contracts for up to one year or just for one transaction with spot prices specified in the contract. We regularly re-execute contracts with our key customers on an annual basis. This practice of short-term contracts is in line with the common commercial practice on Ukraine's sugar and grain markets.

Liquidity Risks

Please refer to note 31, par. (d) of the Consolidated Financial Statements

Political Risks

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

  Any change in government resolutions or legislation applicable to our market, the markets on which we compete, or the markets of our competitors may have an adverse effect on our business, the results of operations and financial conditions.

Country Risks

- Despite that over the past 18 years since gaining independence in 1991 Ukraine has made significant progress on its path to a market economy, as well as political and judicial reforms, the country still needs to develop the appropriate legal and regulatory infrastructure that is critical for economic stability and successful socio-economic reforms.

Economic Risks

- After signing the WTO accession protocol in 2008, Ukraine started active discussions with the European Union about the formation of a free trade zone. A free trade zone could open new business opportunities for Ukrainian companies to export their goods to the EU, as well as for EU companies to strengthen competition on the Ukrainian market. The Group's business may be influenced by these changes.
- The government of Ukraine provides financial support in various forms to national agricultural producers. If the government decides to end subsidizing national agricultural producers, the move will have an adverse effect on our business, the results of operations and financial condition.
- Ukrainian laws regulating taxes are often changed and amended, which could create either a friendly business environment or unusual difficulties for the business. Various opinions are offered between and within government ministries and organizations, including the tax authorities, with regard to the correct interpretation of such legislation, raising doubts and creating grounds for conflicts. Tax returns and other relevant legal issues (such customs and currency control) are subject to review and study by numerous authorities legally empowered to impose substantial penalties, fines, and interest.

Legal Risks

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

Collaboration with Independent Auditors

In 2009, the Company concluded contracts for the delivery of audit services with Ernst & Young Accountants LLP (with its registered office: Boompjes 258, 3011XZ Rotterdam, the Netherlands).

The aforementioned contracts envisage the delivery of audit services for 2009. (with its registered office: Boompjes 258, 3011XZ Rotterdam, the Netherlands) is responsible for the audit of the consolidated financial statements of Astarta-Kyiv and its subsidiaries, as well as for the audit of the financial statements of the parent of the Group – ASTARTA Holding N.V., and the consolidated financial statements of the Group and issuance of an auditor's opinion on the Company and Group financial statements.

Total fees agreed with Ernst & Young Accountants LLP are UAH 1.29 million to be paid in Euro, VAT and out of pocket expenses included.

Also in 2009, Ernst & Young Accountants LLP provided services in relation to the review of interim financial statements for the first half of 2009. The fee for these services was included into the total fees agreed with Ernst & Young Accountants LLP.

The Company has not used the services of the selected entity before.

CORPORATE GOVERNANCE REPORT

General

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

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.

Board of Directors

A Structure of Management

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

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

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

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

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

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

Each year the General Meeting of Shareholders delegates the authority to issue shares to the Board of Directors and also the authority to cancel pre-emptive rights in connection therewith. On 5 June 2009, the General Meeting of Shareholders authorised the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the issued and paid in share capital at the time and to limit or cancel any existing pre-emptive rights in connection therewith. The General Meeting of Shareholders also resolved that all resolutions hereto have to be taken by the Board of Directors with unanimous votes. The authorization was given for a period of one year starting 5 June 2009 and may not be withdrawn. The General meeting has not authorised the Board of Directors to repurchase any shares in the Company's capital.

B Representation

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

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

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

On 5 June 2009 the General Meeting of Shareholders reappointed Mr. Ivanchyk to represent the Company in the event that (i) there is a conflict of interest with a Director, in the sense that the Director in private enters into an agreement with, or is party in a legal proceeding between him and the Company and (ii) there are no other Directors to represent the Company. Such appointment is in accordance with Article 16 paragraph 3 of the Articles of Association.

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

C The Directors

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

The Board of Directors is formed by the following persons:

VIKTOR IVANCHYK (born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

Viktor Ivanchyk has served 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 and then served at the state service. In 1993 he founded Astarta-Kyiv and has served as the General Director since then.

He is a member of the Counsel of the National Association of Sugar Producers of Ukraine "Ukrtsukor" and of Presidium of the Ukrainian Agrarian Confederation.

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

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

Shares owned in the Company: 10,046,883 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 has served as an Executive Director A with the Company since its incorporation.

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

Mr. Rybin joined us in 1996 and since that time has worked in various positions within Astarta-Kyiv.

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

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

Shares owned in the Company: 0.

MARC VAN CAMPEN (born in 1944, male)

Executive Director B, Chief Corporate Officer, Dutch national

Marc van Campen has served 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 general counsel of NBM-Amstelland N.V., a Dutch company listed on the Amsterdam Stock Exchange and, at that time, was one of the largest companies in the Netherlands in the field of construction and project development.

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

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

Shares owned in the Company: 0.

VALERY KOROTKOV (born in 1963, male)

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

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

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

From 1992 to 1999 Mr. Korotkov worked as a director for a number of companies including ROSMARK, MPVoil, CJSC “Rosneft-Zapad”, “Rosagronefteproduct”, CJSC “TNKinvestneft”, Municipal Unitary Enterprise “Poklonnaya gora”. For the next 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 a 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: 8,796,883 shares in the Company held through a Cypriot holding company named Aluxes Holding Ltd.

WLADYSLAW BARTOSZEWSKI (born in 1955, male)

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

Starting in 2007, Mr. Bartoszewski has worked for Credit Suisse and is currently 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 and 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 stayed until the end of 2000 in charge of the Polish operations of the bank as a head of the Warsaw office. Between 1991 and 1997 he worked in Central Europe Trust Co. Ltd. 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 Managing Directors holds more than two supervisory board memberships of listed companies or is a chairman of such supervisory board other than a group company.

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

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

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible) reappointment	Max. term
VIKTOR IVANCHYK	June 2006	June 2010	Not Applicable
PETRO RYBIN	June 2006	June 2010	Not Applicable
MARC VAN CAMPEN	June 2006	June 2010	Not Applicable
VALERY KOROTKOV	June 2006	June 2010	June 2018
WLADYSLAW BARTOSZEWSKI	June 2006	June 2010	June 2018

Due to the fact that the term of office of the Directors expires in June 2010, it is intended to schedule the reappointing of the Directors on the agenda of the following annual General Meeting of Shareholders.

D Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by members of the Board of Directors is 18,843,766 amounting to approximately 75.37% 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 as well as other people that are involved with the Company, the Company follows the provisions of the EU Market Abuse Directive and the Company's Insider Trading Rules that reflect the provisions of this Directive.

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

E Chairman of the Board of Directors and the Corporate Secretary

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

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

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

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

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

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

Committees of the Board of Directors

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

A Audit Committee

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

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

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

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

B Remuneration Committee

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

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

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

Remuneration Policy

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

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

On 5 June 2009, the General Meeting of Shareholders resolved to amend the Remuneration Policy. This amendment was made to adapt to a new economic situation: the minimum amounts of the remuneration that were set in financial year 2008 were no longer desirable for financial year 2009 and after due to the economic situation at the time and due to the Company's financial results of the year 2008. The Remuneration Policy was amended in such manner that the range of the remuneration amounts was broadened by adjusting the bottom rate downwards.

The current Remuneration Policy as adopted on 5 June 2009 determines that the Board of Directors may set the amount of the remuneration of the Directors within the range mentioned in the Remuneration Policy after negotiation with the Company's Remuneration Committee and after the adoption by the General Meeting of Shareholders of the Company's annual financial statements for the previous (accountable) financial year. The remuneration may be increased if the annual financial statements show that a fee in the higher range of the following year is justified.

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

Shareholders Meetings, Board Meetings and Committee Meetings in 2009

The annual General Meeting of Shareholders was held in Amsterdam, the Netherlands on 5 June 2009.

Within the financial year 2009, the Board of Directors held the following meetings:

- three meetings in Amsterdam, the Netherlands, on 6 April 2009, 7 April 2009 and 5 June 2009;
- three meetings in Kyiv, Ukraine, on 27 August 2009, 28 August 2009 and 9 November 2009; and
- three meetings via conference-call on 3 March 2009, 14 May 2009 and 9 November 2009.

The Audit Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 6 April 2009 and 7 April, 2009;
- one meeting in Kyiv, Ukraine, on 28 August, 2009.

The Remuneration Committee held the following meetings:

- one meeting in Amsterdam, the Netherlands, on 6 April 2009;
- one meeting in Kyiv, Ukraine, on 28 August 2009;
- one meeting via conference-call on 5 June 2009.

Governance and Control

A Dutch Corporate Governance Code

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

B WSE Corporate Governance Rules

In Poland the Polish principles of corporate governance contained in "Best Practices in Public Companies in 2007" (the "WSE Corporate Governance Rules") are applicable to companies listed on the Warsaw Stock Exchange. In August 2006 we declared which of the WSE Corporate Governance Rules we intended to comply with and we listed those principles which we could not comply with, and the reasons for such non-compliance.

C Application of the Corporate Governance Codes

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

The above-mentioned set of corporate governance documents includes:

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

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

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

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

D Confirmations in relation to the Dutch Corporate Governance Code

There have not been conflict of interest situations between the Directors and the Company during financial year 2009. The Board of Directors would like to confirm that if there had been such situations, that it would have complied with best practise provisions II.3.2 and II.3.3 of the Dutch Corporate Governance Code, also in line with the documents mentioned under section C. This means that the Board of Directors would have immediately reported any such conflict of interest or potential conflict of interest being of material significance to the Company and/or to such Director, to the Non-Executive Directors and to the other members of the Board of Directors. Any discussion or decision-making with regard to the conflicted transaction, including any decision to determine whether there is an actual conflict of interest, would have been taken without the conflicted Director being present. The same applies to best practise provisions III.6.1 through III.6.3 with respect to conflicts of interest in relation to the Non-Executive Directors, to the extent possible taking into account that the Company has a one-tier structure.

The Board of Directors also confirms that there have not been any conflict of interest situations between the Company and shareholders holding more than 10% of the shares in the Company's capital during financial year 2009. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practise provision III.6.4 of the Dutch Corporate Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.

Internal Control

A Internal risk management and control systems

General

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

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

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

Since our all our operations are located in Ukraine, the risk management and internal control framework mentioned below describes corresponding elements of such control on the level of the Ukrainian holding company, Astarta-Kyiv (unless stipulated otherwise), which 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 the subsidiaries, prepared and coordinated with all participants after their verification concerning their conformity with the objectives.

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

2) Control over revenues and expenses.

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

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

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

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

4) Control over investment decisions.

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

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

5) Policy of economic security.

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

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

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

In connection to the abovementioned 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.

<u>Deficiencies</u>

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 relates 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 fulfilment 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 2010.

B Section II.1.3 of the Dutch Corporate Governance Code

The Company has been working on a system that is in compliance with the Dutch Corporate Governance Code, such in cooperation and consultation with the Company’s external auditor. Within the last year the Company has improved this system in such a 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 2009 resulting in material errors in the financial reporting of the Company. The Board of Directors also believes that the Company’s internal risk management and control systems have been implemented effectively until now, but note that there are areas where significant deficiencies as described above were identified, in relation to which adequate remedial actions have been taken. The Board of Directors is of the opinion that there are no indications, considering the attention given to the strengthening of our internal control over financial reporting and disclosure control and procedures, that our risk management and control systems will not operate properly as of now is of the opinion that from now on the systems will provide a reasonable level of assurance that the financial reporting will not contain material inaccuracies.

Deviation from The Dutch Corporate Governance Code

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

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

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

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

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

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

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

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

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

Remuneration Report

Background

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

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

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

In order to stimulate the directors to achieve the long-term objectives of the Company and its affiliated enterprise, the Remuneration Policy provides the range of fixed management remuneration for each director for each year of their office. The difference between the lower and higher range of remuneration gives the flexibility to the Remuneration Committee and the Non-Executive Directors to 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 the amount of remuneration for any given year of office to the Board of Directors.

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

Remuneration in financial year 2009

On 5 June 2009, in accordance with the amended Remuneration Policy, the Board of Directors approved and ratified the remunerations of Mr. Bartoszewski at EUR 12,500 per year, Mr. Korotkov at EUR 12,500 per year, and Mr. Van Campen at EUR 12,500 per year for financial year 2009 (for the period from January to December 2009).

The remunerations of Mr. Ivanchyk and Mr. Rybin for financial year 2009, in an amount of UAH 75,000 (the equivalent of approximately EUR 6,597.-) per month and UAH 61,500 (the equivalent of approximately EUR 5,410.-) per month, respectively, were ratified by the appropriate resolution of LLC Firm "Astarta-Kyiv".

The abovementioned resolutions have been approved based on the results of examination of the consolidated financial statements as at and for the year 2008 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposal dated 5 June 2009.

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

Director's name	Position	July 2007-June 2008			2008			2009		
		Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive	20,250	1,981	22,231	25,000	-	25,000	12,500	-	12,500

Director's name	Position	July 2007-June 2008			2008			2009		
		Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total
	Director									
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	14,100	2,000	16,100	25,000	2,000	27,000	12,500	2,000	14,500
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	13,500	5,168	18,668	25,000	3,200	28,200	12,500	1,776	14,276
Total				56,999			80,200			41,276

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

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

Director's name	Position	2007		2008			2009	
		Remuneration for rendered services	Total	Remuneration for rendered services	Bonuses	Total	Remuneration for rendered services	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	127,500	127,500	200,000	202,500	402,500	95,963	95,963
P. Rybin	Executive Director and Chief Operating and Financial Officer	102,000	102,000	160,000	162,000	322,000	72,833	72,833
Total			229,500			724,500		168,796

Future policy

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

The amendments to the Remuneration Policy are aimed to fix the management fee for the whole reappointing period of office of the Directors – from 2010 till 2014.

The Non-Executive Directors have not planned for the structure of the remuneration to be changed. It is expected that the Directors would be granted the fixed management fee. It is also expected that the principle of calculation of the remuneration ranges for each year of office as well as defining the concrete amount of the management fee for a Director would be kept the same.

The Executive Directors “A” would retain the right to receive bonuses in the amount as indicated in the current version of the Remuneration Policy.

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 2009.

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

Mr. Bartoszewski can be considered independent within the meaning of Best Practise 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 practise provision III.2.3 of the Dutch Corporate Governance Code has been complied with.

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

Since the Remuneration Policy has been set by the Company’s General Meeting of Shareholders until the end of financial year 2009, the Remuneration Committee performed their task, including monitoring whether the Remuneration Policy has been complied with. The Remuneration Policy, including the intentions of the Non-Executive Directors with respect to the future remuneration policy of the Company, is elaborately described in Paragraph 9.

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

There were no irregularities in the 2009 financial year that required interventions by the Non-Executive Directors.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

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

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2009 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 2009 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2009 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2009, 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 year ended 31 December 2009, 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 2009, 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. There is an inherent limitation in that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty in regards to 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 2010.

Board of Directors of ASTARTA Holding N.V.

23 April 2010,
Amsterdam, the Netherlands

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

Caution note regarding forward-looking statements

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

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

These consolidated financial statements contain 97 pages

CONTENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2009**	**2008**
Assets			
Non-current assets			
Property, plant and equipment	*5*	**1,219,524**	818,060
Intangible assets	*6*	**43,455**	55,244
Biological assets	*7*	**147,358**	57,946
Financial instruments available-for-sale	*8*	**846**	1,243
Other long-term assets		**8,691**	4,441
Deferred tax assets	*28*	**11,759**	4,276
		1,431,633	941,210
Current assets			
Inventories	*9*	**767,935**	622,917
Biological assets	*7*	**230,758**	164,470
Trade accounts receivable	*10*	**89,526**	73,880
Other accounts receivable and prepayments	*11*	**97,088**	88,406
Current income tax		**415**	66
Promissory notes available-for-sale		**4**	2,962
Short-term deposits		**-**	49,422
Cash and cash equivalents	*12*	**22,313**	10,680
		1,208,039	1,012,803
Total assets		**2,639,672**	1,954,013

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Ukrainian hryvnias)		**2009**	**2008**
Equity and liabilities			
Equity	*13*		
Share capital		**1,663**	1,663
Additional paid-in capital		**398,218**	372,042
Retained earnings		**436,640**	107,955
Fair value reserve		**-**	4,176
Revaluation surplus		**487,814**	162,039
Currency translation adjustment		**10,166**	(10,640)
Total equity attributable to equity holders of the company		**1,334,501**	637,235
Minority interests relating to open joint stock companies	*14*	**864**	10,876
Total equity		**1,335,365**	648,111
Non-current liabilities			
Loans and borrowings	*15*	**606,164**	133,843
Minority interests relating to limited liability companies	*14*	**39,375**	43,802
Other long-term liabilities		**10,018**	8,682
Promissory notes issued		**-**	3,094
Deferred tax liabilities	*28*	**86,611**	20,658
		742,168	210,079
Current liabilities			
Short-term loans and borrowings	*15*	**240,993**	841,883
Current portion of long-term loans and borrowings	*15*	**133,073**	63,929
Trade accounts payable		**45,455**	91,899
Promissory notes issued		**2,400**	9,650
Current income tax		**-**	7
Other liabilities and accounts payable	*16*	**140,218**	88,455
		562,139	1,095,823
Total equity and liabilities		**2,639,672**	1,954,013

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(in thousands of Euros)		**2009**	**2008**
Assets			
Non-current assets			
Property, plant and equipment	*5*	**105,495**	72,717
Intangible assets	*6*	**3,759**	4,911
Biological assets	*7*	**12,747**	5,150
Financial instruments available-for-sale	*8*	**73**	110
Other long-term assets		**752**	395
Deferred tax assets	*28*	**1,017**	380
		123,843	83,663
Current assets			
Inventories	*9*	**66,429**	55,372
Biological assets	*7*	**19,962**	14,620
Trade accounts receivable	*10*	**7,744**	6,567
Other accounts receivable and prepayments	*11*	**8,399**	7,859
Current income tax		**36**	6
Promissory notes available-for-sale		**-**	263
Short-term deposits		**-**	4,393
Cash and cash equivalents	*12*	**1,930**	949
		104,500	90,029
Total assets		**228,343**	173,692

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, CONTINUED

(in thousands of Euros)		**2009**	**2008**
Equity and liabilities			
Equity	*13*		
Share capital		**250**	250
Additional paid-in capital		**58,142**	55,837
Retained earnings		**50,243**	20,870
Fair value reserve		**-**	371
Revaluation surplus		**50,309**	22,127
Currency translation adjustment		**(43,507)**	(42,811)
Total equity attributable to equity holders of the company		**115,437**	56,644
Minority interests relating to open joint stock companies	*14*	**75**	967
Total equity		**115,512**	57,611
Non-current liabilities			
Loans and borrowings	*15*	**52,436**	11,897
Minority interests relating to limited liability companies	*14*	**3,406**	3,894
Other long-term liabilities		**867**	772
Promissory notes issued		**-**	275
Deferred tax liabilities	*28*	**7,492**	1,836
		64,201	18,674
Current liabilities			
Short-term loans and borrowings	*15*	**20,847**	74,834
Current portion of long-term loans and borrowings	*15*	**11,512**	5,683
Trade accounts payable		**3,932**	8,169
Promissory notes issued		**208**	858
Current income tax		**-**	1
Other liabilities and accounts payable	*16*	**12,131**	7,862
		48,630	97,407
Total equity and liabilities		**228,343**	173,692

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2009**	**2008**
Revenues	*18*	**1,354,776**	970,736
Cost of revenues	*19*	**(894,040)**	(766,765)
(Loss) gain arising from remeasurement of agricultural produce to fair value	*20*	**(14,529)**	49,745
Gross profit		**446,207**	253,716
Changes in fair value of biological assets	*25*	**139,244**	1,615
Other operating income	*21*	**84,290**	89,004
General and administrative expense	*22*	**(92,128)**	(91,467)
Selling and distribution expense	*23*	**(64,553)**	(53,491)
Other operating expense	*24*	**(55,532)**	(48,583)
Profit from operations		**457,528**	150,794
Financial expense	*26*	**(137,842)**	(345,678)
Financial income	*26*	**4,000**	3,386
Other income	*27*	**3,049**	1,076
Gain on acquisition of subsidiaries	*4*	**1,953**	73,965
Profit (loss) before tax		**328,688**	(116,457)
Income tax (loss) benefit	*28*	**(5,422)**	27,209
Net profit (loss)		**323,266**	(89,248)
Net profit (loss) attributable to:			
Minority interests of open joint stock company subsidiaries	*14*	**(136)**	647
Equity holders of the company		**323,402**	(89,895)
Net profit (loss)		**323,266**	(89,248)
Weighted average basic and diluted shares outstanding (in thousands of shares)	*13*	**25,000**	25,000
Basic and diluted earnings (loss) per share attributable to shareholders of the company (in Ukrainian hryvnias)	*13*	**12.94**	(3.60)

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2009**	**2008**
Revenues	*18*	**117,718**	123,382
Cost of revenues	*19*	**(77,861)**	(96,262)
(Loss) gain arising from remeasurement of agricultural produce to fair value	*20*	**(1,723)**	7,527
Gross profit		**38,134**	34,647
Changes in fair value of biological assets	*25*	**13,628**	(31)
Other operating income	*21*	**7,151**	11,661
General and administrative expense	*22*	**(8,114)**	(11,959)
Selling and distribution expense	*23*	**(5,654)**	(6,926)
Other operating expense	*24*	**(4,766)**	(5,949)
Profit from operations		**40,379**	21,443
Financial expense	*26*	**(11,822)**	(41,714)
Financial income	*26*	**343**	406
Other income	*27*	**258**	111
Gain on acquisition of subsidiaries	*4*	**172**	8,951
Profit (loss) before tax		**29,330**	(10,803)
Income tax (loss) benefit	*28*	**(425)**	3,209
Net profit (loss)		**28,905**	(7,594)
Net profit (loss) attributable to:			
Minority interests of open joint stock company subsidiaries	*14*	**(11)**	75
Equity holders of the company		**28,916**	(7,669)
Net profit (loss)		**28,905**	(7,594)
Weighted average basic and diluted shares outstanding (in thousands of shares)	*13*	**25,000**	25,000
Basic and diluted earnings (loss) per share attributable to shareholders of the company (in Euros)	*13*	**1.16**	(0.31)

The consolidated income statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)	**2009**	**2008**
Net profit (loss)	**323,266**	(89,248)
Other comprehensive income (loss)		
Currency translation differences	**20,806**	(4,441)
Change in fair value of promissory notes issued	**(4,176)**	4,176
Revaluation of property	**383,951**	-
Deferred tax liability attributable to revalued property	**(52,893)**	-
Other comprehensive income (loss), net of tax	**347,688**	(265)
Total comprehensive income (loss)	**670,954**	(89,513)
Attributable to:		
Minority interests of open joint stock company subsidiaries	**(136)**	647
Equity holders of parent company	**671,090**	(90,160)
Total comprehensive income (loss)	**670,954**	(89,513)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)	**2009**	**2008**
Net profit (loss)	**28,905**	(7,594)
Other comprehensive loss		
Currency translation differences	**(708)**	(34,538)
Change in fair value of promissory notes issued	**(371)**	371
Revaluation of property	**33,214**	-
Deferred tax liability attributable to revalued property	**(4,575)**	-
Other comprehensive loss, net of tax	**27,560**	(34,167)
Total comprehensive income (loss)	**56,465**	(41,761)
Attributable to:		
Minority interests of open joint stock company subsidiaries	**(11)**	75
Equity holders of parent company	**56,476**	(41,836)
Total comprehensive income (loss)	**56,465**	(41,761)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Ukrainian hryvnias)		**2009**	**2008**
Operating activities			
Profit before tax		**328,688**	(116,457)
Adjustments for:			
Depreciation and amortization		**92,969**	72,667
Allowance for trade and other accounts receivable	*17*	**2,695**	1,079
Gain on acquisition of subsidiaries	*4*	**(1,953)**	(73,965)
(Gain) loss on sales of property, plant and equipment		**(139)**	1,829
Write down of inventories and NRV allowance		**6,229**	4,991
Interest expense	*26*	**95,640**	59,356
Gain from changes in fair value of biological assets	*25*	**(139,244)**	(1,615)
Increase in inventories		**(148,584)**	(200,935)
Written off assets recovered		**(2,289)**	(2,646)
Increase in trade and other receivables		**(27,372)**	(21,535)
Minority interests of limited liability company subsidiaries		**13,556**	5,556
Increase in other long-term assets		**(5,867)**	(2,710)
Revaluation of property, plant and equipment		**17,659**	-
Increase in biological assets due to other changes		**(16,281)**	(49,778)
Increase in trade and other payables		**9,265**	52,793
Increase in other long-term payables		**1,336**	2,195
Gain from promissory note transactions		**(1,403)**	(1,565)
Income taxes paid		**(784)**	(1,016)
Interest paid		**(101,763)**	(52,373)
Forex loss on loans and borrowings		**36,098**	271,557
Cash flows provided (used) by operating activities		**158,456**	(52,572)
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(117,797)**	(293,231)
Proceeds from sales of property, plant and equipment		**2,380**	3,997
Sale of long-term investments		**4,286**	552
Sale of promissory notes available-for-sale		**2,958**	2,670
Interest received	*26*	**2,597**	1,821
Proceeds from sales of bonds receivable from related party		**-**	3,687
Acquisition of subsidiaries net of cash acquired	*4*	**(1,477)**	(18,963)
Short-term deposits withdrawal (placement)		**49,422**	(49,422)
Acquisitions from minority shareholders	*14*	**-**	(309)
Cash flows used in investing activities		**(57,631)**	(349,198)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

(in thousands of Ukrainian hryvnias)	**2009**	**2008**
Financing activities		
Proceeds from loans and borrowings	**395,843**	784,169
Principal payments on loans and borrowings	**(473,822)**	(398,130)
Transaction costs on loans and borrowings	**(2,272)**	-
(Decrease) increase in promissory notes issued	**(8,941)**	18,485
Cash flows (used in) provided by financing activities	**(89,192)**	404,524
Net increase in cash and cash equivalents	**11,633**	2,754
Cash and cash equivalents as at 1 January	**10,680**	7,926
Cash and cash equivalents as at 31 December	**22,313**	10,680

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

(in thousands of Euros)		**2009**	**2008**
Operating activities			
Profit before tax		**29,330**	(10,803)
Adjustments for:			
Depreciation and amortization		**8,178**	9,450
Allowance for trade and other accounts receivable	*17*	**237**	140
Gain on acquisition of subsidiaries	*4*	**(172)**	(8,951)
(Gain) loss on sales of property, plant and equipment		**(12)**	238
Write down of inventories and NRV allowance		**548**	649
Interest expense	*26*	**8,203**	7,131
Gain from changes in fair value of biological assets	*25*	**(13,628)**	31
Increase in inventories		**(13,070)**	(26,162)
Written off assets recovered		**(194)**	(312)
Increase in trade and other receivables		**(2,378)**	(2,932)
Minority interests of limited liability company subsidiaries		**1,163**	854
Increase in other long-term assets		**(516)**	(353)
Revaluation of property, plant and equipment		**1,528**	-
Increase in biological assets due to other changes		**(53)**	(6,714)
Increase in trade and other payables		**815**	6,997
Increase in other long-term payables		**118**	285
Gain from promissory note transactions		**(120)**	(188)
Income taxes paid		**(69)**	(132)
Interest paid		**(8,952)**	(6,811)
Forex loss on loans and borrowings		**3,175**	35,313
Cash flows provided (used) by operating activities		**14,131**	(2,270)
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(10,362)**	(38,133)
Proceeds from sales of property, plant and equipment		**209**	520
Sale of long-term investments		**377**	72
Sale of promissory notes available-for-sale		**260**	347
Interest received	*26*	**223**	218
Proceeds from sales of bonds receivable from related party		**-**	480
Acquisition of subsidiaries net of cash acquired	*4*	**(131)**	(2,295)
Short-term deposits withdrawal (placement)		**4,275**	(4,393)
Acquisitions from minority shareholders	*14*	**-**	(40)
Cash flows used in investing activities		**(5,149)**	(43,224)

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

(in thousands of Euros)	**2009**	**2008**
Financing activities		
Proceeds from loans and borrowings	**34,821**	101,975
Principal payments on loans and borrowings	**(41,680)**	(51,773)
Transaction costs on loans and borrowings	**(200)**	-
(Decrease) increase in promissory notes issued	**(790)**	2,388
Cash flows (used in) provided by financing activities	**(7,849)**	52,590
Net increase in cash and cash equivalents	**1,133**	7,096
Cash and cash equivalents as at 1 January	**949**	1,068
Currency translation difference	**(152)**	(7,215)
Cash and cash equivalents as at 31 December	**1,930**	949

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

	Attributable to equity holders of the company								
(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Fair value reserve	Revaluation surplus	Currency translation adjustment	Sub - total	Minority interests	Total equity
As at 1 January 2009	**1,663**	**372,042**	**107,955**	**4,176**	**162,039**	**(10,640)**	**637,235**	**10,876**	**648,111**
Net profit	-	-	323,402	-	-	-	323,402	-	323,402
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	(136)	(136)
Other comprehensive income, net of tax	-	-	-	(4,176)	331,058	20,806	347,688	-	347,688
Total comprehensive income	-	-	323,402	(4,176)	331,058	20,806	671,090	(136)	670,954
Acquisitions from minority shareholders and other changes	-	27,860	-	-	-	-	27,860	(7,299)	20,561
Realisation of revaluation surplus, net of tax (note 13)	-	-	5,283	-	(5,283)	-	-	-	-
Other changes (note 14)	-	(1,684)	-	-	-	-	(1,684)	(2,577)	(4,261)
As at 31 December 2009	**1,663**	**398,218**	**436,640**	**-**	**487,814**	**10,166**	**1,334,501**	**864**	**1,335,365**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

	Attributable to equity holders of the company								
(in thousands of Euros)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2009	**250**	**55,837**	**20,870**	**371**	**22,127**	**(42,811)**	**56,644**	**967**	**57,611**
Net profit	**-**	**-**	**28,916**	**-**	**-**	**-**	**28,916**	**-**	**28,916**
Net profit attributable to minority shareholders of open joint stock companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11)**	**(11)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**(371)**	**28,639**	**(696)**	**27,572**	**(12)**	**27,560**
Total comprehensive income	**-**	**-**	**28,916**	**(371)**	**28,639**	**(696)**	**56,488**	**(23)**	**56,465**
Acquisitions from minority shareholders and other changes	**-**	**2,451**	**-**	**-**	**-**	**-**	**2,451**	**(642)**	**1,809**
Realisation of revaluation surplus, net of tax (note 13)	**-**	**-**	**457**	**-**	**(457)**	**-**	**-**	**-**	**-**
Other changes (note 14)	**-**	**(146)**	**-**	**-**	**-**	**-**	**(146)**	**(227)**	**(373)**
As at 31 December 2009	**250**	**58,142**	**50,243**	**-**	**50,309**	**(43,507)**	**115,437**	**75**	**115,512**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

	Attributable to equity holders of the company								
(in thousands of Ukrainian hryvnias)	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Fair value reserve**	**Revaluation surplus**	**Currency translation adjustment**	**Sub - total**	**Minority interests**	**Total equity**
As at 1 January 2008	1,663	371,733	192,042	-	168,317	(6,199)	727,556	7,520	735,076
Net profit	-	-	(89,895)	-	-	-	(89,895)	-	(89,895)
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	647	647
Other comprehensive income, net of tax	-	-	-	4,176	-	(4,441)	(265)	-	(265)
Total comprehensive income	-	-	(89,895)	4,176	-	(4,441)	(90,160)	647	(89,513)
Acquisition from third parties (note 4)	-	-	(470)	-	-	-	(470)	-	(470)
Acquisitions from minority shareholders and other changes	-	309	-	-	-	-	309	(203)	106
Realisation of revaluation surplus, net of tax (note 13)	-	-	6,278	-	(6,278)	-	-	-	-
Other changes (note 14)	-	-	-	-	-	-	-	2,912	2,912
As at 31 December 2008	1,663	372,042	107,955	4,176	162,039	(10,640)	637,235	10,876	648,111

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

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

	Attributable to equity holders of the company								
(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Fair value reserve	Revaluation surplus	Currency translation adjustment	Sub - total	Minority interests	Total equity
As at 1 January 2008	250	55,797	28,038	-	22,685	(8,710)	98,060	1,014	99,074
Net profit	-	-	(7,669)	-	-	-	(7,669)	-	(7,669)
Net profit attributable to minority shareholders of open joint stock companies	-	-	-	-	-	-	-	75	75
Other comprehensive income, net of tax	-	-	-	371	-	(34,101)	(33,730)	(437)	(34,167)
Total comprehensive income	-	-	(7,669)	371	-	(34,101)	(41,399)	(362)	(41,761)
Acquisition from third parties (note 4)	-	-	(57)	-	-	-	(57)	-	(57)
Acquisitions from minority shareholders and other changes	-	40	-	-	-	-	40	(23)	17
Realisation of revaluation surplus, net of tax (note 13)	-	-	558	-	(558)	-	-	-	-
Other changes (note 14)	-	-	-	-	-	-	-	338	338
As at 31 December 2008	250	55,837	20,870	371	22,127	(42,811)	56,644	967	57,611

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 78 to 157.

1 BACKGROUND

(a) Organization and operations

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

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

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

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

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

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

Two individual major shareholders own 40.19% and 35.19% of the Group.

(b) Ukrainian business environment

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

The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, and significant deterioration in the liquidity in the banking sector, tighter credit conditions within Ukraine, and significant devaluation of the Ukrainian hryvnia against major currencies. Furthermore, the downgrade of the country's credit ratings, which began in late 2008, continued in 2009. Whilst the Ukrainian Government continues to introduce various stabilisation measures aimed at supporting the exchange rate and the banking sector, there continues to be uncertainty regarding exchange rates, access to capital and its cost for the Group and its counterparties. At the same time, the global economic recession has also had a significant impact on Ukraine's balance of payments resulting from a drop in exports. These factors could affect the Group's financial position, results of operations and business prospects.

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

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code, applying the exemption offered by article 402 of the Title 9, Book 2 of the Netherlands Civil Code to present a consolidated income statement in the Company financial statements. The consolidated financial statements were authorized by the Board of Directors on 23 April 2010.

(b) Basis of consolidation

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

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

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

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

On 18 February the Group acquired 99.98% of the capital of agricultural company PC "Bilogirsky Sokyl", which was subsequently merged with LLC "Volochysk-Agro". As at the date of merging the name of the entity remained LLC "Volochysk-Agro".

In the fourth quarter of 2009 the subsidiary LLC "Agricultural Company "Mirgorodska"was established; PC "Zaluchanske-1" and LLC "Astarta-trade" were acquired.

During the year ended 31 December 2009 forty nine agri-companies were consolidated into five large business units, those are: LLC "Agricultural company "Dovzhenko", LLC "Agricultural company "Dobrobut", LLC "Volochysk-Agro", LLC "Investment company "Poltavazernoproduct" and LLC "Khmilnitske". As a result the Company has changed the percentage of its ownership in a number of companies.

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

Name	Activity	31 December 2009 % of ownership	31 December 2008 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	100.00%	100.00%
LLC Firm “Astarta-Kyiv”	Asset management	99.98%	99.98%
LLC “Agropromtsukor”	Sugar production	-*	99.98%
LLC “APO “Tsukrovyk Poltavshchyny”	Sugar production	98.53%	98.53%
LLC “Agricultural company “Zolota Gora”	Agricultural	-	97.98%
LLC “Agricultural company “Dovzhenko”	Agricultural	96.58%	96.98%
LLC “Agricultural company “Gogolevo”	Agricultural	-*	96.98%
LLC “Shyshaki combined forage factory”	Fodder production	82.71%	82.71%
LLC “Agricultural company “Shyshatska”	Agricultural	-	97.98%
LLC “Agricultural company “Stepove”	Agricultural	-	97.98%
LLC “Agricultural company “Troyitska"	Agricultural	-	97.98%
LLC “Agricultural company “Mriya”	Agricultural	-	97.98%
LLC “Agricultural company “Pustoviytove”	Agricultural	-	99.78%
LLC “Agricultural company “Shevchenko”	Agricultural	-	97.98%
LLC “Agricultural company “Grynky”	Agricultural	-	97.98%
LLC “Agricultural company “Ordanivka”	Agricultural	-	97.98%
SC “Agricultural company “Sofiivka”	Agricultural	-	99.98%
LLC “Agricultural company “Kozatsky stan”	Agricultural	-	97.98%
LLC “Agricultural company “Dobrobut”	Agricultural	98.08%	97.99%
LLC “Agricultural company “Musievske”	Agricultural	74.99%	74.99%
LLC “Agricultural company “Zorya”	Agricultural	-	74.99%
LLC “Agricultural company “Nadiya”	Agricultural	-	74.99%
LLC “Agricultural company “Viytovetske”	Agricultural	-	99.98%
LLC “Agricultural company “named after Bohdan Khmelnitskiy”	Agricultural	-	74.99%
Globino canning factory "Globus”	Canning production, trade	99.98%	99.98%
SC “Agricultural company “Semenivska”	Agricultural	-	99.98%
LLC “Agricultural company “named after Shevchenko” (Gadiach region)	Agricultural	-	81.98%
LLC “Dobrobut” (Novo-Sanzharskiy region)	Agricultural	99.88%	99.88%
LLC “Zoria” (Novo-Sanzharskiy region)	Agricultural	-	97.98%
LLC “Baliasne”	Agricultural	-	97.98%
LLC “Agricultural Company “Agro-Maiak”	Agricultural	97.98%	81.98%
OJSC “Agricultural Company “Agrocomplex”	Agricultural	81.24%	81.24%
LLC "Agricultural company “Stozhary”	Agricultural	-	63.99%
OJSC “Agricultural Company “Zhdanivske”	Agricultural	97.97%	60.05%
LLC “Agricultural Company “LAN-2007”	Agricultural	-	97.98%
LLC “Agricultural Company “Ukraina-Porik”	Agricultural	-	99.98%
LLC “Agricultural Company “Shedievo”	Agricultural	-	97.98%
LLC “Investment company “Poltavazernoproduct”	Agricultural	98.33%	99.88%
LLC “Agricultural Company “Nauka-Agro-Mayak”	Agricultural	-	99.88%
LLC “Agricultural Company “Vasilivske”	Agricultural	-	74.99%
LLC “Agricultural Company “Khlib I Liudi”	Agricultural	-	79.98%
LLC “Agricultural Company “Progres”	Agricultural	-	77.48%
LLC "STOV Nadiya"	Agricultural	-	74.99%
LLC “List-Ruchky”	Agricultural	74.99%	74.99%
LLC "Agropromgaz"	Trade	89.98%	89.98%
LLC “Niva-Agro-K”	Agricultural	-*	74.99%
LLC “Khlibny Dar”	Agricultural	-	74.99%

Name	Activity	31 December 2009 % of ownership	31 December 2008 % of ownership
Subsidiaries:			
LLC “Khliborob”	Agricultural	-	74.99%
SC “Avratin-agro”	Agricultural	-*	99.98%
Private Company “Agrometa”	Agricultural	-*	99.98%
Private Company “Agro-Nadra”	Agricultural	-*	99.98%
LLC “Khmilnitske”	Agricultural	97.08%	79.98%
LLC “SVK Niva”	Agricultural	-*	79.64%
LLC “SVK Ranok”	Agricultural	-*	82.48%
LLC “Volochysk-Agro”	Agricultural	92.01%	99.98%
LLC “Chervona Zirka”	Agricultural	-*	74.99%
SC “Zoloty Kolos Podillya”	Agricultural	-	99.98%
LLC “Bagrinivske”	Agricultural	-	74.99%
Private Company “Galichanka”	Agricultural	-	99.98%
LLC “Avangard”	Agricultural	-	82.13%
LLC “Agricultural Company “Sidorenkove”	Agricultural	-	99.98%
Private Company “Smotrych-PD”	Agricultural	-	99.98%
SC “Tsukrovyk Podillya”	Sugar production	99.98%	99.98%
SC “Agricultural company “Ridny kray”	Agricultural	99.98%	99.98%
Private Company “Oriana-2008”	Agricultural	-	99.98%
Private Company “Zherdyanske”	Agricultural	-	99.98%
LLC “Svit Podillya”	Agricultural	-	79.98%
LLC “Zhvanchyk”	Agricultural	-	74.99%
LLC “Ukraine-Brataliv”	Agricultural	95.98%	74.99%
SC “Agricultural company “Lubenska Zoria”	Agricultural	99.98%	99.98%
LLC “Victoriya”	Agricultural	93.11%	74.99%
Private Company “Zaluchanske-1”	Agricultural	99.98%	-
LLC “Agricultural Company “Mirgorodska”	Agricultural	89.98%	-
LLC “Astarta-trade”	Trade	94.98%	-
Associate:			
LLC “Agricultural company “Pokrovska”	Agricultural	49.99%	49.99%

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

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

(c) Business combinations and goodwill

Business combinations are accounted for using the purchase method. Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities.

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 synergies of 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. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(d) Acquisition and disposal of minority interests presented in equity

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

(e) Transactions eliminated on consolidation

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

(f) Basis of accounting

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

(g) Minority interest participants

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

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

(h) Functional and presentation currency

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

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

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

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

Impairment of trade accounts receivable

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

Fair value of property

As at 31 December 2007 management adopted the revaluation model of accounting for property (buildings). Under this method, property is carried at fair value less any subsequent accumulated depreciation and impairment losses. As buildings in the sugar production, agricultural and cattle-farming businesses are specialized and rarely sold except as part of a continuing business; they are valued using the depreciated replacement cost approach. The administrative building of LLC Firm "Astarta-Kiev" is valued using the market approach. Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Prior to 31 December 2007 property was stated at cost less accumulated depreciation and impairment losses. Buildings were not subject to revaluation in 2008 due to insignificant changes in fair value based on management estimations. Management engaged external independent appraisers to estimate the fair value of buildings, machines and equipment as at 31 December 2009 due to significant changes in fair value. Machines and equipment are carried at fair value less any subsequent accumulated depreciation and impairment losses and are valued using the market approach.

Fair value of biological assets

Due to the lack of an active market as defined by International Financial Reporting Standard IAS 41 *Agriculture*, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined pre-tax rate. The discount rate is based on the average cost of capital for the Group in Ukraine effective at the reporting date. The fair value is then reduced for estimated costs to sell.

Fair value of agricultural produce

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

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 28.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

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

Currency	Average reporting period rate		Reporting date rate	
	2009	**2008**	**2009**	**2008**
EUR	**11.3680**	7.6899	**11.5600**	11.2500
USD	**8.0754**	5.3300	**8.0450**	7.900

Prior to April 2008, the Group used the official exchange rates of the National Bank of Ukraine (NBU), which represented the rate at which the Group expected to settle these transactions. Beginning April 2008, the official foreign exchange rates of the NBU began to differ from the interbank foreign exchange rates, and, accordingly, the Group began using the interbank foreign exchange rates since the Group expects to settle foreign currency transactions at these rates. As at the date of these consolidated financial statements, 23 April 2010, the average interbank exchange rate is UAH 7.9205 to USD 1.000 and UAH 10.6700 to EUR 1.000.

(b) Property, plant and equipment

Owned assets

As at 31 December 2009 buildings held for production, selling and distribution or administrative purposes, machines and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. At the date of the revaluation accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Prior to 31 December 2007, property was stated at cost less accumulated depreciation and impairment losses. Management adopted the revaluation model for property because the carrying value differed significantly from the fair value. As at 31 December 2009 revaluations were carried out by independent appraisers and will be performed frequently enough to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount at the statement of financial position date.

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

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

The Group elected to use a fair value as a deemed cost as of the date of transition to IFRS. Items of property, plant and equipment, other than buildings, machines and equipment, acquired before 1 January 2003 are stated at deemed cost less subsequent accumulated depreciation and impairment losses. Deemed cost is based on the fair values of property, plant and equipment, other than buildings, machines and equipment as at 1 January 2003 based on an independent appraisal. Items of property, plant and equipment, other than buildings, machines and equipment, acquired on or after 1 January 2003 are stated at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

Leased assets

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

Subsequent expenditure

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

Depreciation and amortization

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. Depreciation on revalued assets is charged to the income statement. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

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

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

The estimated useful lives are as follows:

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

(c) Intangible assets

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

For business combinations in 2009 the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 10 years. As such, the land lease rights are amortized over 5 to 10 years on a straight line basis. The amortization expense is recognized in the income statement in the expense category consistent with the function of intangible asset.

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

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

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognized immediately in the income statement.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The carrying value of net assets of earlier acquisitions is revalued with the adjustment recognized in equity.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

(d) Biological assets

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

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

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

(e) Agricultural produce

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

(f) Financial instruments

(i) Non-derivative financial instruments

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

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

Held-to-maturity investments

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 it to maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

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

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

Investments at fair value through profit or loss

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

Other

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

(ii) Fair value measurement principles

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

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

(g) Inventories

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

Work in progress and finished goods are stated at cost. Cost includes the cost of raw materials, labor and manufacturing overheads allocated proportionately to the stage of completion of the inventory.

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

(h) Cash and cash equivalents

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

(i) Impairment

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

Reversal of impairment

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

(j) Earnings per share

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

(k) Loans and borrowings

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

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

(l) Trade accounts payable

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

(m) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) Income tax

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

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

As at 31 December 2009 13 subsidiaries elected to pay FAT in lieu of other taxes in 2009 and 58 in 2008. The remaining companies are subject to income taxes at a 25% rate.

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

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

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

(o) Government subsidies

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

VAT refunds for agriculture and cattle farming

Prior to 1 January 2009, the Group's entities involved in the production and sale of agricultural products that met certain quantitative thresholds were subject to the privileged VAT regime, whereby such entities transferred net VAT payable to special restricted accounts and were allowed to use the funds accumulated on these accounts for the purchase of goods related to their agricultural activities. The net amount of VAT payable, established at the entity level, was recorded as deferred income in the statements of financial position until such time as the respective entity incurred qualifying expenses, after which the related amount was recognized as income in the statement of comprehensive income.

With effect from 1 January 2009, privileged VAT regime was changed in that net VAT credit reported by agricultural companies could no longer be claimed for refund. At the same time, the agricultural companies were granted the right to retain net VAT liability in use the respective amounts for funding its agricultural activities without making payments to special restricted accounts. Accordingly, starting from 1 January 2009 the net VAT liabilities, determined at the level of individual tax payers, are recognized as income in the period in which they arise. The net VAT asset is written off to expenses as incurred.

Government grants related to crop growing

The amount of this subsidy is calculated based on the number of hectares sowed with a particular crop. In 2009 the companies growing winter wheat and rye, spring wheat, oats, peas, buckwheat and millet do not receive subsidies (2008: UAH 100 or EUR 13 per hectare of the planted area). The subsidy for growing soy beans is also canceled (2008: UAH 80 or EUR 10). There were no subsidy for growing sugar beet in 2009 (2008: UAH 750 or EUR 98).

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

Government grants related to processing of animal products

Agricultural producers 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. Additionally, agricultural producers are entitled to state subsidies for increase in non-current livestock in amount of UAH 3,000 (EUR 260) for every additional item of cattle.

The amount of reimbursement is based on a variety of factors and conditions to be met. The Group recognizes these subsidies as they are received due to the uncertainty in the amount and timing of receipt.

Partial compensation for finance costs and other subsidies

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

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

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

(p) Revenue

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

(q) Non-monetary transactions

The Group enters into non-cash transactions as is common with many Ukrainian companies. These transactions involve tolling schemes and provision of inventories and agricultural services in exchange for sugar beets. Non-cash transactions consist of mutual settlements arising from the exchange of goods and services, and transactions that are settled by means of promissory notes. Approximately 0.01% of revenues and purchases in 2009 were received and paid for in the form of non-cash transactions (2008: 2%). Mutual settlement transactions are centrally managed. Prices are usually fixed in contracts with the mutual settlement transactions valued and recorded at the market prices for the goods involved in the transaction. Non-cash sales and purchases are accounted for on an accrual basis in the same manner as traditional cash transactions.

(r) Expenses

Expenses are accounted for on an accrual basis.

(s) Operating lease payments

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

(t) Financial expense and income

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

(u) Offsetting

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

(v) Statement of cash flows

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

(w) New and amended standards and interpretations adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008, except for the adoption of new Standards and Interpretations noted below:

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position of performance of the Group.

IFRS 7 Financial instruments: Disclosures

The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value and liquidity risk disclosures are not significantly impacted by the amendments.

IFRS 8 Operating segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 “Segment Reporting”.

IAS 1 Presentation of Financial Statements (Revised)

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group, as the Group has not issued such instruments.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements

The amendments to IFRS 1 allows an entity to determine the ‘cost’ of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statements. The new requirements did not have an impact on the consolidated financial statements of the Group.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

The amendments to IFRIC 9 and IAS 39 were issued in March 2009 and are effective for annual periods ending on or after 30 June 2009. The amendments require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The adoption of these amendments did not result in additional disclosures as the Group did not have contracts caught by this interpretation.

IFRIC 15 Agreement for the Construction of Real Estate

IFRIC 15 clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 did not have an impact on the consolidated financial statements because the Group is not involved in the construction activity.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The adoption of IFRIC 16 did not have an impact on the financial statements, because the Company does not have investments in foreign operations.

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments by the Group since 1 January 2009 resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements:

Assets and liabilities classified as held for trading in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether the management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the consolidated statement of financial position.

IAS 38 Intangible Assets:

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.
The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. The Group reassessed the useful lives of its intangible assets and concluded that the straight-line method was still appropriate.

IAS 39 Financial Instruments: Recognition and Measurement:

Changes in circumstances relating to derivatives do not result in reclassifications. Therefore, when circumstances related to derivatives change, they may be either removed from, or included in, the ‘fair value through profit or loss’ classification after initial recognition. The amendments removed the reference in IAS 39 to a ‘segment’, when determining whether an instrument qualifies as a hedge. The amendments also require the use of the revised effective interest rate, when remeasuring a debt instrument on the cessation of fair value hedge accounting.

IFRS 7 Financial Instruments: Disclosures:

Removal of the reference to ‘total interest income’ as a component of finance costs.

IAS 10 Events after the Reporting Period:

Clarification that dividends declared after the end of the reporting period are not obligations.

IAS 19 Employee Benefits:

Revised the definition of ‘past service costs’, ‘return on plan assets’ and ‘short term’ and ‘other long-term’ employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

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

IAS 8 Accounting Policies, Change in Accounting Estimates and Errors:

Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 16 Property, Plant and Equipment:

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 18 Revenue:

Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance:

Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 27 Consolidated and Separate Financial Statements:

When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 28 Investment in Associates:

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

IAS 29 Financial Reporting in Hyperinflationary Economies:

Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

IAS 31 Interests in Joint Ventures:

Required disclosures when investments in jointly controlled entities are accounted for at fair value through profit and loss. If a joint venture is accounted for at fair value, the only disclosure requirements of IAS 31 are those relating to the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses.

IAS 34 Interim Financial Reporting:

Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 40 Investment Property:

Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

IAS 41 Agriculture:

Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced of the term 'point-of-sale costs' with 'costs to sell'.

(x) New standards and interpretations not yet adopted

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

Standard / Interpretation	Effective for annual accounting periods beginning on or after:
IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions	1 January 2010*
IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) including consequential amendments to IAS 21, IAS 28, IAS 31 and IAS 39	1 July 2009*
IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009*
IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement	30 June 2009*
IAS 17 Leases	1 January 2010*
IFRIC 18 Transfers of Assets from Customers	1 July 2009*

* Standards and Interpretations not endorsed by the European Union

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group has not entered into share-based payment schemes, therefore, does not expect implication on its consolidated financial statements.

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

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after the adoption date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change introced by IFRS 3 and IAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

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

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

IAS 17 Leases

The amendment clarifies the classification of a lease of land and buildings and eliminates accounting alternatives for initial direct costs in the financial statements of lessors. The Group is in process of evaluating the impact of amendment on financial statements.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

4 BUSINESS COMBINATIONS

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

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

For the business combinations in 2009 the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Management commissioned an independent appraiser to determine the fair value of the land lease rights. As PC “Bilogirsky Sokyl” was consolidated into a business unit LLC “Volochysk-Agro” subsequent to the acquisition date it is impossible to estimate financial results incurred by the acquired company from the date of acquisition. From the date of acquisition the net loss incurred by PC “Zalychanske” and LLC “Astarta Trade” amounted to UAH 3 thousand (EUR 1 thousand). For the business combinations in 2008 and 2009 there are no significant differences between fair value and carrying value of acquired assets and liabilities.

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

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

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

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

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

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

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

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

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

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

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

It is not practicable to determine what would be the total revenue and net profit for the year ended 31 December 2009 had the acquisitions occurred on 1 January 2009 in accordance with IFRS because the acquired companies' financial statements were prepared only in accordance with Ukrainian National Accounting Standards, which are different from IFRSs.

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

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

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

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

From the date of acquisition the net loss incurred by the companies acquired in 2008 amounted to UAH 11,132 thousand (EUR 1,448 thousand).

5 PROPERTY, PLANT AND EQUIPMENT

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

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

A summary of activity in property, plant equipment for the year ended 31 December 2009 (continued):

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

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

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other fixed assets	Un-installed equipment	Total
Cost or valuation 1 January 2008	304,001	53,256	192,752	42,298	5,759	25,406	623,472
Additions	13,019	14,068	172,417	31,459	705	61,172	292,840
Additions from acquisition of subsidiaries	14,620	3,338	7,616	2,261	47	684	28,566
Disposals	(4,245)	(3,891)	(9,684)	(978)	(57)	-	(18,855)
31 December 2008	327,395	66,771	363,101	75,040	6,454	87,262	926,023
Accumulated depreciation 1 January 2008	237	6,571	24,769	13,178	598	-	45,353
Depreciation charge	7,487	5,237	44,492	7,533	597	-	65,346
Disposals	(89)	(539)	(1,745)	(333)	(30)	-	(2,736)
31 December 2008	7,635	11,269	67,516	20,378	1,165	-	107,963
Net book value 31 December 2008	319,760	55,502	295,585	54,662	5,289	87,262	818,060

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

(in thousands of Euros)	**Buildings**	**Construc-tions**	**Machines and equipment**	**Vehicles**	**Other fixed assets**	**Un-installed equipment**	**Total**
Cost or valuation 1 January 2008	40,973	7,178	25,979	5,701	776	3,424	84,031
Additions	1,693	1,829	22,421	4,091	92	7,955	38,081
Additions from acquisition of subsidiaries	1,769	404	921	274	6	83	3,457
Disposals	(552)	(506)	(1,259)	(127)	(7)	-	(2,451)
Currency translation difference	(14,781)	(2,970)	(15,786)	(3,269)	(293)	(3,705)	(40,804)
31 December 2008	29,102	5,935	32,276	6,670	574	7,757	82,314
Accumulated depreciation 1 January 2008	32	886	3,338	1,776	81	-	6,113
Depreciation charge	974	681	5,785	980	78	-	8,498
Disposals	(12)	(70)	(227)	(43)	(4)	-	(356)
Currency translation difference	(315)	(496)	(2,894)	(902)	(51)	-	(4,658)
31 December 2008	679	1,001	6,002	1,811	104	-	9,597
Net book value 31 December 2008	28,423	4,934	26,274	4,859	470	7,757	72,717

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

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

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

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

As at 31 December 2009 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 121,514 thousand or EUR 10,512 thousand (2008: UAH 110,473 thousand; EUR 9,820 thousand) and machines and equipment is UAH 284,637 thousand or EUR 24,622 thousand.

As at 31 December 2009 the amount of revaluation surplus realized due to depreciation is UAH 3,565 thousand or EUR 314 thousand (2008: UAH 2,422 thousand, EUR 215 thousand).

The impairments of Buildings and Machines and equipment for amount of UAH 2,766 thousand (EUR 240 thousand) and UAH 14,893 thousand (EUR 1,288 thousand) correspondingly, were included in the amount of disposals for 2009.

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Lease right	**53,579**	48,043	**4,635**	6,295
Accumulated depreciation, 1 January	**(3,806)**	(695)	**(507)**	(102)
Depreciation charge for the year	**(2,063)**	(3,111)	**(181)**	(405)
Currency translation difference	**-**	-	**180**	(1,856)
Net book value at 31 December	**47,710**	44,237	**4,127**	3,932

6 INTANGIBLE ASSETS

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

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

A summary of activity in intangible assets for the year ended 31 December 2009 (continued):

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

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

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

A summary of activity in intangible assets for the year ended 31 December 2008 (continued):

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

7 BIOLOGICAL ASSETS

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

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

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

- crops revenue is projected based on the expected volume of harvested grains and oilseeds. For dairy cattle revenue is projected based on the expected milk produced during their productive life after the reporting date and expected volume of meat at the date of slaughter
- the average productive life of a cow is determined based on internal statistical information
- prices for grains, oilseeds, milk and meat are obtained from market resources as at the end of the reporting period
- production and costs to sell are projected based on actual operating costs
- the growth in sales prices as well as in production and costs to sell is assumed to be in line with forecasted consumer price index in Ukraine
- a pre-tax discount rate of 17.74% (2008: 20.78%) is applied in determining fair value of biological assets. The discount rate is based on the average cost of capital for the Group in Ukraine effective at the reporting date.

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

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	2009		2008	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**8,347**	**145,438**	6,501	55,959
Other livestock		**1,920**		1,987
		147,358		57,946
Current biological assets:				
Cattle	**12,148**	**105,875**	12,600	66,703
Other livestock		**2,304**		1,871
		108,179		68,574
Crops:	**Hectares**		**Hectares**	
Wheat	**33,655**	**107,437**	29,041	91,392
Barley	**3,538**	**12,004**	1,438	2,667
Corn	**328**	**2,164**	-	-
Rye	**769**	**974**	1,498	1,837
	38,290	**122,579**	31,977	95,896
		230,758		164,470
Total biological assets		**378,116**		222,416

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

(in thousands of Euros)	**2009**		**2008**	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**8,347**	**12,581**	6,501	4,974
Other livestock		**166**		176
		12,747		5,150
Current biological assets:				
Cattle	**12,148**	**9,159**	12,600	5,929
Other livestock		**199**		167
		9,358		6,096
Crops:	**Hectares**		**Hectares**	
Wheat	**33,655**	**9,295**	29,041	8,124
Barley	**3,538**	**1,038**	1,438	237
Corn	**328**	**187**	-	-
Rye	**769**	**84**	1,498	163
	38,290	**10,604**	31,977	8,524
		19,962		14,620
Total biological assets		**32,709**		19,770

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

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

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

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

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

(in thousands of Ukrainian hryvnias)	**Non-current livestock**	**Current livestock**	**Crops**	**Total**
As at 1 January 2008	47,331	51,616	61,276	160,223
Purchases	206	2,547	-	2,753
Additions from acquisitions of subsidiaries	2,147	7,576	-	9,723
Investments into livestock and future crops	2,850	28,213	751,748	782,811
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	(320)	474	51,206	51,360
Transfers	5,914	(5,914)	-	-
Sales	(182)	(15,938)	-	(16,120)
Decrease due to harvest	-	-	(768,334)	(768,334)
As at 1 January 2009	**57,946**	**68,574**	**95,896**	**222,416**
Purchases	**2,192**	**3,636**	**-**	**5,828**
Additions from acquisitions of subsidiaries	**-**	**175**	**-**	**175**
Investments into livestock and future crops	**(372)**	**37,816**	**898,710**	**936,154**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**80,681**	**30,097**	**13,937**	**124,715**
Transfers	**8,195**	**(8,195)**	**-**	**-**
Sales	**(1,284)**	**(23,924)**	**-**	**(25,208)**
Decrease due to harvest	**-**	**-**	**(885,964)**	**(885,964)**
As at 31 December 2009	**147,358**	**108,179**	**122,579**	**378,116**

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

(in thousands of Euros)	Non-current livestock	Current livestock	Crops	Total
As at 1 January 2008	6,380	6,957	8,259	21,596
Purchases	27	331	-	358
Additions from acquisitions of subsidiaries	260	917	-	1,177
Investments into livestock and future crops	371	3,669	97,758	101,798
(Loss) gain arising from changes in fair value attributable to physical changes and to changes in market prices	6	(9)	7,499	7,496
Transfers	769	(769)	-	-
Sales	(24)	(2,072)	-	(2,096)
Decrease due to harvest	-	-	(99,915)	(99,915)
Currency translation difference	(2,639)	(2,928)	(5,077)	(10,644)
As at 1 January 2009	**5,150**	**6,096**	**8,524**	**19,770**
Purchases	**193**	**320**	**-**	**513**
Additions from acquisitions of subsidiaries	**-**	**15**	**-**	**15**
Investments into livestock and future crops	**(33)**	**3,327**	**79,056**	**82,350**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**7,896**	**2,946**	**1,063**	**11,905**
Transfers	**721**	**(721)**	**-**	**-**
Sales	**(113)**	**(2,104)**	**-**	**(2,217)**
Decrease due to harvest	**-**	**-**	**(77,935)**	**(77,935)**
Currency translation difference	**(1,067)**	**(521)**	**(104)**	**(1,692)**
As at 31 December 2009	**12,747**	**9,358**	**10,604**	**32,709**

Risk management in agricultural business

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

Price fluctuation risk

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

Climate and other risks

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

Regulatory and environmental risks

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

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Other investments	**646**	643	**56**	57
Venture fund certificates	**200**	600	**17**	53
	846	1,243	**73**	110

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

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

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

As at 31 December 2009 the Group has 49.99% ownership in the associate (2008: 49.99%) with carrying value of nil. In 2007 the Group discontinued recognition of its share of losses of associate LLC Agricultural company “Pokrovska”. The Group’s unrecognized share of losses of the associate as at 31 December 2009 is UAH 18,789 thousand or EUR 2,324 thousand (2008: UAH 15,662 thousand, EUR 2,049 thousand).

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

	(in thousand of Ukrainian hryvnias)		*(in thousand of Euros)*	
	2009	**2008**	**2009**	**2008**
Assets	**49,660**	51,399	**4,296**	4,569
Liabilities	**91,453**	86,983	**7,911**	7,732
Gross profit	**13,641**	42,320	**1,200**	5,503
Net loss	**(6,255)**	(26,287)	**(550)**	(3,418)

9 INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Finished goods:				
Sugar production	**412,384**	243,162	**35,673**	21,614
Sugar beet	**1,315**	12,922	**114**	1,149
Agricultural produce	**171,986**	187,706	**14,878**	16,685
Cattle farming	**7,014**	6,260	**607**	556
Other production	**1,517**	2,856	**129**	254
Raw materials and consumables for:				
Sugar production	**10,562**	18,110	**914**	1,610
Agricultural produce	**33,115**	30,575	**2,865**	2,718
Cattle farming	**1,257**	2,879	**109**	256
Other production	**674**	739	**58**	66
Investments into future crops	**128,111**	131,813	**11,082**	11,718
NRV allowance	**-**	(14,105)	**-**	(1,254)
	767,935	622,917	**66,429**	55,372

For amount of inventories pledged to secure bank loans refer to note 15.

10 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
(in thousands of Ukrainian hryvnias)	**2009**	**2008**	**2009**	**2008**
Trade receivables	**96,933**	79,704	**8,385**	7,085
Less allowance (note 17)	**(7,407)**	(5,824)	**(641)**	(518)
	89,526	73,880	**7,744**	6,567

Trade receivables that are not past due or are less than one month past due are not considered impaired. As at 31 December 2009 trade receivables of UAH 31,782 thousand or EUR 2,749 thousand (2008: UAH 24,364 thousand, EUR 2,167 thousand) are past due but not impaired. These relate to a number of existing customers for whom there is no recent history of credit problems and where management believes collection is probable.

For amount of trade accounts receivable pledged to secure bank loans refer to note 15.

11 OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Taxes recoverable and prepaid	**52,192**	61,229	**4,515**	5,443
Advances to suppliers	**28,885**	13,306	**2,499**	1,183
Other receivables	**19,447**	18,065	**1,682**	1,606
Less allowance (note 17)	**(3,436)**	(4,194)	**(297)**	(373)
	97,088	88,406	**8,399**	7,859

12 CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Cash in banks in USD	**17,151**	3,904	**1,484**	347
Cash in banks in UAH	**4,988**	4,904	**430**	436
Cash in banks in EUR	**122**	1,771	**11**	157
Cash on hand in UAH	**52**	101	**5**	9
	22,313	10,680	**1,930**	949

There were no restrictions on the use of cash and cash equivalents in the year 2009 and 2008.

13 EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01 (UAH 0.12). All shares have equal voting rights. The number of authorized shares as of 31 December 2009 is 30,000 thousand (2008: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2008: 25,000 thousand). For amount of shares pledged to secure bank loans refer to note 15.

Share capital as at 31 December is as follows:

(in thousands of Ukrainian hryvnias)	**2009**		**2008**	
	Amount	**%**	**Amount**	**%**
Astarta Holding N.V.				
Ivanchyk V.P.	**669**	**40.19%**	665	40.00%
Korotkov V.M.	**585**	**35.19%**	665	40.00%
Other shareholders	**409**	**24.62%**	333	20.00%
	1,663	**100.00%**	1,663	100.00%

(in thousands of Euros)	2009		2008	
	Amount	**%**	**Amount**	**%**
Astarta Holding N.V.				
Ivanchyk V.P.	**101**	**40.19%**	100	40.00%
Korotkov V.M.	**88**	**35.19%**	100	40.00%
Other shareholders	**61**	**24.62%**	50	20.00%
	250	**100.00%**	250	100.00%

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Net profit (loss) attributable to equity holders of the company	**323,402**	(89,895)	**28,916**	(7,669)
Weighted average basic and diluted shares outstanding (in thousands of shares)	**25,000**	25,000	**25,000**	25,000
Earnings (loss) per share attributable to shareholders of the company	**12.94**	(3.60)	**1.16**	(0.31)

Capital risk management

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

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

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

As at 31 December 2009 the gearing ratio was 42% compared to 60% a year before. The decrease in gearing ratio is attributable to increase in equity. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Total borrowings (note 15)	**980,230**	1,039,655	**84,795**	92,414
Less cash, cash equivalents and short-term deposits	**(22,313)**	(60,102)	**(1,930)**	(5,342)
Net debt	**957,917**	979,553	**82,865**	87,072
Total equity	**1,335,365**	648,111	**115,512**	57,611
Total capital	**2,293,282**	1,627,664	**198,377**	144,683
Gearing ratio	**42%**	60%	**42%**	60%

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

Additional paid-in capital

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

Fair value reserve

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

Revaluation reserve

As at 31 December 2009 management revalued buildings, machines and equipment. Revaluation surplus for UAH 331,058 thousand (EUR 28,639 thousand) was recognised in equity. Revaluation surpluses are not freely distributable to shareholders. The revaluation reserve is realised over the remaining depreciation period of the related revalued tangible fixed assets which is UAH 4,140 thousand or EUR 358 thousand in 2009 (2008: UAH 3,856 thousand, EUR 343 thousand). The revaluation reserve realised through disposal of buildings is UAH 1,143 thousand or EUR 99 thousand (2008: UAH 2,422 thousand, EUR 215 thousand). Unrealised revaluation reserve as at 31 December 2009 is UAH 487,814 thousand or EUR 50,309 thousand (2008: UAH 162,039 thousand, EUR 22,127 thousand).

Cumulative translation adjustment

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

Other distributable reserves

In accordance with the Dutch law and Ukrainian legislation the distributable reserves are limited to the balance of retained earnings and additional paid-in-capital. As at 31 December 2009 retained earnings including the profit for the year amount to UAH 436,640 thousand or EUR 50,243 thousand (2008: UAH 107,955 thousand or EUR 20,870 thousand). Retained earnings include the revaluation reserve for the biological assets and this amount is not available for distribution. As of 31 December 2009, revaluation reserve for biological assets included in retained earnings amount to UAH 153,773 thousand or EUR 11,905 (2008: UAH 51,360 thousand or EUR 7,496 thousand).

Dividend policy

The dividend policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2009.

The dividend policy will, however, be reviewed from time to time and payment of any future dividends will be effectively at the discretion of the General Meeting of Shareholders by recommendation of the Board of Directors and after taking into account various factors including business prospects, future earnings, cash requirements, financial position, expansion plans and requirements of Dutch law. In addition, payment of future dividends may be made only if shareholders' equity exceeds the sum of the paid-in share capital plus the reserves required to be maintained by law and by the Articles of Association. All shares carry equal dividend rights.

14 MINORITY INTERESTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Balance as at 1 January	**10,876**	7,520	**967**	1,014
Share in profit	**(136)**	647	**(11)**	75
Acquisition from minority shareholders	**(7,299)**	(203)	**(642)**	(23)
Other changes	**(2,577)**	2,912	**(227)**	338
Currency translation difference	**-**	-	**(12)**	(437)
Balance as at 31 December	**864**	10,876	**75**	967

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Balance as at 1 January	**43,802**	26,457	**3,894**	3,566
Minority interests of limited liability company subsidiaries in profit	**13,556**	5,556	**1,163**	854
Acquisitions from minority participants	**(20,561)**	(106)	**(1,809)**	(17)
Minority interests acquired with new subsidiaries	**1**	14,807	**-**	1,792
Other changes	**2,577**	(2,912)	**227**	(338)
Currency translation difference	**-**	-	**(69)**	(1,963)
Balance as at 31 December	**39,375**	43,802	**3,406**	3,894

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to note 31 for more information about exposure to interest rate, foreign currency risk and information on financial risk management. As at 31 December 2008, certain financial covenants under the long-term loan agreements were breached. The Group does not have any breach of covenants that are continuing as at 31 December 2009, therefore the loans are presented according to the original maturity schedule.

Loans and borrowings as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Long-term loans and borrowings:				
Bank loans	**571,010**	98,430	**49,395**	8,749
Finance lease liabilities (note 32 c)	**32,517**	30,235	**2,813**	2,688
Interest-bearing vendor financing arrangements	**2,637**	5,178	**228**	460
	606,164	133,843	**52,436**	11,897
Current portion of long-term loans and borrowings:				
Bank loans	**114,409**	47,668	**9,897**	4,238
Finance lease liabilities (note 32 c)	**15,523**	11,082	**1,343**	985
Interest-bearing vendor financing arrangements	**3,141**	5,179	**272**	460
	133,073	63,929	**11,512**	5,683
Short-term loans and borrowings:				
Bank loans	**240,094**	807,560	**20,769**	71,783
Borrowings from non-financial institutions	**899**	4,323	**78**	384
Bonds payable	**-**	30,000	**-**	2,667
	240,993	841,883	**20,847**	74,834
	980,230	1,039,655	**84,795**	92,414

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

				2009				2008			
(in thousands of Ukrainian hryvnias)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**
Loans from Ukrainian banks received in UAH	Fixed	15.0%	15.0%	-	-	-	-	105,167	4,635	-	109,802
Loans from Ukrainian banks received in UAH	Fixed	16.0%	16.0%	-	-	-	-	955	-	-	955
Loans from Ukrainian banks received in UAH	Fixed	17.0%	17.0%	-	-	-	-	448	41	-	489
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	**2,502**	-	-	**2,502**	28,271	-	-	28,271
Loans from Ukrainian banks received in UAH	Fixed	19.0%	19.0%	-	-	-	-	5	5	-	10
Loans from Ukrainian banks received in UAH	Fixed	19.5%	19.5%	-	-	-	-	10,200	-	-	10,200
Loans from Ukrainian banks received in UAH	Fixed	20.0%	20.0%	-	-	-	-	100	-	-	100
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	**4,744**	-	-	**4,744**	13,283	-	-	13,283
Loans from Ukrainian banks received in UAH	Fixed	24.0%	24.0%	**96,091**	-	-	**96,091**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	25.0%	25.0%	**108,600**	-	-	**108,600**	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	36.0%	36.0%	-	-	-	-	82	19	-	101
Loans from Ukrainian banks received in USD	Fixed	10.0%	10.0%	-	-	-	-	99,218	-	-	99,218
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	**6,850**	**6,850**	**3,425**	**17,125**	6,726	6,726	10,090	23,542
Loans from non-resident banks received in USD	Floating	1.7%	Libor+1.25%	**16,493**	**16,493**	**24,739**	**57,725**	16,196	16,196	40,489	72,881
Loans from non-resident banks received in USD	Floating	2.7%	Libor+2.3%	**5,150**	**5,150**	**10,301**	**20,601**	5,057	5,057	15,172	25,286
Loans from non-resident banks received in USD	Floating	3.4%	Libor+3.0%	-	-	-	-	197,500	-	-	197,500
Loans from non-resident banks received in USD	Floating	3.9%	Libor+3.5%	**26,817**	**26,817**	**93,858**	**147,492**	158,000	-	-	158,000
Loans from non-resident banks received in USD	Floating	4.7%	Libor+4.25%	-	-	-	-	186,370	-	-	186,370
Loans from non-resident banks received in USD	Floating	4.9%	Libor+4.5%	**30,942**	**30,942**	**139,241**	**201,125**	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.9%	Libor+5.5%	**20,113**	**40,226**	**100,563**	**160,902**	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.4%	Libor+6.0%	**8,044**	**72,405**	-	**80,449**	-	-	-	-
Loans from non-resident banks received in USD	Floating	8.0%	Libor+7.75%	**28,157**	-	-	**28,157**	27,650	-	-	27,650
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	**899**	-	-	**899**	4,323	-	-	4,323
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	**3,141**	**2,637**	-	**5,778**	5,179	2,589	2,589	10,357
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	**3,146**	**2,097**	**1,045**	**6,288**	2,621	1,927	2,554	7,102
Finance lease liabilities	Floating	8.0%	Libor+7.0%	**8,480**	**9,143**	**10,872**	**28,495**	5,739	5,422	11,842	23,003
Finance lease liabilities	Floating	9.1%	Libor+8.15%	**598**	**598**	**797**	**1,993**	375	375	875	1,625
Finance lease liabilities	Floating	8.9%	Libor+8.6%	**3,299**	**3,442**	**4,523**	**11,264**	2,347	2,185	5,055	9,587
Bonds payable	Fixed	15.0%	8.0%	-	-	-	-	30,000	-	-	30,000
				374,066	**216,800**	**389,364**	**980,230**	905,812	45,177	88,666	1,039,655

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

(in thousands of Euros)	Interest type	Effective interest rate	Nominal interest rate	2009 Less than one year	2009 From one to two years	2009 More than two years	2009 Total	2008 Less than one year	2008 From one to two years	2008 More than two years	2008 Total
Loans from Ukrainian banks received in UAH	Fixed	15.0%	15.0%	-	-	-	-	9,348	412	-	9,760
Loans from Ukrainian banks received in UAH	Fixed	16.0%	16.0%	-	-	-	-	85	-	-	85
Loans from Ukrainian banks received in UAH	Fixed	17.0%	17.0%	-	-	-	-	40	4	-	44
Loans from Ukrainian banks received in UAH	Fixed	18.0%	18.0%	216	-	-	216	2,513	-	-	2,513
Loans from Ukrainian banks received in UAH	Fixed	19.0%	19.0%	-	-	-	-	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	19.5%	19.5%	-	-	-	-	907	-	-	907
Loans from Ukrainian banks received in UAH	Fixed	20.0%	20.0%	-	-	-	-	9	-	-	9
Loans from Ukrainian banks received in UAH	Fixed	22.0%	22.0%	410	-	-	410	1,181	-	-	1,181
Loans from Ukrainian banks received in UAH	Fixed	24.0%	24.0%	8,312	-	-	8,312	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	25.0%	25.0%	9,394	-	-	9,394	-	-	-	-
Loans from Ukrainian banks received in UAH	Fixed	36.0%	36.0%	-	-	-	-	7	2	-	9
Loans from Ukrainian banks received in USD	Fixed	10.0%	10.0%	-	-	-	-	8,819	-	-	8,819
Loans from Ukrainian banks received in USD	Fixed	10.5%	10.5%	592	592	296	1,480	598	598	897	2,093
Loans from non-resident banks received in USD	Floating	1.7%	Libor+1.25%	1,427	1,427	2,140	4,994	1,440	1,440	3,598	6,478
Loans from non-resident banks received in USD	Floating	2.7%	Libor+2.3%	446	446	891	1,783	450	450	1,348	2,248
Loans from non-resident banks received in USD	Floating	3.4%	Libor+3.0%	-	-	-	-	17,556	-	-	17,556
Loans from non-resident banks received in USD	Floating	3.9%	Libor+3.5%	2,320	2,320	8,120	12,760	14,044	-	-	14,044
Loans from non-resident banks received in USD	Floating	4.7%	Libor+4.25%	-	-	-	-	16,566	-	-	16,566
Loans from non-resident banks received in USD	Floating	4.9%	Libor+4.5%	2,677	2,677	12,045	17,399	-	-	-	-
Loans from non-resident banks received in USD	Floating	5.9%	Libor+5.5%	1,740	3,480	8,700	13,920	-	-	-	-
Loans from non-resident banks received in USD	Floating	6.4%	Libor+6.0%	695	6,261	-	6,956	-	-	-	-
Loans from non-resident banks received in USD	Floating	8.0%	Libor+7.75%	2,437	-	-	2,437	2,458	-	-	2,458
Other short-term borrowings received from Ukrainian non-financial institution in UAH	Fixed	15.0%	0.0%	78	-	-	78	384	-	-	384
Interest-bearing vendor financing arrangements in USD	Fixed	10.5%	10.5%	272	228	-	500	460	230	230	920
Finance lease liabilities	Fixed	14.0-16.0%	14.0-16.0%	272	181	90	543	233	171	227	631
Finance lease liabilities	Floating	8.0%	Libor+7.0%	734	791	941	2,466	510	482	1,054	2,046
Finance lease liabilities	Floating	9.1%	Libor+8.15%	52	52	69	173	33	33	78	144
Finance lease liabilities	Floating	8.9%	Libor+8.6%	285	298	391	974	209	194	449	852
Bonds payable	Fixed	15.0%	8.0%	-	-	-	-	2,667	-	-	2,667
				32,359	18,753	33,683	84,795	80,517	4,016	7,881	92,414

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Shares	**979,825**	258,191	**84,760**	22,950
Fixed assets	**427,428**	323,808	**36,975**	28,783
Inventories	**262,968**	317,087	**22,748**	28,186
Biological assets	**72,287**	-	**6,253**	-
Trade accounts receivable	**26,941**	-	**2,331**	-
Short-term deposits	**-**	49,422	**-**	4,393
	1,769,449	948,508	**153,067**	84,312

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 34.82% of Astarta Holding N.V. issued shares in equal parts.

16 OTHER LIABILITIES AND ACCOUNTS PAYABLE

Other accounts payable as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Advances received from customers	**53,460**	12,467	**4,625**	1,108
VAT settlements	**28,035**	8,753	**2,425**	778
Accounts payable to government	**3,376**	7,628	**292**	678
Salaries payable	**11,277**	11,197	**976**	995
Settlements with land and fixed assets lessors	**10,196**	6,877	**882**	611
Accrual for unused vacations	**9,406**	6,886	**814**	612
Interest payable	**4,906**	8,992	**424**	799
Social insurance payable	**4,714**	4,428	**408**	394
Deferred government subsidy	**-**	4,058	**-**	361
Settlements for acquired companies	**1,530**	5,691	**132**	506
Accounts payable for property, plant and equipment	**752**	2,045	**65**	182
Other payables	**12,566**	9,433	**1,088**	838
	140,218	88,455	**12,131**	7,862

17 ALLOWANCE FOR TRADE AND OTHER ACCOUNTS RECEIVABLE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Trade accounts receivable (note 10)	**7,407**	5,824	**641**	518
Other accounts receivable (note 11)	**3,436**	4,194	**297**	373
	10,843	10,018	**938**	891

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)*	
	2009	**2008**	**2009**	**2008**
Balance at 1 January	**10,018**	12,206	**891**	1,645
Charge in income statement (note 23)	**2,695**	1,079	**237**	140
Amounts written off	**(1,870)**	(3,267)	**(164)**	(423)
Currency translation difference	**-**	-	**(26)**	(471)
Balance as at 31 December	**10,843**	10,018	**938**	891

18 REVENUES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Sugar and related sales:				
Sugar	**807,101**	556,087	**70,130**	70,679
Molasses	**40,272**	34,032	**3,499**	4,326
Pulp	**16,843**	18,303	**1,464**	2,326
Other sugar related sales	**24,286**	34,002	**2,110**	4,322
	888,502	642,424	**77,203**	81,653
Crops	**336,698**	232,700	**29,256**	29,577
Cattle farming	**93,117**	71,975	**8,091**	9,148
Other sales	**36,459**	23,637	**3,168**	3,004
	466,274	328,312	**40,515**	41,729
	1,354,776	970,736	**117,718**	123,382

For the year ended 31 December 2009 sales totaling UAH 182 thousand (EUR 16 thousand) were settled through barter transactions, which do not result in a net cash inflow from operations (2008: UAH 22,308 thousand, EUR 2,835 thousand). Almost 90% of revenue is generated from sales to customers in Ukraine.

19 COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Sugar and related sales:				
Sugar	**521,351**	468,533	**45,404**	58,821
Molasses	**24,988**	17,788	**2,176**	2,233
Pulp	**12,622**	8,830	**1,099**	1,109
Other sugar related sales	**20,427**	33,114	**1,779**	4,157
	579,388	528,265	**50,458**	66,320
Crops	**202,819**	156,660	**17,663**	19,668
Cattle farming	**79,811**	60,386	**6,951**	7,581
Other sales	**32,022**	21,454	**2,789**	2,693
	314,652	238,500	**27,403**	29,942
	894,040	766,765	**77,861**	96,262

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Depreciation and amortization costs	**80,169**	62,431	**7,054**	8,123
Land lease expenses	**64,127**	5,641	**39,208**	5,099
Employee benefits expenses	**108,692**	99,984	**9,561**	13,002

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

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Valuation adjustment with respect to agricultural produce as at				
31 December	**79,463**	93,992	**9,424**	14,222
1 January	**(93,992)**	(30,142)	**(14,222)**	(4,463)
Net realisable value adjustment	**-**	(14,105)	**-**	(1,254)
Currency translation difference	-	-	**3,075**	(978)
(Loss) gain arising from remeasurement of agricultural produce to fair value	**(14,529)**	49,745	**(1,723)**	7,527

In 2009 the Group did not recognize a net realisable value adjustment to its agriculture produce.

21 OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Government subsidies relating to:				
VAT	**65,216**	20,845	**5,533**	2,731
Cattle farming	**11,237**	22,593	**953**	2,960
Crop production	**2,813**	26,882	**239**	3,522
Interest and financing costs	**2,010**	15,232	**171**	1,996
Other operating income	**3,014**	3,452	**255**	452
	84,290	89,004	**7,151**	11,661

22 GENERAL AND ADMINISTRATIVE EXPENSE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Salary and related charges	**43,979**	40,712	**3,873**	5,323
Depreciation	**11,158**	8,396	**983**	1,098
Professional services	**8,872**	12,172	**781**	1,591
Fuel and other materials	**5,947**	7,011	**524**	917
Rent	**3,828**	1,339	**337**	175
Taxes other than corporate income tax	**3,110**	3,631	**274**	475
Communication	**2,821**	2,622	**248**	343
Insurance	**2,407**	2,912	**212**	381
Maintenance	**2,404**	2,880	**212**	377
Office expenses	**1,865**	1,655	**164**	216
Transportation	**826**	2,227	**73**	291
Other services	**2,872**	3,406	**253**	445
Other general and administrative expense	**2,039**	2,504	**180**	327
	92,128	91,467	**8,114**	11,959

23 SELLING AND DISTRIBUTION EXPENSE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Transportation	**32,255**	22,443	**2,825**	2,906
Salary and related charges	**9,885**	8,251	**866**	1,068
Fuel and other materials	**6,381**	5,496	**559**	712
Storage and logistics	**6,247**	7,294	**547**	944
Allowance for trade and other accounts receivable	**2,695**	1,079	**237**	140
Professional services	**1,753**	1,563	**154**	202
Commissions	**1,442**	3,460	**126**	448
Depreciation	**664**	557	**58**	72
Advertising	**359**	732	**31**	95
Other services	**1,513**	1,389	**133**	180
Other selling and distribution expense	**1,359**	1,227	**118**	159
	64,553	53,491	**5,654**	6,926

24 OTHER OPERATING EXPENSE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Fixed assets adjustment due to revaluation / impairment	**17,659**	-	**1,528**	-
VAT written off	**15,535**	25,182	**1,313**	3,084
Inventory written off	**6,229**	4,991	**548**	649
Charity and social expenses	**5,568**	5,135	**477**	623
Penalties paid	**2,924**	1,625	**250**	193
Other salary and related charges	**1,764**	2,001	**150**	239
Fixed assets written off	**1,531**	3,230	**130**	396
Canteen expenses	**1,081**	3,138	**92**	378
Depreciation	**978**	1,283	**84**	157
Representative expenses	**617**	660	**53**	75
Other operating expenses	**1,646**	1,338	**141**	155
	55,532	48,583	**4,766**	5,949

Fixed assets impairment is recognised in the course of property plant and equipment revaluation.

Net realisable value adjustment relates to writing inventories down below cost to net realisable value.

25 CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Non-current livestock	**80,681**	(320)	**7,896**	6
Current livestock	**30,097**	474	**2,946**	(9)
Crops	**28,466**	1,461	**2,786**	(28)
	139,244	1,615	**13,628**	(31)

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

26 FINANCIAL (EXPENSE) INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Financial expense				
Interest expense:				
Bank loans	**(82,905)**	(49,370)	**(7,110)**	(5,932)
Finance lease liabilities	**(10,331)**	(3,927)	**(886)**	(472)
Bonds payable	**(1,068)**	(5,208)	**(92)**	(626)
Interest-bearing vendor financing arrangements	**(896)**	(851)	**(77)**	(101)
Borrowings from non-financial institutions	**(440)**	-	**(38)**	-
	(95,640)	(59,356)	**(8,203)**	(7,131)
Net profit attributable to minority interests of limited liability company subsidiaries	**(13,556)**	(5,556)	**(1,163)**	(854)
Foreign currency exchange loss	**(25,219)**	(276,248)	**(2,163)**	(33,187)
Other financial expense	**(3,427)**	(4,518)	**(293)**	(542)
	(42,202)	(286,322)	**(3,619)**	(34,583)
	(137,842)	(345,678)	**(11,822)**	(41,714)
Financial income				
Interest income:				
Short-term deposits	**2,334**	415	**200**	50
Cash balances	**263**	29	**23**	3
Bonds receivable	**-**	1,377	**-**	165
	2,597	1,821	**223**	218
Gain from promissory note transactions	**1,403**	1,565	**120**	188
	4,000	3,386	**343**	406

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

27 OTHER INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Sales of non-current assets	**2,380**	3,997	**209**	520
Cost of non-current assets sold	**(2,241)**	(5,826)	**(197)**	(758)
Written off assets recovered	**2,289**	2,646	**194**	312
Other non-operational (one off) income	**621**	259	**52**	37
	3,049	1,076	**258**	111

28 INCOME TAX BENEFIT

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Current income (expense)	**155**	(802)	**12**	(95)
Deferred (expense) benefit	**(5,577)**	28,011	**(437)**	3,304
	(5,422)	27,209	**(425)**	3,209

13 subsidiaries elected to pay FAT in lieu of other taxes in 2009 (2008: 58 companies). Amount of FAT expense in 2009 was UAH 885 thousand (EUR 78 thousand) (2008: UAH 796 thousand, EUR 104 thousand) and is included in cost of revenues.

The remaining companies are subject to the Ukrainian corporate income tax at a 25% rate (2008: 25%) and a Dutch corporate income tax rate of 25.5% (2008: 25.5%).

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

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

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2009			
Profit before tax	**4,762**	**323,926**	**328,688**
Income tax expense at statutory rate of 25%	**1,190**	**-**	**1,190**
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	**1,099**	**-**	**1,099**
Non-deductible items at a rate of 25%	**4,587**	**-**	**4,587**
Non-taxable items at a rate of 25%	**(1,454)**	**-**	**(1,454)**
Income tax expense	**5,422**	**-**	**5,422**

(in thousands of Euros)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2009			
Profit before tax	**425**	**28,905**	**29,330**
Income tax expense at statutory rate of 25%	**106**	**-**	**106**
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	**97**	**-**	**97**
Non-deductible items at a rate of 25%	**403**	**-**	**403**
Currency translation difference	**(53)**	**-**	**(53)**
Non-taxable items at a rate of 25%	**(128)**	**-**	**(128)**
Income tax expense	**425**	**-**	**425**

(in thousands of Ukrainian hryvnias)	Companies subject to income tax	Companies not subject to income tax	Total
Year ended 31 December 2008			
(Loss) profit before tax	(148,887)	32,430	(116,457)
Income tax benefit at statutory rate of 25%	(37,222)	-	(37,222)
Current year losses for which no deferred tax asset was recognised at a rate of 25.5%	1,505	-	1,505
Non-deductible items at a rate of 25%	8,989	-	8,989
Non-taxable items at a rate of 25%	(481)	-	(481)
Income tax benefit	(27,209)	-	(27,209)

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

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Non-deductible items:				
Foreign currency exchange differences	**3,240**	219	**285**	29
Representative expenses, social expenses, consulting services	**741**	623	**65**	81
Penalties	**197**	194	**17**	25
Materials used in non-production activities	**111**	1,923	**10**	250
Bad debts written off	**110**	266	**10**	35
VAT written off	**83**	255	**7**	33
Imputed interests on financial aid	**78**	406	**7**	53
50% expenses on fuel and lubricants for motor cars	**66**	211	**6**	28
Expenses without supporting documents	**10**	136	**1**	18
Modernization of non-production PPE and PPE under rent	**-**	3,341	**-**	435
Interest expense on the loans received from non-resident company promoters	**-**	1,079	**-**	141
Other non-deductible items	**(49)**	336	**(5)**	41
	4,587	8,989	**403**	1,169
Non-taxable items:				
Premium on bonds	**-**	(350)	**-**	(46)
Foreign currency exchange differences	**(1,454)**	(131)	**(128)**	(17)
	(1,454)	(481)	**(128)**	(63)

Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the Company's net loss of UAH 1,099 thousand or EUR 97 thousand (2008: UAH 1,505 thousand, EUR 194 thousand). No deferred tax asset has been recognized due to insufficient future taxable income of the Company.

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

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

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

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

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

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

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

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

Tax losses recoverable were recognized as management considers it probable that future taxable profits will be available against which they can be utilized. Tax losses recoverable expire in the fourth quarter of 2012.

Unrecognized deferred tax liability

A temporary difference of UAH 1,041,486 thousand or EUR 90,094 thousand (2008: UAH 638,197 thousand; EUR 56,729 thousand) relating to investments in subsidiaries has not been recognized as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

For the disclosure of the Company’s income tax refer to the Company financial statements note 28.

29 SEGMENT REPORTING

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

At 31 December 2009 and 2008, the group is organized into three main business segments:

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

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

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

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

Revenues of UAH 323,702 thousand (EUR 28,121 thousand) in the year ended 31 December 2009 and UAH 133,461 thousand (EUR 16,963 thousand) in the year ended 31 December 2008 are derived from two customers and are attributable to the sugar production segment.

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

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

(in thousands of Ukrainian hryvnias)	Sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	888,502	819,493	93,117	36,459	-	1,837,571
Inter-segment revenues	-	482,795	-	-	-	482,795
Revenues from external customers	888,502	336,698	93,117	36,459	-	1,354,776
Total cost of revenues	(579,388)	(685,614)	(79,811)	(32,022)	-	(1,376,835)
Inter-segment cost of revenues	-	(482,795)	-	-	-	(482,795)
Cost of revenues	(579,388)	(202,819)	(79,811)	(32,022)	-	(894,040)
Loss from remeasurement of agricultural produce to fair value	-	(14,529)	-	-	-	(14,529)
Gross profit	309,114	119,350	13,306	4,437	-	446,207
General and administrative expense	(32,772)	(26,391)	(5,818)	(3,691)	(23,456)	(92,128)
Selling and distribution expense	(36,683)	(18,688)	(2,220)	(3,666)	(3,296)	(64,553)
Other operating income (expense)	(15,756)	79,629	119,218	2,093	(17,182)	168,002
Profit (loss) from operations	223,903	153,900	124,486	(827)	(43,934)	457,528
Loss from exchange differences	-	-	-	-	(25,219)	(25,219)
Interest expense	(11,391)	(14,009)	-	-	(70,240)	(95,640)
Interest income	-	-	-	-	2,597	2,597
Other expense	-	-	-	-	(12,531)	(12,531)
Gain on acquisition of subsidiaries	-	-	-	-	1,953	1,953
Profit (loss) before tax	212,512	139,891	124,486	(827)	(147,374)	328,688
Taxation	-	-	-	-	(5,422)	(5,422)
Net profit (loss)	212,512	139,891	124,486	(827)	(152,796)	323,266
Total assets	954,705	1,065,208	402,582	64,314	141,104	2,627,913
Unallocated deferred tax	-	-	-	-	11,759	11,759
Consolidated total assets	954,705	1,065,208	402,582	64,314	152,863	2,639,672
Total liabilities	364,621	194,169	4,703	1,209	652,994	1,217,696
Unallocated deferred tax	-	-	-	-	86,611	86,611
Consolidated total liabilities	364,621	194,169	4,703	1,209	739,605	1,304,307
Other segment information:						
Depreciation and amortisation	31,216	55,825	2,193	1,541	2,194	92,969
Additions to non-current assets:						
Property, plant and equipment	41,634	53,593	19,826	36	1,958	117,047
Intangible assets	101	3,942	-	-	101	4,144
Biological non-current assets	-	-	2,192	-	-	2,192
Property plant and equipment impairment loss	12,649	4,460	520	30	-	17,659

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

(in thousands of Euros)	Sugar production	Agriculture	Cattle farming	Other businesses	Unallocated	Total
Total revenues	77,203	71,207	8,091	3,168	-	159,669
Inter-segment revenues	-	41,951	-	-	-	41,951
Revenues from external customers	77,203	29,256	8,091	3,168	-	117,718
Total cost of revenues	(50,458)	(59,614)	(6,951)	(2,789)	-	(119,812)
Inter-segment cost of revenues	-	(41,951)	-	-	-	(41,951)
Cost of revenues	(50,458)	(17,663)	(6,951)	(2,789)	-	(77,861)
Loss from remeasurement of agricultural produce to fair value	-	(1,723)	-	-	-	(1,723)
Gross profit	26,745	9,870	1,140	379	-	38,134
General and administrative expense	(2,886)	(2,324)	(512)	(325)	(2,067)	(8,114)
Selling and distribution expense	(3,213)	(1,637)	(194)	(321)	(289)	(5,654)
Other operating income (expense)	(1,350)	7,533	11,108	194	(1,472)	16,013
Profit (loss) from operations	19,296	13,442	11,542	(73)	(3,828)	40,379
Loss from exchange differences	-	-	-	-	(2,163)	(2,163)
Interest expense	(977)	(1,201)	-	-	(6,025)	(8,203)
Interest income	-	-	-	-	223	223
Other expense	-	-	-	-	(1,078)	(1,078)
Gain on acquisition of subsidiaries	-	-	-	-	172	172
Profit (loss) before tax	18,319	12,241	11,542	(73)	(12,699)	29,330
Taxation	-	-	-	-	(425)	(425)
Net profit (loss)	18,319	12,241	11,542	(73)	(13,124)	28,905
Total assets	82,587	92,146	34,825	5,563	12,205	227,326
Unallocated deferred tax	-	-	-	-	1,017	1,017
Consolidated total assets	82,587	92,146	34,825	5,563	13,222	228,343
Total liabilities	31,542	16,797	407	105	56,488	105,339
Unallocated deferred tax	-	-	-	-	7,492	7,492
Consolidated total liabilities	31,542	16,797	407	105	63,980	112,831
Other segment information:						
Depreciation and amortisation	2,746	4,911	193	136	192	8,178
Additions to non-current assets:						
Property, plant and equipment	3,662	4,714	1,744	3	173	10,296
Intangible assets	9	345	-	-	9	363
Biological non-current assets	-	-	193	-	-	193
Property plant and equipment impairment loss	1,094	386	45	3	-	1,528

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

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

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

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

30 FINANCIAL INSTRUMENTS BY CATEGORY

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

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

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	980,230
Trade accounts payable	45,455
Minority interests relating to limited liability companies	39,375
Promissory notes issued	2,400
Other long-term liabilities	10,018
Other liabilities and accounts payable	86,758
	1,164,236

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

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	84,795
Trade accounts payable	3,932
Minority interests relating to limited liability companies	3,406
Promissory notes issued	208
Other long-term liabilities	867
Other liabilities and accounts payable	7,506
	100,714

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

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2008			
Financial assets as per balance sheet			
Other long-term receivables	66	-	66
Investments available-for-sale	-	1,243	1,243
Trade accounts receivable	73,880	-	73,880
Other accounts receivable	13,871	-	13,871
Promissory notes available-for-sale	-	2,962	2,962
Short-term deposits	49,422	-	49,422
Cash and cash equivalents	10,680	-	10,680
	147,919	4,205	152,124

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	1,039,655
Trade accounts payable	91,899
Minority interests relating to limited liability companies	43,802
Promissory notes issued	12,744
Other long-term liabilities	8,682
Other liabilities and accounts payable	75,988
	1,272,770

(in thousands of Euros)	Loans and receivables	Financial assets available-for-sale	Total
31 December 2008			
Financial assets as per balance sheet			
Other long-term receivables	6	-	6
Investments available-for-sale	-	110	110
Trade accounts receivable	6,567	-	6,567
Other accounts receivable	1,233	-	1,233
Promissory notes available-for-sale	-	263	263
Short-term deposits	4,393	-	4,393
Cash and cash equivalents	949	-	949
	13,148	373	13,521

	Liabilities at amortized cost
Financial liabilities as per balance sheet	
Loans and borrowings	92,414
Trade accounts payable	8,169
Minority interests relating to limited liability companies	3,894
Promissory notes issued	1,133
Other long-term liabilities	772
Other liabilities and accounts payable	6,754
	113,136

Credit quality of financial assets

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Trade receivables neither past due nor impaired				
Counterparties with external credit rating (Standard & Poor's)				
A-/Stable/A-2	**-**	1,557	**-**	138
A/Negative/A-1	**2,508**	-	**217**	-
Counterparties without external credit rating				
Group A	**22,208**	15,123	**1,921**	1,344
Past due trade receivables	**64,810**	57,200	**5,606**	5,085
	89,526	73,880	**7,744**	6,567

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

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

(in thousands of Ukrainian hryvnias)	**Gross 2009**	**Impairment 2009**	**Gross 2008**	**Impairment 2008**
Not past due	**24,716**	**-**	16,680	-
Past due 1-30 days	**31,782**	**-**	24,364	-
Past due 31-120 days	**24,188**	**(487)**	28,621	(366)
Past due 121-365 days	**8,717**	**(1,923)**	4,123	(331)
More than one year	**7,530**	**(4,997)**	5,916	(5,127)
	96,933	**(7,407)**	79,704	(5,824)

(in thousands of Euros)	**Gross 2009**	**Impairment 2009**	**Gross 2008**	**Impairment 2008**
Not past due	**2,138**	**-**	1,482	-
Past due 1-30 days	**2,749**	**-**	2,167	-
Past due 31-120 days	**2,092**	**(42)**	2,544	(33)
Past due 121-365 days	**754**	**(166)**	366	(29)
More than one year	**652**	**(433)**	526	(456)
	8,385	**(641)**	7,085	(518)

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A2/Stable	**10,535**	3,905	**911**	347
A2/Negative	**-**	38	**-**	3
B2/Stable	**-**	4,308	**-**	383
B3/Stable	**11,014**	-	**952**	-
B3/Negative	**427**	-	**37**	-
Caa/Negative	**-**	411	**-**	37
Caa2/Negative	**49**	-	**4**	-
Banks without external credit rating:	**-**			
Group A	**114**	146	**10**	13
Group B	**122**	1,771	**11**	157
Cash on hand	**52**	101	**5**	9
	22,313	10,680	**1,930**	949

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

In the year ended 31 December 2009 approximately 24% of revenues (2008: 14%) are derived from two customers. Receivables from corresponding customers as at 31 December 2009 equal UAH 24,275 thousand or EUR 2,100 thousand (2008: UAH 13,444 thousand, EUR 1,195 thousand).

31 FINANCIAL RISK MANAGEMENT

(a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

(b) Credit risk

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Investments available-for-sale	**846**	1,243	**73**	110
Trade accounts receivable	**89,526**	73,880	**7,744**	6,567
Other accounts receivable	**16,011**	13,871	**1,385**	1,233
Promissory notes available-for-sale	**4**	2,962	**-**	263
Short-term deposits	**-**	49,422	**-**	4,393
Cash and cash equivalents	**22,313**	10,680	**1,930**	949
	128,700	152,058	**11,132**	13,515

(c) Trade accounts receivable

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

Approximately 24% of revenues (2008: 14%) are derived from two customers.

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Debtors with external credit rating (Standard & Poor's)				
A+/Negative/A-1	**7,838**	5,869	**678**	522
Debtors without external credit rating				
Group A	**43,829**	36,050	**3,791**	3,204
Group B	**6,424**	4,100	**556**	364
	58,091	46,019	**5,025**	4,090

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

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss on allowances is determined based on historical data of payment statistics for similar financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2009 no guarantees are outstanding (2008: none). For loan security refer to note 15.

(d) Liquidity risk

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

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

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

31 December 2009 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**925,513**	**925,513**	**354,503**	**198,883**	**372,127**
Borrowings from non-financial institutions	**899**	**899**	**899**	**-**	**-**
Finance lease liabilities	**48,040**	**48,040**	**15,523**	**15,280**	**17,237**
Interest-bearing vendor financing arrangements	**5,778**	**5,778**	**3,141**	**2,637**	**-**
Interest payable	**4,906**	**177,094**	**59,616**	**30,329**	**87,149**
Trade and other accounts payable	**127,307**	**127,307**	**127,307**	**-**	**-**
	1,112,443	**1,284,631**	**560,989**	**247,129**	**476,513**

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

31 December 2008 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	953,658	953,658	855,228	32,679	65,751
Borrowings from non-financial institutions	4,323	4,323	4,323	-	-
Finance lease liabilities	41,317	41,317	11,082	9,909	20,326
Interest-bearing vendor financing arrangements	10,357	10,357	5,179	2,589	2,589
Bonds payable	30,000	30,000	30,000	-	-
Interest payable	8,992	202,045	58,463	32,974	110,608
Trade and other accounts payable	158,895	158,895	158,895	-	-
	1,207,542	1,400,595	1,123,170	78,151	199,274

31 December 2008 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	84,770	84,770	76,021	2,906	5,843
Borrowings from non-financial institutions	384	384	384	-	-
Finance lease liabilities	3,673	3,673	985	880	1,808
Interest-bearing vendor financing arrangements	920	920	460	230	230
Bonds payable	2,667	2,667	2,667	-	-
Interest payable	799	17,960	5,197	2,931	9,832
Trade and other accounts payable	14,124	14,124	14,124	-	-
	107,337	124,498	99,838	6,947	17,713

(e) Market risk

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

Currency risk

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

The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	2009		2008	
	EUR	**USD**	**EUR**	**USD**
Trade accounts receivable	**-**	**598**	-	-
Other accounts receivable	**4,611**	**-**	321	-
Short-term deposits	**-**	**-**	-	24,422
Cash and cash equivalents	**122**	**17,136**	1,771	3,908
Bank loans	**-**	**(713,576)**	-	(790,447)
Interest-bearing vendor financing arrangements	**-**	**(5,778)**	-	(10,357)
Trade accounts payable	**(2,236)**	**(6,361)**	(2,040)	(4,041)
Other liabilities and accounts payable	**(516)**	**(25,891)**	(452)	(10,365)
Net exposure	**1,981**	**(733,872)**	(400)	(786,880)

(in thousands of Euros)	2009		2008	
	EUR	**USD**	**EUR**	**USD**
Trade accounts receivable	**-**	**52**	-	-
Other accounts receivable	**399**	**-**	29	-
Short-term deposits	**-**	**-**	-	2,171
Cash and cash equivalents	**11**	**1,482**	157	347
Bank loans	**-**	**(61,729)**	-	(70,262)
Interest-bearing vendor financing arrangements	**-**	**(500)**	-	(920)
Trade accounts payable	**(193)**	**(550)**	(181)	(359)
Other liabilities and accounts payable	**(45)**	**(2,240)**	(40)	(921)
Net exposure	**172**	**(63,485)**	(35)	(69,944)

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

	(Effect in thousands of Ukrainian hryvnias)		*(Effect in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
pre-tax profit				
EUR	**198**	(40)	17	(4)
USD	**(73,387)**	(78,688)	(6,348)	(6,994)
equity				
EUR	**254**	7	22	1
USD	**(62,199)**	(67,725)	(5,381)	(6,020)

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

Interest rate risk

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Fixed rate instruments				
Financial liabilities	**(242,027)**	(337,753)	**(20,937)**	(30,022)
Variable rate instruments				
Financial liabilities	**(738,203)**	(701,902)	**(63,858)**	(62,392)

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

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

With respect to variable rate instruments, a change of 100 basis points in interest rates over the reporting period would have increased (decreased) equity and net profit by UAH 6,972 thousand or EUR 613 thousand (2008: UAH 3,042 thousand or EUR 396 thousand) provided all other variables are held constant.

Other market price risk

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

(f) Fair values of financial instruments

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

32 COMMITMENTS

(a) Social commitments

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

(b) Operating leases

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

The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments recognized as an expense in 2009 are UAH 64,127 and or EUR 5,641 thousand (2008: UAH 45,275 thousand or EUR 5,888 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)*	
	2009	**2008**	**2009**	**2008**
Less than one year	**60,406**	36,753	**5,225**	3,267
From one to five years	**133,926**	96,725	**11,585**	8,598
More than five years	**38,733**	48,966	**3,351**	4,353
	233,065	182,444	**20,161**	16,218

(c) Financial leases

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Minimal lease payments:				
Less than one year	**15,718**	13,198	**1,360**	1,173
From one to two years	**14,596**	10,993	**1,263**	977
More than two years	**15,526**	19,853	**1,343**	1,765
	45,840	44,044	**3,966**	3,915
Future finance charges on finance leases	**(5,807)**	(9,613)	**(503)**	(854)
Present value of minimal lease payments	**40,033**	34,431	**3,463**	3,061
Less than one year	**12,936**	9,235	**1,119**	821
From one to two years	**12,733**	8,258	**1,101**	734
More than two years	**14,364**	16,938	**1,243**	1,506
	40,033	34,431	**3,463**	3,061

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Long-term finance lease liabilities:				
Present value of minimal lease payments	**27,098**	25,196	**2,344**	2,240
VAT liability under finance lease	**5,419**	5,039	**469**	448
	32,517	30,235	**2,813**	2,688
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**12,936**	9,235	**1,119**	821
VAT liability under finance lease	**2,587**	1,847	**224**	164
	15,523	11,082	**1,343**	985
	48,040	41,317	**4,156**	3,673

(d) Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Purchase commitments:				
Fixed assets	**6,298**	2,400	**545**	213
Materials	**-**	13,421	**-**	1,193
Services	**-**	1,001	**-**	89
	6,298	16,822	**545**	1,495
Sales commitments:				
Agricultural produce	**35,677**	11,925	**3,086**	1,060
Sugar and by-products	**10,798**	249,553	**934**	22,182
	46,475	261,478	**4,020**	23,242

37 CONTINGENCIES

(a) Insurance

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

(b) Litigation

The Group is involved in various legal proceedings in the ordinary course of business. Management does not believe the result of any such actions will have a material effect on the financial position or results of the Group operations. As at 31 December 2009 the Group is involved in the following legal proceedings:

Dispute with Antimonopoly Committee

As at 31 December 2009 certain Group companies were involved in dispute with the Antimonopoly Committee of Ukraine (further - the AMC) for the total amount of UAH 2,210 thousand (EUR 196 thousand).

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

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

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

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

On 10 September 2009 Appeal Commercial Court of Kyiv rejected the retrial for new consideration and forwarded the case to Kyiv Commercial Court. This decision was disputed by the Group and cassation appeal was forwarded to Supreme Court of Ukraine. The appeal was rejected by Supreme Court of Ukraine on 24 December 2009.

On 29 March 2010 Kyiv Commercial Court of Ukraine appointed a hearing on 29 April 2010 for new consideration.

In 2008 the AMC filed one more lawsuit regarding the case described above to the Commercial Court of Kyiv (i.e. regarding the penalties of UAH 2,210 (EUR 196 thousand) thousand claimed in 2006), however in this particular case the AMC, additionally to the amounts claimed in 2006, imposed 100% penalties of UAH 2,210 thousand. On 12 February 2009 this case was postponed by the 1st instance court until the principal dispute is finally resolved.

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

Dispute with State Price Inspection

As at 31 December 2009, the Group's subsidiary LLC "Agropromgaz" is involved in legal proceedings, concerning the price discipline observance, with the State Price Inspection. As at 31 December 2009 the Group's exposure in this respect is UAH 13,100 thousand. Management believes that the ultimate liability, if any, arising from such claims and complaints, both presented and potential, will not have a material adverse effect on the Group's financial condition or the results of its future operations and is less than probable, accordingly no corresponding accrual was provided in these financial statements.

(c) Taxation contingencies

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

In the ordinary course of business, the Group is subject to legal actions and complaints from the tax authorities side.

As at 31 December 2009 the Group's subsidiary involved in litigation with tax authorities. The amount of litigation's expouser is UAH 113,000 thousand. The Group's management believes that tax authorities' position in this litigation is ambigious. 26 November 2009 the court of original jurisdiction refused to satisfy the tax authorities' claims. The tax authorities appealed this decision. Management believes that the ultimate liability, if any, arising from such claims and complaints, both presented and potential, will not have a material adverse effect on the Group's financial condition or the results of its future operations and is less than probable, accordingly no corresponding accrual was provided in these financial statements.

38 RELATED PARTY TRANSACTIONS

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

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

(a) Revenues

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2009	**2008**	**2009**	**2008**
Companies under significant influence:				
Agriculture produce	**13,645**	-	**1,200**	-
Sugar and by-products	**3,187**	2,275	**280**	296
Services	**7**	70	**1**	10
Other	**1**	28	**-**	4
	16,840	2,373	**1,481**	310
Associate:				
Agriculture produce	**199**	-	**18**	-
Services	**-**	21	**-**	3
Other	**1,100**	-	**97**	-
	1,299	21	**115**	3
	18,139	2,394	**1,596**	313

(b) Purchases

Purchases for the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Companies under significant influence:				
Sugar and by products	**2,650**	-	**233**	-
Fixed assets	**1,256**	246	**110**	32
Agriculture produce	**951**	-	**84**	-
Services	**188**	154	**17**	20
Gas	**-**	342	**-**	44
Materials	**7**	85	**1**	11
	5,052	827	**445**	107
Associate:				
Agriculture produce	**7,494**	4,608	**659**	599
	12,546	5,435	**1,104**	706

(c) Receivables

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Companies under significant influence:				
Trade accounts receivable	**6,227**	257	**539**	23
Advances made	**7**	184	**1**	16
Other receivables	**216**	332	**19**	30
	6,450	773	**559**	69
Associate:				
Trade accounts receivable	**384**	7	**33**	1
	6,834	780	**592**	70

There is no contractual maturity for the receivables from related parties. Balances are unsecured. No allowance for doubtful debts is created on these balances as at 31 December 2009 and 2008.

(d) Payables

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Companies under significant influence:				
Advances received	**17,600**	-	**1,522**	-
Trade accounts payable	**92**	270	**8**	24
Other payables	**147**	-	**13**	-
	17,839	270	**1,543**	24
Associate:				
Trade accounts payable	**5,477**	3,847	**474**	342
	23,316	4,117	**2,017**	366

(e) Loans and borrowings

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Loans and borrowings	**-**	166	**-**	15

(g) Management remuneration

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2009	**2008**	**2009**	**2008**
Salary and short term benefits	**2,064**	3,345	**182**	435

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

39 EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The following events occurred subsequent to the statement of financial position date :

Loan Portfolio Optimization

On March 2, 2010, Landesbank Baden-Wurttemberg signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to EUR 3,755 thousand expressed in USD was granted to invest into the purchase of agricultural machinery. The financing would comprise a secured long-term loan for 5 years with a 6-month grace period.

On February 22, 2010, Pravex Bank signed loan agreements to provide finance to two of the Group's agricultural subsidiaries. The total amount of these agreements is UAH 30,000 thousand granted for working capital needs.

On April 22, 2010, Wells Fargo HSBC Trade Bank signed a loan agreement to provide financing to Ancor Investments Limited, a subsidiary of ASTARTA Holding N.V. The financing of up to USD 9,789 thousand was granted to invest into the purchase of agricultural machinery. The financing would comprise a secured long-term loan for 5 years with a 6-month grace period.

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

On April 6, 2010, Aviva Investors Poland SA, as a entity which performs the actions consisting in management of investment portfolios of funds which governing body is Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych SA, Aviva Investors Fundusz Inwestycyjny Otwarty and Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty increased their shareholding in the Company to more than 5%. The shareholding in ASTARTA Holding N.V. changed due to the acquisition of shares of the Company. As of April 6, 2010 the investment funds managed by Aviva Investors Poland SA held altogether 1,287,837 shares of ASTARTA Holding N.V., which constituted 5.15% of the share capital of the Company.

Acquisitions

Subsequent to 31 December 2009 the Group acquired the following agricultural companies incorporated in Ukraine:

Name	**Country of incorporation**	**Activity**	**Date of acquisition**	**% of ownership as at the date of aquisition**	**Consideration paid, thousands of**	
					Ukrainian hryvnias	Euros
LLC “Goropayivske”	Ukraine	Agricultural	11.02.2010	84.98%	682	59
LLC “Zaricha-agro”	Ukraine	Agricultural	10.03.2010	99.98%	1,060	92
LLC “Varovetske”	Ukraine	Agricultural	01.04.2010	74.99%	2,200	190
LLC “Aina”	Ukraine	Agricultural	02.04.2010	99.98%	1,871	162

Subsequent to acquisition LLC “Aina” was merged with LLC “ Agricultural Company “Dobrobut”.

On March 11, 2010, the Group established the subsidiary LLC “Mria-97 plus” with the authorised share capital amounting to UAH 87 thousand (EUR 8 thousand).

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

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

The disclosure of amount of the acquiree’s profit or loss recognised since the acquisition was not available as at the time these financial statements as at and for the year ended 31 December 2009 were made public (23 April 2010), because assessment of the fair value of the acquired assets and liabilities was not complete.

23 April 2010,

Amsterdam, The Netherlands

The Board of Directors of ASTARTA Holding N.V.

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

COMPANY FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

These company financial statements contain 9 pages

CONTENT

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

(before appropriation of the result)

(in thousands of Euros)		2009	2008
Assets			
Non-current assets			
Investments in subsidiaries	*3*	**117,238**	57,940
Other long-term assets		**110**	-
Loan receivable from subsidiary	*4*	**16,799**	16,306
		134,147	74,246
Current assets			
Cash and cash equivalents		**7**	6
Other accounts receivable		**27**	-
		34	6
Total assets		**134,181**	74,252
Shareholders' equity and liabilities	*5*		
Share capital		**250**	250
Additional paid-in capital		**58,142**	55,837
Retained earnings		**21,327**	28,539
Fair value reserve		**-**	371
Revaluation surplus		**50,309**	22,127
Currency translation adjustment		**(43,507)**	(42,811)
Unallocated result for the year		**28,916**	(7,669)
Total equity		**115,437**	56,644
Non-current liabilities			
Loans and borrowings	6	**14,722**	-
Current liabilities			
Current portion of long-term loans and borrowings	*6*	**2,677**	16,566
Other liabilities and accounts payable	7	**1,345**	1,042
		4,022	17,608
Total equity and liabilities		**134,181**	74,252

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 162 to 166.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(in thousands of Euros)		**2009**	**2008**
Net income (loss) from subsidiaries and associated companies		**29,295**	(6,907)
Other net expense, after taxation	*8*	**(379)**	(762)
Net income (loss) after taxation		**28,916**	(7,669)

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 162 to 166.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 GENERAL

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

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

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Basis of recognition of participations in subsidiaries

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

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

3 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2009 and 2008 the Company owns 100% of the shares of Ancor Investments Ltd. These shares were acquired in July 2006 in return for a contribution-in-kind transaction.

(in thousands of Euros)	**2009**	**2008**
Balance as at 1 January	**57,940**	98,644
Net income (loss)	**29,295**	(6,907)
Increase in reserves	**30,699**	304
Translation differences	**(696)**	(34,101)
Balance as at 31 December	**117,238**	57,940

4 LOAN TO SUBSIDIARY

The company entered into a loan agreement with its subsidiary Ancor Investments Limited for a total amount of USD 25 million. As at 31 December 2009 the Company has loaned its subsidiary USD 23.9 million (EUR 16.8 million) (2008: USD 22.8 million, EUR 16.3 million). The loan is repayable in full on 31 October 2015, together with accrued and unpaid interest. Interest rate on loan is LIBOR plus 4.5%.

5 EQUITY

The authorized share capital as at 31 December 2009 and 2008 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 2009 25,000,000 shares are issued and fully paid up. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total number of shares held by executive and non-executive Board members, and third parties is specified below:

(in thousands of Euros)	**2009**		**2008**	
	Amount	**%**	Amount	%
Astarta Holding N.V.				
Ivanchyk V.P.	**100**	**40.19%**	100	40.00%
Korotkov V.M.	**88**	**35.19%**	100	40.00%
Other shareholders	**62**	**24.62%**	50	20.00%
	250	**100.00%**	250	100.00%

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 34.82% of Astarta Holding NV issued shares in equal parts.

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

6 LOANS AND BORROWINGS

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

						2009					**2008**
(in thousands of Euros)	**Interest type**	**Effective interest rate**	**Nominal interest rate**	**Less than one year**	**From one to two years**	**More than two years**	**Total**	**Less than one year**	**From one to two years**	**More than two years**	**Total**
Loans in USD	Floating	4.9%	Libor+4.5%	**2,677**	**2,677**	**12,045**	**17,399**	16,566	-	-	16,566

As at 31 December 2008, certain financial covenants under the long-term loan agreement were breached. The Company does not have any breach of covenants that are continuing as at 31 December 2009, therefore the loan is presented according to the original maturity schedule.

7 OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	**2009**	**2008**
Payables to subsidiaries	**1,260**	**906**
Interest payable	**41**	**103**
Other payables	**44**	**33**
	1,345	**1,042**

8 OTHER NET EXPENSE

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

(in thousands of Euros)	**2009**	**2008**
Interest expenses	**1,164**	476
Professional services (admin)	**379**	580
Exchange differences	**65**	(18)
Bank commissions and charges	**34**	304
Interest income	**(1,204)**	(589)
Other (income) expense	**(59)**	9
	379	762

9 INCOME TAXES

There is no income tax is payable for the current year. The Company's cumulative carried forward tax losses are EUR 4.6 million as of 31 December 2009 (2008: EUR 4.2 million). No deferred tax asset has been recognized due to insufficient future taxable income.

10 FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	**2009 Loans and receivables**	**2008 Loans and receivables**
31 December		
Financial assets as per balance sheet		
Loan receivable from subsidiary	**16,799**	16,306
Other accounts receivable	**27**	-
Cash and cash equivalents	**7**	6
	16,833	16,312
	Liabilities at amortized cost	**Liabilities at amortized cost**
Financial liabilities as per balance sheet		
Loans and borrowings	**17,399**	16,566
Other liabilities and accounts payable	**1,345**	1,042
	18,744	17,608

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 2009 loan receivable from subsidiary and other accounts receivable of EUR 16,826 thousand (2008: EUR 16,306 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)	2009	2008
Loan receivable from subsidiary	**16,799**	16,306
Other accounts receivable	**27**	-
Cash and cash equivalents	**7**	6
	16,833	16,312

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

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

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

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 176 thousand provided all other variables are held constant.

At 31 December 2009 the Company does not have outstanding guarantees.

11 NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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

12 COMMITMENTS

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

amount of EUR 24,514 thousand (USD 25,000 thousand) (2008: EUR 16,566 thousand, USD 23,805 thousand).

13 DIRECTORS

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

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

During 2009, 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)	**2009**	**2008**
Viktor Ivanchyk	**79,169**	200,000
Petro Rybin	**64,919**	160,000
Marc van Campen	**12,500**	25,000
Valery Korotkov	**12,500**	25,000
Wladyslaw Bartoszewski	**12,500**	25,000
	181,588	435,000

No bonuses were granted to Directors in 2009 (2008: Viktor Ivanchyk - EUR 203 thousand, Petro Rybin - EUR 162 thousand). No salary related charges were accrued and paid by the Company in 2009 and 2008.

14 AUDIT FEES

Fees paid to the Group's auditor for 2009 and 2008 can be broken down into the following:

(in thousands of Euros)	**2009**	**2008**
Audit fees	**113**	**240**
Audit related fees	**-**	**4**
	113	**244**

Audit fees include the fees agreed and due to LLP "Ernst & Young" EUR 113 thousand for professional services related to the audit and review of the consolidated and statutory financial statements of the Company and its subsidiaries for the relevant year. No fees were paid to LLP "Ernst & Young" for tax or other non-audit services.

23 April 2010,

Amsterdam, The Netherlands

The Board of Directors

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

OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

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

Article 25

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

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

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 28,916 thousand to retained earnings.

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

Auditor's report

Report on the financial statements

We have audited the financial statements for the year ended December 31, 2009 of Astarta Holding N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2009, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2009, the company profit and loss account for the year then ended and the notes.

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

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

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

ERNST & YOUNG

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Astarta Holding N.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code we report to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, April 23, 2010

Ernst & Young Accountants LLP

signed by W.C. van Hoeven

CORPORATE INFORMATION

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Registered number: 34248891

ASTARTA HOLDING N.V.

ASTARTA Holding N.V. Key Results for the Year 2009
High efficiency and sound strategy secure reliable basis for future growth

26.04.2010

ASTARTA Holding N.V., a leading integrated agri- and sugar producer has published its Annual report for the year 2009.

Financial Highlights

Revenues
Upward price trends in the agri- and sugar markets in 2009 contributed to a 40% y-o-y increase in revenues in the Ukrainian hryvnia equivalent to UAH 1,355 mln. Due to the Ukrainian hryvnia depreciation against the Euro, revenue in the Euro equivalent marginally decreased by 5% y-o-y to EUR 117.7 mln.

Gross profit and cost of revenues
On the back of the management efforts to increase efficiency, the cost of revenues demonstrated a moderate growth by 17% in the Hryvnia equivalent to UAH 894 mln. In the Euro equivalent, the cost of revenues decreased by 19% to EUR 77,9 mln. The gross profit grew 76% in the Hryvnia equivalent to UAH 446.2 mln (10% in the Euro equivalent to EUR 38.1 mln). The gross margin rose to 33% compared to 26% in 2008.

Profit from operations (EBIT) and EBITDA
The profit from operations (EBIT) tripled in the Ukrainian hryvnia equivalent to UAH 457.5 mln and almost doubled in the Euro equivalent to EUR 40.4 mln. The EBIT margin more than doubled from 16% in 2008 to 34% in 2009. Such an increase in the profit from operations was a result of targeted management efforts, namely, the Group's restructuring aimed to increase efficiency and to cut transaction costs.
In 2009, the positive change in the fair value of biological assets was UAH 139.2 mln (UAH 1.6 mln in 2008) mostly due to a sharp increase in milk prices in the fourth quarter of 2009, as well as the growth of the Group's cattle headcount. The change in fair value of biological assets in crop production also reflected the increase in areas under winter crops, as well as higher prices for these crops compared to December 31, 2008.
EBITDA grew 154% in the Hryvnia equivalent to UAH 568.1 mln (62% in the Euro equivalent to EUR 50.1 mln). EBITDA margin grew to 43% vs. 25% in 2008.

Profit before tax and net profit
Profit before tax in 2009 constituted UAH 328.7 mln against loss before tax of UAH 116.5 mln in 2008. In the Euro equivalent, in 2009 profit before tax was EUR 29.3 mln.
In 2009, net profit constituted UAH 323.3 mln (EUR 28.9 mln) against net loss of UAH 89.2 mln (EUR 7.6 mln) in 2008. Net margin in 2009 reached 24%.

Operational Highlights

Revenues breakdown

In 2009, the breakdown of revenues just slightly changed compared to 2008. Due to strong sugar prices in 2009, the share of sugar sales grew from 57% to 60% of the total. The share of revenues from crop sales also grew from 24% to 25% mostly on a back of increasing volumes of sales. The share of revenues from cattle farming (meat and milk sales) dropped from 8% to 7% of the total as a result of low prices for milk during first three quarters of the year.

Sugar production and sales

In the season of 2009, ASTARTA's share in the total Ukrainian sugar production grew to 17.8%, consolidating its position of the largest sugar producer in Ukraine. The share of in-house grown sugar beet in the total volume of beet processed by the Group grew to 90% (84% a year earlier). At the same time, the total sugar output by ASTARTA decreased from 235.6 thousand tons in 2008 to 225.2 thousand tons due to less favorable weather conditions and lower application of fertilizers resulting in a decrease in beet productivity per hectare and respectively lower volumes of beet processed. The average sugar yield per ton of beet grown at ASTARTA's farms improved from 13.8% in 2008 to 14.8% in 2009, while the average Ukrainian figure was 13.5% (12.8% in 2008).

In 2009, ASTARTA reinforced its market position among large industrial sugar consumers and demonstrated a flexible marketing approach actively developing its B2B client base. Approximately 84% of sugar was sold to large Ukrainian and international beverage producers and confectionaries (around 63% in 2008).

Crop production and sales

In 2009, ASTARTA mainly focused on agri-production cost efficiency rather than a fast growth of this segment. In 2009, ASTARTA harvested 376 thousand tons of grains and oilseeds. A 4% y-o-y decrease in gross harvest of crops was caused by the same reasons as played for sugar beet. Similarly, the yield of basic grains and oilseeds by the Group's agricultural companies in most cases exceeded Ukrainian averages. In terms of volumes, in 2009 sales of the key five crops grew 27% compared to 2008. This increase was caused by the larger output in the season of 2008 and higher beginning stocks in 2009.

Production and sales of cattle farming produce

In 2009, ASTARTA continued to develop its cattle farming segment. The Group increased its milk production by 33% from 33 thousand tons to 44 thousand tons and milk sales by 29% from 32 thousand tons to 41 thousand tons respectively. Due to lower demand for industrial dairy products, average prices for milk in 2009 were down compared to 2008. Thus, despite increased volumes, sales of cattle farming produce accounted for 7% in 2009 (vs. 8% in 2008) worth of EUR 8.1 million (EUR 9.1 million in 2008).

Export sales

Total export sales in 2009 grew by 46% y-o-y to EUR 14.5 million (UAH 164 million) and constituted approximately 12% of the total sales (EUR 9.9 million or 8% of the total in 2008). The Group exported 38% of dry granulated pulp to foreign consumers as a high-quality animal feed. Molasses was mainly exported to EU-27 consumers (57%), with the rest 43% sold in Ukraine (distilleries and yeast producers). Crops were exported more actively than in 2008, resulting in EUR 10.8 million of export revenues (37% of the total of the category) compared to EUR 7.4 million in 2008. ASTARTA's policy is to secure sufficient level of the export sales to cover in full the interest and principal part of debt received in foreign currencies with currency proceeds. This policy is well supported by increasing competitiveness of the Group's products on international markets.

MANAGEMENT COMMENT ON 2009 RESULTS AND OUTLOOK FOR 2010

Viktor Ivanchyk, CEO of ASTARTA Holding N. V. said: "During the last year, ASTARTA accomplished a number of significant structural and operational improvements. We optimized the Group's structure, reinforced efficient management of all production assets, and streamlined the decision-making process. On top of this, we continued to introduce advanced technologies into agricultural production and processing thus achieving better cost efficiency, energy saving and higher productivity. We also went on with expansion of modern storages and grain dryers, as well as modern cattle farming facilities. Successful loan portfolio restructuring accomplished in autumn 2009 also became an important factor for stable development of our business.
ASTARTA's significant financial, technological, and institutional potential provides a good basis for its further dynamic growth. In particular, in 2010 we plan to continue the organic development by integrating additional areas of land into existing regional business units. Increasing sales in all key segments, further enhancing of energy efficiency and productivity are also in our plans. The company has always been doing its best to meet the expectations of stakeholders and achieve its goals. Analyzing the results of 2009, we are satisfied that all objectives set for the management were met, and a reliable basis was created for the further Group's development and an increase in its value for shareholders".

Note for editors:
ASTARTA Holding N.V. controls the agri-industrial holding Astarta-Kyiv that was established in 1993. As of today, Astarta-Kyiv is the leader of sugar production and agriculture in Ukraine, and consolidates five regional subsidiaries; three of them located in the Poltava region, one in the Vinnitsa and one in the Khmelnytsky regions.
The Group's main activity is production of high quality sugar and sugar by-products (molasses and dry granulated pulp), growing and sales of grains and oilseeds, and also meat and milk. Implementing its strategy of vertical integration, the Group operates more than 180 thousand hectares of land under long-term lease and provides about 90% of sugar beet grown in-house to the own sugar plants. Since August 2006, shares of ASTARTA Holding N.V. have been listed on the Warsaw Stock Exchange.

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