ANNUAL REPORT

ASTARTA Holding N.V.

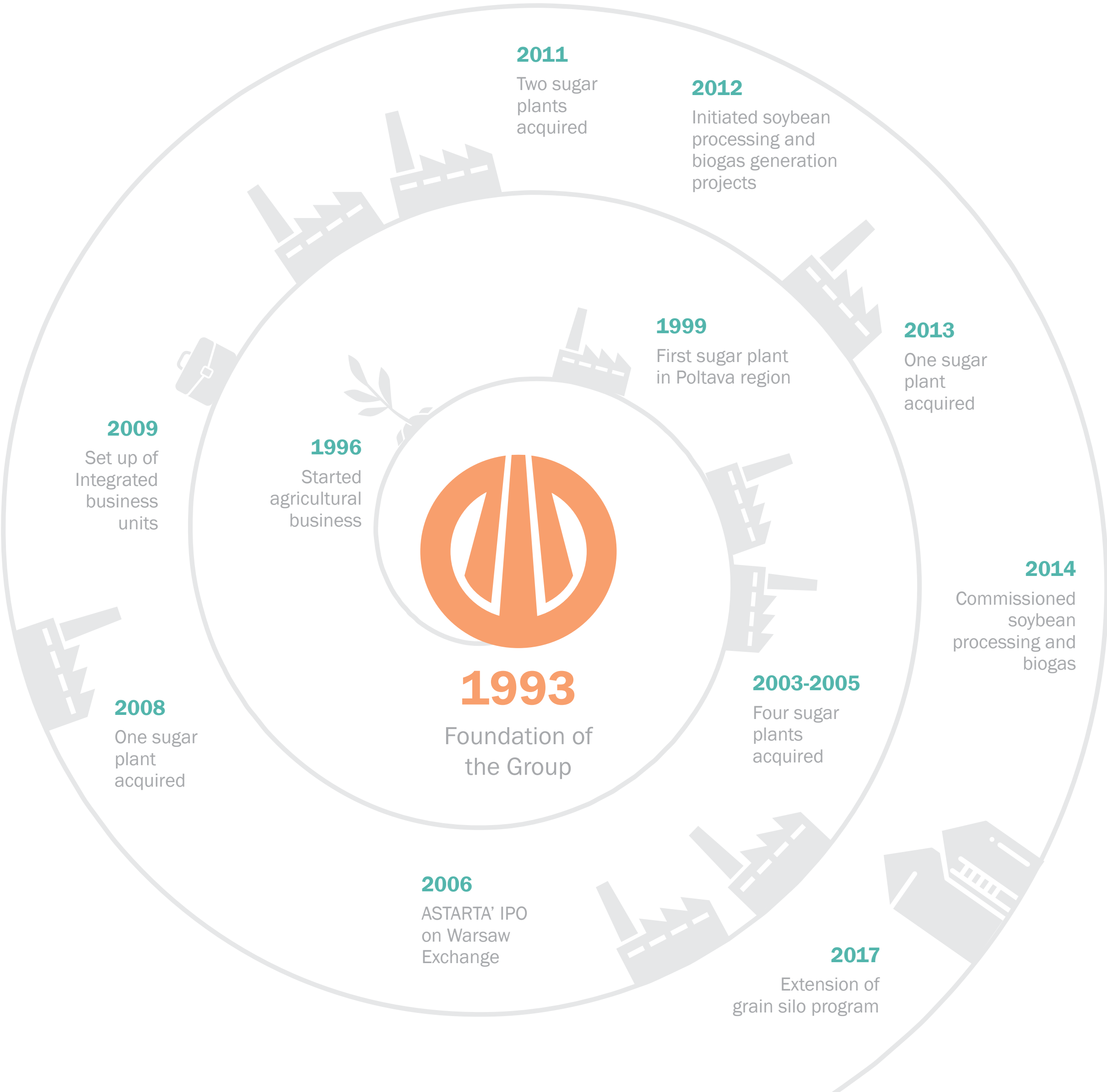
2017

CONTENT

Cover page in this report use the picture of the Ukrainian painter Olga Kvasha

25 YEARS OF HISTORY

Since its inception, ASTARTA has been associated with food and agriculture. Starting from scratch as a local material trader, the company gradually developed into a leading national player in sugar, grains, soybean processing, and dairy farming. Nowadays, ASTARTA is a diversified vertically integrated agri- and food producer with a focus on efficiency and sustainable growth.



GRI 102-16

COMPANY VALUES

Mission:

We are committed to a growing world, to developing the land's potential and the welfare of people, to building a responsible society.

KEY RESULTS

Sugar production
463 000 tons

Grains production
786 000 tons

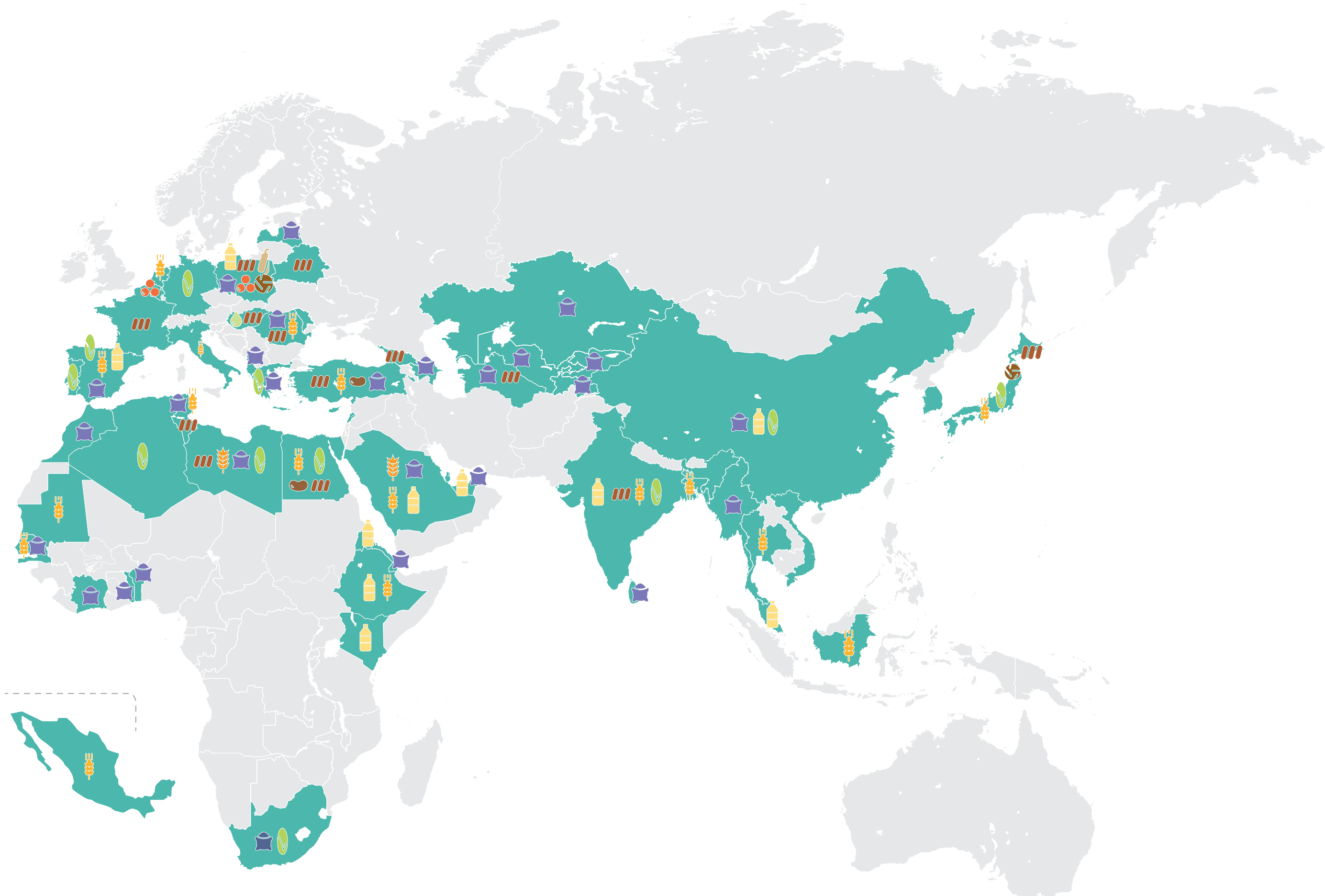
Soybean processing
205 000 tons

Milk production
110 000 tons

Revenue	EBITDA	Net profit
EUR 459 million	**EUR 120 million**	**EUR 62 million**

GRI 102-4

MAP OF PRODUCTS



Corn	Soya husk	Pulp	Barley	Soya husk
Soybean oil	Wheat	Soya oil	Sugar	Molasses

GRI 102-14

CEO STATEMENT

The report you are now reading has been published exactly 25 years since the inception of ASTARTA. During the past two and a half decades, the company has grown from a small trading firm to one of the largest agri- and food producers in Ukraine. A lot has changed over these years in Ukraine and in the world. Yet we remained committed to our core principles: long- term determination with focus on day-to-day efficiency, readiness for transformation, and adherence to transparent and socially oriented business.

Throughout the history of the company, we have seen both successful and challenging years. This year, 2017, was the next milestone to build up ASTARTA and prove its ability to act in a volatile external environment. Due to several factors, the financial results of the company were not as good as we had initially targeted. On the one hand, we are satisfied with the revenue growth by 24% to EUR 459 million. At the same time EBITDA corrected to EUR 120 million and net profit to EUR 62 million. The main reasons for this included deterioration of the market environment and an increase in costs due to inputs price inflation.

We managed to partially offset these factors through efficiency improvements, a reduction in financial costs, and price hedging. However, these were not enough to increase the financial results compared to the previous year. At the same time, it is worth noting that the company has solid financial position with the size of net debt being close to annual EBITDA. It generates strong operational cash flow and has diversified markets, with export sales contributing 59% of consolidated revenues.

We are confident that incremental modernization of our production assets with the use of new technologies is strongly supporting ASTARTA's competitiveness in international markets. In 2017, we paid considerable attention to the development of ASTARTA's operational capacities. Investments of EUR 78 million were aimed at extending the network of grain storages, renewing the agricultural machinery fleet, and uprating processing plants. The positive effect of these investments was noticeable already in the first year.

To increase efficiency, we give high priority to environmental issues. Programs on energy savings and water conservation are an important part of our strategy. We are pleased that our key financial partners – international banks: EBRD, EIB, FMO, IFC and others – are assisting us in their consistent implementation.

Looking forward, we see significant potential for business in introducing modern IT and engineering solutions, and biotechnologies. Due to these, today, we can better manage the weather and operational risks, and we are much more effective in logistics processes and product management. We expect that within the next 10-15 years, the agri-food industry will undergo dynamic changes, and we strive to be among those who are at the forefront of these transformations. This is helped by the fact that we have an innovative-minded team of managers and key personnel.

ASTARTA celebrates its 25-year milestone as a growing company. We see challenges and great opportunities for our business. And we are deeply convinced that ASTARTA is capable to achieve ambitious goals in this new stage of its development, based on its openness and experience, dedication of employees, and the support of our shareholders and partners.

Viktor Ivanchyk,
Founder and CEO

GRI 102-14

CHAIRMAN STATEMENT

As an American observer of agricultural development in the former Soviet Union since 1992, I have seen so very much. I have observed many companies that have failed. I have observed many companies that have made some progress, but are not outstanding. I have observed companies that have done well, but have had huge governmental support. I have observed very few companies that have become extremely successful without significant help from the government. ASTARTA falls into this last group.

Growing a business over 25 years from an idea to a successful enterprise is a great accomplishment. This year is a time to celebrate and look back as well as forward. Success has not come without enormous obstacles. Transition to a market economy and a corruption-free society in Ukraine is still a work in progress. There were enormous financial crises in 1998, 2008, and 2014. These external forces have been in addition to the normal challenges in agriculture that are outside anyone's control: weather uncertainty and fluctuating commodity prices. Someone coined the phrase a few years ago: to "control the controllables" as being the hallmark of a strong agricultural enterprise. ASTARTA has managed well that which can be controlled. It has done that by putting together a great team of people.

Looking forward, there are so many opportunities that lie ahead. The digital revolution is coming to agriculture and many companies are making great strides in the application of technology, often known as precision agriculture. There are many aspects of this movement, but it has often been described as putting on the right amount, at the right time, in the right place. That can apply to fertiliser, chemicals, or seed. In the competitive landscape of producing and marketing commodities, the competitive edge will be with those who most successfully implement these advanced technologies of software and devices.

As such, it is very appropriate to take a short time to celebrate 25 years before getting back to the task at hand. That task is to continue building a great company that can serve as a role model to the world as to what can be built in Ukraine: a prosperous and transparent company that provides a great place for people to work.

Howard Dahl,
Chairman of the Board

GRI 102-2

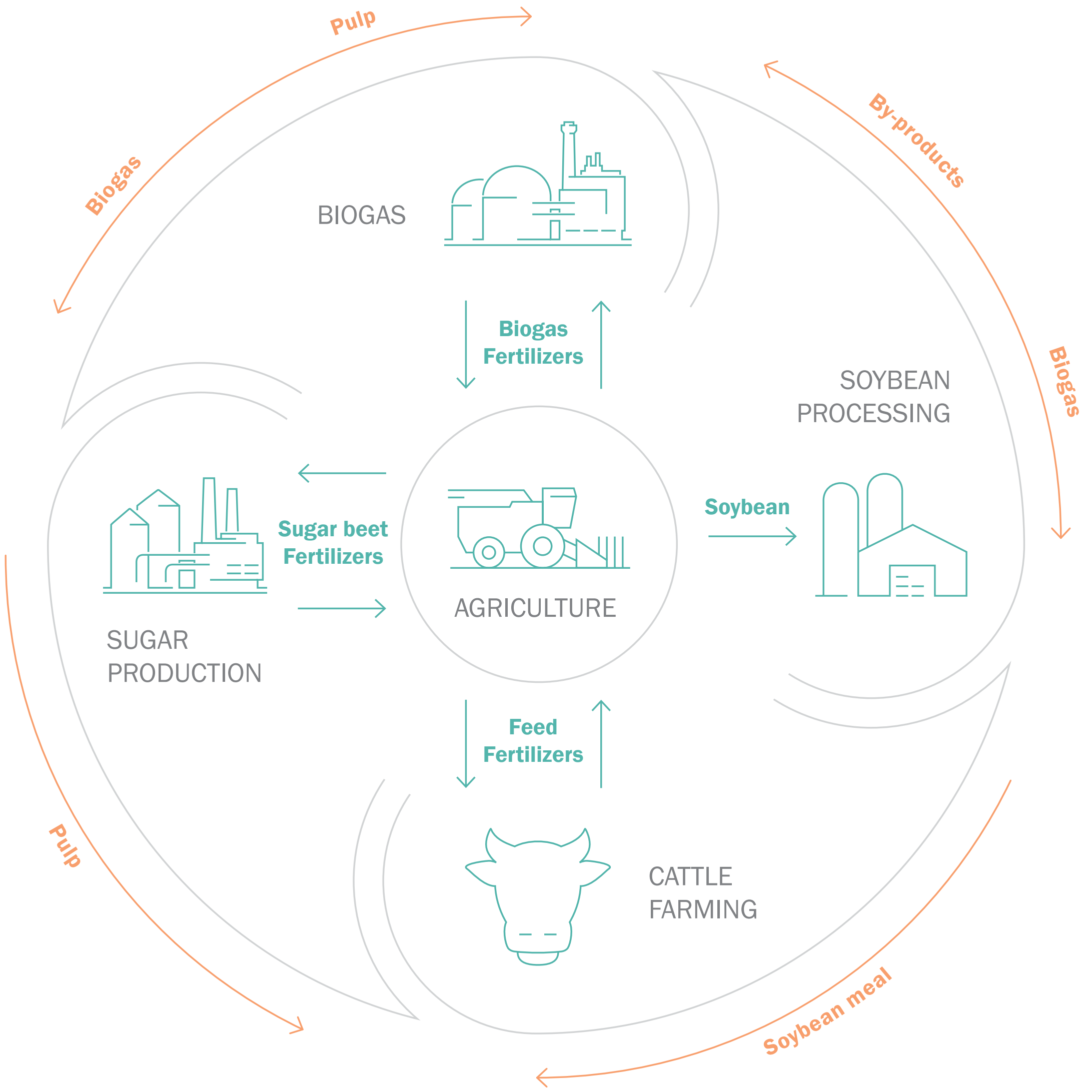
ESSENTIAL INFORMATION

SHORT DESCRIPTION

Founded in 1993, ASTARTA is a vertically integrated agri-industrial holding, specializing in sugar, agricultural production, soybean processing, and dairy farming. It has proven to be a growing, efficient company, as well as a reliable partner and supplier.

BUSINESS MODEL

The group manages four business segments and brings together industry expertise, operational capability, and market intelligence. It has strong and dedicated management team and core personnel with long-time experience in food and agriculture and strong commitment to implement modern solutions and practices.



GRI 102-4

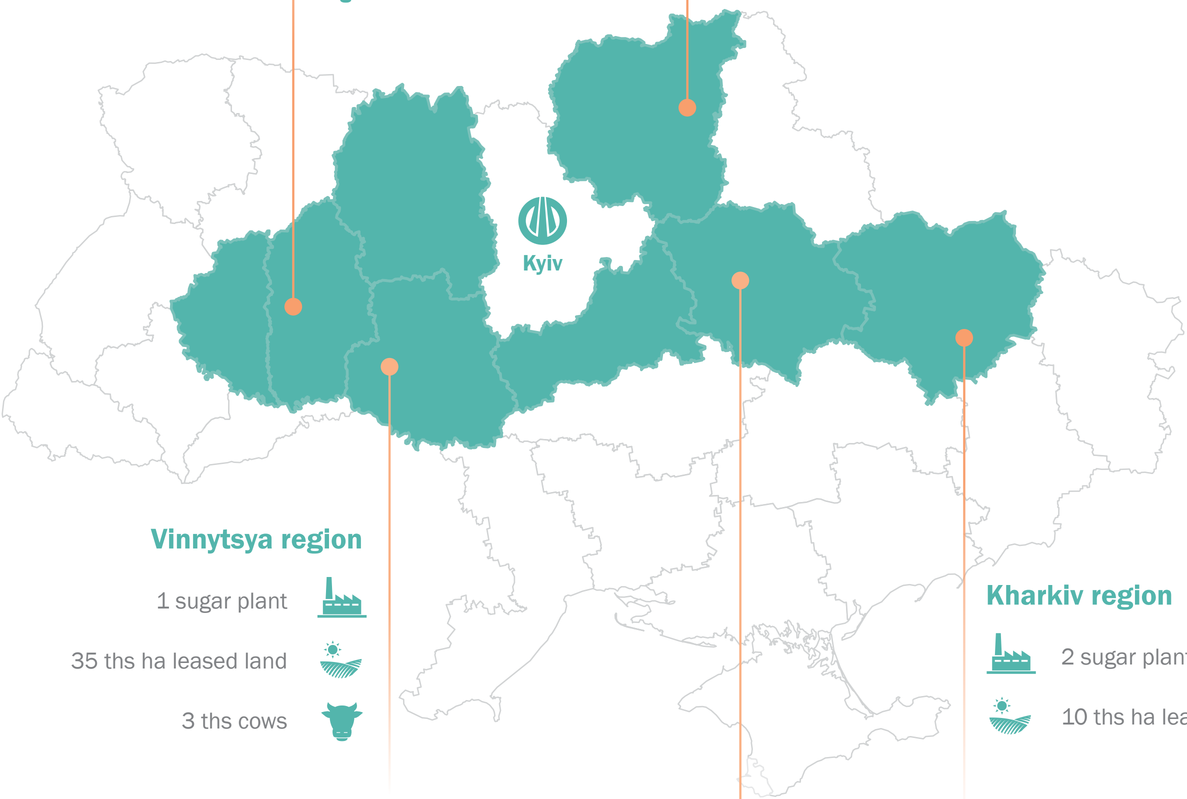
MAP OF OPERATIONS

Khmelnytskyi region

- 1 sugar plant
- 51 ths ha leased land
- 5 ths cows

Chernigiv region

- 5 ths ha leased land



Vinnytsya region

- 1 sugar plant
- 35 ths ha leased land
- 3 ths cows

Kharkiv region

- 2 sugar plants
- 10 ths ha leased land

Poltava region

- 4 sugar plants
- Soybean processing plant
- Bioenergy plant
- 147 ths ha leased land
- 19 ths cows

The Group operates in eight regions of Ukraine. The map indicates location of key production assets.

GRI 102-42

FORMAT OF ASTARTA ENGAGEMENT WITH STAKEHOLDERS

KEY ASPECTS OF SUSTAINABILITY

This report has been prepared in accordance with the GRI Standards: Core option. Several disclosures do not completely cover all requirements of the appropriate GRI standards. In the future reports, the Company would make the best effort to meet all standards requirements.

Sustainable thinking and acting are a natural part of our business routine as well as social considerations that have direct impact on the process of decision-making.

Through the analysis, ASTARTA's core team of specialists were able to assess the **economic, environmental, and social significance** of its primary stakeholders and identified significant issues of interest that have material effects on sustainability. This assessment was made based on numerous interactions and consultations within the company and on the feedback from different stakeholders through various formats of stakeholder engagement.

FORMAT OF COMPANY ENGAGEMENT WITH STAKEHOLDERS

We understand that sustainable development of the company is only possible in partnership with its stakeholders.

In order to increase public awareness and establish a direct dialogue with stakeholders, improve the procedures and develop a strategic approach to interaction, the Plan of Engagement with Stakeholders was developed, the principles of which are implemented. It provides for active involvement of the stakeholders of the company, defines the basic principles of interaction and forms of communication, etc.

Any organization should be as open to its stakeholders as possible. Based on this ASTARTA has formulated ethical rules, through which its values are realized. In the Code of Ethics, the company undertakes to maintain an active dialogue with stakeholders by applying best business practices that contribute to sustainable development.

ASTARTA is guided by the principles of access to public information of key stakeholders, in particular, by way of:

1. Transparency and openness of activities;
2. Dissemination of information in accordance with legal regulations and best practices;
3. Equal treatment approach regardless of race, political, religious, or other beliefs, gender, ethnic, or social origin, property status, place of residence, language, or other characteristics.

By communicating regularly, we aim to give our stakeholders a clear picture of the evolving environment we operate in and obtain their feedback.

GRI 102-40

LIST OF KEY STAKEHOLDERS

GRI 102-43

Group of stakeholders	Form of communication
Shareholders/ investors/media	Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks.
Employees	Meetings, thematic seminars, corporate events, corporate publications, questionnaires, collective agreements, corporate ethics code, training sessions, consultations, company's "hotline", social networks.
Consumers/clients	Corporate website, questionnaires, presentations, annual and periodical reports, consultations, negotiations, interviews, corporate website, social networks, company's "hotline".
Partners	Consultations, corporate website, annual and periodical reports, negotiations, business meetings, social networks, company's "hotline".
Authorities	Consultations and meetings, seminars, official correspondence, joint projects on local infrastructure development.
Local communities/ land owners/local farmers	Conferences, round tables, social and charitable programs, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local communities.

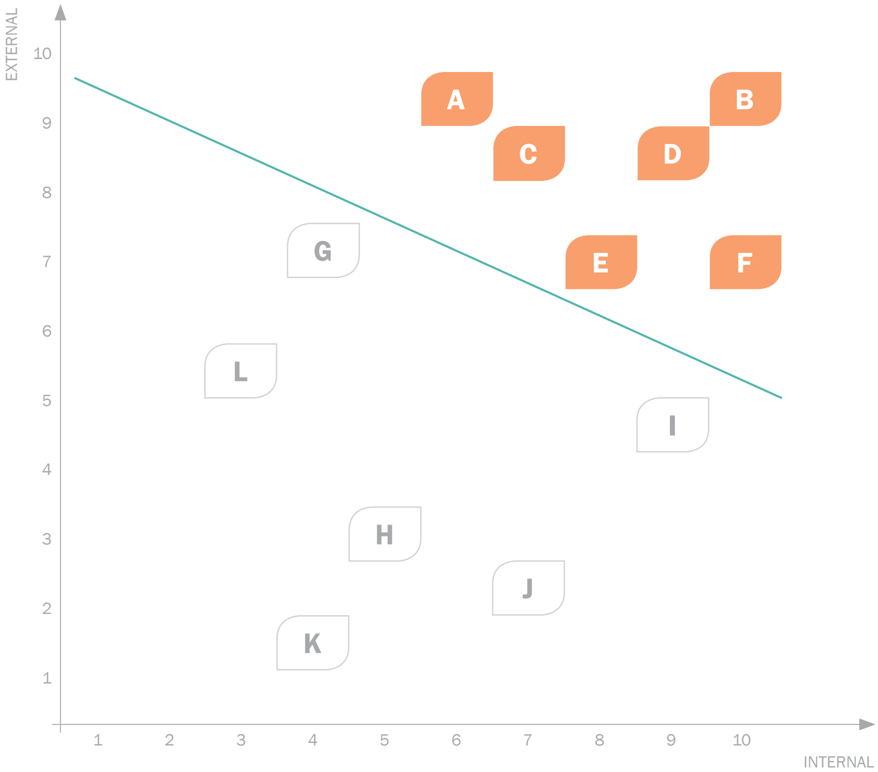
GRI 102-13

Membership in industry association and interest groups
UN Global Compact
Ukrainian Sugar Association
U.S.–Ukraine Business Council
Ukrainian Agrarian Confederation
Employees' Federation of Ukraine
European Business Association
Centre of Development of Corporate Social Responsibility in Ukraine
Confederation of the Builders of Ukraine
Banker's Club

GRI 102-44 GRI 102-46 GRI 102-47

ANALYSIS OF MATERIAL TOPICS OF THE COMPANY

MATRIX OF MATERIAL TOPICS OF THE COMPANY



Name	Description	GRI standard
A	Economic performance	201-1
B	Local community engagement and community development	413-1
C	Occupational Health and Safety	403-2
D	Energy	302-1
E	Material wastes	306-2, 306-1
F	Employment;	401-1
G	Products quality	not covered
H	Biodiversity	not covered
I	Fraud	not covered
J	Discrimination	not covered
K	Qualification	not covered
L	Communications	not covered

ORGANISATIONAL BOUNDARIES

ASTARTA evaluated the importance and applicability of key sustainability issues to its businesses and focused on those aspects that are material to the organization and its key stackholders, namely, issues that could result in economic, social, or environmental impacts, or those that significantly concern stakeholders' perceptions and decisions. Aspects of less priority are subject to monitoring and discussion.

ANALYSIS OF THE IMPORTANCE OF MATERIAL TOPICS

ASTARTA interviewed different stakeholders (internal and external) to find out key areas of interest. To prioritize, a scoring system was applied to the results, which enabled us to plot the issues on a matrix that represents the significance of each topic for both internal and external of stakeholders, with a score of 10 as the most important and zero as minimal importance.

The green line on the matrix represents the boundary of substantivity for disclosure of information in the report.

On the horizontal axis, the areas of interest for internal stakeholders are presented, and on the vertical axis the areas of interest for external stakeholders were accessed.

On the top right part of the matrix we can therefore find the issues of a primary interest to stakeholders; they are color-marked elements of the matrix and will be further covered in the report.

GRI 201-1

FINANCIAL PERFORMANCE

The year 2017 was yet another milestone to build up ASTARTA and prove its ability to act in a volatile external environment. Due to several factors, the financial results were not as good as was initially targeted. On the one hand, the revenue grew by 24%. At the same time, both EBITDA and net profit corrected 21% and 25% respectively. The main reasons for this included deterioration of the market environment in sugar and an increase in costs due to inputs price inflation.

That said, the key financial ratios of the company are at a healthy level. Operating cash generation is strong and the balance sheet remains robust, providing flexibility to support sustainable growth. ASTARTA is well hedged against volatility of local currency as exports contributed 59% of revenues.

SELECTED FINANCIAL INDICATORS AND RATIOS

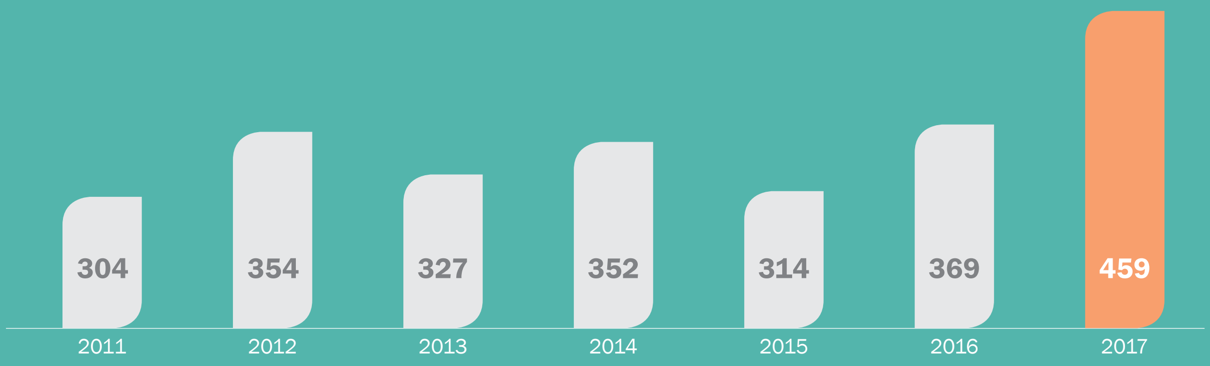
	2017	2016	2015	2014	2013	2012	2011
Profitability							
EBITDA, thousands of Euro	**120 242**	152 144	130 694	119 569	64 971	82 502	110 830
EBITDA MARGIN, %	**26%**	41%	42%	34%	20%	27%	37%
NET PROFIT, thousands of Euro	**61 840**	82 643	15 941	(68 076)	22 300	41 894	87 530
NET PROFIT MARGIN, %	**13%**	22%	5%	-19%	7%	14%	29%
ROE	**18%**	23%	7%	-31%	6%	13%	29%
ROA	**12%**	14%	3%	-13%	3%	7%	15%
ROIC	**13%**	16%	4%	-14%	3%	7%	17%
Investment valuation							
ENTERPRISE VALUE (EV), thousands of Euro	**438 928**	451 310	375 137	333 848	667 653	576 855	486 913
EV / EBITDA	**3.65**	2.97	2.87	2.79	10.28	6.99	4.39
EV / SALES	**0.96**	1.22	1.19	0.95	2.04	1.87	1.60
Debt							
NET DEBT, thousands of Euro	**130 302**	145 874	172 727	216 508	264 311	240 264	192 230
NET DEBT / EQUITY	**0.37**	0.41	0.72	0.98	0.71	0.73	0.63
NET DEBT / EBITDA	**1.08**	0.96	1.32	1.81	4.07	2.91	1.73
NET DEBT / SALES	**0.28**	0.40	0.55	0.62	0.81	0.78	0.63
Liquidity							
CURRENT RATIO	**2.11**	2.00	1.49	1.47	1.73	2.80	2.40
QUICK RATIO	**0.43**	0.40	0.43	0.34	0.27	0.60	0.50

EBITDA	Profit from operations + depreciation and amortisation + 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 (ROE)	Net profit/Shareholders equity
RETURN ON ASSETS (ROA)	Net profit/Total assets
RETURN ON INVESTED CAPITAL (ROIC)	Net profit/(Total debt + equity)
MARKET CAPITALISATION	Number of shares at the end of financial period multiplied by closing price on last trading day of the financial period
ENTERPRISE VALUE (EV)	Market capitalisation + net debt + minority interest
CURRENT RATIO	Total current assets/Total current liabilities
QUICK RATIO	(Total current assets – inventories – biological assets)/Total current liabilities

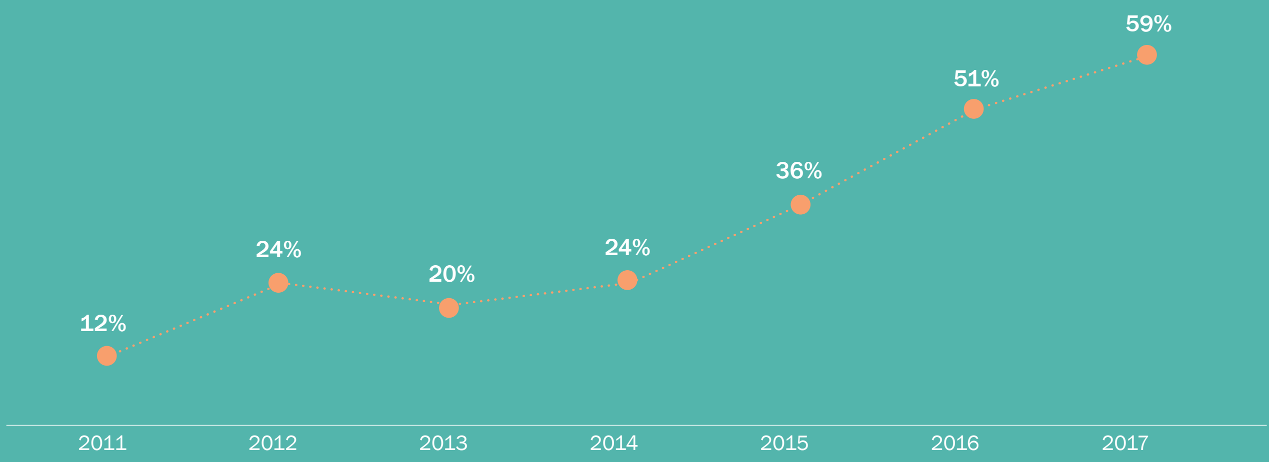
GRI 201-1

FINANCIAL PERFORMANCE

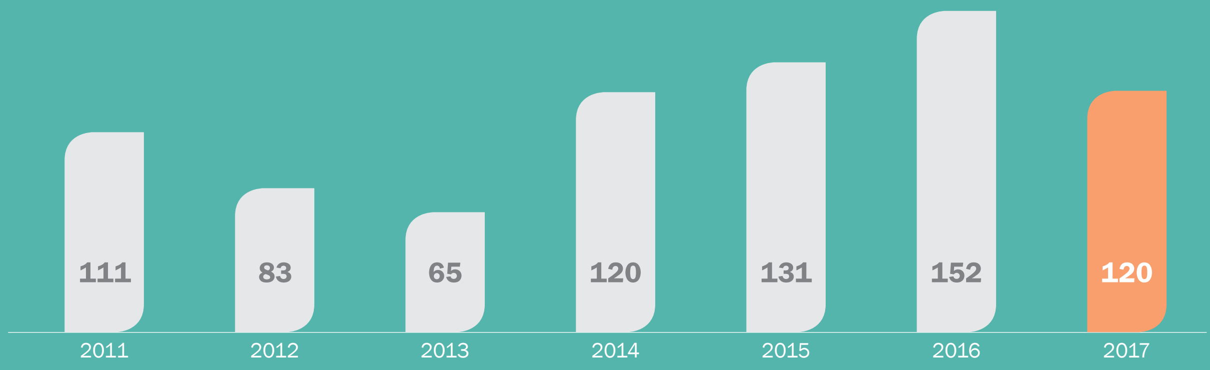
REVENUE (EUR mln)



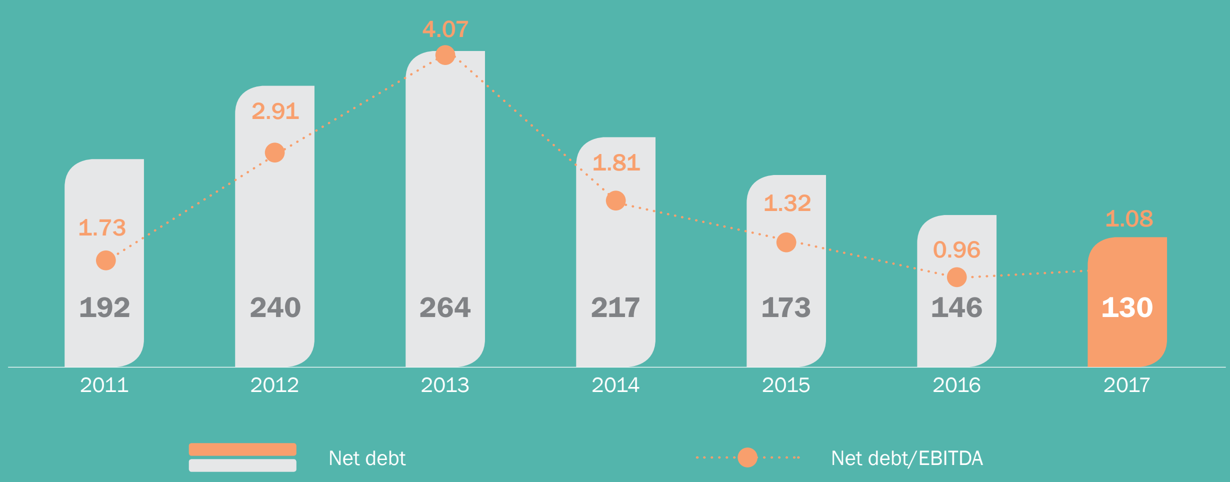
EXPORT SHARE (%)



EBITDA (EUR mln)



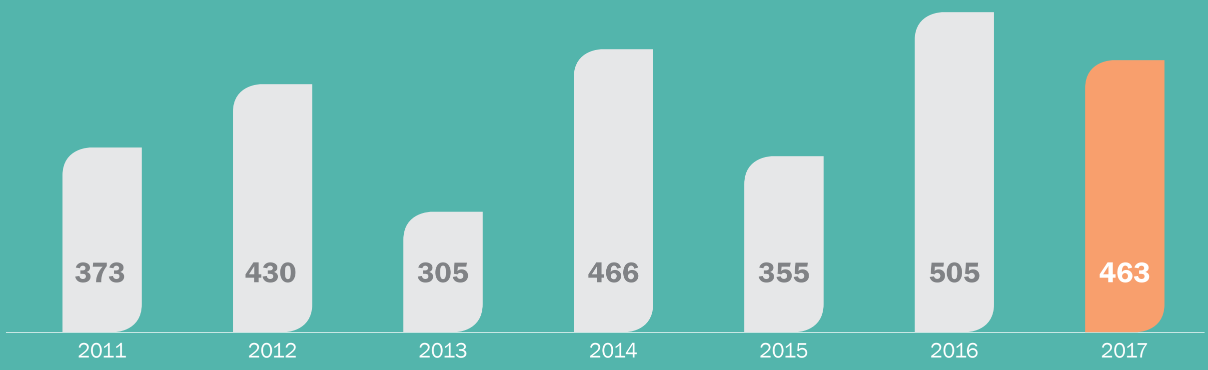
NET DEBT (EUR mln) AND NET DEBT/EBITDA RATIO (X)



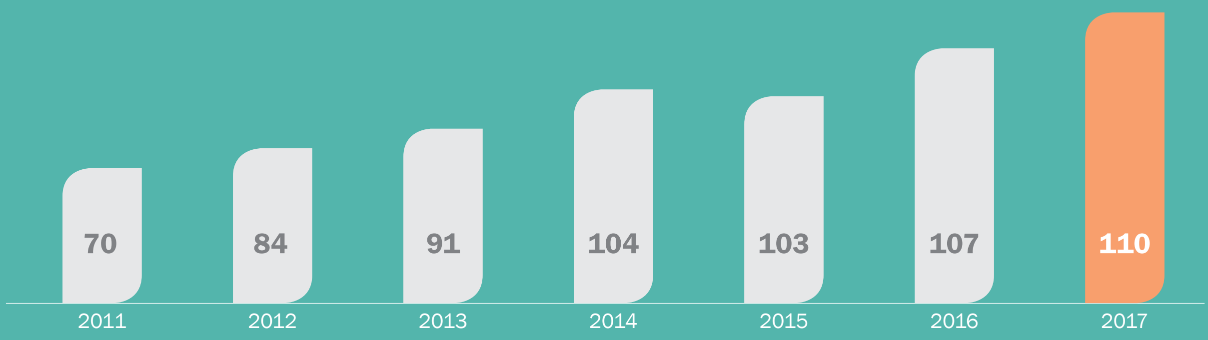
GRI 201-1

KEY OPERATIONAL DATA

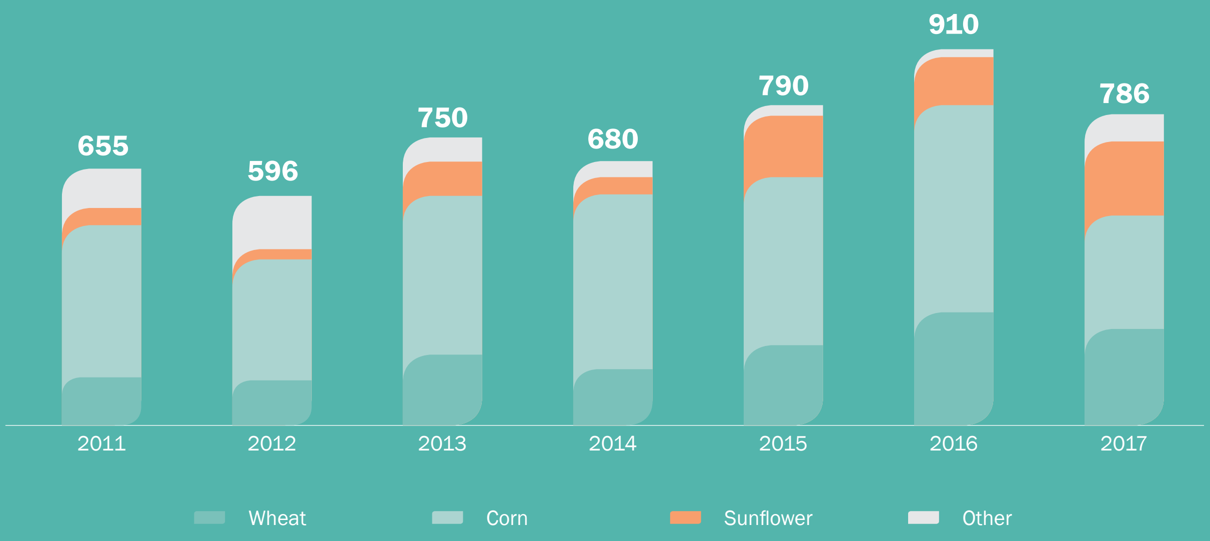
SUGAR PRODUCTION (MT)



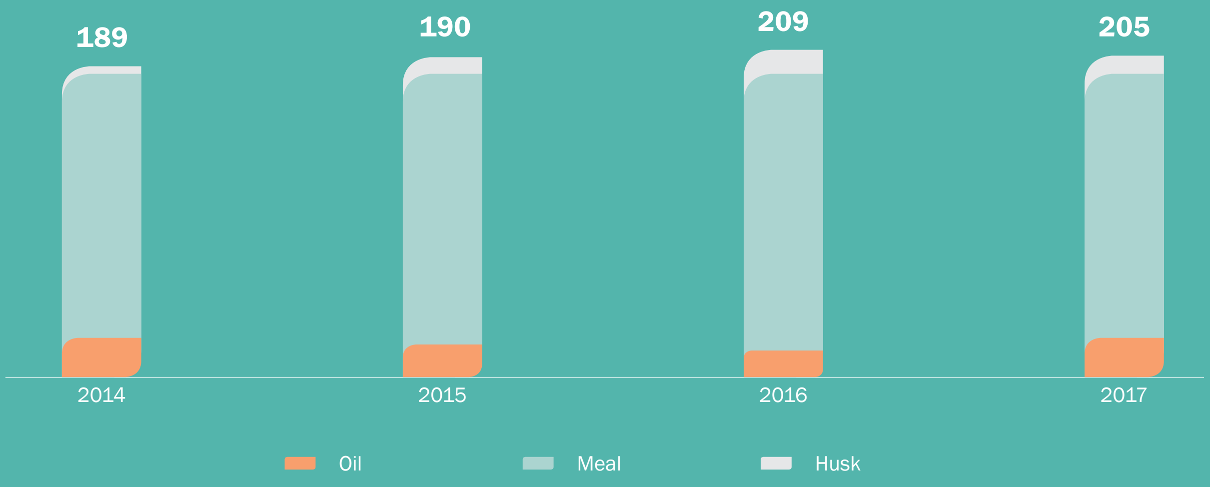
MILK PRODUCTION (MT)



GRAINS AND OILSEEDS HARVEST (MT)



SOYBEAN PRODUCTS PRODUCTION (MT)



REPORT ON OPERATION


OCX
OCX
OCX
22.6
28.6

GRI 201-1

Business Segments

SUGAR

44%

REVENUE:
EUR 201 MILLION (+15%)

EBITDA:
EUR 62 million (+7%)
EBITDA margin: 31%

The sugar segment, traditionally the largest contributor to the consolidated revenues, generated EUR 201 million (+15% y-o-y) on strong sales volumes. In particular, in 2017, volumes of sugar sales were about 444 000 tons, that is almost 14% higher y-o-y and included the highest level of exports in the group's history, nearly 186 000 tons (+34% y-o-y).

Despite the correction in global and local sugar markets in the second half of the year, selling sugar price for the year was EUR 425 per ton, slightly exceeding the level of 2016. Sales of granulated pulp increased by 18% to about 31 000 tons and sales of molasses grew by 11% to around 99 000 tons.

Combined export sales were strong and stood at 42% of the total segments' revenues. Key export destinations included the EU, Asian and African countries.

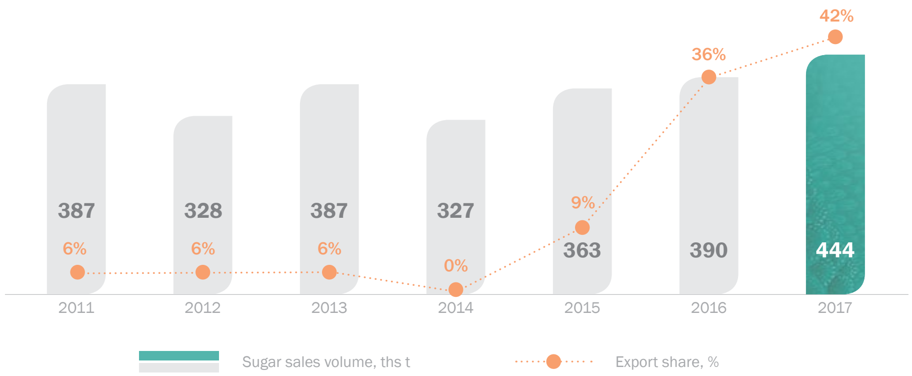
SUGAR SALES AND PRICE PERFORMANCE

	2017	2016
Sugar sales volumes, thousand tons	444	390
Price, EUR/t	425	423

In the operational season of 2017 the company's eight sugar factories produced over 463 000 tons of sugar, that is 8% lower y-o-y. The main reason for this was the unfavorable weather conditions in the eastern part of Ukraine. It caused the correction of the average sugar beet yield per hectare by 11% to 50 tons per ha y-o-y and lowered amount of beet to be processed.

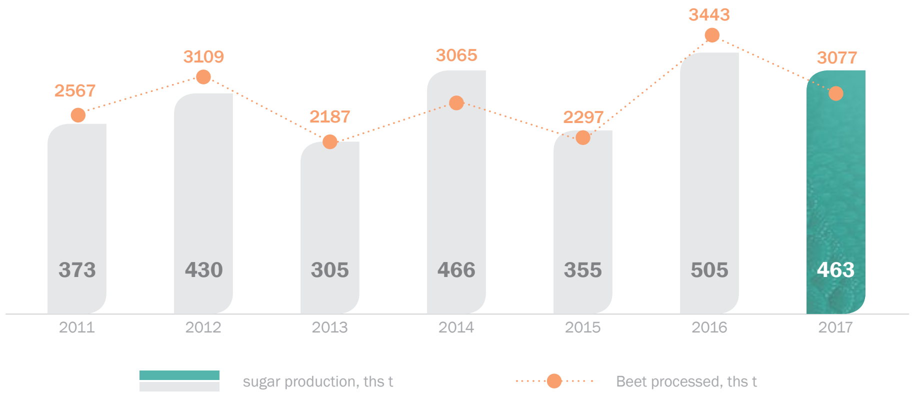
During the season, the company processed about 3.1 million tons of sugar beet (-11% y-o-y). The level of vertical integration in beet supply was 70% (67% a year before). In 2017, ASTARTA produced the highest share of top category sugar – 87% of total output.

SUGAR SALES VOLUME (THOUSAND TONS) AND SHARE OF EXPORT (%)



In the mid-season eight ASTARTA sugar plants were processing over 40 700 tons of sugar beet per day (+3% to processing capacity y-o-y). The average length of the processing campaign was 92 days, compared to 78 days – the average in Ukraine.

ASTARTA SUGAR PRODUCTION VOLUMES AND BEET PROCESSED



With continuous focus on efficiency, in the 2017, ASTARTA decreased average natural gas consumption per ton of sugar produced by 9% and electricity consumption by 5%.

In 2017, despite the increased area under sugar beet in Ukraine by 9% white sugar production was 2.14 million tons that is 3% higher than a year ago. ASTARTA remained a leading producer with 22% share.

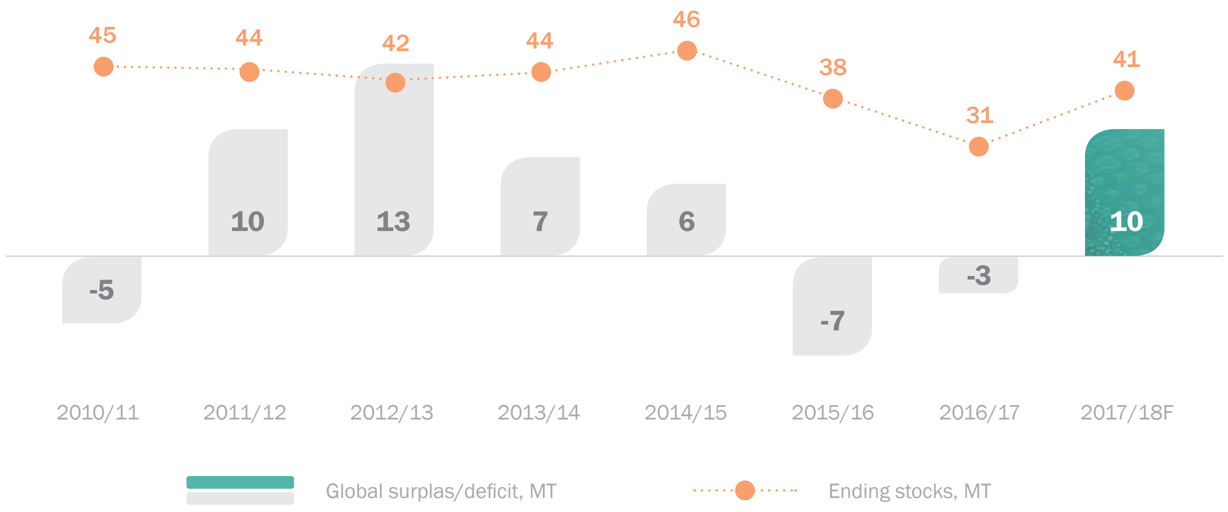
KEY UKRAINIAN SUGAR PRODUCERS IN 2017

Source: Ukrsugar

In 2017, Ukraine exported nearly 600 000 tons of sugar, that is almost 29% higher y-o-y. Key consumers of Ukrainian sugar included Sri Lanka, Turkey, Azerbaijan, Liberia, and Ivory Coast. Abundant export volumes depleted the inventories of sugar in the country, making the correction of sugar price on the local market less painful than it was is on the global scale.

Global sugar production for the 2017/18 marketing year is forecasted to rise to over 180 million tons. As consumption is growing not that fast, USDA expects an increase in ending stocks which puts pressure on sugar prices globally.

GLOBAL SUGAR MARKET BALANCE

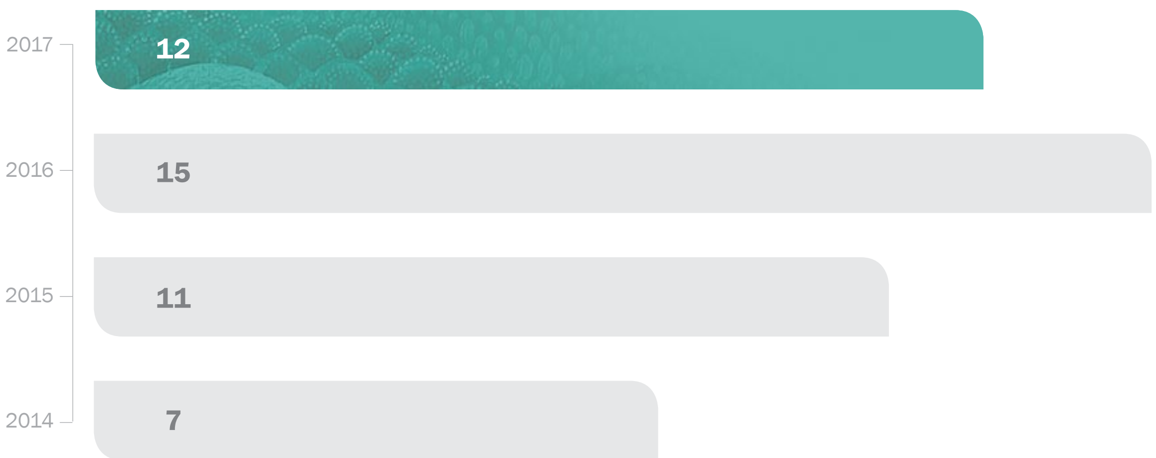


Source: USDA, Bloomberg

BIOENERGY

In 2017, the bioenergy complex located in Globyno (Poltava region) reduced its output of biogas by 17% y-o-y to 12.4 million cubic metres. It was mostly due to lower demand for gas from the Globyno sugar plant in autumn, as the plant processed 30% less sugar beet y-o-y on the back of lower sugar beet harvest in the Poltava region. In 2018, the company intends to install the first two-megawatt cogeneration facility and start production of “green” electricity from biogas.

BIOGAS GENERATION DYNAMICS, MILLION CUBIC METRES



GRAINS

REVENUE:
EUR 141 MILLION (+67%)

EBITDA:
EUR 39 million (-49%)
EBITDA margin: 28%

ASTARTA boosted volumes of crop sales by 82%, resulting in the segments' revenue growth by 67% to EUR 141 million. At the same time, increased cost per ton for the harvest of 2017 resulted in EBITDA segment's decline. Export sales in the segment stood at a record level of 89%. Key export destinations included the EU countries, Egypt, Turkey, Tunisia, and others.

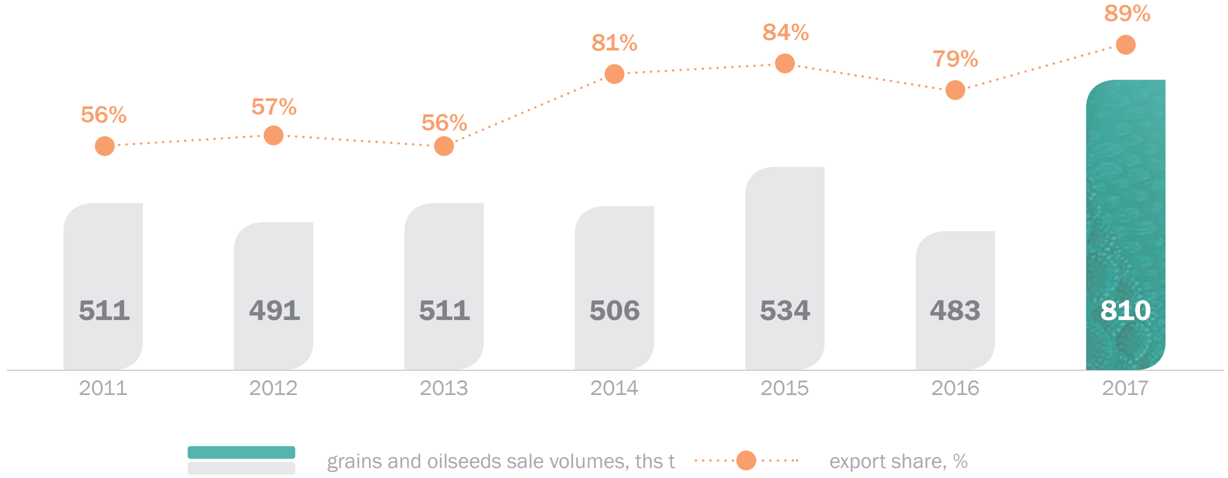
GRAINS SALES AND PRICE PERFORMANCE

	2017 thousand tons	2016 thousand tons	**2017** EUR/t	2016 EUR/t
Wheat	383	133	141	134
Corn	394	267	142	152
Barley	13	9	115	135
Sunflower	55	60	315	319

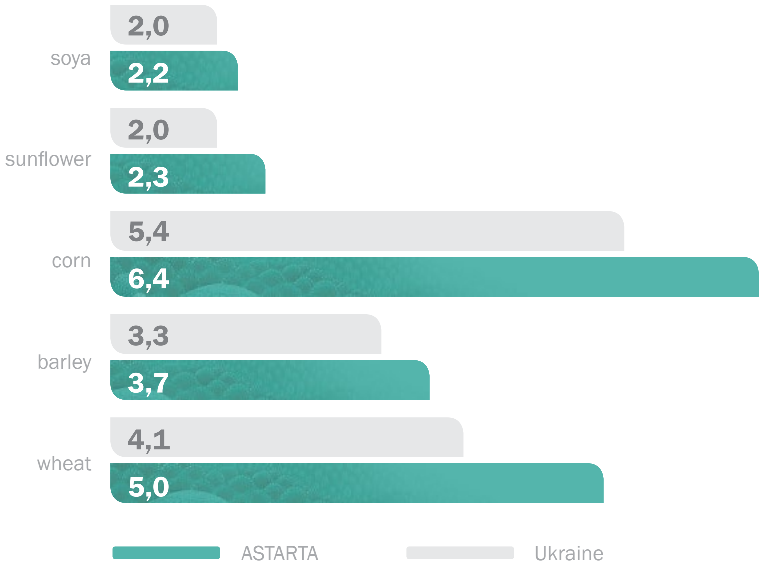
GRAINS SALES VOLUMES (THOUSAND TONS) AND SHARE OF EXPORT (%)

The company harvested nearly 786 000 tons of grains and oilseeds. Compared to a high production base in 2016, the harvest of 2017 was 14% lower.

The main reason for the decline was unfavorable weather conditions in eastern Ukraine.



YIELDS OF KEY CROPS (T/HA)



Source: State statistics office

Globally, agricultural commodities remain on relatively low levels of pricing due to abundant production in recent years and healthy stocks.

At the same time, in the beginning of 2018, the prices started to appreciate following several adverse weather events in key producing countries around the globe.

REPORT ON OPERATIONS
Corporate governance report
Consolidated financial statements
Company financial statements

SOYBEAN PROCESSING SEGMENT

16%

REVENUE:
EUR 73 MILLION (-3%)

EBITDA:
EUR 6 million (-68%)
EBITDA margin: 8%

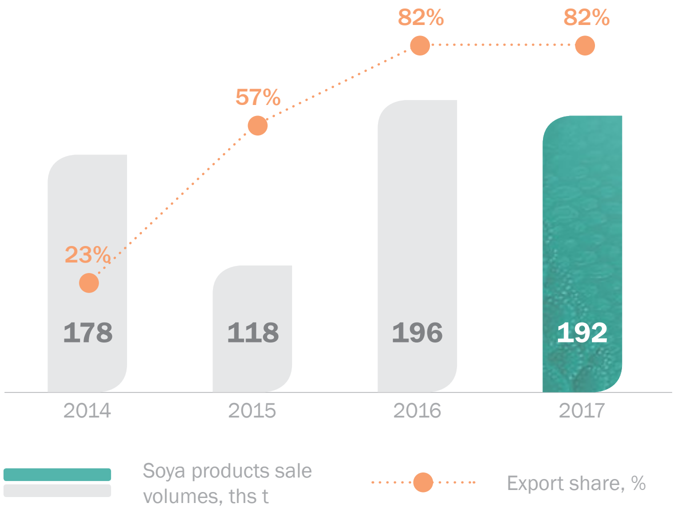
The soybean processing segment generated revenues of EUR 73 million, demonstrating a correction of 3% y-o-y. A weak market environment in the reporting period resulted in the correction of the crushing margin and correspondingly the segment's EBITDA.

Almost 100% of oil was exported with key destinations in Asia and Africa and nearly 80% of meal was exported as well, mainly to the European Union.

SOYBEAN PRODUCTS SALES AND PRICE PERFORMANCE

	2017 thousand tons	2016 thousand tons	**2017** EUR/t	2016 EUR/t
Soybean oil	36	35	689	697
Soybean meal	144	151	323	329
Soybean husk	12	9	94	89

SOYBEAN PRODUCTS SALES VOLUME (THOUSAND TONS) AND SHARE OF EXPORT (%)

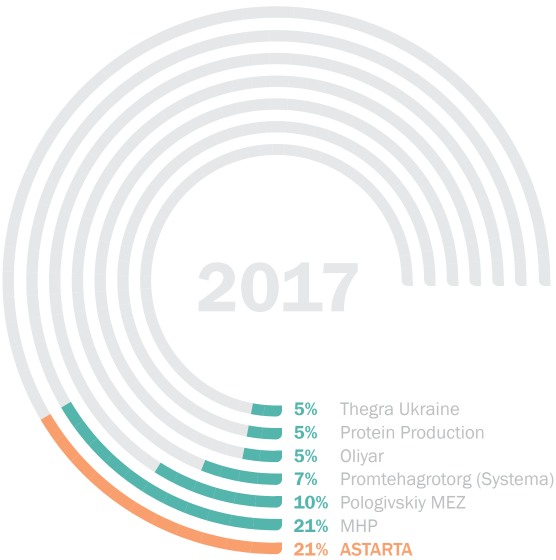


In 2017, the mix of products of crushing plant was as follows: soybean oil – almost 40 000 tons (+3% y-o-y); soybean meal – 153 000 tons (-3% y-o-y); and soybean husks – 12 000 tons (flat y-o-y).

Overall, in Ukraine in 2017, an increase in acreage under soybeans by 7% to nearly 2 million hectares could not compensate for a decrease in yields (1.97 tons per ha versus 2.31 tons per ha in the previous season) caused by unfavorable weather conditions. Weak domestic demand for soymeal and lower than expected harvest of soybeans in Ukraine are among factors that negatively influenced the crushing margin of soy processors.

In 2017, Ukraine processed about 1.04 million tons of soybeans (+3% y-o-y) into higher protein meal, oil and husk. ASTARTA kept its leading position among the local producers of meal with a 21% share.

KEY UKRAINIAN PROCESSORS OF SOYBEAN IN 2017



Source: Agrochart

REPORT ON OPERATIONS
Corporate governance report
Consolidated financial statements
Company financial statements

DAIRY

7%

REVENUE:
EUR 32 MILLION (+28%)

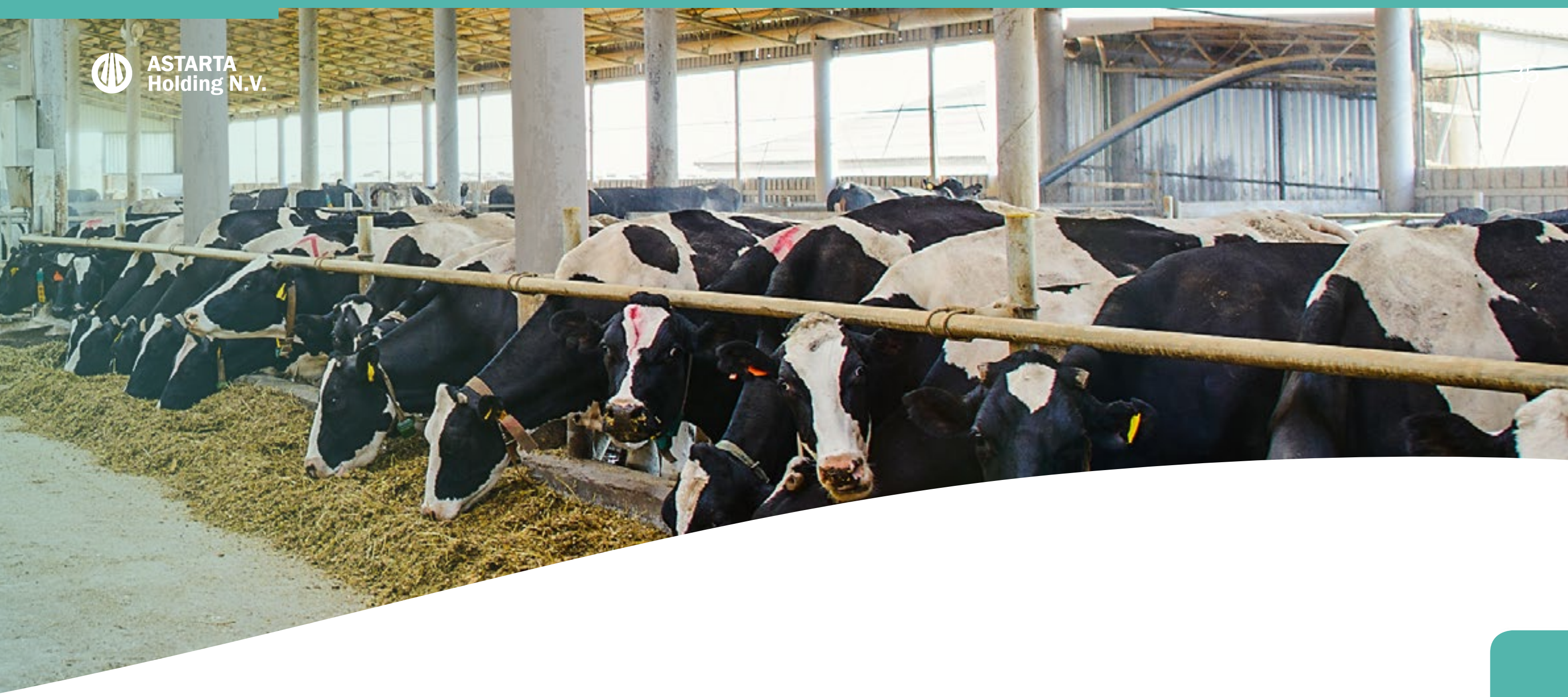
EBITDA:
EUR 17 million (+374%)
EBITDA margin: 54%

In 2017, the dairy segment generated revenue and EBITDA of EUR 32 million and EUR 17 million respectively, with a milk selling price recovery of almost 21% y-o-y. The segment contributed 7% of the group's revenues. Volumes of sales increased by 3% to about 105 000 tons.

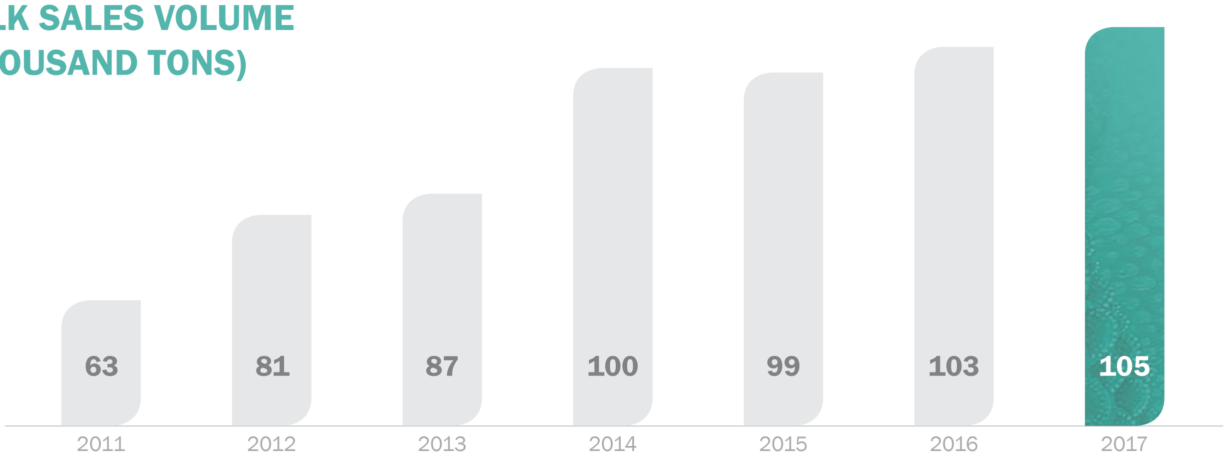
DAIRY PRODUCTS SALES AND PRICE PERFORMANCE

	2017	2016
Milk sales volumes, thousand tons	**105**	103
Price, EUR/t	**263**	217

During the reporting period, the milk production increased by 2.8% to nearly 110 000 tons. The average annual milk yield per cow grew by 4% to 7.2 tons.



MILK SALES VOLUME (THOUSAND TONS)



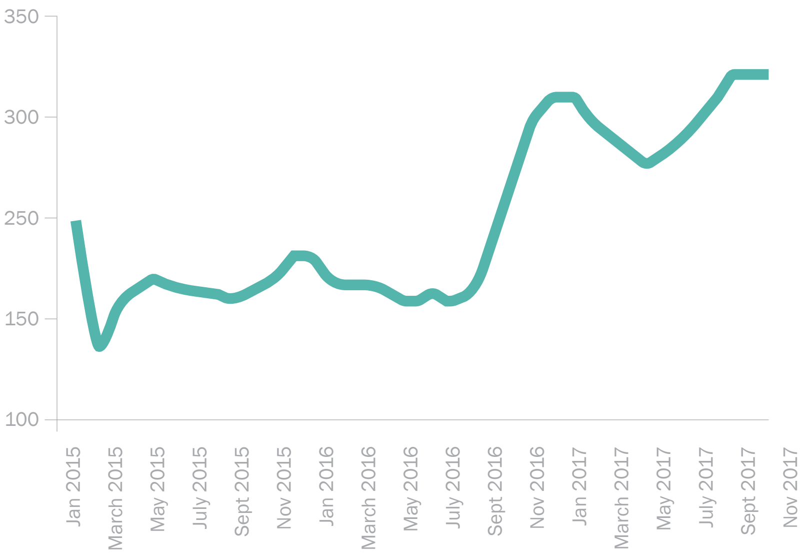
In 2017, the company started operating a Feed centre in the Poltava region with the purpose of centralizing provision and distribution of different types of homogenous high-quality feed. By its capacity the Feed Centre could service 10 000 heads of cattle.

Ukrainian milk production fell y-o-y by 1% to 10 million tons. The share of household production stood at 73% of the total production, leaving 27% to industrial output.

The average annual price of milk improved by 25% to EUR 245 per ton.

Global milk production levels continue to recover following the contraction in late 2016. A relatively strong global demand for milk products contributed to the rise of prices in 2017, especially for products with high milk-fat content.

UKRAINIAN MILK PRICE PERFORMANCE, EUR PER TON



Source: milk.ua

GRI 413-1

COOPERATION WITH LOCAL COMMUNITIES

ASTARTA has a long history of community involvement that has continued throughout the years. We are convinced that the company should contribute for positive changes in the society and that the success of our business goes hand in hand with well-being of local communities where ASTARTA operates. All business units of the Group are actively engaged in cooperation with local communities.

In 2014, the group developed the Strategy for Corporate Social Responsibility. This strategy is aimed at coordinating both social and environmental initiatives to enhance their impact. ASTARTA is committed to the principles of transparency and responsibility in its day-to-day activities and makes efforts to achieve sustainable leadership.

Starting from 2013, cooperation with local communities is based on ten principles of the UN Global Compact in the areas of human rights, labor relations, environmental protection, and anti-corruption. As part of the Strategy for Corporate Social Responsibility, ASTARTA supports the core principles of the UN Global Compact.

Today, ASTARTA operates in eight regions of Ukraine, 229 rural councils and united communities, and 365 villages. The Social Partnership Policy of ASTARTA is aimed at supporting the integrated and balanced development of rural regions. The Social Partnership policy is followed by all Group's subsidiaries within the regions of operation.

The company implements the corporate social responsibility projects within agreements of social cooperation with those village councils where it operates. ASTARTA has also developed maps of sustainable development, which indicate living standards of local communities and priority areas for development. According to these data, the programs for territories' development are drawn on an annual basis. The programs include specific projects that are of key priority and have the higher impact on the entire community.

Decisions on the inclusion of projects in the annual program are taken in consultations within specially created advisory councils of territories, working groups in village councils, or meetings of lease providers. Such advisory councils and working groups are active in all regional communities and include representatives of local authorities, community activists, local experts and opinion leaders, and local representatives as well as representatives of vulnerable groups (pensioners, people with special needs). The monitoring and evaluation of annual program' projects and staging

of project implementation are done as well at the meetings of these groups.

Key priorities for corporate social responsibility programs of ASTARTA include:

- Education
- Medicine
- Sport and culture
- Local infrastructure and well-being
- Other (charity, road repair, etc).

In 2017, ASTARTA increased its support for the local communities by 14% to UAH 40 million. In 2017, the top beneficiary of the CSR support of over UAH 12 million were educational programs.

The supportive educational programs can be divided into two groups: one is aimed at developing the material and technical base of educational institutions (school repairs, equipment purchase, implementation of energy saving measures, etc.). The other includes educational projects for children and methodical assistance to teachers and parents to facilitate harmonious development.

It is worth mentioning the Humane Pedagogy Project that started in 2016 and is being implemented in 19 schools with 178 teachers involved. Within the project, 58 training sessions for teachers, 55 training sessions for parents, and 32 open lessons were conducted. Humane pedagogy is supposed to form an individual who is guided by humanistic values in life.

BUDGET OF MUNICIPAL SUPPORT PROGRAMS, UAH THOUSAND

DIRECTIONS	2 015	%	2 016	%	**2 017**	**%**
Medicine	1 452	7%	5 200	15%	**4 490**	**11%**
Education	5 689	29%	4 100	12%	**12 381**	**31%**
Culture and sport	2 938	15%	2 500	7%	**6 531**	**16%**
Infrastructure and well-being	5 439	27%	3 000	9%	**7 108**	**18%**
Other (charity, road repair outside villages)	4 332	22%	20 200	57%	**9 490**	**24%**
TOTAL	19 850		35 000		**40 000**	

Other important social support initiatives, which took place in 2017, include:

- In cooperation with the BrainBasket Foundation and company Miratech, ASTARTA launched the pilot project of IT Education for Rural Communities to enable people in rural areas to receive a basic IT education. In the first stage, 45 adults and 37 schoolchildren from Ozera, Lutovinka, and Staroavramivka villages increased their IT skills. In the future, it is planned to expand the project to at least 15 rural locations. In addition, a joint project with the Ukrainian Academy of Leadership aimed at the development of leadership skills is being implemented for children.

- Together with the organization "Ukraine Without Wastes", the company started the Clean Environment project. Within the project, separate collection of wastes was organized at several schools. Money gained from the waste reprocessing was spent on the purchase of methodological materials. Today, 180 schoolchildren are involved in the project. It has become an example for local authorities for further dissemination.

- In October, the project "My Profession in Agro" was launched. The aim of the project is to show that the agricultural industry has many opportunities for professional and personal development. Ninety students at three pilot schools in the Khmelnitskyi region took part in the project in 2017.

- The Facilitation of Decentralisation project includes support for training sessions on the reform, advantages, disadvantages, and practical advice for the communities of Kozelschinskyi and Kobelyatskyi districts in the Poltava region.

For ASTARTA, community involvement is about having a positive and lasting relationship with the communities we operate in: improving lives for the better.

The Company performs social and environmental impact assessment on a regular basis in accordance with the policies adopted by the finance providers of the Group. The assessment is extended to the sugar, grains and soybean processing segments of the Group. The results of the assessment are available at the Company's web page and upon the request.

GRIEVANCE MECHANISM

The company has developed and implemented complaints handling procedures that are available for use by all interested parties. Any comments may be submitted in writing (by phone, mail or by email) or by filling in the application form. The application form is available on the company website (along with a description of the complaints process).

The complaints are:

- accepted for immediate consideration;
- the response has to be prepared not later than 30 days from the moment of filing.

Information about the complaint is recorded in the complaints folder by specially-authorised staff at all ASTARTA subsidiaries. Within the process, comments from interested parties are recorded, and action and measures are taken appropriately. ASTARTA strictly adheres to the principle of confidentiality when dealing with comments and complaints.

One hundred and fifty-five applications were registered in 2017. The subject of applications included cooperation proposals (participation in tenders, purchase of products, employment in the company, etc.), issues concerning land rent, provision of charity, etc.

All issues were carefully considered and applicants were provided with comprehensive replies.

GRI 401-1

EMPLOYMENT

We believe that considering employees' needs and development is one of the most effective strategies for a successful business. During the 25-year history of ASTARTA people strongly contributed into a growth of the company.

As agricultural and sugar operations are of seasonal nature, there is a sizable number of seasonal employees. Thus, on a peak-season in 2017, number of employees of the group exceeded 13.3 thousand. As production was moderating with the closing of the season, at the end of December of 2017, ASTARTA had 9 203 employees (which is 4% lower y-o-y).

STRUCTURE OF EMPLOYEES AS OF YEAR-END

	2 015 *	2 016 *	**2 017**
Age			
up to 30 y.o.	1 586	1 709	**1 606**
30-50 y.o.	4 482	5 122	**4 798**
over 50 y.o.	2 388	2 771	**2 799**
Gender			
Male	5 807	6 494	**6 167**
Female	2 649	3 108	**3 036**
Level			
Managers	798	878	**975**
Specialists	1 496	1 634	**1 642**
other employees	309	324	**326**
Workers	5 853	6 770	**6 260**
Segment			
Sugar	1 277	2 093	**1 968**
Grains	5 121	5 518	**5 311**
Soybean processing	168	176	**180**
Dairy	1 624	1 534	**1 443**
Other	266	281	**301**
Type			
Permanent	7 123	7 389	**7 989**
Seasonal	1 333	2 213	**1 214**
Total number of employees at year-end:	8 456	9 602	**9 203**

* Data for 2015-2016 restated due to reporting methodology changes
Please refer to page 14 on approach of disclosure.

The average proportion of women stood at 33%, with 67% men in employment. The age structure of those working for the company shows a high proportion of employees aged between 30-50, that is over 52% of the total number of employees. More than 92% of employees work under collective agreement.

EMPLOYEE TURNOVER IN 2017

	Employees hired	Employees dismissed
Age		
up to 30 y.o.	1 799	1 601
30-50 y.o.	4 417	4 439
over 50 y.o.	2 130	2 345
Gender		
Male	6 263	6 439
Female	2 834	2 767
Level		
Managers	243	244
Specialists	566	488
other employees	173	156
Workers	8 115	8 318
Segment		
Sugar	4 036	3 844
Grains	4 469	4 661
Soybean processing	77	74
Dairy	413	538
Other	102	89
Type		
Permanent	3 883	4 036
Seasonal	5 214	5 170

High rate of turnover is due to the high number of seasonal workers employed.

The relatively high level of employee turnover is due to seasonal nature of agricultural and sugar operations. At the same time, according to Ukrainian legislation, around 13% of workers are regarded as temporarily employed. This group of employees represents seasonal workers who are typically involved in the harvesting and planting campaign of crops as well as in the sugar beet processing campaign.

ASTARTA strictly compiles with all legislative requirements, and this includes the equal treatment approach. Our policies, practices, and procedures for recruitment, training and career development are designed to promote equality of opportunities. We are committed to treating people fairly in all respects, including job applications, training, promotion, and career development. If an employee becomes disabled we would, where appropriate, aim to retrain them for a more suitable role.

TRAINING AND EDUCATION

In recent years, a proportion of skilled personnel is increasing and a number of positions for unskilled labor is gradually reducing. Every year ASTARTA opens new positions to operate modern machinery, to apply new IT and agricultural technologies. In 2017, we employed 23 persons at new grain silos, and 35 persons to operate a new GPS monitoring system. In 2018, it is expected that another 130 people will be employed to manage new grain silos of ASTARTA in different regions.

Qualifications, professional training, and development play an important role in the company. Ongoing dialogue with employees serves as a basis for the selection and structuring of the measures to implement.

Development and continued education are key priorities throughout the entire group. ASTARTA aims for the steady improvement of employee knowledge and skills. Besides numerous job skills training sessions, as well as personal development offerings, intensive programs for all business segments are available.

GRI 302-1

ENERGY

When processing agricultural raw materials, our aim is to minimise recourse consumption – including energy consumption, and potential hazardous environmental effects, taking into consideration highest quality standards. It means compliance with all statutory and internal regulations. For us, it also means monitoring and optimising our production processes.

Natural gas and electricity are the principal sources of energy for the Company's processing entities. In the reporting period, the Group's subsidiaries did not sell neither electricity nor heating or cooling services to the third parties. Reduction of energy consumption (in particular, decrease in gas and electricity usage) have been important components of the Sustainability Strategy of the company. In 2017, ASTARTA decreased a gas consumption per ton of sugar by 9% and electricity consumption by 5% y-o-y.

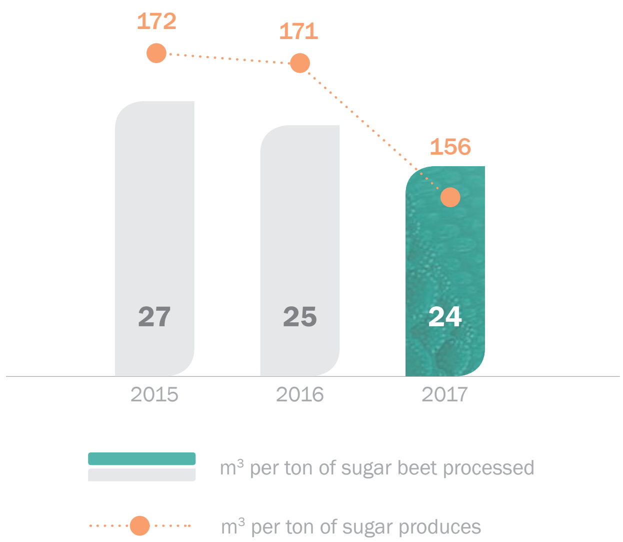
*Sugar campaign of 2017-18 lasted until end of January 2018, therefore the figure includes the data of the period.

Data is presented in accordance with formats used in the sugar industry.

Sugar beet processing into white sugar is a highly energy demanding process and the principal energy source for it in the recent years was the natural gas. In 2015, 2016 and 2017, the natural gas consumption by the sugar plants of the Group was respectively 66, 96 and 84 million cubic meters. This according to Ukrainian state standard 5542-87 corresponds to 2.3, and, 3.3 and 2.9 PJ respectively.

Within the program of the Best Available Technological Practices adopted by the company for 2016-2020, ASTARTA continues to perform modernisation aimed at energy, water, and recourse efficiency.

DYNAMICS OF GAS CONSUMPTION AT SUGAR PLANTS



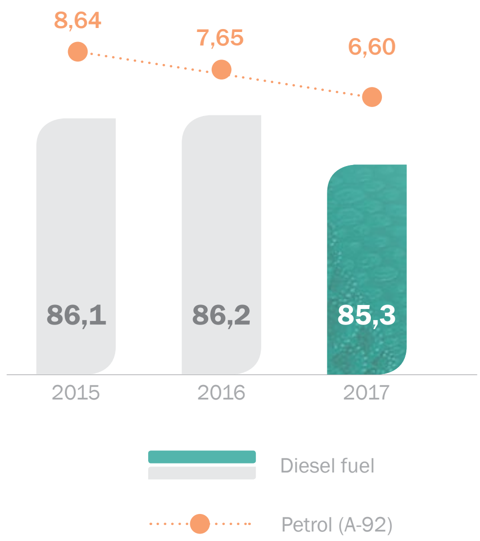
ELECTRICITY CONSUMPTION DYNAMICS

		2015	2016	2017
Electricity expenses				
sugar production	UAH ths	14 200	19 118	**16 632**
farming segment	UAH ths	33 164	44 530	**51 044**
soybean processing	UAH ths	11 351	14 546	**15 462**
other	UAH ths	2 848	2 863	**2 541**
Electricity consumption				
sugar production	kWt/h	64 520 234	92 178 593	**74 259 330**
per ton of sugar beet processed	m^3	25,11	25,34	**24,14**
farming segment	kWt/h	22 073 397	23 994 399	**25 915 051**
soybean processing	kWt/h	9 522 688	10 701 005	**10 616 602**
other	kWt/h	1 701 555	1 632 765	**1 350 522**

The units of measure are representing the formats applicable in the industry.

In the report we disclosed the information on the electricity consumption of the most substantial user of the electricity in the Group – sugar producing segment.

DYNAMICS OF FUEL CONSUMPTION, KG PER HA



The units of measure are representing the formats applicable in the industry.

For the calculation of electricity consumption, we selected the most significant production units that consume/generate the most material amount of the electricity. The data presented in the table below aggregates all consumed (produced and purchased) electricity used for administrative and production needs of the company. The fluctuations are due to the number of working days of the sugar production seasons and lengths of the modernisation campaign preceding the production cycle.

The following events took place in the reporting period to decrease the level of gas consumption at selected sugar plants:

- installation of a receiving mixer of the seed massecuite;
- replacing the drying sugar drum;
- installation of a filter press for suspension of 1st saturation;
- automatisation of flocculants supply of 1st carbonation;
- installation of the third product centrifugal machine;
- repair of diffusion machines;
- installation of an additional body of the evaporation unit.

Diesel fuel is used primarily in the farming processes. The company implements a number of solutions to decrease the level of fuel consumption per ha in farming. As a result, diesel fuel consumption decreased by 1% y-o-y and petrol (type A-92) consumption decreased by 14% y-o-y.

GRI 306-2

MATERIAL WASTES

The company generated about 2.4 million tons of by-products and waste in 2017 which is a 16% decrease compared to 2016. Seventy-five per cent of this was recycled. We have also increased the amount of recycled waste by 6% this year.

All wastes are handled by the companies licensed for their treatment and disposal. Experts in manufacturing enterprises receive regular updates from the official website of the Ministry of Ecology and Natural Resources regarding the list of licensees, paying particular attention to hazardous waste utilisation. The methods of the wastes disposal are selected according to the requirements of the Ukrainian legislation on wastes management.

The company has developed the Asbestos Substitution Program till 2020. This program was approved in 2014 and is updated periodically to meet the legal requirements. The program is designed to replace asbestos-containing materials that pose risks to human health when working with them. Each enterprise within the group calculates the quantity of asbestos-containing materials, which needs to be replaced in accordance with its condition.

DYNAMICS OF WASTE USAGE (TONS)

	2015	2016	2017
SAFE WASTES			
Sugar segment			
Waste from beet sinks	86 842	131 228	**120 885**
Molasses	74 071	122 314	**92 303**
Defecate	240 828	294 296	**342 336**
Pulp	1 333 871	2 161 088	**1 678 793**
Production-technological uses	11 992	18 020	**18 180**
AGRICULTURAL SEGMENT			
Grain wastes (1-3 grade)	10 122	2 996	**9 902**
Grain wastes (4 grade)	18 934	10 617	**7 124**
Chaff	619 906	105 533	**106 025**
Other	1 864	1 630	**1 693**
UNSAFE WASTES			
Packs of pesticides	61.8	66.3	**87.8**
Used fluorescent lamps	1.1	1.9	**1.9**
Used battery packs	14.1	25.3	**39.3**
Used oils	55.2	52.9	**54.8**
Asbestos-containing materials	28.2	64.6	**128.0**
Exhausted oil filters	3.8	4.5	**5.4**

* Sugar campaign of 2017-18 lasted until end of January 2018, therefore the figure includes the data of the period.

GRI 306-1

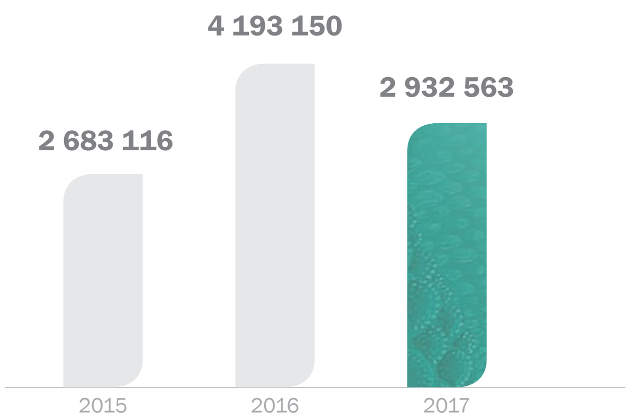
WATER DISCHARGE

Water, the most important resource from a global perspective, is one of the many inputs to ASTARTA's production process. We are working hard to reduce fresh water consumption at sugar plants as they are the primary consumers of water resources within the Group. The other entities are not significant within the Group.

Sewage from sugar factories is formed during the production. There are three categories of sewage at a sugar plant:

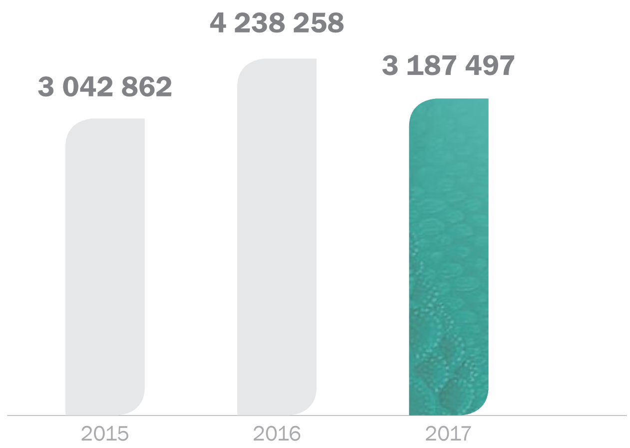
- **Category 1** – used to cool equipment. After cooling, water enters the technical ponds to cool itself to the targeted temperature and return to the technological process. Excess water of the first category is sent as feed water for the second category of reversible water.
- **Category 2** – transport water and water from beet sinks. These waters contain a significant amount of sediment.
- **Category 3** – a mixture of sediment transport and washing waters, water after cleaning and cooling of saturation gas from laboratories, and household wastewater entering the natural biological treatment plants – fields of filtration. Monitoring wells are located around the filtration fields to help control the quality of sewage treatment. All wastewater of sugar factories before getting into the fields of filtration are cleaned at treatment facilities (horizontal or radial).

WATER DISCHARGE DYNAMICS (m^3)



* Sugar campaign of 2017-18 lasted until end of January 2018, therefore the figure includes the data of the period.

WATER CONSUMPTION DYNAMICS (m^3)



* Sugar campaign of 2017-18 lasted until end of January 2018, therefore the figure includes the data of the period.

The reduction of wastewater in 2017 compared to 2016 is due to the implementation of a number of measures to modernise production, aimed at decrease in water consumption, usage of water in the process, which accordingly reduces the amount of wastewater.

The waters used in the production process was not reused by third parties organizations in the reporting period.

To minimise the level of water consumption, the company performs a number of modernisation works resulting in a 25% decrease in water consumption per sugar plant in 2017.

GRI 403-2

OCCUPATIONAL HEALTH AND SAFETY

Work safety is of key importance. There are two aspects of safety, both of which must be equally addressed: creating a safe work environment and ensuring that every employee is aware of safe work practices.

The programs to reduce work-related accidents vary in the different segments and are adapted to meet specific requirements. This includes assessing hazards, training employees and managers and staging work protection action days during which employees are actively trained. Forty-six employees of the company are represented in official communities and committees as health and safety workers.

The company recognises the responsibility to protect the lives and health of workers. For continuous monitoring of incidents, we use a database of accidents and incidents. The registration of accidents is conducted by the company's labour safety engineer who, in case of incidents, immediately informs employees of the head office and its direct manager. After conducting a case-by-case commission, a list of corrective measures is established to prevent similar cases from occurring at other enterprises. Accident reporting and remedial measures developed by them are distributed by email to labour inspectors of other ASTARTA enterprises for the use of preventive actions in their work.

In 2015, a system of internal audits on compliance with the requirements of legislation in the field of occupational safety, ecology, fire, and food safety was introduced. According to the schedule for conducting an audit in 2017, all ASTARTA companies were inspected. When conducting audits, particular attention was paid to the conditions and methods of work execution, the sanitary conditions of enterprises, and the order of working with waste, emissions.

As a result of the audits, reports and plans for corrective measures were drawn up and timely executed by the employees of the environmental, health, and safety department. Conducting internal audits can eliminate hazardous factors in the industry and provide information on the status and availability of documents necessary for the operation of enterprises. After conducting the audits, plans are drawn up to improve working conditions for employees and create the company's budget for the next year.

WORKPLACE SAFETY DATA

	2015	2016	**2017**
Fatal-injury frequency rate (FIFR)	0,19	0	**0,15**
Lost time injury frequency rate (LTIFR)	0,7	0,62	**0,64**
Lost date rate	20,05	36,38	**24,1**

In the process of improving the system of occupational safety at enterprises, modern European practices are used. From 2016, statistics on occupational injuries have been conducted using the coefficients LTIFR and FIFR: LTIFR stands for the number of cases of loss of working time attributed to the total hours worked in the subdivision in the reporting year and normalised to 1 million peoples per hour, FIFR – the number of cases of fatal injuries attributed to the total hours worked in the subdivision in the reporting year and normalised to 1 million people per year. The use of these coefficients allows to objectively estimate the level of occupational injuries at enterprises, taking into account the number of employees and actually worked time.

The information provided refers to the employees of the Group. Please refer to page 14 for standard disclosure clarification.

COMPANY STATISTICS ON ACCIDENTS

	2015		2016		**2017**	
	Fatal	Non-fatal	Fatal	Non-fatal	Fatal	Non-fatal
Sugar	-	4	-	6	**-**	**2**
Agriculture and dairy	2	7	-	6	**2**	**5**
Soybean processing	-	1	-	-	**-**	**1**

REPORT ON OPERATIONS
Corporate governance report
Consolidated financial statements
Company financial statements

INJURY STATISTICS

	2015			2016			**2017**		
	Fatal	Severe consequences	Mild consequences	Fatal	Severe consequences	Mild consequences	Fatal	Severe consequences	Mild consequences
Poltava region									
female	-	-	3	-	-	2	-	-	**2**
male	2	6	6	-	-	8	-	-	**5**
Vinnytsia reqion									
female	-	-	-	-	-	-	-	-	**-**
male	-	1	-	-	1	-	-	-	**1**
Khmelnytskiy region									
female	-	-	-	-	-	-	**2**	-	-
male	-	-	-	-	1	3	-	-	-
Kharkiv region									
female	-	-	-	-	-	-	-	-	-
male	-	-	1	-	-	2	-	-	-

To reduce the level of occupational injuries at company enterprises, the program “Five Steps to Security” was developed by specialists of the ecology, labour protection, and certification. The main objectives of this program are to increase the level of personal responsibility for safety in the workplace, eliminate risks and hazardous working conditions, and, consequently, reduce the level of occupational injuries.

Implementation of the program is divided into two stages:

- motivation of personnel and effective investigation of incidents;
- changing the attitude of employees to their own safety and safety of others, as well as assessment of the risks of production processes.

CERTIFICATION

Customers in the food industry assign significant importance to the safety and compliance of our products. External certification organizations conduct the appropriate audit functions. Accordingly, our production process is geared towards internationally recognised standards with an extensive specification and standardised assessment process.

Four sugar plants of the company were certified in accordance with the FSSC 22000 protocol of the Global Food Safety Initiative (GFSI). Other - maintain certification ISO 9001 and 14001.

From 2017, ASTARTA started introduction of food safety standards HACCP on all dairy farms.

COMPANY STATISTICS ON ACCIDENTS

Asset	Quality management system	Food safety management systems	Environmental management systems	Occupational Health and Safety Assessment Specification	Energy management systems
Narkevychi sugar plant	–	ISO 22000 certification FSSC 22000 diagnostic audit	ISO 14001 recertification	OHSAS 18001 recertification	–
Zhdanivka sugar plant	State standard of Ukraine ISO 9001 verification	FSSC 22000 recertification	ISO 14001 recertification	–	–
Yaresky sugar plant	State standard of Ukraine ISO 9001 verification	FSSC 22000 recertification	ISO 14001 recertification	–	–
Globyno sugar plant	State standard of Ukraine ISO 9001 verification	FSSC 22000 recertification	ISO 14001 recertification	OHSAS 18001 certification	ISO 50001 certification
Kobeliaky sugar plant	State standard of Ukraine ISO 9001 verification	State standard of Ukraine ISO 22000 verification	ISO 14001 recertification	–	–
Novoivanivka sugar plant	ISO 9001 certification	ISO 22000 certification	ISO 14001 certification	–	–
Novoorzhytsia sugar plant	ISO 9001 certification	FSSC 22000 certification	ISO 14001 certification	OHSAS 18001 certification	ISO 50001 verification
Savyntsi sugar plant	–	FSSC 22000 diagnostic audit	–	–	–
Globyno processing plant	ISO 9001 verification	FSSC 22000 verification ISO 22000 verification GMP+ diagnostic audit	ISO 14001 verification	OHSAS 18001 verification	OHSAS 18001 verification
Head office	–	–	ISO 14001 recertification	OHSAS 18001 recertification	–
Silo (Viytivtsi)		diagnostic audit			

REPORT ON OPERATIONS

Corporate governance report

Consolidated financial statements

Company financial statements

RISK MANAGEMENT

Described below are the risks and uncertainties, which we believe are significant for the Group.

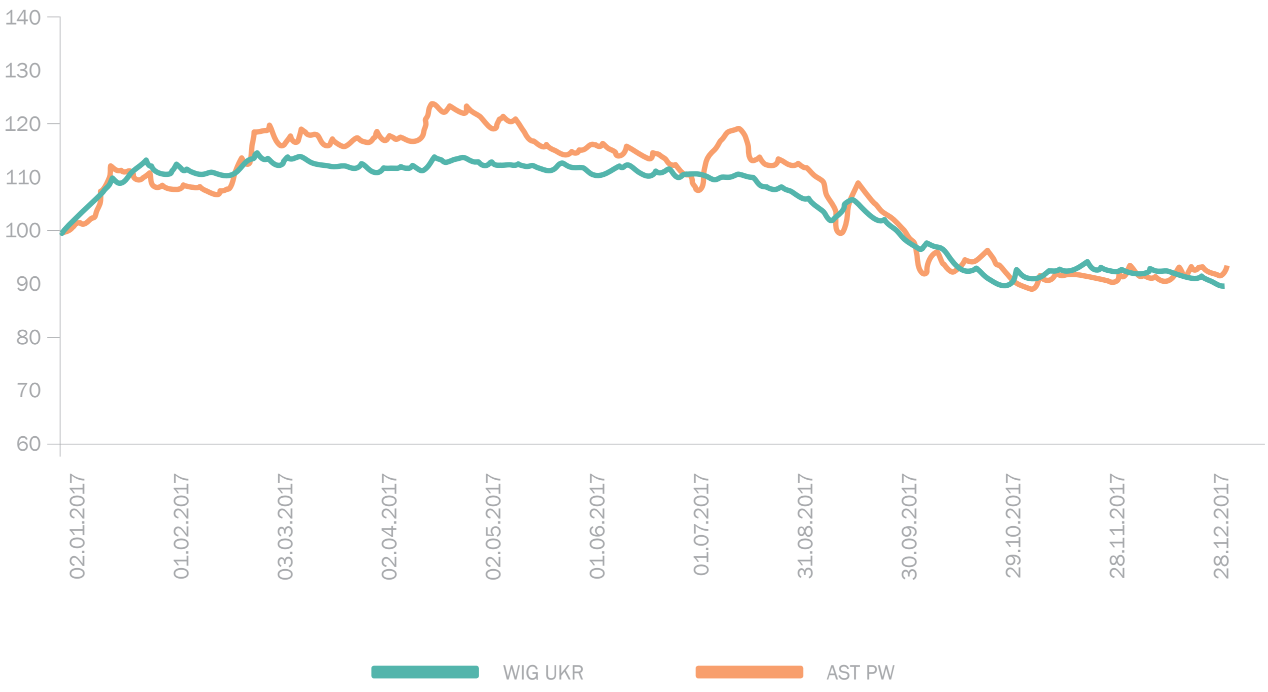
	RISK	MITIGATION
OPERATIONAL RISK	**Volatility of commodities prices:** Selling prices for sugar, crops, soybean products and milk are volatile and depend on many international and domestic factors, including but not limited to global demand and supply, weather, availability and cost of raw materials, biological factors, and state regulations.	The Company supplies its products preferably to the industrial clients and international traders. ASTARTA has a diversified portfolio of products which helps to mitigate the negative effect of price fluctuations in specific item. Forward selling and other hedging instruments could also be used to mitigate price volatility in commodities markets.
	Increased costs or disruptions in energy and other inputs supplies: Energy, fertilizer, and fuel costs make up a material share of the group's operating expenses. Thus, any increases of price or disruptions in supplies of these inputs could have a negative impact on operations.	ASTARTA has established relationships with a number of reliable suppliers of inputs, which should mitigate the risk of material disruptions of supply due to both high reputational track-record of counterparties and diversification of supplies. As for energy price risk, the group works continuously to reduce its major energy cost by intensive modernisation of its processing plants and implements its bioenergy program.
	Weather: Unfavourable weather conditions could have a negative impact on crops' harvest and sugar yield, which would have direct implication for a per-unit cost of production.	ASTARTA's land bank under cultivation is located in several regions of Ukraine, which allow for geographical diversification of weather related risks, at least to some extent. Professional management and implementation of modern technologies allow us to achieve above-average yields.-
COUNTRY RELATED RISK	**Regulatory risk:** From time to time, the government has imposed restrictions on production and sales, as well as quotas, tariffs, and other restrictive mechanisms. Any change in government resolutions or legislation applicable to the company's markets, or the markets of its off-takers and suppliers may affect its business, operational, and financial results.	ASTARTA has balanced its exposure to domestic and foreign markets as it developed a diversified portfolio of products which could help to mitigate the effect of adverse impact on any specific product.
FINAN CIAL RISK	Please refer to corresponding notes in the consolidated financial statements	

SHARE PRICE PERFORMANCE

ASTARTA shares closed trading in 2017 with share price of 51.49 PLN (-5% correction since the beginning of the year). Average daily turnover of the shares increased by 31% y-o-y to 9 410 shares per day. Appreciation of the Polish currency resulted in improved capitalization to EUR 309 million (+1% y-o-y).

ASTARTA AND WIG-UKR PRICE PERFORMANCE IN 2017

(factor = 100 as of 01 January 2017)



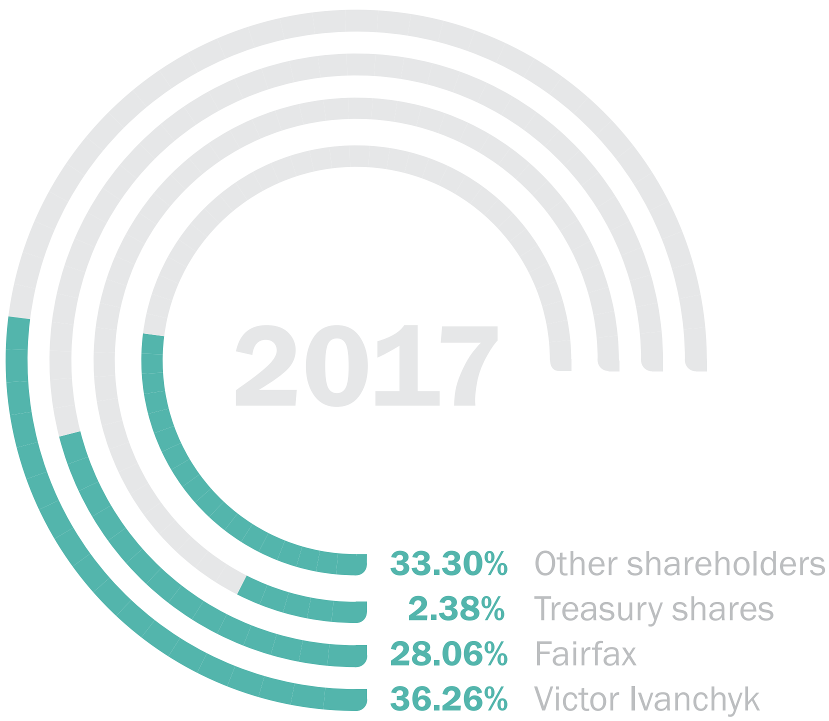
Source: Bloomberg

In 2017, the transaction on the acquisition of the stake in ASTARTA by Canadian investment fund Fairfax Financial Holdings Limited (FAIRFAX) took place. Following the transaction, FAIRFAX holds a 28% stake in the company. Founder and CEO of ASTARTA Mr. Viktor Ivanchyk controls about 36%. The free float of ASTARTA shares on the WSE of about 33% is held mostly by pension and investment funds in the EU and North America.

ASTARTA QUOTATION DATA ON THE WSE

	2017	2016	2015	2014	2013
Opening price (PLN per share)	**54**	35	20	67	55
Highest trading price (PLN per share)	**72**	55	39	68	77
Lowest trading price (PLN per share)	**46**	28	20	15	46
Closing price (PLN per share)	**51**	54	35	20	67
Closing price (EUR)	**12**	12	8	5	16
Year price change	**-6%**	57%	73%	-70%	22%
Market capitalisation as of 31 December (thousand of PLN)	**1 287 250**	1 351 250	862 500	500 000	1 672 500
Market capitalisation as of 31 December (thousand of EUR)	**308 626**	305 436	202 394	117 308	403 284

ASTARTA SHAREHOLDERS STRUCTURE



Source: Bloomberg

FULFILLING PLANS FOR 2017 AND OUTLOOK

ASTARTA's strategy is aimed at the long-term sustainable growth in the existing key business segments and new synergic areas. The company invests in development of production assets and its modernization to underpin overall efficiency and ensure healthy performance growth.

IN 2017

The agricultural segment missed our initial goals showing reduction of average crop yields and a decrease of the total harvest. The key reason was unfavorable weather conditions in the Poltava region, where over 50% of the cultivated by ASTARTA farmland is located. At the same time, we reached progress in efficiency in farms in Western part of the country where precipitation and temperatures were within the normal range.

In sugar, we managed to reduce pro rata natural gas and electricity consumption at our sugar plants. Combined sugar beet processing capacity grew by 3% to 40 700 tons per day. The share of sugar of top grade grew to 87% of overall production. Owing to the installation of a beet pulp drying complex at the Narkevychi sugar plant, ASTARTA managed to reduce waste from sugar production and increase total production of granulated beet pulp by 19% to about 43 000 tons.

Soybean processing plant operated at full capacity in 2017 and met output goals. We widened the product range of soybean meal, including GMO-free, and diversified sales of soybean products for exports. At the same time, due to market conditions the crushing margin and performance of the segment deteriorated.

The dairy farming segment improved its performance following efficiency increase and recovering prices for milk.

OUTLOOK FOR 2018

In 2018, we will continue to focus on operational efficiency, quality of produce, introduction of new technologies, and enhancement of production capacities and logistics infrastructure network.

Depending on the macroeconomic and market environment, management will consider investments in expansion of production assets in core segments, and will look to potential growth opportunities that can add to business scale.

GRI CONTENT INDEX

GENERAL DISCLOSURES

GRI 102: GENERAL DISCLOSURES 2016

102-1	Name of organisation	ASTARTA Holding N.V.
102-2	Activities, brands, products, and services	The business model is presented on pages 12, 96.
102-3	Location of headquarters	Registered office: Jan Van Goyenkade, 8, 1075 HP Amsterdam. Headquarters (organisation's administrative centre) str. Pochainynska 38/44, Kyiv, Ukraine, 04070.
102-4	Location of operations	Ukraine: Kyiv, Poltava, Vinnytsia, Kharkiv, Cherkassy, Chernihiv, Ternopil, Zhytomyr, Khmelnytskiy regions.Please refer to pages 7, 13 for details.
102-5	Ownership and legal form	Please refer to pages 62, 96 of the report.
102-06	Markets served	Sugar, pulp, molasses, grains, oilseeds, production of soybean processing (soybean meal, soybean oil, soybean husk), milk. Please refer to pages 12, 96 of the report.
102-07	Scale of organisation	Please refer to pages 12, 40, 96 of the report.
102-08	Information on employees and other workers	Employees structure of the company is presented at pages 40, 96.
102-09	Supply chain	Business model is presented at page 12 of the report. For more details please refer to pages 27, 33
102-10	Significant changes to the organisation and its supply chain	Please see pages 12, 52 for details.
102-11	Precautionary Principle or approach	Please see pages 45, 46, 47, 158-165 for details.
102-12	Externals initiatives	United Nations Global compact.
102-13	Membership of associations	Please see page 16 for details.
102-14	Statement from senior decision-maker	CEO's statement is presented at page 8 of the report. Chairman statement is presented at page 10 of the report.
102-16	Values, principles, standards, and norms of behavior	Please see page 5 of the report.
102-18	Governance structure	Corporate governance part is presented on pages 60-83 of the report.
102-40	List of stakeholder groups	Please see page 15 of the report.
102-41	Collective bargaining agreements	92% of employees are covered by a collective bargaining agreement.
102-42	Identifying and selecting stakeholders	Please see pages 14-16 of the report.
102-43	Approach to stakeholder engagement	Please see page 16 of the report.
102-44	Key topics and concerns raised	Please see page 17 of the report.
102-45	Entities included in consolidated financial statements	Please see page 99 of the report.
102-46	Defining report content and topic boundaries	Please see pages 2, 3, 17 of the report.
102-47	List of material topics	Please see page 17 of the report.
102-48	Restatements of information	none.
102-49	Changes in reporting	none.
102-50	Reporting period	12 months of the year ending 31 December 2017.
102-51	Date of most recent report	The report is prepared under GRI standards for the first time.
102-52	Reporting cycle	annual basis.
102-53	Contact point for questions regarding the report	IR@astarta.ua
102-56	External assurance	Report under the GRI standards is audited by the Baker Tilly. (limited assurance). Please see pages 185, 186. Financial statements are audited by Baker Tilly Berk N.V. Please see pages 179-181 of the report

MATERIAL TOPICS. ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 26-35 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Please refer to pages 20-23, 26-35, 86-95 of the report.
LOCAL COMMUNITIES		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 36-39 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 413: LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	Please refer to pages 36-39 of the report. 100% of operations are covered by the Stakeholders engagement plan. Please refer to pages 36-39 for details.
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 48-50 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Please refer to pages 48-50 of the report.
ENERGY		
GRI 103: MANAGEMENT APPROACH 2017		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 42-43 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 302: ENERGY		
302-1	Energy consumption within the organisation	Please refer to pages 42-43 of the report.

WASTES		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 44-47 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 306: EFFLUENTS AND WASTE		
306-1	Waste discharge by quality and destination	Please refer to pages 44-45 of the report.
306-2	Water by type and disposal method	Please refer to pages 46-47 of the report.
EMPLOYMENT		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Please refer to pages 17, 40-41 of the report.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 401: EMPLOYMENT		
401-1	New employee hires and employee turnover	Please refer to pages 40-41 of the report

Board of Directors of ASTARTA Holding N.V.

19 March 2018

Amsterdam, the Netherlands

Mr. V.Ivanchyk	(signed)
Mr. H.Dahl	(signed)
Mr. V.Gladkyi	(signed)
Mr. M.M.L.J. van Campen	(signed)
Mr. W.T. Bartoszewski	(signed)

Disclaimer regarding forward-looking statements:

Certain statements contained in this 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 anticipated results expressed or implied by these forward-looking statements.

CORPORATE GOVERNANCE REPORT


Index ▲1.56 ▼0.

GRI 403-2

1. GENERAL

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

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

Astarta's statutory seat is in Amsterdam, the Netherlands. The Company's registration address is Jan van Goyenkade 8, 1075 HP, Amsterdam, the Netherlands.

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

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

We are pleased to present the corporate governance report of the Company for the 2017 financial year.

2. BOARD OF DIRECTORS

A) Appointment and composition of the Board of Directors

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

The Board of Directors of the Company consists of five members: two Executive Directors A, one Executive Director B, and two Non-Executive Directors.

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

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

The members of the Board of Directors shall be appointed for a maximum period of four years. Reappointment is possible on each occasion for a maximum period of four years, but the Non-Executive Directors may be reappointed no more than three times. The profiles of our Board Members and reappointment schedule can be found on pages 64-69.

The composition, duties and other issues of the Board of Directors of the Company are regulated by the Rules of the Board of Directors adopted in accordance with article 15 paragraph 10 of the Company's Articles of Association, Best Practice Provision II (and III) of the Dutch Corporate Governance Code (as defined hereafter) applicable at the time and Best Practice of GPW-listed Companies (as defined hereafter). The Rules of the Board of Directors are applied and interpreted with reference to the Dutch Corporate Governance Code and the WSE Corporate Governance Rules. It can be viewed on the Company's website (www.astartaholding.com).

The Board of Directors of Astarta consists of Mr. Viktor Ivanchyk and Mr. Viktor Gladkyi, as the Executive Directors A, Mr. Marc Van Campen, as the Executive Director B, Mr. Howard Dahl and Mr. Wladyslaw Bartoszewski, as the Non-Executive Directors.

On 23 May 2017, the General Meeting of Shareholders authorized the Board to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued and paid in share capital and to limit or to cancel any existing pre-emptive rights in connection therewith, all for a period of one year starting this day and for the avoidance of doubt, ending but not including May 23, 2018, which authorization may not be withdrawn, provided that the Board takes such resolutions with unanimous votes of all members of the Board, was accepted and the resolution was taken with a majority of votes. Authorization of the Board of directors dated 2017 to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued was not executed.

B) Representation

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

The Board of Directors is also authorized to grant power of attorney to represent the Company to one official with general or limited power of representation. Nevertheless such official shall meet requirements of having no conflict of interest and with due observance of the limitations imposed on his or her powers. The Board of Directors determines the titles of such officials.

In 2017 the Board of Directors several times authorized Mr. Viktor Ivanchyk acting individually to conclude agreements and to determine their conditions after general approval of transactions by the Board of Directors.

On 23 May 2017 the General Meeting of Shareholders resolved to appoint Mr. Zeljko Erceg, the Operations Director as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association. In 2017 year there were no any cases of absence or inability to act of all Directors.

C) The Directors

The Company has a profile for its Directors, which indicates the size and composition of the Board of Directors, the activities and expertise and background of the Directors.

On 17 March 2017 the General Meeting of Shareholders of the Company resolved to resign Mr. Valery Korotkov as Non-Executive Director C and Chairman of the Board and to appoint Mr. Howard Dahl as Non-Executive Director C and Chairman of the Board.

The Board of Directors is formed by the following persons:

VIKTOR IVANCHYK

(born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

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

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

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

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

Shares owned in the Company: 9,063,970 shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.

HOWARD DAHL

(born in 1949, male)

Non-Executive Director C, Chairman of the Board of Directors, US citizen

Mr. Howard Dahl was appointed as a Non-Executive Director C with the Company and the Chairman of the Board of Directors on 17 March 2017.

From 1987 till 2016 Mr. Howard Dahl was the member of Board for a number of companies, such as Fargo-Moorhead Symphony Orchestra, North Dakota Council for the Arts, University of North Dakota Foundation, North Dakota Trade Office, Federal Reserve Bank of Minneapolis, Trinity International University. At present time Mr. Howard Dahl serves the positions in the Amity Technology LLC, Ethics and Public Policy Center, LongWater Opportunities, The Trinity Forum, Washington DC, Russian American Institute, Center for Innovation Foundation (University of North Dakota).

Mr. Howard Dahl graduated from the University of North Dakota B.S., University of Florida and Trinity Evangelical Divinity School.

Shares owned in the Company: 0.

VIKTOR GLADKYI

(born in 1963, male)

Executive Director A, Chief Financial Officer, Ukrainian national

Viktor Gladkyi joined Astarta-Kyiv in 2012, serves as an Executive Director A with the Company since 2014.

Prior to joining us, Mr. Gladkyi worked in the Central Bank of Ukraine (NBU) and was the Member of the Board of several state and commercial banks, including State Exim Bank and Citi (Ukraine), SWEDBANK.

In 1985 Viktor Gladkyi graduated from Kyiv State Shevchenko University with a degree in international economics.

Shares owned in the Company: 0.

MARC VAN CAMPEN

(born in 1944, male)

Executive Director B, Chief Corporate Officer, Dutch national

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

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

Mr. Van Campen has, in the previous seven years, been Director at Montferland Beheer BV at Schoonhoven (NL), Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY) Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy, Director of Lugo Terminal Srl at Lugo, Italy, Director of International Internet Investments Coöperatief U.A. at Amsterdam and Director of Griffin Premium Re N.V. at Amsterdam, quoted on the Warsaw Stock Exchange.

Mr. Van Campen is still holding the positions in the following entities: Montferland Beheer BV, Ovostar Union NV, Salvatore Ferragamo SpA, International Internet Investments Coöperatief U.A. and Griffin Premium Re N.V.

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

Shares owned in the Company: 0.

WLADYSLAW BARTOSZEWSKI

(born in 1955, male)

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

Between 2012 and 2014 Mr. Bartoszewski was the CEO of PGE Dom Maklerski S.A., the brokerage house owned by PGE S.A., the largest Polish energy company. Between 2014 and 2016 Mr. Bartoszewski was a Vice President of Exatel S.A., a telecom company. As of 2016 Mr. Bartoszewski became the Chairman of the History and International Relations at f Collegium Civitas , a private Polish University. Between 2007 and the end of 2011, Mr. Bartoszewski worked for Credit Suisse, as the General Manager of Credit Suisse (Luxembourg) S.A., Poland Branch, based in Warsaw. Between 2004 and 2007, and also between 1991 and 1997 he was at Central Europe Trust Co. Ltd, a British consulting and advisory firm, where he was a Board Director, working in Warsaw, Kiev and Moscow. Between 2000-2003 he was a Managing Director of ING Barings, responsible for all its investment banking activities in Poland. In 1997, he joined J.P. Morgan where he was until the end of 2000 in charge of the Polish operations of the bank as a head of the Warsaw office. Prior to 1991 Mr. Bartoszewski was a lecturer at St Antony's College, Oxford, attached to the Institute of Russian, Soviet and East European Studies of the Oxford University as of 1985.

Wladyslaw Bartoszewski, PhD, is a graduate of the University of Warsaw and University of Cambridge. He has worked in financial services since 1990.

Shares owned in the Company: 0.

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

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

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible) reappointment	Max.term
VIKTOR IVANCHYK	June 2006	June 2018	Not Applicable
VIKTOR GLADKYI	June 2014	June 2018	Not Applicable
MARC VAN CAMPEN	June 2006	June 2018	Not Applicable
HOWARD DAHL	March 2017	June 2021	2029
WLADYSLAW BARTOSZEWSKI	June 2006	June 2018	2018

D) Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by members of the Board of Directors as of 31 December 2017 was 9,063,970 amounting to approximately 36.26% of the issued and paid up share capital of the Company. Since 4 January 2017 after transactions with Fairfax Financial Holdings the total number of the Company's ordinary shares as of today is 7,015,533 amounting to approximately 28.06% 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 applies the Securities Rules of the Board of Directors.

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

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

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

The General Meeting of Shareholders on 23 May 2017 authorized the Board of Directors to continue repurchasing shares in the capital of the Company up to a maximum of 2,500,000 shares, being 10% of the currently issued and paid up share capital for a purchase price per share of up to PLN 125.00, and to authorize that the repurchase shall take place through a broker in the open market and is for the purpose of meeting obligations arising from (i) debt financial instruments exchangeable for or convertible into equity instruments and/or (ii) employee share option programs, or other allocations of shares to employees of the Company or of a group entity of the Company, and to resolve that the authorization is valid for a period of eighteen months from 23 May 2017. Authorization of the Board of directors dated 2017 to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued was not executed. Should the repurchased shares not (entirely) be used for its stock option plan, or for obligations arising from debt financial instruments exchangeable for or convertible into equity instruments, such repurchased shares may be sold again in the open market in accordance with Dutch law and the terms of the Company's insider trading policy.

As of 31 December 2017 the Company repurchased 595 141 shares. No shares were repurchased during 2017.

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

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

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

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

Mr. Korotkov held the position of the Chairman of the Board of Directors within 2016 financial year. Mr. Dahl was appointed as the Chairman of the Board of Directors on the General Meeting of Shareholders on 17 March 2017, Mr. Bartoszewski was reappointed as the Vice-Chairman of the Board of Directors in 2014.

Within 2016 Vice-Chairman Mr. Bartoszewski performed the responsibilities of the Chairman of the Board of Directors on 16 March 2017, and as Chairman of the General Meeting of Shareholders on 17 March y 2017.

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

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

Mr. Kontiruk held the position of the corporate secretary till August 2017. Mrs. Timakina was appointed as the corporate secretary of the Company on the meeting of the Board of Directors on 21 August 2017, her profile is available on the Company's website (www.astartaholding.com).

3. COMMITTEES OF THE BOARD OF DIRECTORS

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

A) Audit Committee

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

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

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

Within 2017 financial year the Audit Committee inter alia discussed effectiveness of the risk-management and internal control systems functioning, held the meeting with external auditors and discussed the audit.

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

B) Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors.

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

Within 2017 the members of the Remuneration Committee were Mr. Dahl (the Chairman) and Mr. Bartoszewski.

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

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

4. REMUNERATION POLICY

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

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

In 2015 the General Meeting of Shareholders adopted amendments to Remuneration Policy of the Company. The Remuneration Policy for our Board of Directors can be viewed on the Company's website (www.astartaholding.com).

5.SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2017

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

Dates for the Board Meetings in 2017 year were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wanted to share.

In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board agenda.

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

The annual General Meetings of Shareholders of the Company were held in Amsterdam, the Netherlands on 17 March 2017 and 23 May 2017.

Within the financial year 2017, the Board of Directors held the following meetings:

- four meetings in Amsterdam, the Netherlands, on 16 March 2017, 22 May 2017 and 23 May 2017, 24 May 2017;

- three meetings via conference-call on, 10 May 2017, 21 August 2017 and 06 November 2017.

Within the financial year 2017, the Audit Committee was held in Amsterdam, the Netherlands on 17 March 2017.

Within the financial year 2017, the Remuneration Committee was held in Amsterdam, the Netherlands on 23 May 2017.

6. GOVERNANCE AND CONTROL

A) Dutch Corporate Governance Code

On 9 December 2003, a committee commissioned by the Dutch Government (Commissie Tabaksblat) published the Dutch corporate governance code, which was amended on 10 December 2008 and became effective on 1 January 2009 (the "Dutch Corporate Governance Code"). The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. Dutch companies, whose shares are listed on a government-recognized 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. On 8 December 2016 the Dutch Corporate Governance Code Monitoring Committee has published the revised Dutch Corporate Governance Code (the Code). The Code has been revised at the request of the National Federation of Christian Trade Unions in the Netherlands (CNV), Eumedion, the Federation of Dutch Trade Unions (FNV), Euronext NV, the Association of Stockholders (VEB), the Association of Securities-Issuing Companies (VEUO) and the Confederation of Netherlands Industry and Employers (VNO-NCW). The most important change is the central role given to long-term value creation, and the introduction of 'culture' as a component of effective corporate governance. In addition, the Code has been updated in a number of other areas. The revised Code shall be effective as per the financial year 2018.

B) WSE Corporate Governance Rules

The Polish principles of corporate governance are provided in "The Code of Best Practice for WSE Listed Companies" approved by the Resolution No. 12/1170/2007 of the Exchange Supervisory Board dated 4 July 2007. On 13 October 2015 the Code of Best Practice for WSE Listed Companies was amended by Resolution № 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board and new amendments took effect from 1 January 2016.

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

C) Application of the Corporate Governance Codes

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

The above-mentioned set of corporate governance documents includes:

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

All these documents are available on our corporate website (www.astartaholding.com).

D) Confirmations in relation to the Dutch Corporate Governance Code

There have not been conflict of interest situations between the Directors and the Company during financial year 2017. The Board of Directors would like to confirm that if there had been such situations, that it would have complied with best practice provisions II.3.2 and II.3.3 of the Dutch Corporate Governance Code, also in line with the documents mentioned under section C. This means that the Board of Directors would have immediately reported any such conflict of interest or potential conflict of interest being of material significance to the Company and/or to such Director, to the Non-Executive Directors and to the other members of the Board of Directors. Any discussion or decision-making with regard to the conflicted transaction, including any decision to determine whether there is an actual conflict of interest, would have been taken without the conflicted Director being present. The same applies to best practice provisions III.6.1 through III.6.3 with respect to conflicts of interest in relation to the Non-Executive Directors, to the extent possible taking into account that the Company has a one-tier structure.

The Board of Directors also confirms that there have not been any conflict of interest situations between the Company and shareholders holding more than 10% of the shares in the Company's capital during financial year 2017. The Board of Directors also confirms that if there had been any such situations, it would have acted in compliance with best practice provision III.6.4 of the Dutch Corporate Governance Code, providing for agreement in such situations on terms that are customary in the sector concerned, with the prior approval of the Non-Executive Directors.

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

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

7. INTERNAL CONTROL

General

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

Internal risk management and control systems are designed to identify significant risks and to assist in managing those risks that could prevent the Company from achieving its objectives. The systems however cannot provide absolute assurance against material misstatements, errors, noncompliance, fraud, or violations of laws and regulations. Besides, any internal risk management and control systems cannot provide total assurance of achievement objectives.

Since all of 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 company – ASTARTA (unless stipulated otherwise), which is established under and acting within Ukrainian legislation.

Control Systems

Our internal risk management and control systems have two principal organisational 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, regulations etc.) and vertically (rules of budgeting and planning, financial and economic analysis, and control etc.) and

(ii) a direct control form.

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

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

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

Current control over business plans (budgets) is executed firstly by comparing actual budgets with adopted plans in order to control fixed deviations and prevent adverse forthcomings for particular subsidiaries and ASTARTA as a whole. All deviations are analysed 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 subsidiaries of ASTARTA as well as over crediting and withdrawal of funds of these subsidiaries is executed by way of elaboration on regulations regarding budgeting and elaboration of the budget of ASTARTA's subsidiaries itself. This has become more effective in the context of functional processes in 2017.

The budget commission functions in order to improve efficiency of control over revenues and expenses of subsidiaries, which holds meetings on a regular basis to approve budgets and control over budgeting in ASTARTA and its subsidiaries.

3) Control over sales of subsidiaries of the Group

ASTARTA provides for centralised sales of the Group's core products. This occurs via negotiations with consumers, drafting schedules of dispatching and sending them to subsidiaries. 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 purchasing and logistic functions of the Group

ASTARTA provides centralisation of purchasing and logistic functions. In addition, the most tenders of purchasing are executed centrally with further control of compliance. It gives effective and productive operational results.

Functional departments undertake measures for automation of purchasing in order to make the processes more profitable.

5) Control over investment decisions

ASTARTA has been developing procedures for investment decisions adoption. The investment committee functions to improve efficiency of the investment decisions adoption process and to minimise risks where wrong investment decisions have been made. Regulations of investment processes are being improved to decrease risks when implementing projects. Our internal control system executes thorough due diligence of companies, which the Company regards as a potential object of investment.

6) Control over financial and tangible assets

ASTARTA provides for centralised and automated control over accounts receivable in subsidiaries. It helps to increase essentially the financial liquidity system of the Group and the effectiveness of use of financial resources. In addition, ASTARTA implements centralised control over the retirement of basic assets and effectiveness of their utilisation.

7) Policy of economic security

This policy is realised by a well-established system within the economic security service, which is a vertically integrated chain of security departments on the level of ASTARTA and its operational companies. ASTARTA has created monitoring system for preventing conflicts of interest and different types of fraud. We have also improved regulations on IT information security at ASTARTA.

8) Hot line

In accordance with recommendations of external consulting company, ASTARTA maintains an additional control system “Hot line”. Everyone who works in ASTARTA or with ASTARTA can communicate with the Security Department by telephone, mail, e-mail, or Company website and leave information about an act of fraud or other violations. This information may be left anonymously if the contacting person so chooses.

ASTARTA continues to develop automation of the different internal control functions.

The department of accounting and taxes works up consolidated accounting policies for all ASTARTA’s subsidiaries, executes its control over ASTARTA’s subsidiaries periodically, and examines compliance of the subsidiaries with the accounting standards and policies in place.

The Internal Audit Department plays an important role in the internal control system assessment and through its consulting activities, which are designed to add value and improve the operations of ASTARTA as well as its subsidiaries. It helps the Company accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance. An internal audit aims to increase and defend the Company’s organisational value by providing risk- based and objective assurance, advice, and insight.

In connection with the abovementioned, we are aware that some functions of our internal risk management and control systems need to be reviewed, evaluated, and improved. We believe that we are taking adequate and appropriate steps to strengthen our internal risk management and control systems regularly.

Deficiencies

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

The first group of issues is connected with the IT system and control improvement, including issues of usage of the system as well as a means of control. We have improved our IT department in order to use IT as a measure of control efficiency improvement and cooperation with the security department, department of procurement, financial department, operating departments, internal audit department, and other subdivisions.

The second group relates to insufficient formalisation and optimisation of processes of financial and management accounting. In order to resolve these issues, we are continuing analysis to enable:

(i) standardisation and improvement of our financial accounting system and its compliance with IFRS as adopted by the European Union and part 9 of book 2 of the Dutch Civil Code, as well as

(ii) formalisation of management accounting aimed at control of the fulfilment of designated tasks in the process of business planning.

According to specific regulations, we can also 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. In addition, we have discussed our own assessment of our control and risk management framework with our external auditors.

The Board of Directors believes that the Company’s internal risk management and control systems have not led to any major problems in material errors in the 2017 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, but note that there are areas where the deficiencies as described above were identified, in relation to which adequate remedial actions have been taken in 2017. The Board of Directors has the data and opinion that our risk management and control systems provide reliable and honest financial reports with a reasonable level of assurance that it will not contain material inaccuracies.

8. DEVIATION FROM THE DUTCH CORPORATE GOVERNANCE CODE AND THE CODE OF BEST PRACTISE FOR WSE LISTED COMPANIES

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

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

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

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

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

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

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

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

I. Disclosure Policy, Investor Communications

I.Z.1.15. information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website.

The Company does not have Diversity policy, as the separate document, however since 2007 year the Company has adopted Rules of the Board of Directors, which include Profile of the Board of Director, Resignation schedule for members of the Board of Directors and other documents regulating the Board of Directors' composition, decision making process, working method, allocation of powers and general functioning. Corporate documents of the Company do not contain the information in respect of gender or age requirements to members of the Board of Directors as the main principles in engagement of Directors are their qualifications, experience and compliance with the independence criteria and principles of their past and current activity in other companies. The Company has consistently applied a policy whereby governing and managerial positions are filled by competent, creative individuals possessing the necessary experience and education.

II. Management Board, Supervisory Board

II.Z.3. At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4. and II.Z.4. Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members.

Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.

There is only one governing body in the Company, the Board of Directors comprising both Executive and Non-Executive Directors, which fulfills the duties respectively, both of a Polish-style management board and supervisory board. According to the Articles of Association (Article 12.3), at least half of the Non-Executive Directors have to be independent and if the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights, then the Board of Directors should have at least two independent Non-Executive Directors.

Pursuant to the Articles of Association such independent Non-Executive Director may therefore not be:

a. an officer, employee or agent of the company;

b. a director, officer, employee or agent of any affiliated company or enterprise;

c. a shareholder holding more than one per cent (1%) of all voting right in the company;

d. a director, officer, employee or agent of any shareholder holding more than one per cent (1%) of all voting right in the company.

Currently there is one independent Non-Executive Director in the Board of Directors. The Company believes that due to its single board structure, it is not necessary to appoint more independent Non-Executives Directors. The present composition of the Board of Directors allows protecting properly interests of both minority and majority shareholders and ensures the transparency in functioning. However, if the Company considers that protection of shareholders' interests is not sufficient, another independent member of the Board of Directors will be immediately recommended to be appointed.

II.Z.5. Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

The Company has a one-tier board structure, managerial and supervisory duties are joined by the Board of Directors consisting of Executive and Non-Executive Directors. Non-Executive Directors perform supervising duties. Subject to Rules of the Board of Directors, at least fifty per cent (50%) of the total number of Non-Executive Directors shall be independent in the meaning provided in the Articles of Association of the Company. If the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights at the General Meeting, then the Board of Directors shall consist of at least two independent Non-

Executive Directors. As there are no shareholders holding more than fifty per cent (50%), the Company has one independent Non-Executive Director. The information in respect of profile of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

II.Z.10.2. a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board.

The Company has a one-tier board structure, there are Executive and Non-Executive Directors in the Board of Directors of the Company. The information in respect of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

IV. General Meeting, Shareholder Relations

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

1) real-life broadcast of the general meeting;

2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;

3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

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

9. REMUNERATION REPORT

Background

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

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

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

The Company shall not make any payments as remuneration to the members of the Board of Directors, whether annual payments, periodical payments/rewards, payments payable on a certain term, entitlements to profits, bonuses or pension payments, whether in cash or in kind, other than in accordance with the Remuneration Policy dated 18 June 2015. The Remuneration Policy adopted on 18 June 2015 provides that the Directors responsible for the day-to-day operational management of the Company may be granted by cash bonuses of up to 150% of their fixed annual fee in a year, after adoption of the annual accounts of the preceding financial year. Upon proposal of the Remuneration Committee, the Board of Directors can decide whether a bonus shall be paid and what the amount of the bonus shall be. The Remuneration Committee shall form its proposal by taking into account the Company's activity results in a year, the adopted annual accounts, and the decisions taken by the directors in a year with regard to achieved long- term objectives of the Company.

Remuneration in financial year 2017

On 23 May 2017, in accordance with Remuneration Policy dated 18 June 2015 year the Board of Directors approved and ratified the remuneration of Chairman of the Board at EUR 75,000 per year, Vice-Chairman of the Board at EUR 40,000 per year, Chief Corporate officer at EUR 40,000 per year for financial year 2017.

Due to paragraph (A) Article 3 of Remuneration Policy, The Executive Directors "A" shall not be remunerated by the Company, but by its subsidiary LLC Firm "Astarta-Kyiv". Thus, the Board of Directors approved the following recommended remuneration of Executive Directors "A" for 2017: Mr. Ivanchyk – equivalent of about EUR 360,000 and Mr. Gladkyi – equivalent of about EUR 240,000 for the year 2017.

Based on the recommendation of the Company, LLC Firm "Astarta-Kyiv" approved the remuneration of Mr. Ivanchyk and Mr. Gladkyi for financial year 2017, Mr. Ivanchyk and Mr. Gladkyi obtained their remuneration on the monthly based period in UAH.

In 2017 the Board of Directors of ASTARTA Holding N.V. recommended to grant to Executive Directors A cash bonuses for 2016 in the following amounts: to Mr. Ivanchyk – equivalent of about EUR 540,000 and to Mr. Gladkyi – equivalent of about EUR 360,000.

The abovementioned resolutions have been approved based on Remuneration Policy, the results of examination of the consolidated financial statements as at and for the year 2016 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 23 May 2017.

Director's name	Position	2015 Remuneration for rendered services	2015 Reimbursable expenses	2015 Total	2016 Remuneration for rendered services	2016 Reimbursable expenses	2016 Total	**2017 Remuneration for rendered services**	**2017 Reimbursable expenses**	**2017 Total**
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	135,000	4,524	139,524	35,000	-	17,659.60*	-	-	-
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	35,000	-	35,000	35,000	-	35,000	**40,000**	-	**40,000**
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	35,000	4,012	39,012	35,000	-	35,000	**40,000**	-	**40,000**
H. Dahl	Chairman of the Board of Directors, Non-Executive Director	-	-	-	-	-	-	**75,000**	**8,855.68**	**83,855.68**
Total				213,536			87,659.60			**163,855.68**

* EUR 17 430.40 was the return of an over-payment of net salaries

Information about the remunerations and bonuses accrued by LLC Firm "Astarta-Kyiv" to the Company's Directors A, taking into account resolution of the General Meeting of Shareholders dated 23 May 2017 is presented in the table below (amounts in Euros of the equivalent paid in Ukrainian Hryvnia):

Director's name	Position	2015 Remuneration for rendered services	2015 Bonuses	2015 Total	2016 Remuneration for rendered services	2016 Bonuses	2016 Total	**2017 Remuneration for rendered services**	**2017 Bonuses**	**2017 Total**
V. Ivanchyk	Executive Director and Chief Executive Officer	159,761	-*	159,761	180,914	-*	180,914	**292,494**	**418,744***	**711,238**
V. Gladkyi	Executive Director and Chief Financial Officer (from 18 June 2014)	149,779	188,000	337,776	207,047	237,998	445,045	**275,459**	**360,000**	**635,459**

* Mr. Ivanchyk decided to refuse from the part of his annual remuneration in favor of charity.

On 23 May 2017 the Board of Directors resolved also to grant cash bonuses to ten top managers of LLC Firm "Astarta-Kyiv" under results of their work in 2016 year for the total amount equivalent approximately to EUR 1,007,000.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Dahl and Mr. Bartoszewski, have performed the following actions and duties in their role as Non-Executive Directors in 2017.

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

Mr. Dahl and Mr. Bartoszewski can be considered independent within the meaning of Best Practice Provision III.2.2 of the Dutch Corporate Governance Code.

In carrying out their task, they participated in the Board meetings mentioned in paragraph 5 above and advised the Board of Directors on their management activities. Besides this, Mr. Dahl is the Chairman of the Remuneration Committee, and Mr. Bartoszewski, as financial expert, is the member of the Remuneration Committee and Chairman of the Audit Committee.

Mr. Dahl and Mr. Bartoszewski within 2017 financial year held meetings on which the main items which were discussed – remuneration of the members of the Board of Directors, payment of bonuses and Remuneration Policy of the Company.

As for Mr. Bartoszewski, as the Chairman of the Audit Committee, he has had two meetings with Mr. Van Campen and provided the Board of Directors with advice in this respect.

There were no irregularities in the 2017 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 2017 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 2017 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2017 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2017, 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 Baker Tilly Berk N.V., which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2017, 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 2017, the Board of Directors assessed the effectiveness of the system of internal controls for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analysis that was carried out at the Company within the framework of governance and compliance, the Board is of the opinion, after consulting with the Audit Committee, that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organizations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

In our view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2017.

Board of Directors of ASTARTA Holding N.V.

19 March 2018

Amsterdam, the Netherlands

Mr. V.Ivanchyk	(signed)
Mr. H.Dahl	(signed)
Mr. V.Gladkyi	(signed)
Mr. M.M.L.J. van Campen	(signed)
Mr. W.T. Bartoszewski	(signed)

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(in thousands of Ukrainian hryvnias)	*Notes*	**31 December 2017**	31 December 2016	31 December 2015
ASSETS				
Non-current assets				
Property, plant and equipment	*7*	**7 332 799**	7 218 433	5 782 197
Intangible assets	*8*	**120 008**	82 453	64 854
Biological assets	*9*	**751 534**	432 310	505 862
Value added tax		**570 925**	157 275	223 691
Financial instruments available-for-sale		**2**	60	265
Long-term receivables and prepayments	*11*	**154 258**	68 247	20 680
		8 929 526	7 958 778	6 597 549
Current assets				
Inventories	*10*	**6 522 474**	6 327 282	4 022 258
Biological assets	*9*	**572 899**	390 503	470 358
Trade accounts receivable	*11*	**490 873**	354 405	447 312
Other accounts receivable and prepayments	*11*	**803 998**	941 470	534 149
Current income tax		**27 273**	4 833	2 317
Short-term cash deposits	*12*	**36 043**	37 674	378 333
Cash and cash equivalents	*13*	**479 990**	315 896	440 069
		8 933 550	8 372 063	6 294 796
Total assets		**17 863 076**	16 330 841	12 892 345
EQUITY AND LIABILITIES				
Equity	*14*			
Share capital		**1 663**	1 663	1 663
Additional paid-in capital		**369 798**	369 798	369 798
Retained earnings		**8 036 911**	5 653 075	2 875 244
Revaluation surplus		**2 842 286**	3 789 642	2 834 231
Treasury shares		**(95 934)**	(95 934)	(94 389)
Currency translation reserve		**495 066**	319 962	319 547
Total equity attributable to equity holders of the parent company		**11 649 790**	10 038 206	6 306 094
Non-controlling interests in joint stock companies	*15*	**-**	-	407
Total equity		**11 649 790**	10 038 206	6 306 501
Non-current liabilities				
Loans and borrowings	*16*	**1 499 141**	1 369 904	338 465
Non-controlling interests in limited liability companies	*15*	**112 307**	252 086	170 789
Other long-term liabilities		**17 430**	3 421	4 172
Deferred tax liabilities	*25*	**345 264**	486 393	351 095
		1 974 142	2 111 804	864 521
Current liabilities				
Loans and borrowings	*16*	**2 361 524**	1 886 061	4 631 927
Current portion of long-term loans and borrowings	*16*	**1 019 857**	1 243 693	377 468
Trade accounts payable		**235 654**	182 399	56 332
Current income tax		**28 849**	28 625	12 837
Other liabilities and accounts payable	*17*	**593 260**	840 053	642 759
		4 239 144	4 180 831	5 721 323
Total equity and liabilities		**17 863 076**	16 330 841	12 892 345

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(in thousands of Euros)	*Notes*	**31 December 2017**	31 December 2016	31 December 2015
ASSETS				
Non-current assets				
Property, plant and equipment	*7*	**218 920**	253 968	220 500
Intangible assets	*8*	**3 582**	2 901	2 474
Biological assets	*9*	**22 437**	15 209	19 291
Value added tax		**17 045**	5 533	8 530
Financial instruments available-for-sale		**-**	2	10
Long-term receivables and prepayments	*11*	**4 605**	2 401	789
		266 589	280 014	251 594
Current assets				
Inventories	*10*	**194 727**	222 615	153 384
Biological assets	*9*	**17 104**	13 739	17 937
Trade accounts receivable	*11*	**14 655**	12 469	17 058
Other accounts receivable and prepayments	*11*	**24 002**	33 124	20 369
Current income tax		**814**	170	88
Short-term cash deposits	*12*	**1 076**	1 325	14 427
Cash and cash equivalents	*13*	**14 330**	11 114	16 782
		266 708	294 556	240 045
Total assets		**533 297**	574 570	491 639
EQUITY AND LIABILITIES				
Equity	*14*			
Share capital		**250**	250	250
Additional paid-in capital		**55 638**	55 638	55 638
Retained earnings		**468 135**	376 304	262 518
Revaluation surplus		**137 003**	183 025	165 523
Treasury shares		**(4 801)**	(4 801)	(4 746)
Currency translation reserve		**(308 425)**	(257 241)	(238 706)
Total equity attributable to equity holders of the parent company		**347 800**	353 175	240 477
Non-controlling interests in joint stock companies	*15*	**-**	-	16
Total equity		**347 800**	353 175	240 493
Non-current liabilities				
Loans and borrowings	*16*	**44 757**	48 198	12 907
Non-controlling interests in limited liability companies	*15*	**3 353**	8 869	6 513
Other long-term liabilities		**520**	121	159
Deferred tax liabilities	*25*	**10 308**	17 112	13 389
		58 938	74 300	32 968
Current liabilities				
Loans and borrowings	*16*	**70 503**	66 358	176 635
Current portion of long-term loans and borrowings	*16*	**30 448**	43 757	14 394
Trade accounts payable		**7 035**	6 417	2 148
Current income tax		**861**	1 007	490
Other liabilities and accounts payable	*17*	**17 712**	29 556	24 511
		126 559	147 095	218 178
Total equity and liabilities		**533 297**	574 570	491 639

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Ukrainian hryvnias)	*Notes*	**2017**	2016
Revenues	*18*	**13 717 000**	10 408 667
Cost of revenues	*19*	**(10 660 403)**	(7 237 500)
Changes in fair value of biological assets and agricultural produce	*9*	**1 325 569**	1 288 728
Gross profit		**4 382 166**	4 459 895
Other operating income	*20*	**152 005**	498 265
General and administrative expense	*21*	**(726 545)**	(598 651)
Selling and distribution expense	*22*	**(1 042 352)**	(629 936)
Other operating expense	*23*	**(392 776)**	(198 868)
Profit from operations		**2 372 498**	3 530 705
Finance costs	*24*	**(600 838)**	(1 165 451)
Finance income	*24*	**53 818**	18 284
Other income		**6 919**	1 561
Impairment of goodwill	*8*	**(52 716)**	-
Gain on acquisition of subsidiaries	*4*	**2 158**	34 048
Profit before tax		**1 781 839**	2 419 147
Income tax expense	*25*	**(23 243)**	(68 590)
Net profit		**1 758 596**	2 350 557
Net profit attributable to:			
Non-controlling interests in joint stock companies		**-**	(280)
Equity holders of the parent company		**1 758 596**	2 350 837
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 405**	24 405
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Ukrainian hryvnias)		**72,06**	96,33

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Euros)	*Notes*	**2017**	2016
Revenues	*18*	**458 601**	368 891
Cost of revenues	*19*	**(355 477)**	(256 618)
Changes in fair value of biological assets and agricultural produce	*9*	**45 376**	45 213
Gross profit		**148 500**	157 486
Other operating income	*20*	**4 904**	17 517
General and administrative expense	*21*	**(24 134)**	(21 181)
Selling and distribution expense	*22*	**(34 523)**	(22 346)
Other operating expense	*23*	**(12 889)**	(7 042)
Profit from operations		**81 858**	124 434
Finance costs	*24*	**(19 549)**	(41 299)
Finance income	*24*	**1 751**	648
Other income		**225**	55
Impairment of goodwill	*8*	**(1 660)**	-
Gain on acquisition of subsidiaries	*4*	**68**	1 230
Profit before tax		**62 693**	85 068
Income tax expense	*25*	**(853)**	(2 425)
Net profit		**61 840**	82 643
Net profit attributable to:			
Non-controlling interests in joint stock companies		**-**	(10)
Equity holders of the parent company		**61 840**	82 653
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 405**	24 405
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Euros)		**2,53**	3,39

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Ukrainian hryvnias)	**2017**	2016
Profit for the period	**1 758 596**	2 350 557
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**198 891**	10 367
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**198 891**	10 367
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations (the parent company)	**(23 787)**	(9 952)
Income tax effect	**-**	-
Revaluation of property, plant and equipment	**-**	1 521 894
Income tax effect	**-**	(127 972)
	-	1 393 922
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**14 818**	(14 200)
Income tax effect	**(2 667)**	2 556
	12 151	(11 644)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(11 636)**	1 372 326
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income	**1 945 851**	3 733 250
Attributable to:		
Non-controlling interests in joint stock companies	**-**	(407)
Equity holders of the parent	**1 945 851**	3 733 657
Total comprehensive income as at 31 December	**1 945 851**	3 733 250

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Euros)	**2017**	2016
Profit for the period	**61 840**	82 643
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**(51 184)**	(18 537)
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(51 184)**	(18 537)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations (the parent company)	**-**	-
Income tax effect	**-**	-
Revaluation of property, plant and equipment	**-**	53 545
Income tax effect	**-**	(4 502)
	-	49 043
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**494**	(502)
Income tax effect	**(89)**	90
	405	(412)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**405**	48 631
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income (loss)	**11 061**	112 737
Attributable to:		
Non-controlling interests in joint stock companies	**-**	(16)
Equity holders of the parent	**11 061**	112 753
Total comprehensive income as at 31 December	**11 061**	112 737

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Ukrainian hryvnias)	Notes	2017	2016
Operating activities			
Profit before tax		**1 781 839**	2 419 147
Adjustments for:			
Depreciation and amortization	7, 8	**1 100 836**	817 512
Allowance for impairment of trade and other accounts receivable	11	**54 790**	19 364
Gain on acquisition of subsidiaries	4	**(2 158)**	(34 048)
Loss on disposal of property, plant and equipment	23	**30 273**	39 034
Write down of inventories	23	**100 900**	29 857
Impairment of goodwill	4	**52 716**	-
VAT written off	23	**45 459**	8 579
Interest income	24	**(12 771)**	(18 284)
Gain on non-controlling interest purchase	24	**(41 047)**	-
Interest expense	24	**279 878**	593 241
Other finance costs	24	**29 027**	108 121
Impairment of property, plant and equipment	23	**52 011**	10 955
Changes in fair value of biological assets and agricultural produce	9	**(1 325 569)**	(1 288 728)
Reversal of impairment of property, plant and equipment, net		**-**	(44 973)
Recovery of assets previously written off	20	**(48 975)**	(23 024)
Non-controlling interests in limited liability companies	24	**32 439**	70 085
Foreign exchange gain(loss) on loans and borrowings, deposits	24	**259 494**	394 004
Working capital adjustments:			
Decrease (increase) in inventories		**674 302**	(1 011 314)
Increase in trade and other receivables		**(648 880)**	(301 584)
Decrease in biological assets due to other changes		**21 889**	241 490
Decrease (increase) in trade and other payables		**(311 956)**	357 128
Income taxes paid		**(108 291)**	(52 874)
Cash flows provided by operating activities		**2 016 206**	2 333 688
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(1 543 396)**	(593 764)
Proceeds from disposal of property, plant and equipment		**5 849**	20 252
Interest received	24	**12 771**	17 852
Acquisition of subsidiaries net of cash acquired	4	**(284 278)**	(124 483)
Cash deposits placement		**(3 309 141)**	(2 109 143)
Cash deposits withdrawal		**3 270 241**	2 441 962
Cash flows used in investing activities		**(1 847 954)**	(347 324)
Financing activities			
Proceeds from loans and borrowings		**4 900 139**	3 954 261
Repayment of loans and borrowings		**(4 713 080)**	(5 405 560)
Payments to shareholders for pledged shares		**-**	(53 527)
Purchase of treasury shares		**-**	(1 545)
Acquisition of non-controlling interest	15	**(84 885)**	-
Interest paid		**(281 434)**	(565 630)
Cash flows used in financing activities		**(179 260)**	(2 072 001)
Net decrease in cash and cash equivalents		**(11 008)**	(85 637)
Cash and cash equivalents as at 1 January		**315 896**	440 069
Currency translation difference		**175 102**	(38 536)
Cash and cash equivalents as at 31 December		**479 990**	315 896

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Euros)	Notes	2017	2016
Operating activities			
Profit before tax		**62 693**	85 068
Adjustments for:			
Depreciation and amortization	*7,8*	**36 677**	28 904
Allowance for impairment of trade and other accounts receivable	*11*	**1 804**	686
Gain on acquisition of subsidiaries	*4*	**(68)**	(1 230)
Loss on disposal of property, plant and equipment	*23*	**993**	1 382
Write down of inventories	*23*	**3 311**	1 057
Impairment of goodwill	*4*	**1 660**	-
VAT written off	*23*	**1 492**	304
Interest income	*24*	**(416)**	(648)
Gain on non-controlling interest purchase	*24*	**(1 335)**	-
Interest expense	*24*	**9 107**	21 022
Other finance costs	*24*	**944**	3 831
Impairment of property, plant and equipment	*23*	**1 707**	387
Changes in fair value of biological assets and agricultural produce	*9*	**(45 376)**	(45 213)
Reversal of impairment of property, plant and equipment, net		**-**	(1 581)
Recovery of assets previously written off	*20*	**(1 580)**	(809)
Non-controlling interests in limited liability companies	*24*	**1 055**	2 484
Foreign exchange gain(loss) on loans and borrowings, deposits	*24*	**8 443**	13 962
Working capital adjustments:			
Decrease (increase) in inventories		**22 467**	(35 878)
Increase in trade and other receivables		**(21 620)**	(10 664)
Decrease in biological assets due to other changes		**729**	8 538
Decrease (increase) in trade and other payables		**(10 394)**	12 627
Income taxes paid		**(3 608)**	(1 869)
Cash flows provided by operating activities		**68 685**	82 360
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(51 425)**	(20 994)
Proceeds from disposal of property, plant and equipment		**195**	716
Interest received	*24*	**416**	633
Acquisition of subsidiaries net of cash acquired	*4*	**(9 029)**	(4 486)
Cash deposits placement		**(110 257)**	(74 573)
Cash deposits withdrawal		**108 961**	86 341
Cash flows used in investing activities		**(61 139)**	(12 363)
Financing activities			
Proceeds from loans and borrowings		**163 268**	139 811
Repayment of loans and borrowings		**(157 035)**	(191 125)
Payments to shareholders for pledged shares		**-**	(1 897)
Purchase of treasury shares		**-**	(55)
Acquisition of non-controlling interest	*15*	**(2 828)**	-
Interest paid		**(9 377)**	(19 999)
Cash flows used in financing activities		**(5 972)**	(73 265)
Net decrease in cash and cash equivalents		**1 574**	(3 268)
Cash and cash equivalents as at 1 January		**11 114**	16 782
Currency translation difference		**1 462**	(2 400)
Cash and cash equivalents as at 31 December		**14 330**	11 114

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Attributable to equity holders of the parent company

(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Subtotal	Non-controlling interests	Total equity
As at 1 January 2016	1 663	369 798	2 875 244	2 834 231	(94 389)	319 547	6 306 094	407	6 306 501
Net profit	-	-	2 350 837	-	-	-	2 350 837	(280)	2 350 557
Revaluation reserve, net of tax	-	-	-	1 394 049	-	-	1 394 049	(127)	1 393 922
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(11 644)	-	-	(11 644)	-	(11 644)
Exchange difference on translation	-	-	-	-	-	415	415	-	415
Total other comprehensive income, net of tax	-	-	-	1 382 405	-	415	1 382 820	(127)	1 382 693
Total comprehensive income	-	-	2 350 837	1 382 405	-	415	3 733 657	(407)	3 733 250
Purchase of own shares	-	-	-	-	(1 545)	-	(1 545)	-	(1 545)
Realisation of revaluation surplus, net of tax	-	-	426 994	(426 994)	-	-	-	-	-
As at 1 January 2017	**1 663**	**369 798**	**5 653 075**	**3 789 642**	**(95 934)**	**319 962**	**10 038 206**	**-**	**10 038 206**
Net profit	**-**	**-**	**1 758 596**	**-**	**-**	**-**	**1 758 596**	**-**	**1 758 596**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	**-**	**-**	**-**	**12 151**	**-**	**-**	**12 151**	**-**	**12 151**
Exchange difference on translation	**-**	**-**	**-**	**-**	**-**	**175 104**	**175 104**	**-**	**175 104**
Total other comprehensive income, net of tax	**-**	**-**	**-**	**12 151**	**-**	**175 104**	**187 255**	**-**	**187 255**
Total comprehensive income	**-**	**-**	**1 758 596**	**12 151**	**-**	**175 104**	**1 945 851**	**-**	**1 945 851**
Realisation of revaluation surplus, net of tax	**-**	**-**	**611 096**	**(611 096)**	**-**	**-**	**-**	**-**	**-**
Impairment, net of tax	**-**	**-**	**-**	**(348 411)**	**-**	**-**	**(348 411)**	**-**	**(348 411)**
Acquisitions of entities under common control	**-**	**-**	**14 144**	**-**	**-**	**-**	**14 144**	**-**	**14 144**
As at 31 December 2017	**1 663**	**369 798**	**8 036 911**	**2 842 286**	**(95 934)**	**495 066**	**11 649 790**	**-**	**11 649 790**

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Attributable to equity holders of the parent company

(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Subtotal	Non-controlling interests	Total equity
As at 1 January 2016	250	55 638	262 518	165 523	(4 746)	(238 706)	240 477	16	240 493
Net profit	-	-	82 653	-	-	-	82 653	(10)	82 643
Revaluation reserve, net of tax	-	-	-	49 047	-	-	49 047	(4)	49 043
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(412)	-	-	(412)	-	(412)
Exchange difference on translation	-	-	-	-	-	(18 535)	(18 535)	(2)	(18 537)
Total other comprehensive income, net of tax	-	-	-	48 635	-	(18 535)	30 100	(6)	30 094
Total comprehensive income	-	-	82 653	48 635	-	(18 535)	112 753	(16)	112 737
Purchase of own shares	-	-	-	-	(55)	-	(55)	-	(55)
Realisation of revaluation surplus, net of tax	-	-	31 133	(31 133)	-	-	-	-	-
As at 1 January 2017	**250**	**55 638**	**376 304**	**183 025**	**(4 801)**	**(257 241)**	**353 175**	**-**	**353 175**
Net profit	**-**	**-**	**61 840**	**-**	**-**	**-**	**61 840**	**-**	**61 840**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	**-**	**-**	**-**	**405**	**-**	**-**	**405**	**-**	**405**
Exchange difference on translation	**-**	**-**	**-**	**-**	**-**	**(51 184)**	**(51 184)**	**-**	**(51 184)**
Total other comprehensive income, net of tax	**-**	**-**	**-**	**405**	**-**	**(51 184)**	**(50 779)**	**-**	**(50 779)**
Total comprehensive income	**-**	**-**	**61 840**	**405**	**-**	**(51 184)**	**11 061**	**-**	**11 061**
Realisation of revaluation surplus, net of tax	**-**	**-**	**29 569**	**(29 569)**	**-**	**-**	**-**	**-**	**-**
Impairment, net of tax	**-**	**-**	**-**	**(16 858)**	**-**	**-**	**(16 858)**	**-**	**(16 858)**
Acquisitions of entities under common control	**-**	**-**	**422**	**-**	**-**	**-**	**422**	**-**	**422**
As at 31 December 2017	**250**	**55 638**	**468 135**	**137 003**	**(4 801)**	**(308 425)**	**347 800**	**-**	**347 800**

The notes on pages 96 to 167 are an integral part of these consolidated financial statements.

1. BACKGROUND

Organisation and operations

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

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

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

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

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

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

The number of employees were presented as follows:

	2017	2016
operating personnel	**7 006**	7 456
administrative personnel	**1 458**	1 445
sales personnel	**686**	638
non-operating personnel	**53**	63
Total number of employees	**9 203**	9 602

(a) Ukrainian business environment

In the recent years, Ukraine has been in a political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. In 2017-2016, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions. These events resulted in higher inflation, devaluation of the national currency against major foreign currencies, decrease of GDP, illiquidity and volatility of financial markets. In January 2016, the agreement on the free trade area between Ukraine and the EU came into force. As a result, the Russian Federation implemented a trade embargo or import duties on key Ukrainian export products. In response, Ukraine implemented similar measures against Russian products.

During the year ended 31 December 2017 annual inflation rate increased and reached 14% (2016: 12%). The economic situation began to stabilize in 2016, which resulted in GDP growth for the year ended 31 December 2017 by 2% and stabilization of Ukrainian hryvnia. This allowed the National Bank of Ukraine to ease some foreign exchange restrictions imposed during 2014-2015, including decrease of the required share of foreign currency proceeds sale to 50% and permission of dividends remittance. However, certain other restrictions were prolonged. Significant external financing is required to support the economy.

Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts, yet further economic and political developments are currently difficult to predict.

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. The consolidated financial statements were authorized by the Board of Directors on 16 March 2018.

The consolidated financial statements provide comparative information in respect of the previous period.

(b) Going Concern

These consolidated financial statements are prepared on a going-concern basis, under which assets are sold and liabilities are repaid in the ordinary course of business. The accompanying consolidated financial statements do not include adjustments that would need to be made in case if the Group was unable to continue as a going concern.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

As at 31 December 2017 Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries and an associate with the following percentage of ownership:

		31 December 2017	31 December 2016
Name Subsidiaries:	**Activity**	% of ownership	% of ownership
Ancor Investments Ltd	Trade and investment activities	**100,00%**	100,00%
LLC Firm “Astarta-Kyiv”	Asset management	**99,98%**	99,98%
LLC “APO “Tsukrovyk Poltavshchyny”	Sugar production	**99,72%**	99,72%
LLC “Agricultural company “Dovzhenko”	Agricultural	**97,53%**	97,53%
LLC “Shyshaki combined forage factory”	Fodder production	**90,56%**	90,56%
LLC “Agricultural company “Dobrobut”	Agricultural	**99,06%**	98,24%
LLC “Agricultural company “Musievske”	Agricultural	**99,98%**	89,98%
LLC “Globinskiy processing factory”	Soybean processing	**99,98%**	99,98%
LLC “Dobrobut” (Novo-Sanzharskiy region)	Agricultural	**99,88%**	99,98%
OJSC “Agricultural company “Agrocomplex”**	Agricultural	**0,00%**	83,80%
LLC “Investment company “Poltavazernoproduct”	Agricultural	**99,98%**	98,68%
LLC “List-Ruchky”	Agricultural	**74,99%**	74,99%
LLC “Agropromgaz”	Trade	**89,98%**	89,98%
LLC “Khmilnitske”	Agricultural	**99,80%**	99,12%
LLC “Volochysk-Agro”	Agricultural	**99,98%**	97,57%
LLC “Agricultural company “Mirgorodska”	Agricultural	**99,98%**	89,98%
LLC “Kobelyatskiy combined forage factory”	Fodder production	**98,57%**	98,56%
SC “Agricultural company “Agro-Kors”**	Agricultural	**0,00%**	99,98%
LLC “Agricultural company “Khorolska”	Agricultural	**99,98%**	98,95%
LLC “Agricultural company “Lan”	Agricultural	**99,98%**	99,98%
LLC “Nika”	Agricultural	**98,98%**	98,98%
LLC “Zhytnytsya Podillya”	Agricultural	**96,98%**	96,98%
LLC “Astarta-Selektsiya”	Research and development	**74,98%**	74,98%
LLC “Agrosvit Savyntsi”	Agricultural	**99,98%**	99,98%
LLC “Khorolskiy combined forage factory”	Fodder production	**99,56%**	99,23%
ALC “Novoivanivskiy sugar plant”	Sugar production	**94,49%**	94,49%
LLC “Investpromgaz”	Trade	**99,93%**	99,93%
LLC “Tsukragromprom”	Trade	**99,98%**	99,98%
LLC “Zerno-Agrotrade”	Trade	**99,98%**	99,98%
LLC “Novoorzhytskiy sugar plant”	Sugar production	**99,98%**	99,97%
LLC “APK Savynska”	Sugar production	**99,96%**	99,96%
LLC “Kochubeyivske”	Trade	**58,52%**	58,52%
LLC “Globinskiy bioenergetichniy complex”	Sugar production	**99,98%**	99,98%
LLC “Savynci agro”	Agricultural	**99,98%**	99,98%
PE “TMG”	Agricultural	**98,98%**	98,98%
LLC “Eco Energy”	Agricultural	**99,98%**	99,98%
ALLC “Lyaschivka”	Agricultural	**99,98%**	99,98%
PLC “Agrotechnika Kobelyaki”	Agricultural	**51,39%**	48,04%
LLC “Agri Chain”	Research and development	**99,98%**	50,00%
LLC “Kronos-Agro 2015”*	Agricultural	**99,98%**	0,00%
ALC “Narkevitskiy sugar plant”*	Sugar production	**99,98%**	0,00%
PJSC “Ukrainian Agro-Insurance Company”*	Insurance	**99,19%**	0,00%
Astarta Trading GmbH *	Trade	**100,00%**	0,00%
LLC AC “Agro-Ka Poltava”*	Agricultural	**99,98%**	0,00%
LLC “Zlagoda Plus”*	Agricultural	**99,98%**	0,00%
LLC “Agro-region”*	Agricultural	**99,98%**	0,00%
LLC “Jerdia Agro”*	Agricultural	**99,98%**	0,00%
Associate:			
LLC “Agricultural company “Pokrovska”	Agricultural	**49,99%**	49,99%

* In January 2017, the Group obtained control over LLC “Kronos-Agro 2015”(Note 4).
In June 2017, the Group obtained control over PJSC “Ukrainian Agro-Insurance Company” (Note 4).
In November 2017, the Group obtained control over LLC JE “Agro-Ka Poltava” and LLC “Zlagoda Plus” (Note 4).
In December 2017, the Group obtained control over LLC “Agro-region” and LLC “Jerdia Agro” (Note 4).
In February 2017, the Group registered ALC “Narkevitskiy sugar plant” as a separate legal entity which previously was a part of LLC “Volochysk-Agro”.
In August 2017, the Group incorporated Astarta Trading GmbH.
** OJSC “Agricultural company “Agrocomplex”, LLC “Agricultural company “Lan” and SC “Agricultural company “Agro-Kors” as at 31 December 2017 were on the liquidation stage.

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

(d) Business combinations and goodwill

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

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

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

(e) Transactions eliminated on consolidation

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

(f) Basis of accounting

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

(g) Non-controlling interest

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

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

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

(h) Interest in joint operations

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

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

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

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

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

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

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

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

(i) Investment in associate and joint venture

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

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

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

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

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

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

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

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

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

(j) Functional and presentation currency

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

The consolidated financial statements are presented in UAH and all values are rounded to the nearest thousand, except when otherwise indicated. For the benefit of certain users, the Group also presents all numerical information in EUR. The translation of UAH denominated assets and liabilities into EUR in these consolidated financial statements does not necessarily mean that the Group could realize or settle in EUR the reported values of these assets and liabilities. Likewise, it does not necessarily mean that the Group could return or distribute the reported EUR value retained earnings to its shareholders. For the purposes of presenting financial information in EUR, assets and liabilities of the Ukrainian subsidiaries, joint venture and associate are translated from UAH to EUR using the closing rates at each reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in Currency translation reserve. For the cash flow statement the Company uses average exchange rate UAH/EUR within translation of UAH figures into EUR figures since the Group's presentation currency is UAH and EUR information is prepared for benefit of certain users.

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

Currency	Average reporting period rate		Reporting date rate	
	2017	2016	2017	2016
EUR	30.01	28.28	33.50	28.42
USD	26.59	25.55	28.07	27.19

The average exchange rates for each period are calculated as the arithmetic mean of the exchange rates for all trading days during this period. The sources of exchange rates are the official rates set by the National Bank of Ukraine.

All foreign exchange gain or loss that occurs on revaluation of monetary balances, presented in foreign currencies, is allocated as a separate line in the Consolidated Income Statement.

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

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital risk management	Note 14
• Financial risk management	Note 28
• Sensitivity analyses disclosures	
- related to impairment test	Notes 7, 8
- related to fair value of biological assets	Note 9

Judgments

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

Operating lease – Group as a lessee

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

Estimates and assumptions

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

Impairment of trade accounts receivable

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

Revaluation of buildings, machinery and equipment

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

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

As construction and some buildings and equipment in the sugar production, agricultural and cattle-farming businesses are specialized and rarely sold except as part of a continuing business; they are valued using the cost approach (either replacement cost or new/ reproduction cost).

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

- the inputs used to determine replacement cost consistent with what market participant buyers would pay to acquire or construct a substitute asset of comparable utility; and

- the replacement cost has been adjusted for obsolescence that market participant buyers would consider – i.e. that the depreciation adjustment reflects all forms of obsolescence (i.e. physical deterioration, technological (functional) and economic obsolescence), which is broader than depreciation calculated in accordance with IAS 16.

Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Management engaged external independent appraisers to estimate the fair value of buildings, machinery and equipment as at 31 December 2016.

Depreciation

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

Fair value of biological assets

Due to the absence of an active market, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate. The fair value of biological assets is determined by the Group's own agricultural and IFRS experts. Further details are provided in Note 9. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement.

Fair value of agricultural produce

Management estimates the fair value of agricultural produce by reference to quoted prices in an active market. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement. In addition, costs to sell at the point of harvest are estimated and deducted from the fair value. The fair value less costs to sell becomes the carrying value of inventories at the date of harvesting.

Weather conditions and yields

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

Deferred taxes

Deferred tax assets, including those arising on unused tax losses are recognised to the extent that it is probable that they will be recovered, which is dependent on the generation of sufficient future taxable profit. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 25.

VAT receivable

The balance of VAT receivable may be realized either through cash refunds from the state budget or be set off against VAT payable originating on sales. Management classified VAT receivable balance as current and non-current based on its expectations of the timing of realisation of the balance.

Government subsidies relating to VAT refunds

In segment reporting management estimates allocation of income from government subsidies relating to VAT refunds based on revenues received in agriculture and cattle farming segment respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

(b) Property, plant and equipment

(I) Owned assets

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

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

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

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

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

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

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

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

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

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

(II) Leased assets

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

(III) Subsequent expenditure

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

(IV) Depreciation

Depreciation of property, plant and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. On the subsequent sale or retirement of a revalued asset, the 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 when the item of property, plant and equipment is available for use. Land, assets under construction and uninstalled equipment are not depreciated.

The estimated useful lives are as follows:

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

(c) Intangible assets, other than goodwill

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

For business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 25 years. Following initial recognition, intangible assets are carried at cost less accumulated amortization. The land lease rights are amortized over 5 to 25 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 are reviewed at least at each year end.

(d) Biological assets

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

Gain (loss) from changes in fair value of biological assets is included in the income statement line «Changes in fair value of biological assets and agricultural produce". The Group classifies biological assets as current or non-current depending upon the average useful life of the particular group of biological assets.

(e) Agricultural produce

The Group classifies harvested crops as agricultural produce. Agricultural produce is carried in the statement of financial position at fair value less estimated costs to sell at the point of harvest, which is considered to be the cost at that date. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in the income statement line «Changes in fair value of biological assets and agricultural produce".

(f) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

(l) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

(i) Cash deposits

Cash deposits are held for the investment activities. For the purpose of the consolidated statement of cash flows, short-term deposits are included in the investing activities.

(j) Treasury shares

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

(k) Impairment

(I) Financial assets

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

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

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

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

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

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

(II) Non-financial assets

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

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

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

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions — Note 2 (k)
- Property, plant and equipment — Note 7
- Goodwill and intangible assets with indefinite lives — Note 8

(III) Reversal of impairment of non-financial assets

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

(l) 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.

(m) Loans and borrowings

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

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

(n) Trade accounts payable

Trade accounts payable are stated at their amortized cost.

(o) Taxes

Current income tax

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

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

The Group's income was subject to taxation in Ukraine, Cyprus, Switzerland and the Netherlands. In 2017, Ukrainian corporate income tax was levied at a rate of 18%. 21 subsidiaries of the Group are subject to CPT in Ukraine for the year ended 31 December 2017 (2016 – 22 subsidiaries).

In 2017, the tax rates in Cyprus were and the Netherlands were 12.5% and 25% (2016: 12,5% and 25%), respectively. For incorporated in 2017 Switzerland subsidiary tax rate is 14,6%.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

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

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

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

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

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

(p) Fixed agricultural tax

In accordance with Tax Code of Ukraine, agricultural companies engaged in the production, processing and sale of agricultural products might choose to be registered as payers of fixed agricultural tax (FAT), provided that their sales of agricultural goods of their own production accounted for more than 75% of their gross revenues.

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

(q) Accounting for government grants

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

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised as income on a systematic basis over the periods that the related costs, which they are intended to compensate, are expensed. To the extent the conditions attached to the grants are not met at the reporting date, the received funds are recorded in the Group's consolidated financial statements as deferred income.

Government grants related to crop production and cattle farming

Upon introduction of a new agricultural support system in early 2017, Ukraine eliminated budget revenue support programs based on Value Added Tax (VAT) subsidies. Despite cancelation of the bulk crop support, the negative effect are likely to be compensated through more efficient export VAT reimbursement system.

In 2017, the State Budget for agricultural support is provided in the "Financial Support of Agricultural Producers" line. The Budget also envisages that support automatically distributed among agricultural producers proportionally based on sales of agricultural products by those producers on a monthly basis. The budget subsidy for a sector is calculated on a monthly basis and is proportional to overall VAT paid.

According to the Law of Ukraine On Agricultural Support, all agricultural producers that apply for the subsidy must be included in the State Registry of Budget Subsidy Recipients. An agricultural producer is defined as a farm or a company that derived 75% of its sales over the last 12 reporting periods (months) from sales of agricultural products.

The list of subsidized agricultural products of the Group includes: sugar beet, milk and meat.

Partial compensation for finance costs and other subsidies

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

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

(r) Revenue

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

Interest income. For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

(s) Expenses

Expenses are accounted for on an accrual basis.

(t) Operating lease payments

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

(u) Finance cost and income

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

(v) Insurance and Investment Contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant. Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

As permitted by IFRS 4 Insurance Contracts, the Group continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard subsequent to adoption for its insurance contracts and investment contracts with a discretionary participation feature (DPF).

(w) 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.

(x) Statement of cash flows

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

(y) New and amended standards and interpretations adopted

The following standards were adopted by the Group on 1 January 2017:

Amendments to existing standards	Key issues
▪ IAS 7 Disclosure Initiative – Amendments to IAS 7	Requires companies to disclose information about changes in their liabilities arising from financing activities.
▪ IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	Clarifies how to account for deferred tax assets related to debt instruments measured at fair value.
▪ Annual Improvements to IFRS Standards 2014-2016 Cycle	Minor amendments to IFRS 12.

Apart from the additional disclosure changes in liabilities arising from financing activities in Note 16, the adoption of new or revised standards did not have any effect on the consolidated financial position or performance of the Group and any disclosures in the Group’s consolidated financial statements.

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

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations, as well as amendments to the Standards were in issue but not yet effective:

		Effective for annual period beginning on or after
International Financial Reporting Standards ("IFRS")		
▪ IFRS 9 Financial Instruments		1 January 2018
▪ IFRS 15 Revenue from Contracts with Customers		1 January 2018
▪ IFRS 16 Leases		1 January 2019
▪ IFRS 17 Insurance Contracts		1 January 2021
Amendments to existing standards and interpretations		
▪ Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		Deferred indefinitely
▪ Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions:		1 January 2018
▪ Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts		1 January 2018
▪ Annual Improvements to IFRS Standards 2014-2016 Cycle	Improvements to IFRS 1, IAS 28	1 January 2018
▪ IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration		1 January 2018
▪ Amendments to IAS 40 – Transfers of Investment Property		1 January 2018
▪ Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures		1 January 2019
▪ Clarification to IFRS 15 Revenue from Contracts with Customers		1 January 2018
▪ Amendments to IFRS 9 – Prepayment Features with Negative Compensation		1 January 2019
▪ IFRIC Interpretation 23 – Uncertainty over Income Tax Treatment		1 January 2019
▪ Annual Improvements to IFRS Standards 2015-2017 Cycle		1 January 2019

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but comparative information is not compulsory. The Group will implement IFRS 9 per 1 January 2018. The adoption of IFRS 9 will not have a material effect on the classification and measurement of the Group's financial assets and liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes and will be implemented by the Group per 1 January 2018. The Group has started the identification of the areas where IFRS 15 changes the current accounting policies. Potentially implication of this standart will not have significant effect on Group's revenues measurement and recognition.

IFRS 16 Leases

IFRS 16, published in January 2016, establishes a revised framework for determining whether a lease is recognised on the (Consolidated) Statement of Financial Position. It replaces existing guidance on leases, including IAS 17. The Group expects to implement IFRS 16 per 1 January 2019. In 2016, the Group has started to collect rental and lease contracts from the key operating companies. The Group determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Astarta analysed the lease contracts and assessed impact in amount UAH 2,273,480 thousand for land lease rights and UAH 2,072,468 thousand for lease liabilities.

4. BUSINESS COMBINATIONS

Acquisition of new entities in 2017

During the reporting period the Group completed acquisition of LLC AC "Agro-Ka Poltava", LLC "Agro-Region" and LLC "Zlagoda Plus" which are non-listed agricultural companies located in Ukraine with the purpose to expand the agricultural land leases bank.

Management commissioned an independent appraiser to determine the fair value of property, plant and equipment and land lease rights of LLC AC "Agro-Ka Poltava", LLC "Agro-Region" and LLC "Zlagoda Plus". However, during the reporting period the Group completed acquisition of Private JSC "Ukrainian Agro-Insurance Company" which is private joint stock insurance company located in Ukraine with the purpose to develop Ukrainian insurance and reinsurance market of risks in agricultural production.

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

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.

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
PJSC "Ukrainian agro-insurance company"	Ukraine	Insurance	30.06.2017	100%
LLC AC "Agro-Ka Poltava"	Ukraine	Agricultural	31.10.2017	100%
LLC "Zlagoda Plus"	Ukraine	Agricultural	31.10.2017	100%
LLC "Agro-Region"	Ukraine	Agricultural	30.11.2017	100%

Recognised fair value at acquisition

(in thousands of Ukrainian hryvnias)	Agro-Ka Poltava	Zlagoda Plus	Agro-Region	Ukrainian agro-insurance company	Total
Non-current assets					
Property, plant and equipment	48 551	-	27 344	68	75 963
Intangible assets	19 502	725	23 282	-	43 509
Biological assets	5 060	-	-	-	5 060
Financial instruments available-for-sale	-	-	-	1 509	1 509
Current assets					
Inventories	41 434	109	50 510	2	92 055
Biological assets	6 601	-	15 642	-	22 243
Trade accounts receivables	10 736	51	13 002	71	23 860
Other accounts recievable and prepayments	2 844	766	8 285	18 668	30 563
Short-term cash deposits	-	-	-	16 431	16 431
Cash and cash equivalents	252	9	1 234	16	1 511
Non-current liabilities					
Other long-term liabilities	-	-	-	(10 820)	(10 820)
Current liabilities					
Trade accounts payable	(10 151)	(71)	(7 941)	(25)	(18 188)
Current income tax	-	-	-	(825)	(825)
Other liabilities and accounts payable	(14 482)	16	(17 675)	(493)	(32 634)
Net identifiable assets, liabilities and contingent liabilities	110 347	1 605	113 683	24 602	250 237
Non-controlling interest	-	-	-	-	-
Net assets acquired	110 347	1 605	113 683	24 602	250 237
Goodwill on acquisition	(25 150)	-	(27 566)	-	(52 716)
Excess of net assets acquired over consideration paid:					
acquisitions from third parties	-	940	-	-	940
acquisitions from entities under common control	-	-	-	14 144	14 144
Consideration paid	(134 450)	(665)	(140 217)	(10 457)	(285 789)
Consideration payable	(1 047)	-	(1 033)	-	(2 080)
Cash acquired	252	9	1 234	16	1 511
Net cash outflow	(134 198)	(656)	(138 983)	(10 441)	(284 278)

Recognised fair value at acquisition

(in thousands of Euros)	Agro-Ka Poltava	Zlagoda Plus	Agro-Region	Ukrainian agro-insurance company	Total
Non-current assets					
Property, plant and equipment	1 558	-	856	2	2 416
Intangible assets	626	23	729	-	1 378
Biological assets	162	-	-	-	162
Financial instruments available-for-sale	-	-	-	51	51
Current assets					
Inventories	1 330	3	1 581	-	2 914
Biological assets	212	-	490	-	702
Trade accounts receivables	345	2	407	2	756
Other accounts recievable and prepayments	91	25	259	627	1 002
Short-term cash deposits	-	-	-	552	552
Cash and cash equivalents	8	-	39	1	48
Non-current liabilities					
Other long-term liabilities	-	-	-	(363)	(363)
Current liabilities					
Trade accounts payable	(326)	(2)	(249)	(1)	(578)
Current income tax	-	-	-	(28)	(28)
Other liabilities and accounts payable	(465)	1	(553)	(17)	(1 034)
Net identifiable assets, liabilities and contingent liabilities	3 541	52	3 559	826	7 978
Non-controlling interest	-	-	-	-	-
Net assets acquired	3 541	52	3 559	826	7 978
Goodwill on acquisition	(807)	-	(863)	-	(1 670)
Excess of net assets acquired over consideration paid:					
acquisitions from third parties	-	30	-	-	30
acquisitions from entities under common control	-	-	-	475	475
Consideration paid	(4 316)	(21)	(4 389)	(351)	(9 077)
Consideration payable	(34)	-	(32)	-	(66)
Cash acquired	8	-	39	1	48
Net cash outflow	(4 308)	(21)	(4 350)	(350)	(9 029)

As a result of business combination goodwill was recognized in the amount of UAH 52 716 thousand. However, the Group reviewed financial results of LLC AC "Agro-Ka Poltava" and LLC "Agro-region" and identified that these entities have not generated profit for several periods. The management has intentions to improve their financial results in future and to merger them with other Group subsidiaries, nevertheless such measures will not result in profit that would be higher than goodwill recognized within business combination. As a result loss on impairment of goodwill amounting to UAH 52 716 thousand was recognized in the income statement as at the date of acquisition.

During the period between acquisition and till the end of the year acquired companies received the following revenues and net profits:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	Revenue	**Net profit/(loss)**	**Revenue**	**Net profit/(loss)**
Ukrainian agro-insurance company	-	237	-	8
Agro-Ka Poltava	2 388	3 747	80	125
Zlagoda Plus	21	(383)	1	(13)
Agro-Region	661	(2 284)	22	(76)

The excess of net assets acquired from entities under common control over the consideration paid is recognized in other comprehensive income statement as a gain on acquisition of subsidiaries. This gain arises because the fair value of the acquired monetary assets exceeds the amount payable for the subsidiaries. This situation is due to the significant risks involved in insurance business in Ukraine.

In January 2017 the Group has acquired 100% in LLC “Kronos-Agro 2015” for consideration paid of UAH 628 thousand and in December 2017 the Group has acquired 100% in LLC “Jerdia Agro” for consideration paid UAH 3,090 thousand. The excess of net assets acquired over the consideration paid amounting to UAH 1,218 thousand or EUR 38 thousand is recognized in the income statement as a gain on acquisition of subsidiaries. These companies are non-listed agricultural companies located in Ukraine with the purpose to keep the agricultural land leases bank which was subleased by the Group before the acquisition. Since net assets acquired of these subsidiaries are immaterial at the date of acquisition, the Group has not provided appropriate business combination disclosure.

Acquisition of new entities in 2016

During the 2016 year the Group completed acquisition of LLC “Eko Energy Ukraine” and ALLC “Lyaschivka” which are non-listed agricultural companies located in Ukraine with the purpose to expand the agricultural land leases bank. The purchase consideration consisted only of cash, and the direct costs related to this acquisition are not significant.

Management commissioned an independent appraiser to determine the fair value of property, plant and equipment and land lease rights of LLC “Eko Energy Ukraine” and ALLC “Lyaschivka”.

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:

Name	Country of incorporation	Activity	Date of acquisition	% of ownership as at the date of acquisition
LLC “Eko Energy Ukraine”	Ukraine	Agricultural	01.06.2016	100%
ALLC “Lyaschivka”	Ukraine	Agricultural	01.08.2016	100%

Recognised fair value at acquisition

(in thousands of Ukrainian hryvnias)	Eko Energy Ukraine	Lyaschivka	Total
Non-current assets			
Property, plant and equipment	7 094	40 423	47 517
Intangible and other non-current assets	10 379	18 982	29 361
Non-current biological assets	-	16 640	16 640
Current assets			
Inventories	3 663	6 457	10 120
Current biological assets	54 120	19 061	73 181
Trade accounts receivable	565	545	1 110
Other accounts receivable and prepayments	3 210	1 261	4 471
Cash and cash equivalents	5	5 908	5 913
Non-current liabilities			
Other long-term liabilities	-	(219)	(219)
Current liabilities			
Trade accounts payable	(7 994)	(43)	(8 037)
Other liabilities and accounts payable	(14 308)	(1 305)	(15 613)
Net identifiable assets, liabilities and contingent liabilities	**56 734**	**107 710**	**164 444**
Non-controlling interest	-	-	-
Net assets acquired	**56 734**	**107 710**	**164 444**
Excess of net assets acquired over consideration paid :			
acquisitions from third parties	5 930	25 910	31 840
acquisitions from entities under common control	2 208	-	2 208
Consideration paid	(48 596)	(81 800)	(130 396)
Cash acquired	5	5 908	5 913
Net cash outflow	**(48 591)**	**(75 892)**	**(124 483)**

(in thousands of Euros)	Eko Energy Ukraine	Lyaschivka	Total
Non-current assets			
Property, plant and equipment	253	1 466	1 719
Intangible and other non-current assets	372	689	1 061
Non-current biological assets	-	604	604
Current assets			
Inventories	129	234	363
Current biological assets	1 930	691	2 621
Trade accounts receivable	20	20	40
Other accounts receivable and prepayments	115	46	161
Cash and cash equivalents	-	214	214
Non-current liabilities			
Other long-term liabilities	-	(8)	(8)
Current liabilities			
Trade accounts payable	(285)	(2)	(287)
Other liabilities and accounts payable	(511)	(47)	(558)
Net identifiable assets, liabilities and contingent liabilities	**2 023**	**3 907**	**5 930**
Non-controlling interest	**-**	**-**	**-**
Net assets acquired	**2 023**	**3 907**	**5 930**
Excess of net assets acquired over consideration paid:			
acquisitions from third parties	211	940	1 151
acquisitions from entities under common control	79	-	79
Consideration paid	(1 733)	(2 967)	(4 700)
Cash acquired	-	214	214
Net cash outflow	**(1 733)**	**(2 753)**	**(4 486)**

During the period between acquisition and till the end of the year LLC "Eko Energy Ukraine" received revenues in amount of UAH 4,051 thousand or EUR 143 thousand and net profit in amount of UAH 46,560 thousand or EUR 1,646 thousand. And ALLC "Lyaschivka" received revenues in amount of UAH 13,791 thousand or EUR 488 thousand and net loss in amount of UAH 3,243 thousand or EUR 115 thousand.

The excess of net assets acquired over the consideration paid amounting to UAH 34,048 thousand or EUR 1,230 thousand is recognized in the income statement as a gain on acquisition of subsidiaries. This gain arises because the fair value of the acquired non-monetary assets exceeds the amount paid for the subsidiaries. This situation is due to the significant risks involved in agricultural business in Ukraine, the lack of financial resources in the acquired companies which prevents them from efficient use of their assets.

5. MATERIAL PARTLY-OWNED SUBSIDIARIES

The summarised financial information of the subsidiaries that have material non-controlling interests and proportion of equity interest held by non-controlling interests is provided below. All presented below subsidiaries are limited liability companies. For limited liability companies, non-controlling interest is recorded as a liability and their share in the net profit/loss is recorded as a finance expense. (Notes 2(b) and 15).

Liability to non-controlling interests:

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**75 342**	**2 249**
Non-controlling interests in other subsidiaries	**36 965**	**1 104**
Total non-controlling interests in limited liability companies	**112 307**	**3 353**

2016	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	188 694	6 640
Non-controlling interests in other subsidiaries	63 392	2 229
Total non-controlling interests in limited liability companies	252 086	8 869

Non-controlling interests of limited liability companies in profit for the year:

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**13 296**	**443**
Non-controlling interests in other subsidiaries	**19 143**	**612**
Total non-controlling interests in limited liability companies	**32 439**	**1 055**

2016	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	48 824	1 726
Non-controlling interests in other subsidiaries	21 261	758
Total non-controlling interests in limited liability companies	70 085	2 484

Non-controlling interests in other comprehensive income for the year:

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**(54)**	**(2)**
Non-controlling interests in other subsidiaries	**(12 097)**	**(403)**
Total non-controlling interests in limited liability companies	**(12 151)**	**(405)**

2016	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	9 149	323
Non-controlling interests in other subsidiaries	2 495	89
Total non-controlling interests in limited liability companies	11 644	412

SUMMARISED STATEMENT OF FINANCIAL POSITION

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-current assets	**689 895**	364 288	**1 295 729**	973 199	**102 162**	79 848	**470 424**	459 708	**802 731**	780 597	**71 842**	71 694
Current assets	**873 210**	1 112 796	**1 786 097**	1 670 582	**357 133**	312 188	**971 568**	1 222 987	**1 175 822**	1 233 480	**200 077**	194 085
Non-current liabilities	**1 709**	1 281	**220 628**	199 590	**280**	415	**5 633**	6 978	**12 010**	13 690	**434**	620
Current liabilities	**321 829**	363 697	**310 890**	190 295	**43 734**	26 624	**245 401**	233 329	**246 592**	506 694	**13 123**	50 190
Total net assets	**1 239 567**	1 112 106	**2 550 308**	2 253 896	**415 281**	364 997	**1 190 958**	1 442 388	**1 719 951**	1 493 693	**258 362**	214 969
Non-controlling interest, %	**0,94%**	1,76%	**2,47%**	2,47%	**0,02%**	10,02%	**0,02%**	1,32%	**0,02%**	2,43%	**0,02%**	10,02%
Attributable to:												
Non-controlling interest	**11 625**	19 573	**62 980**	55 671	**85**	36 573	**241**	19 040	**358**	36 297	**53**	21 540
Equity holders of parent	**1 227 942**	1 092 533	**2 487 328**	2 198 225	**415 196**	328 424	**1 190 717**	1 423 348	**1 719 593**	1 457 396	**258 309**	193 429

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-current assets	**20 597**	12 817	**38 684**	34 240	**3 050**	2 809	**14 044**	16 174	**23 965**	27 464	**2 145**	2 522
Current assets	**26 070**	39 152	**53 324**	58 777	**10 662**	10 984	**29 006**	43 029	**35 104**	43 398	**5 973**	6 829
Non-current liabilities	**51**	45	**6 587**	7 022	**8**	15	**168**	246	**359**	482	**13**	22
Current liabilities	**9 608**	12 796	**9 282**	6 695	**1 306**	937	**7 326**	8 209	**7 362**	17 827	**392**	1 766
Total net assets	**37 008**	39 128	**76 139**	79 300	**12 398**	12 841	**35 556**	50 748	**51 348**	52 553	**7 713**	7 563
Non-controlling interest, %	**0,94%**	1,76%	**2,47%**	2,47%	**0,02%**	10,02%	**0,02%**	1,32%	**0,02%**	2,43%	**0,02%**	10,02%
Attributable to:												
Non-controlling interest	**347**	689	**1 880**	1 959	**3**	1 287	**7**	670	**11**	1 277	**2**	758
Equity holders of parent	**36 661**	38 439	**74 259**	77 341	**12 395**	11 554	**35 549**	50 078	**51 337**	51 276	**7 711**	6 805

SUMMARISED INCOME STATEMENT

(in thousands of Ukrainian hryvnias)	LLC "Agricultural company "Dobrobut"		LLC "Agricultural company "Dovzhenko"		LLC "Agricultural company "Musievske"		LLC "Investment company "Poltavazernoproduct"		LLC "Volochysk-Agro"		LLC "Agricultural company "Mirgorodska"	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	**599 609**	447 024	**942 970**	1 020 912	**111 037**	131 858	**156 179**	121 320	**514 147**	462 642	**66 398**	81 867
Cost of revenues	**(339 362)**	(296 349)	**(492 196)**	(618 187)	**(43 089)**	(78 795)	**(170 568)**	(90 851)	**(308 789)**	(323 992)	**(8 850)**	(43 795)
Changes in fair value of biological assets and agricultiral produce	**180 380**	306 140	**278 409**	295 416	**63 732**	91 378	**101 787**	221 166	**302 031**	283 656	**11 994**	40 549
Gross profit	**440 627**	456 815	**729 183**	698 141	**131 680**	144 441	**87 398**	251 635	**507 389**	422 306	**69 542**	78 621
Other operating income	**12 079**	44 510	**28 036**	131 739	**7 840**	31 196	**12 051**	10 866	**20 417**	112 559	**3 540**	601
Administrative expenses	**(31 882)**	(37 272)	**(42 969)**	(61 087)	**(7 523)**	(7 343)	**(21 191)**	(31 353)	**(29 757)**	(39 757)	**(3 389)**	(4 808)
Selling and distribution expenses	**(88 341)**	(36 563)	**(77 134)**	(44 506)	**(17 205)**	(14 977)	**(30 302)**	(27 102)	**(62 414)**	(50 076)	**(7 195)**	(3 691)
Other operating expense	**(20 463)**	(21 593)	**(95 149)**	(54 689)	**(12 557)**	(6 432)	**(33 856)**	(35 692)	**(28 337)**	(31 721)	**(2 048)**	(548)
Profit from operations	**312 020**	405 897	**541 967**	669 598	**102 235**	146 885	**14 100**	168 354	**407 298**	413 311	**60 450**	70 175
Finance cost	**(6 271)**	(38 158)	**(38 858)**	(65 469)	**(1 945)**	(25 248)	**(7 537)**	(54 368)	**(14 667)**	(109 285)	**(591)**	(8 372)
Finance income	**109**	86	**246**	751	**58**	61	**142**	9 427	**619**	1 146	**20**	12
Other income	**(75 737)**	378	**(55 292)**	1 770	**(33 471)**	65	**(100 021)**	(8 857)	**(78 222)**	1 516	**-**	5
Profit before tax	**230 121**	368 203	**448 063**	606 650	**66 877**	121 763	**(93 316)**	114 556	**315 028**	306 688	**59 879**	61 820
Income tax	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year from continuing operation	**230 121**	368 203	**448 063**	606 650	**66 877**	121 763	**(93 316)**	114 556	**315 028**	306 688	**59 879**	61 820
Attributable to:	**0,94%**	1,76%	**2,47%**	2,47%	**0,02%**	10,02%	**0,02%**	1,32%	**0,02%**	2,43%	**0,02%**	10,02%
Non-controlling interest	**2 158**	6 480	**11 065**	14 984	**14**	12 201	**(19)**	1 512	**66**	7 453	**12**	6 194
Equity holders of parent	**227 963**	361 723	**436 998**	591 666	**66 863**	109 562	**(93 297)**	113 044	**314 962**	299 235	**59 867**	55 626
Other comprehensive income	**(536)**	34 316	**(2 072)**	115 250	**(395)**	6 289	**(436)**	25 623	**(2 007)**	153 534	**(946)**	9 947
Other comprehensive income attributable to:												
Non-controlling interest	**(3)**	606	**(51)**	2 847	**-**	630	**-**	338	**-**	3 731	**-**	997
Equity holders of parent	**(533)**	33 710	**(2 021)**	112 403	**(395)**	5 659	**(436)**	25 285	**(2 007)**	149 803	**(946)**	8 950

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue	**19 978**	15 805	**31 419**	36 097	**3 700**	4 662	**5 204**	4 290	**17 131**	16 358	**2 212**	2 895
Cost of revenues	**(11 307)**	(10 478)	**(16 400)**	(21 857)	**(1 436)**	(2 786)	**(5 683)**	(3 212)	**(10 289)**	(11 455)	**(295)**	(1 548)
Changes in fair value of biological assets and agricultiral produce	**6 010**	10 824	**9 276**	10 445	**2 123**	3 231	**3 391**	7 820	**10 063**	10 029	**400**	1 434
Gross profit	**14 681**	16 151	**24 295**	24 685	**4 387**	5 107	**2 912**	8 898	**16 905**	14 932	**2 317**	2 781
Other operating income	**402**	1 574	**934**	4 658	**261**	1 103	**402**	384	**680**	3 980	**118**	21
Administrative expenses	**(1 062)**	(1 318)	**(1 432)**	(2 160)	**(251)**	(260)	**(706)**	(1 109)	**(991)**	(1 406)	**(113)**	(170)
Selling and distribution expenses	**(2 943)**	(1 293)	**(2 570)**	(1 574)	**(573)**	(530)	**(1 010)**	(958)	**(2 080)**	(1 771)	**(240)**	(131)
Other operating expense	**(682)**	(763)	**(3 170)**	(1 934)	**(418)**	(227)	**(1 128)**	(1 262)	**(944)**	(1 122)	**(68)**	(19)
Profit from operations	**10 396**	14 351	**18 057**	23 675	**3 406**	5 193	**470**	5 953	**13 570**	14 613	**2 014**	2 482
Finance cost	**(209)**	(1 349)	**(1 295)**	(2 315)	**(65)**	(893)	**(251)**	(1 922)	**(489)**	(3 864)	**(20)**	(296)
Finance income	**4**	3	**8**	27	**2**	2	**5**	333	**21**	41	**1**	-
Other income	**(2 523)**	13	**(1 842)**	63	**(1 115)**	2	**(3 333)**	(313)	**(2 606)**	54	**-**	-
Profit before tax	**7 668**	13 018	**14 928**	21 450	**2 228**	4 304	**(3 109)**	4 051	**10 496**	10 844	**1 995**	2 186
Income tax	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year from continuing operation	**7 668**	13 018	**14 928**	21 450	**2 228**	4 304	**(3 109)**	4 051	**10 496**	10 844	**1 995**	2 186
Attributable to:	**0,94%**	1,76%	**2,47%**	2,47%	**0,02%**	10,02%	**0,02%**	1,32%	**0,02%**	2,43%	**0,02%**	10,02%
Non-controlling interest	**72**	229	**369**	530	**-**	431	**(1)**	53	**2**	264	**-**	219
Equity holders of parent	**7 596**	12 789	**14 559**	20 920	**2 228**	3 873	**(3 108)**	3 998	**10 494**	10 580	**1 995**	1 967
Other comprehensive income	**(18)**	1 213	**(69)**	4 075	**(13)**	222	**(15)**	906	**(67)**	5 429	**(32)**	351
Other comprehensive income attributable to:												
Non-controlling interest	**-**	21	**(2)**	101	**-**	22	**-**	12	**-**	132	**-**	35
Equity holders of parent	**(18)**	1 192	**(67)**	3 974	**(13)**	200	**(15)**	894	**(67)**	5 297	**(32)**	316

SUMMARISED STATEMENT OF CASH FLOWS

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Operating	**96 494**	161 154	**202 428**	285 797	**15 308**	48 952	**8 952**	44 791	**167 556**	451 384	**36 717**	16 697
Investing	**(19 056)**	(61 544)	**(195 140)**	(266 737)	**(6 094)**	(6 253)	**21 605**	2 766	**22 220**	171 736	**(36 696)**	(15 350)
Financing	**(75 778)**	(114 506)	**(2 037)**	6 679	**(9 321)**	(38 534)	**(35 731)**	(23 461)	**(189 187)**	(524 411)	**(404)**	(188)
Net increase/(decrease) in cash and cash equivalents	**1 660**	(14 896)	**5 251**	25 739	**(107)**	4 165	**(5 176)**	24 096	**589**	98 709	**(383)**	1 159

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Operating	**3 215**	5 687	**6 745**	10 086	**510**	1 728	**298**	1 581	**5 583**	15 929	**1 223**	601
Investing	**(635)**	(2 191)	**(6 502)**	(9 495)	**(203)**	(223)	**720**	98	**740**	6 113	**(1 223)**	(552)
Financing	**(2 525)**	(4 052)	**(68)**	370	**(311)**	(1 350)	**(1 190)**	(780)	**(6 303)**	(18 358)	**(13)**	(6)
Net increase/(decrease) in cash and cash equivalents	**55**	(556)	**175**	961	**(4)**	155	**(172)**	899	**20**	3 684	**(13)**	43

6. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

As at 31 December 2017, the Group has 49.99% (2016: 49.99%) ownership in LLC Agricultural company «Pokrovska» (2016: 49.99%), which was involved in agricultural activity. LLC Agricultural company «Pokrovska» is a private entity that is not listed on any public exchange. The Group's interest in LLC Agricultural company «Pokrovska» is accounted for using the equity method in the consolidated financial statements. In 2007, the Group discontinued recognition of its share of losses of associate LLC Agricultural company «Pokrovska".

Starting from 2013 and till the date of these consolidated financial statements were authorized for issue, LLC Agricultural company "Pokrovska" is at the stage of liquidation according to requirements of Ukrainian legislation.

The Group does not have the power to participate in the financial and operating policy decisions of LLC Agricultural company «Pokrovska», therefore management is of the opinion that the Group did not have significant influence over this entity as at 31 December 2017 and 2016.

7. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2017 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2017	**2 053 195**	**1 421 942**	**3 537 221**	**60 382**	**75 625**	**149 541**	**7 297 906**
Additions	-	-	-	-	-	**1 655 594**	**1 655 594**
Additions from acquisition of subsidiaries (note 4)	**30 534**	**2 819**	**40 797**	**1 728**	**85**	-	**75 963**
Disposals	**(27 337)**	**(9 311)**	**(30 229)**	**(558)**	**(12 124)**	-	**(79 559)**
Impairment	**(148 375)**	**(91 996)**	**(227 158)**	-	-	-	**(467 529)**
Transfer from Uninstalled equipment	**84 112**	**73 163**	**745 848**	**59 436**	**22 447**	**(985 006)**	-
31 December 2017	**1 992 129**	**1 396 618**	**4 066 478**	**120 988**	**86 033**	**820 129**	**8 482 375**
Accumulated depreciation 1 January 2017	-	-	-	**29 542**	**49 931**	-	**79 473**
Depreciation charge	**116 852**	**149 494**	**782 832**	**20 873**	**17 000**		**1 087 051**
Disposals	**(506)**	**(526)**	**(4 873)**	**(535)**	**(10 508)**	-	**(16 948)**
31 December 2017	**116 346**	**148 968**	**777 959**	**49 880**	**56 423**	-	**1 149 576**
Net book value 31 December 2017	**1 875 783**	**1 247 650**	**3 288 519**	**71 108**	**29 610**	**820 129**	**7 332 799**

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2017	**72 238**	**50 029**	**124 450**	**2 124**	**2 661**	**5 261**	**256 763**
Additions	**-**	**-**	**-**	**-**	**-**	**55 163**	**55 163**
Additions from acquisition of subsidiaries (note 4)	**980**	**90**	**1 288**	**55**	**3**	**-**	**2 416**
Disposals	**(911)**	**(310)**	**(1 007)**	**(19)**	**(404)**	**-**	**(2 651)**
Impairment	**(4 944)**	**(3 065)**	**(7 569)**	**-**	**-**	**-**	**(15 578)**
Currency translation difference	**(10 693)**	**(7 485)**	**(20 608)**	**(528)**	**(439)**	**(3 120)**	**(42 873)**
Transfer from Uninstalled equipment	**2 803**	**2 438**	**24 850**	**1 980**	**748**	**(32 819)**	**-**
31 December 2017	**59 473**	**41 697**	**121 404**	**3 612**	**2 569**	**24 485**	**253 240**
Accumulated depreciation 1 January 2017	**-**	**-**	**-**	**1 039**	**1 756**	**-**	**2 795**
Depreciation charge	**3 893**	**4 981**	**26 083**	**695**	**566**	**-**	**36 218**
Disposals	**(17)**	**(18)**	**(162)**	**(18)**	**(350)**	**-**	**(565)**
Currency translation difference	**(402)**	**(516)**	**(2 695)**	**(227)**	**(288)**	**-**	**(4 128)**
31 December 2017	**3 474**	**4 447**	**23 226**	**1 489**	**1 684**	**-**	**34 320**
Net book value 31 December 2017	**55 999**	**37 250**	**98 178**	**2 123**	**885**	**24 485**	**218 920**

The movements of property, plant and equipment in 2016 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2016	1 498 441	1 074 900	3 037 346	37 911	65 450	142 609	5 856 657
Additions	-	-	-	-	-	691 867	691 867
Additions from acquisition of subsidiaries (note 4)	16 796	5 872	22 918	1 602	329	-	47 517
Disposals	(10 437)	(8 043)	(55 343)	(1 173)	(3 886)	-	(78 882)
Impairment	(3 014)	(5 739)	(2 202)	-	-	-	(10 955)
Elimination of depreciation	(79 796)	(104 126)	(591 243)	-	-	-	(775 165)
Fixed assets revaluation	570 598	311 591	639 705	-	-	-	1 521 894
Reversal of impairment of property, plant and equipment, net	3 918	9 341	31 714	-	-	-	44 973
Transfer from Uninstalled equipment	56 689	138 146	454 326	22 042	13 732	(684 935)	-
31 December 2016	2 053 195	1 421 942	3 537 221	60 382	75 625	149 541	7 297 906
Accumulated depreciation 1 January 2016	1 378	1 456	5 925	24 444	41 257	-	74 460
Depreciation charge	80 195	104 623	598 723	5 921	10 312		799 774
Disposals	(1 777)	(1 953)	(13 405)	(823)	(1 638)	-	(19 596)
Decrease due to revaluation	(79 796)	(104 126)	(591 243)	-	-	-	(775 165)
31 December 2016	-	-	-	29 542	49 931	-	79 473
Net book value 31 December 2016	2 053 195	1 421 942	3 537 221	30 840	25 694	149 541	7 218 433

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2016	57 142	40 992	115 826	1 446	2 495	5 438	223 339
Additions	-	-	-	-	-	24 462	24 462
Additions from acquisition of subsidiaries (note 4)	591	207	853	56	12	-	1 719
Disposals	(369)	(284)	(1 957)	(41)	(137)	-	(2 788)
Impairment	(107)	(203)	(77)	-	-	-	(387)
Elimination of depreciation	(2 821)	(3 682)	(20 905)	-	-	-	(27 408)
Fixed assets revaluation	20 075	10 963	22 507	-	-	-	53 545
Reversal of impairment of property, plant and equipment, net	138	329	1 114	-	-	-	1 581
Currency translation difference	(4 415)	(3 177)	(8 975)	(116)	(195)	(422)	(17 300)
Transfer from Uninstalled equipment	2 004	4 884	16 064	779	486	(24 217)	-
31 December 2016	72 238	50 029	124 450	2 124	2 661	5 261	256 763
Accumulated depreciation 1 January 2016	53	56	226	932	1 572	-	2 839
Depreciation charge	2 835	3 699	21 169	209	365	-	28 277
Disposals	(63)	(69)	(474)	(29)	(58)	-	(693)
Decrease due to revaluation	(2 821)	(3 682)	(20 905)	-	-	-	(27 408)
Currency translation difference	(4)	(4)	(16)	(73)	(123)	-	(220)
31 December 2016	-	-	-	1 039	1 756	-	2 795
Net book value 31 December 2016	72 238	50 029	124 450	1 085	905	5 261	253 968

As described in Note 3, the Group applies the revaluation model to the measurement of property, plant and equipment. At each reporting date, the Group carries out a review of the carrying amount of these assets to determine whether the carrying amount differs materially from fair value. The Group carries out such a review by preparing a discounted cash flow analysis involving assumptions on projected revenues and costs, and a discount rate. Additionally, the Group considers economic stability and the availability of transactions with similar assets in the market when determining whether to perform a fair value assessment in a given period. Based on the results of this review, the Group concluded that the carrying amount of property, plant and equipment does not materially differ from the fair value as of December 31, 2017. However, recoverable amount was less than carrying amount of PPE per sugar CGU based on results of discounted cash flow analysis that resulted in impairment loss as disclosed below.

As at 31 December 2016 an independent valuation of the Group's buildings, constructions, machinery and equipment was performed in accordance with International Valuation Standards by an independent appraiser. Most buildings and some machinery and equipment were valued using the market approach. Other items of buildings, machinery and equipment and constructions were valued using cost approach.

Valuation of property, plant and equipment is within level 3 of the fair value hierarchy.

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

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

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

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

The following sources of information were used by the independent appraiser:

- producers' price indices according to the Ukrainian bureau of statistics (www.ukrstat.gov.ua) and Eurostat (ec.europa.eu/eurostat) (for replacement costs of machinery and equipment);
- UPVS register, 1969 y., which is the most commonly used source of information for integrated factor of cost of construction in Ukraine for items which were constructed more than 20 years ago (for replacement costs of buildings and constructions)
- "Useful lives for depreciable assets, Marshall&Swift, 2/2007" and "Common depreciation rates (ENAO)" (for physical depreciation calculation). Straight-line physical depreciation method was used.
- Commodity expert Bulletin (Donrest 80 as of December 2014) (for replacement cost and market cost of vehicles and specialized vehicles). The appraiser applied up to 10% bargaining coefficient to decrease prices available at the market.

Impairment test – based on cash generating units

As at 31 December 2017, impairment test was performed internally.

For the purpose of impairment testing, the Group identified four cash-generating units (CGUs): sugar CGU, agricultural CGU, soybean CGU and cattle CGU.

Impairment testing was performed based on value-in-use calculation using the cash flow projection not exceeding the five-year period. Cash flow projection is based on the long-term budget approved by senior management of the Group.

Assumptions
The key assumptions used for impairment testing are: discount rates, selling prices, cost of production, and production volume. Discount rates were estimated based on weighted average cost of capital and comprised:

- Sugar CGU: 19% p.a. for five year period and 13,6% in the terminal period;
- Agricultural CGU: 19% p.a. for five year period and 13,8% in the terminal period;
- Soybean CGU: 19% p.a. for five year period and 13,8% in the terminal period;
- Cattle CGU: 19% p.a. for five year period and 13,8% in the terminal period.

Production volume was estimated based on current production level; potential increase in land, crop yields, number of cows or milk yields is not taken into account. Cost of production was estimated based on current actual cost of production inflated by expected level of inflation, taking into account higher inflation levels for costs directly or indirectly pegged to USD (such as gas). When determining selling prices the Group analysed available forecasts for export and domestic markets, including forecasted supply and demand and legislative restrictions on export sales. The following selling prices were used:

- Wheat – UAH 3,364 – UAH 5,919 per ton
- Corn – UAH 3,392– UAH 5,853 per ton
- Soybean – UAH 9,565 – UAH 11,879 per ton
- Milk – UAH 8,732 – UAH 11,683 per ton

For each CGU, except of sugar, the identified recoverable amount exceeded its carrying value as at 31 December 2017. For sugar CGU due to forecasted prices for sugar decrease impairment loss was identified in amount of UAH 373,156 thousand or EUR 12,433 thousand. For agriculture and soybean segments significant headroom exists and no reasonable change in the key assumptions would cause the carrying value to exceed the value-in-use. For cattle segment, a reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount by the following amount:

Increase in discount rate by 1% in each period (including terminal) would lead to impairment of property, plant and equipment allocated to cattle farming CGU of UAH 65,372 thousand. Decrease in milk prices by 1% in each period (including terminal) would lead to impairment of UAH 57,428 thousand.

Impairment of individual items of property, plant and equipment

Due to changes in technical specification some items of property, plant and equipment were impaired individually for UAH 94,373 thousand (EUR 3,145 thousand). A revaluation increase on property is recognized directly in other comprehensive income, 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 as impairment, except to the extent that it reverses a previous revaluation increase recognized directly in other comprehensive income.

Reversal of impairment of property, plant and equipment in amount of UAH 44,973 thousand or EUR 1,581 thousand was recognized due to increase of market prices per certain items of property plant and equipment as at 31 December 2016.

Other matters

As at 31 December 2017, 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 523,183 thousand or EUR 15,622 thousand (2016: UAH 441,781 thousand or EUR 15,545 thousand), machinery and equipment is UAH 1 663,764 thousand or EUR 49,680 thousand (2016: UAH 1 286,907 thousand or EUR 45,281 thousand) and construction is UAH 494,049 thousand or EUR 14,752 thousand (2016: UAH 448,976 thousand or EUR 15,798 thousand).

In 2017 revaluation surplus of UAH 611,096 thousand or EUR 29,569 thousand (2016: UAH 426,994 thousand or EUR 31,133 thousand) was reclassified from revaluation reserve to retained earnings because it was realized through depreciation or disposal of the revalued items of property, plant and equipment.

In 2017 and 2016 the Group have not capitalized any borrowing costs.

For carrying values of property, plant and equipment pledged to secure bank loans refer to Note 16.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. At 31 December 2017, the net book value of leased assets is UAH 107,244 thousand or EUR 3,202 thousand (2016: UAH 91,294 thousand; EUR 3,212 thousand).

8. INTANGIBLE ASSETS

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

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2017	**77 274**	**20 838**	**12 369**	**110 481**
Additions	**-**	**-**	**7 831**	**7 831**
Additions through acquisition of subsidiaries (note 4)	**43 509**	**52 716**	**-**	**96 225**
Disposals	**(3 070)**		**(153)**	**(3 223)**
Impairment	**-**	**(52 716)**	**-**	**(52 716)**
31 December 2017	**117 713**	**20 838**	**20 047**	**158 598**
Accumulated amortization 1 January 2017	**23 460**	**-**	**4 568**	**28 028**
Amortization charge	**10 352**	**-**	**3 433**	**13 785**
Disposals	**(3 070)**	**-**	**(153)**	**(3 223)**
31 December 2017	**30 742**	**-**	**7 848**	**38 590**
Net book value 31 December 2017	**86 971**	**20 838**	**12 199**	**120 008**

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2017	**2 719**	**733**	**435**	**3 887**
Additions	**-**	**-**	**261**	**261**
Additions through acquisition of subsidiaries (note 4)	**1 362**	**1 660**	**-**	**3 022**
Disposals	**(102)**		**(5)**	**(107)**
Impairment	**-**	**(1 660)**	**-**	**(1 660)**
Currency translation differences	**(465)**	**(111)**	**(93)**	**(669)**
31 December 2017	**3 514**	**622**	**598**	**4 734**
Accumulated amortization 1 January 2017	**826**	**-**	**160**	**986**
Amortization charge	**345**	**-**	**114**	**459**
Disposals	**(102)**	**-**	**(5)**	**(107)**
Currency translation differences	**(152)**	**-**	**(34)**	**(186)**
31 December 2017	**917**	**-**	**235**	**1 152**
Net book value 31 December 2017	**2 597**	**622**	**363**	**3 582**

For the year ended 31 December 2017 the line item “Disposals” presented result of cost and accumulated depreciation set-off due to expiration of land lease agreements in 2017.

The movement of intangible assets in 2016 is as follows:

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2016	158 995	20 838	6 408	186 241
Additions	-	-	5 976	5 976
Additions from acquisition of subsidiaries (note 5)	29 361	-	-	29 361
Disposals	(111 082)	-	(15)	(111 097)
31 December 2016	77 274	20 838	12 369	110 481
Accumulated amortization 1 January 2016	119 137	-	2 250	121 387
Amortization charge	15 405	-	2 333	17 738
Disposals	(111 082)	-	(15)	(111 097)
31 December 2016	23 460	-	4 568	28 028
Net book value 31 December 2016	53 814	20 838	7 801	82 453

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2016	6 063	795	243	7 101
Additions	-	-	211	211
Additions from acquisition of subsidiaries (note 5)	1 061	-	-	1 061
Disposals	(3 928)	-	(1)	(3 929)
Currency translation differences	(477)	(62)	(18)	(557)
31 December 2016	2 719	733	435	3 887
Accumulated amortization 1 January 2016	4 543	-	84	4 627
Amortization charge	545	-	82	627
Disposals	(3 928)	-	(1)	(3 929)
Currency translation differences	(334)	-	(5)	(339)
31 December 2016	826	-	160	986
Net book value 31 December 2016	1 893	733	275	2 901

Goodwill has been allocated to agricultural CGU, which is also an operating and reportable segment. The Group performs its annual impairment test at the end of each reporting period. As at 31 December 2017 recoverable amount of agricultural CGU exceeds its carrying amount by UAH 1,731,338 thousand or EUR 51,689 thousand.

As a result of business combination goodwill was recognized in the amount of UAH 52 716 thousand. However, as at 31 December 2017 the Group reviewed financial results of LLC AC “Agro-Ka Poltava” and LLC “Agro-region” and identified that these entities have not generated profit for several periods. The management has intentions to improve their financial results in future and to merger them with other Group subsidiaries, nevertheless such measures will not result in profit that would be higher than goodwill recognized within business combination. As a result loss on impairment of goodwill amounting to UAH 52 716 thousand was recognized in the income statement as at the date of acquisition.

The recoverable amount of the agricultural CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 19% for five years and 13,8% for the terminal period (2016: 23,3% and 18,1% in the terminal period).

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

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

Crop prices were based on actual prices for the year preceding the budgeted year adjusted based on the commodity price forecasts. For more details refer to Note 7.

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

Amortization charge of land lease rights is allocated to Cost of revenues, for other intangible assets – to General and administrative expense.

9. BIOLOGICAL ASSETS

Biological assets consist of current biological assets (crops) and non-current biological assets (livestock).

Livestock include cattle and other livestock. Cattle consist of dairy livestock with an average yearly lactation period of nine months, immature cattle and cattle intended for sale. Other livestock mainly represent pigs, horses and sheep. The valuation of the biological assets is within level 3 of the fair value hierarchy.

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

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

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

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

- Discount rate (19%) (2016: 23.7%)
- Yields of crops (5.5 tons per hectare for winter wheat and 4.1 tons per hectare for winter rye) (2016: 5.4 tons per hectare for winter wheat, 3.3 tons per hectare for winter rye)
- Prices of crops (UAH 4,402 per ton for winter wheat and UAH 3,230 for winter rye) (2016: UAH 3,754 per ton for winter wheat, UAH 3,672 per ton for winter rye)

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

- Discount rate (19%) (2016: 23.3%)
- Milk prices (UAH 7.86 per litre) (2016: UAH 6.08 per litre)
- Meat prices (UAH 24.75 per kilogram) (2016: UAH 18.43 per kilogram)
- Milk yield per day (20,0 litres per day) (2016: 18,8 litres per day)

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

As at 31 December 2017, the unrealized gain of biological assets comprised UAH 621,309 thousand or EUR 18,549 thousand (2016: UAH 213,014 thousand or EUR 7,495 thousand).

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	**31 December 2017**		31 December 2016	
	Units	**Amount**	Units	Amount
Non-current biological assets:				
Cattle	**26 618**	**749 337**	30 056	428 897
Other livestock		**2 197**		3 413
		751 534		432 310
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**52 266**	**568 846**	49 953	384 801
Winter rye	**1 421**	**4 053**	1 556	5 702
	53 687	**572 899**	51 509	390 503
Total biological assets		**1 324 433**		822 813

(in thousands of Euros)	**31 December 2017**		31 December 2016	
	Units	**Amount**	Units	Amount
Non-current biological assets:				
Cattle	**26 618**	**22 371**	30 056	15 090
Other livestock		**66**		119
		22 437		15 209
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**52 266**	**16 983**	49 953	13 539
Winter rye	**1 421**	**121**	1 556	200
	53 687	**17 104**	51 509	13 739
Total biological assets		**39 541**		28 948

The information about the output of agricultural products during the period, natural losses were not deducted:

(in tonns)	**2017**	2016
Milk	**109 739**	107 164
Winter wheat	**237 111**	312 963
Barley	**5 030**	11 511
Corn	**339 298**	414 534
Soy	**62 936**	90 798
Sunflower	**72 663**	72 121
Sugar beet	**2 310 901**	2 556 082

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

(in thousands of Ukrainian hryvnias)	Non-current livestock	Crops	Total
As at 1 January 2016	505 862	470 358	976 220
Increase resulting from business acquisotion	16 640	73 181	89 821
Investments into livestock and future crops	86 744	3 552 737	3 639 481
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(98 728)	1 387 456	1 288 728
Sales	(78 208)	-	(78 208)
Decrease due to harvest	-	(5 093 229)	(5 093 229)
As at 31 December 2016	**432 310**	**390 503**	**822 813**
Increase resulting from business acquisotion	**5 060**	**22 243**	**27 303**
Investments into livestock and future crops	**136 648**	**4 432 298**	**4 568 945**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**288 304**	**1 037 265**	**1 325 569**
Sales	**(110 788)**	**-**	**(110 788)**
Decrease due to harvest	**-**	**(5 309 410)**	**(5 309 410)**
As at 31 December 2017	**751 534**	**572 899**	**1 324 433**

(in thousands of Euros)	Non-current livestock	Crops	Total
As at 1 January 2016	19 291	17 937	37 228
Increase resulting from business acquisotion	604	2 622	3 226
Investments into livestock and future crops	3 067	125 614	128 682
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(3 464)	48 677	45 213
Sales	(2 765)	-	(2 765)
Decrease due to harvest	-	(180 082)	(180 082)
Currency translation difference	(1 524)	(1 029)	(2 553)
As at 31 December 2016	**15 209**	**13 739**	**28 948**
Increase resulting from business acquisotion	**151**	**664**	**815**
Investments into livestock and future crops	**4 553**	**147 680**	**152 233**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**9 869**	**35 507**	**45 376**
Sales	**(3 691)**	**-**	**(3 691)**
Decrease due to harvest	**-**	**(176 905)**	**(176 905)**
Currency translation difference	**(3 654)**	**(3 581)**	**(7 235)**
As at 31 December 2017	**22 437**	**17 104**	**39 541**

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

	2017			
	Biological assets		Earnings per share	
	(thousands of Ukrainian hryvnias)	(thousands of Euros)	(thousands of Ukrainian hryvnias)	(thousands of Euros)
10% increase in price for milk	**202 221**	**6 037**	**8,3**	**0,25**
10% decrease in prices for milk	**(202 221)**	**(6 037)**	**(8,3)**	**(0,25)**
10% increase in price for meat	**19 761**	**590**	**0,8**	**0,02**
10% decrease in price for meat	**(19 761)**	**(590)**	**(0,8)**	**(0,02)**
10% increase in milk yield	**55 175**	**1 647**	**2,3**	**0,07**
10% decrease in milk yield	**(55 175)**	**(1 647)**	**(2,3)**	**(0,07)**
10% increase in prices for crops	**107 863**	**3 220**	**4,4**	**0,13**
10% decrease in prices for crops	**(107 863)**	**(3 220)**	**(4,4)**	**(0,13)**
10% increase in yield for crops	**107 863**	**3 220**	**4,4**	**0,13**
10% decrease in yield for crops	**(107 863)**	**(3 220)**	**(4,4)**	**(0,13)**
10% increase in production costs until harvest	**(50 573)**	**(1 510)**	**(2,1)**	**(0,06)**
10% decrease in production costs until harvest	**50 573**	**1 510**	**2,1**	**0,06**
5% increase in annual consumer price index	**253 000**	**7 553**	**10,4**	**0,31**
5% decrease in annual consumer price index	**(253 000)**	**(7 553)**	**(10,4)**	**(0,31)**
1% increase in discount rate	**(20 414)**	**(609)**	**(0,8)**	**(0,02)**
1% decrease in discount rate	**20 414**	**609**	**0,8**	**0,02**

	2016			
	Biological assets		Earnings per share	
	(thousands of Ukrainian hryvnias)	(thousands of Euros)	(thousands of Ukrainian hryvnias)	(thousands of Euros)
10% increase in price for milk	147 655	5 195	6,1	0,21
10% decrease in prices for milk	(147 655)	(5 195)	(6,1)	(0,21)
10% increase in price for meat	13 955	491	0,6	0,02
10% decrease in price for meat	(13 955)	(491)	(0,6)	(0,02)
10% increase in milk yield	28 936	1 018	1,2	0,04
10% decrease in milk yield	(28 936)	(1 018)	(1,2)	(0,04)
10% increase in prices for crops	83 731	2 946	3,4	0,12
10% decrease in prices for crops	(83 731)	(2 946)	(3,4)	(0,12)
10% increase in yield for crops	83 731	2 946	3,4	0,12
10% decrease in yield for crops	(83 731)	(2 946)	(3,4)	(0,12)
10% increase in production costs until harvest	(68 350)	(2 405)	(2,8)	(0,10)
10% decrease in production costs until harvest	68 350	2 405	2,8	0,10
5% increase in annual consumer price index	59 858	2 106	2,5	0,09
5% decrease in annual consumer price index	(59 858)	(2 106)	(2,5)	(0,09)
1% increase in discount rate	(12 490)	(439)	(0,5)	(0,02)
1% decrease in discount rate	12 490	439	0,5	0,02

The sensitivity analyses above have been determined as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the fair value of biological assets as it is unlikely that changes in assumptions would occur in isolation of one another.

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

10. INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Finished goods:				
Sugar products	**2 261 262**	2 380 082	**67 510**	83 739
Agricultural produce	**2 348 637**	2 579 202	**70 118**	90 745
Soybean processing	**287 395**	141 865	**8 580**	4 991
Cattle farming	**1 824**	1 455	**54**	51
	4 899 118	5 102 604	**146 262**	179 526
Raw materials and consumables for:				
Sugar production	**129 016**	21 185	**3 852**	745
Cattle farming	**167 461**	165 252	**4 999**	5 814
Agricultural produce	**156 795**	96 019	**4 681**	3 378
Other production	**2 337**	1 269	**70**	45
Consumables for joint utilization	**368 338**	163 000	**10 996**	5 735
	823 947	446 725	**24 598**	15 717
Investments into future crops	**799 409**	777 953	**23 867**	27 372
	6 522 474	6 327 282	**194 727**	222 615

Inventories as at 31 December include the following goods in transit:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Goods in transit:				
Agricultural produce	**387 582**	140 574	**11 571**	4 946
Soybean processing	**120 953**	1 024	**3 611**	36
Sugar products	**66 789**	377 478	**1 994**	13 281
Consumables for joint utilization	**1 560**	912	**47**	32
	576 884	519 988	**17 223**	18 295

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

For carrying value of inventories pledged to secure bank loans refer to Note 16.

11. TRADE AND OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Long-term receivables and prepayments				
Advances to suppliers	**131 228**	67 415	**3 918**	2 372
Other long-term receivables	**23 030**	832	**688**	29
	154 258	68 247	**4 606**	2 401
Current accounts receivable and prepayments				
Trade receivables	**547 477**	407 036	**16 345**	14 321
Less allowance	**(56 604)**	(52 631)	**(1 690)**	(1 852)
	490 873	354 405	**14 655**	12 469
Prepayments and other non-financial assets:				
VAT recoverable and prepaid	**589 785**	719 636	**17 608**	25 319
Advances to suppliers	**206 170**	192 031	**6 155**	6 756
Less allowance	**(34 290)**	(3 957)	**(1 024)**	(139)
	761 665	907 710	**22 739**	31 936
Other financial assets:				
Financial aid	**1 271**	13 551	**38**	477
Other receivables	**59 622**	32 920	**1 779**	1 158
Less allowance	**(18 560)**	(12 711)	**(554)**	(447)
	42 333	33 760	**1 263**	1 188
	803 998	941 470	**24 002**	33 124
	1 294 871	1 295 875	**38 657**	45 593

Long-term advances to suppliers relate to prepayments for land lease. Average term for prepaid lease 3-49 years.

For carrying value of trade accounts receivable pledged to secure bank loans refer to Note 16.

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)*	
	2017	2016	**2017**	2016
Balance at 1 January	**69 299**	70 993	**2 438**	2 707
Charge in income statement	**54 790**	19 364	**1 804**	686
Amounts written off	**(14 635)**	(21 058)	**(605)**	(870)
Currency translation difference	**-**	-	**(369)**	(85)
Balance as at 31 December	**109 454**	69 299	**3 268**	2 438

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

(in thousands of Ukrainian hryvnias)	**Gross 2017**	**Impairment 2017**	Gross 2016	Impairment 2016
Not past due	**150 123**	**-**	171 149	-
Past due 1-30 days	**236 641**	**-**	119 434	-
Past due 31-120 days	**98 976**	**-**	49 566	-
Past due 121-365 days	**7 207**	**(3 092)**	17 665	(4 377)
More than one year	**54 530**	**(53 512)**	49 222	(48 254)
	547 477	**(56 604)**	407 036	(52 631)

(in thousands of Euros)	**Gross 2017**	**Impairment 2017**	Gross 2016	Impairment 2016
Not past due	**4 482**	**-**	6 020	-
Past due 1-30 days	**7 065**	**-**	4 202	-
Past due 31-120 days	**2 955**	**-**	1 744	-
Past due 121-365 days	**215**	**(92)**	622	(154)
More than one year	**1 628**	**(1 598)**	1 733	(1 698)
	16 345	**(1 690)**	14 321	(1 852)

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

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

(in thousands of Ukrainian hryvnias)	**Gross 2017**	**Impairment 2017**	Gross 2016	Impairment 2016
Not past due	**16 219**	**-**	-	-
Past due 1-30 days	**16 782**	**-**	5 333	-
Past due 31-120 days	**3 406**	**-**	8 358	-
Past due 121-365 days	**8 953**	**(5 578)**	7 160	(1 531)
More than one year	**15 533**	**(12 982)**	25 620	(11 180)
	60 893	**(18 560)**	46 471	(12 711)

(in thousands of Euros)	**Gross 2017**	**Impairment 2017**	Gross 2016	Impairment 2016
Not past due	**484**	**-**	-	-
Past due 1-30 days	**501**	**-**	188	-
Past due 31-120 days	**102**	**-**	294	-
Past due 121-365 days	**267**	**(167)**	252	(54)
More than one year	**463**	**(387)**	901	(393)
	1 817	**(554)**	1 635	(447)

12. SHORT-TERM CASH DEPOSITS

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

			(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
			2017	2016	**2017**	2016
	Effective interest rate	**Nominal interest rate**	**Amount**	**Amount**	**Amount**	**Amount**
Short-term bank deposits in UAH	6,0%	6,0%	**2 420**	280	**72**	10
Short-term bank deposits in UAH	8,0%	8,0%	**1 500**	539	**45**	19
Short-term bank deposits in UAH	10,0%	10,0%	**4 163**	-	**124**	-
Short-term bank deposits in UAH	10,25%	10,25%	**2 500**	-	**75**	-
Short-term bank deposits in UAH	10,5%	10,5%	**1 700**	-	**51**	-
Short-term bank deposits in UAH	11,0%	11,0%	**1 000**	-	**30**	-
Short-term bank deposits in UAH	13,5%	13,5%	**3 604**	-	**108**	-
Short-term bank deposits in UAH	14,5%	14,5%	**1 400**	-	**42**	-
Short-term bank deposits in UAH	17,0%	17,0%	**-**	9 300	**-**	327
Short-term bank deposits in USD	0,10%	0,10%	**1 723**	-	**51**	-
Short-term bank deposits in USD	0,15%	0,15%	**13 899**	-	**414**	-
Short-term bank deposits in USD	0,5%	0,5%	**591**	-	**18**	-
Short-term bank deposits in USD	3,3%	3,3%	**1 543**	-	**46**	-
Short-term bank deposits in USD	1,0%	1,0%	**-**	7 745	**-**	272
Short-term bank deposits in USD	5,0%	5,0%	**-**	19 810	**-**	697
			36 043	37 674	**1 076**	1 325

For carrying value of deposits pledged to secure bank loans refer to Note 16. The early withdrawal of carrying value of deposits pledged to secure bank loans refer to Note 16.

Short-term deposits are made for varying remaining periods of between one day and 10 months, depending on the immediate cash requirements of the Group.

13. CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Cash in banks in USD	**380 118**	289 890	**11 348**	10 198
Cash in banks in UAH	**95 185**	9 453	**2 842**	333
Cash in banks in EUR	**4 226**	16 332	**126**	575
Cash in banks in CHF	**156**	-	**5**	-
	479 685	315 675	**14 321**	11 106
Cash on hand in UAH	**305**	221	**9**	8
	479 990	315 896	**14 330**	11 114

As at 31 December 2017, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2017 and 31 December 2016, current accounts denominated in USD earned interest of 0.50% p.a., overnight deposits denominated in UAH – up to 10.00% depending on the amount deposited.

14. EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as at 31 December 2017 is 30,000 thousand (2016: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2016: 25,000 thousand). For disclosure of shares pledged to secure bank loans refer to Note 16.

Shareholders structure as at 31 December is as follows:

	2017	2016
Astarta Holding N.V.		
Ivanchyk V.P.	**36,26%**	37,80%
Korotkov V.M.	**-**	25,99%
Fairfax Financial Holdings LTD with subsidiaries	**28,06%**	-
Other shareholders	**35,68%**	36,21%
	100,00%	100,00%

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Net profit attributable to equity holders of the company	**1 758 596**	2 350 837	**61 840**	82 653
Weighted average basic and diluted shares outstanding (in thousands of shares)	**24 405**	24 405	**24 405**	24 405
Earnings per share attributable to shareholders of the company	**72,06**	96,33	**2,53**	3,39

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. The Group's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements, including any additional amounts required by the regulator.

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

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

As at 31 December 2017, the gearing ratio was 27% compared to 29% a year before. The decrease in gearing ratio is attributable to decrease in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Total borrowings (note 16)	**4 880 522**	4 499 658	**145 708**	158 313
Less cash, cash equivalents and short-term deposits	**(516 033)**	(353 570)	**(15 406)**	(12 439)
Net debt	**4 364 489**	4 146 088	**130 302**	145 874
Total equity	**11 649 790**	10 038 206	**347 800**	353 175
Total capital	**16 014 279**	14 184 294	**478 102**	499 049
Gearing ratio	**27%**	29%	**27%**	29%

There were no changes in the approach to capital management during the reporting period.

Additional paid-in capital

The additional paid-in capital reserve relates to the excess of proceeds from the issuance of shares above the nominal value.

Revaluation surplus

The previous revaluation was done as at 31 December 2016 and revaluation surplus of UAH 1,382,405 thousand or EUR 48,635 thousand was recognised. During the year ended 31 December 2017 the revaluation surplus was realized through impairment, depreciation and disposal of property and equipment in amount of UAH 959,507 thousand or EUR 46,427 thousand (2016: UAH 426,994 thousand, EUR 31,133 thousand).

Currency translation reserve

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

Other reserves

As at 31 December 2017 the Group's consolidated retained earnings as presented in these consolidated financial statements, amounted to UAH 8,036,911 thousand or EUR 468,135 thousand (2016: UAH 5,653,075 thousand or EUR 376,304), including the net profit for the year ended 31 December 2017. Statutory retained earnings of the Company and its Ukrainian subsidiaries may differ substantially from the retained earnings presented in these financial statements.

Refer to the Company's financial statements for information about distribution of profits.

Dividend policy

The Company's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2017.

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.

Treasury shares

As at 31 December 2017, the Group had 595,141 of treasury shares with total cost of UAH 95,934 thousand (EUR 4,801 thousand) (2016: 595,141 of treasury shares with total cost of UAH 95,934 thousand (EUR 4,801 thousand).

15. NON-CONTROLLING INTERESTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Balance as at 1 January	**-**	407	**-**	16
Share in loss	**-**	(280)	**-**	(10)
Non-controlling interest in Revaluation surplus	**-**	(127)	**-**	(4)
Currency translation difference	**-**	-	**-**	(2)
Balance as at 31 December	**-**	-	**-**	-

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Balance as at 1 January	**252 086**	170 789	**8 869**	6 513
Non-controlling interests of limited liability companies in profit (Note 24)	**30 909**	70 085	**1 004**	2 484
Acquisitions from non-controlling shareholders and other changes	**(160 065)**	(434)	**(5 333)**	(15)
Non-controlling interests acquired with new subsidiaries	**1 528**	2	**51**	-
Non-controlling interest in Revaluation surplus	**(12 151)**	11 644	**(405)**	412
Currency translation difference	**-**	-	**(833)**	(525)
Balance as at 31 December	**112 307**	252 086	**3 353**	8 869

Non-controlling interests acquired in 2017 relate to acquisition of PJSC "Ukrainian agro-insurance company" (effective share of purchased interest is 99,98%) and to formation of LLC "Agri Chain" share capital (effective share of interest was 50%). Also the Group has acquired additional share in PLC "Agrotechnika Kobelyaki" in 2017.

During 2017 year the Group has acquired an additional interest of 9 subsidiaries with the following effect:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Carrying amount of non-controlling interests acquired	**160 065**	-	**5 333**	-
Consideration paid to non-controlling interests	**(84 885)**	-	**(2 828)**	-
Consideration payable to non-controlling interests	**(34 133)**	-	**(1 170)**	-
Difference recognised in income statement	**41 047**	**-**	**1 335**	**-**

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 28 for more information on exposure to interest rate, foreign currency risk and information on financial risk management. Loans and borrowings as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Long-term loans and borrowings:				
Bank loans	**1 315 295**	1 335 958	**39 268**	47 003
Borrowings from non-financial institutions (Note 31)	**145 669**	-	**4 349**	-
Finance lease liabilities	**49 523**	50 604	**1 479**	1 780
Transaction costs	**(11 346)**	(16 658)	**(339)**	(585)
	1 499 141	1 369 904	**44 757**	48 198
Current portion of long-term loans and borrowings:				
Bank loans	**1 010 119**	1 246 787	**30 157**	43 866
Finance lease liabilities	**19 630**	15 176	**586**	534
Transaction costs	**(9 892)**	(18 270)	**(295)**	(643)
	1 019 857	1 243 693	**30 448**	43 757
Short-term loans and borrowings:				
Bank loans	**2 365 970**	1 727 697	**70 636**	60 786
Borrowings from non-financial institutions (Note 31)	**-**	162 873	**-**	5 730
Transaction costs	**(4 446)**	(4 509)	**(133)**	(158)
	2 361 524	1 886 061	**70 503**	66 358
	4 880 522	4 499 658	**145 708**	158 313

The following table summarises borrowings as of 31 December:

		(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Currency	**WAIR[1]**	**2017**	**2017**
Short-term loans and borrowings:			
USD	**3,76%**	**1 707 840**	**50 988**
UAH	**12,21%**	**658 130**	**19 648**
Transaction costs		**(4 446)**	**(133)**
Total Short-term loans and borrowings		**2 361 524**	**70 503**
Long-term loans and current portion of long-term loans and borrowings:			
EUR	**5,47%**	**162 592**	**4 854**
USD	**7,17%**	**2 308 491**	**68 920**
UAH		**-**	**-**
Finance lease liabilities		**69 153**	**2 065**
Transaction costs		**(21 238)**	**(634)**
Total Long-term borrowings		**2 518 998**	**75 205**
		4 880 522	**145 708**

Currency	WAIR[1]	(in thousands of Ukrainian hryvnias) 2016	(in thousands of Euros) 2016
Short-term loans and borrowings:			
USD	8,74%	348 754	12 271
UAH	16,32%	1 541 816	54 246
Transaction costs		(4 509)	(159)
Total Short-term loans and borrowings		1 886 061	66 358
Long-term loans and current portion of long-term loans and borrowings:			
EUR	5,61%	224 478	7 898
USD	6,57%	2 358 267	82 972
Finance lease liabilities		65 780	2 314
Transaction costs		(34 928)	(1 229)
Total long-term borrowings		2 613 597	91 955
		4 499 658	158 313

[1] WAIR represents the weighted average interest rate on outstanding borrowings.

As of 31 December the Group's total bank borrowings are repayable as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Total current portion repayble in one year	**3 376 089**	2 838 527	**100 793**	99 869
Transaction costs	**(14 338)**	(21 057)	**(428)**	(741)
Finance lease liabilities (note 29 c)	**19 630**	15 176	**586**	534
Borrowings from non-financial institutions (Note 31)	**-**	162 873	**-**	5 730
	3 381 381	2 995 519	**100 951**	105 392
Due in the second year	**444 937**	1 027 500	**13 283**	36 151
Transaction costs	**(7 078)**	(15 386)	**(211)**	(541)
Finance lease liabilities (note 29 c)	**18 241**	14 646	**545**	515
Borrowings from non-financial institutions (Note 31)	**145 669**	-	**4 349**	-
	601 769	1 026 760	**17 966**	36 125
Due thereafter	**870 358**	444 415	**25 984**	15 636
Transaction costs	**(4 268)**	(2 994)	**(127)**	(105)
Finance lease liabilities (note 29 c)	**31 282**	35 958	**934**	1 265
	897 372	477 379	**26 791**	16 796
	4 880 522	4 499 658	**145 708**	158 313

As at 31 December 2017, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 145,669 thousand (2016: UAH 162,873 thousand) or EUR 4,349 thousand (2016: EUR 5,730 thousand) bearing an interest of 4,5% p.a.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 1 January 2017	**4 271 005**	**162 873**	**65 780**	**4 499 658**
Changes from financing cash flows				
Cash flows	210 556	3 870	-	**214 426**
Transaction costs related to loans	(7 606)	-	-	**(7 606)**
Payments of finance lease	-	-	(19 762)	**(19 762)**
Total changes from financing cash flows	**202 950**	**3 870**	**(19 762)**	**187 058**
The effect of changes in foreign exchange rates	**169 110**	**(21 074)**	-	**148 036**
Other changes related to liability				
Other finance costs	22 635	-	-	**22 635**
New finance leases	-	-	23 135	**23 135**
Total liability-related other changes	22 635	-	23 135	**45 770**
Balance as at 31 December 2017	**4 665 700**	**145 669**	**69 153**	**4 880 522**

Bank loans are secured as follows:

(in thousands of Ukrainian hryvnias)	*(in thousands of Ukrainian hryvnias)*		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Rights of claim on future cash proceeds from sale contracts	**302 146**	916 459	**9 021**	32 244
Inventories (Note 10)	**2 580 488**	2 438 048	**77 040**	85 778
Property, plant and equipment (Note 7)	**2 823 087**	3 199 567	**84 283**	112 571
Short-term deposits (Note 12)	**-**	7 885	**-**	277
Cash and cash equivalents (note 13)	**368 978**	2 235	**11 016**	79
	6 074 699	6 564 194	**181 360**	230 949

17. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Other liabilities:				
Advances received from customers	**129 687**	561 138	**3 872**	19 743
VAT payable	**55 808**	-	**1 666**	-
	185 495	561 138	**5 538**	19 743
Other accounts payable:				
Accounts payable for property, plant and equipment	**8 311**	4 340	**248**	153
Accrual for unused vacations	**80 917**	60 463	**2 416**	2 127
Interest payable	**50 438**	48 488	**1 506**	1 706
Salaries payable	**77 528**	53 747	**2 315**	1 891
Social insurance payable	**8 200**	8 327	**245**	293
Settlements with land and fixed assets lessors	**82 644**	58 711	**2 467**	2 066
Payable for non-controlling interests	**34 133**	-	**1 019**	-
Other taxes and charges payable	**39 220**	33 655	**1 171**	1 184
Other payables	**26 374**	11 184	**787**	393
	407 765	278 915	**12 174**	9 813
	593 260	840 053	**17 712**	29 556

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

18. REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Sugar and related sales:				
Sugar	**5 641 029**	4 653 366	**188 597**	164 920
Molasses	**228 773**	180 025	**7 649**	6 380
Pulp	**129 188**	90 847	**4 319**	3 220
	5 998 990	4 924 238	**200 565**	174 520
Crops	**4 214 948**	2 380 489	**140 919**	84 366
Soybean processing products	**2 174 874**	2 114 829	**72 713**	74 951
Cattle farming	**951 008**	700 531	**31 795**	24 827
Other sales	**377 180**	288 580	**12 609**	10 227
	7 718 010	5 484 429	**258 036**	194 371
	13 717 000	10 408 667	**458 601**	368 891

In 2017 and 2016, there were no sales settled through barter transactions. In 2017, 41% of revenue is generated from sales to customers in Ukraine (2016: 49%).

For the year ended 31 December 2017 the line item “Crops” includes revenue from trading operations amounting to UAH 726,871 thousand or EUR 24,302 thousand (2016: UAH 267,508 thousand or EUR 9,479 thousand).

19. COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Sugar and related sales:				
Sugar	**3 699 676**	2 798 506	**123 368**	99 226
Molasses	**159 712**	124 539	**5 326**	4 416
Pulp	**68 340**	56 481	**2 279**	2 003
	3 927 728	2 979 526	**130 973**	105 645
Crops	**3 758 332**	1 899 811	**125 324**	67 361
Soybean processing products	**1 927 136**	1 507 381	**64 261**	53 447
Cattle farming	**700 394**	573 692	**23 355**	20 341
Other sales	**346 813**	277 090	**11 564**	9 824
	6 732 675	4 257 974	**224 504**	150 973
	10 660 403	7 237 500	**355 477**	256 618

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Raw materials	**5 561 691**	4 324 107	**185 458**	153 323
Depreciation and amortization costs	**1 025 561**	758 177	**34 181**	26 803
Land lease expenses	**954 979**	808 041	**31 844**	28 651
Employee benefits expenses	**957 709**	621 999	**31 935**	22 055

20. OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	**2016**	**2017**	**2016**
Government subsidies relating to:				
Crop production	**78 988**	-	**2 548**	-
Cattle farming	**3 393**	-	**109**	-
Reimbursement of the cost of construction	**2 679**	-	**86**	-
VAT refunds	**-**	413 103	**-**	14 523
Recovery of assets previously written off	**48 975**	23 024	**1 580**	809
Reversal of impairment of property, plant and equipment, net	**-**	44 973	**-**	1 581
Other operating income	**17 970**	17 165	**581**	604
	152 005	498 265	**4 904**	17 517

21. GENERAL AND ADMINISTRATIVE EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Salary and related charges	**506 504**	419 817	**16 825**	14 854
Professional services	**69 165**	36 871	**2 298**	1 305
Depreciation	**51 141**	34 557	**1 699**	1 223
Taxes other than corporate income tax	**22 860**	29 835	**759**	1 056
Fuel and other materials	**21 976**	22 077	**730**	781
Bank charges	**9 704**	9 555	**322**	338
Rent	**8 910**	3 720	**296**	132
Office expenses	**8 556**	7 956	**284**	281
Communication	**5 367**	4 218	**178**	149
Insurance	**3 359**	5 346	**112**	189
Maintenance	**2 025**	5 398	**67**	191
Transportation	**356**	1 204	**12**	43
Other	**16 622**	18 097	**552**	639
	726 545	598 651	**24 134**	21 181

22. SELLING AND DISTRIBUTION EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Transportation	**617 761**	316 051	**20 460**	11 211
Storage and logistics	**143 182**	136 820	**4 742**	4 853
Salary and related charges	**140 824**	76 022	**4 664**	2 697
Fuel and other materials	**51 492**	38 117	**1 705**	1 352
Depreciation	**19 609**	14 824	**649**	526
Allowance for trade accounts receivable	**18 260**	13 648	**605**	484
Professional services	**12 902**	12 767	**427**	453
Other	**38 322**	21 687	**1 271**	770
	1 042 352	629 936	**34 523**	22 346

23. OTHER OPERATING EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Write down of inventories	**100 900**	29 857	**3 311**	1 057
Charity and social expenses	**65 881**	64 643	**2 162**	2 289
Impairment of property, plant and equipment	**52 011**	10 955	**1 707**	387
VAT written off	**45 459**	8 579	**1 492**	304
Allowance for other accounts receivable and advances	**36 530**	5 716	**1 199**	202
Loss on disposal of property, plant and equipment	**30 273**	39 034	**993**	1 382
Other salary and related charges	**21 472**	13 190	**705**	467
Depreciation	**4 525**	9 954	**148**	352
Penalties paid	**2 285**	3 061	**75**	108
Representative expenses	**62**	2 326	**2**	82
Other	**33 378**	11 553	**1 095**	412
	392 776	198 868	**12 889**	7 042

24. FINANCE (COSTS) INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Finance costs				
Foreign currency exchange loss, net	**(259 494)**	(394 004)	**(8 443)**	(13 962)
Interest expense				
Bank loans	**(230 878)**	(566 819)	**(7 512)**	(20 086)
Borrowings from non-financial institutions	**(39 102)**	(19 880)	**(1 272)**	(704)
Finance lease liabilities	**(9 898)**	(6 542)	**(323)**	(232)
	(279 878)	(593 241)	**(9 107)**	(21 022)
Net loss attributable to non-controlling interests of limited liability company subsidiaries	**(32 439)**	(70 085)	**(1 055)**	(2 484)
Consideration to shareholders for pledged shares	**-**	(53 527)	**-**	(1 897)
Other finance costs	**(29 027)**	(54 594)	**(944)**	(1 934)
	(61 466)	(178 206)	**(1 999)**	(6 315)
	(600 838)	(1 165 451)	**(19 549)**	(41 299)
Finance income				
Interest income	**12 771**	17 852	**416**	633
Income from non-controlling interest acquisition	**41 047**	432	**1 335**	15
	53 818	18 284	**1 751**	648

25. INCOME TAX EXPENSE

In 2017, 20 subsidiaries elected to pay FAT in lieu of other taxes (2016: 16 companies). FAT expense is included to cost of revenues. The remaining companies were subject to the Ukrainian corporate income tax at 18% rate, Dutch corporate income tax rate of 25% and Cypriot income tax rate of 12.5%, Swiss income tax rate of 14,6%.

As at 31 December 2017 the Group has not recognised deferred tax asset of UAH 129,514 thousand or EUR 3,867 thousand (2016: UAH 195,184 thousand or EUR 6,867 thousand) in respect of tax losses carried forward originating on Ukrainian subsidiaries because realization of these losses is uncertain due to frequent changes in the laws and regulations. As at 31 December 2016 the Group has not recognised other deferred tax assets of UAH 69,693 thousand or EUR 2,464 thousand respectively, originating on an Ukrainian subsidiary because realization of this asset is uncertain, in 2017 there were no such items.

As at 31 December 2017 the Group did not recognize deferred tax asset relating to tax losses of UAH 162,508 thousand or EUR 5,415 thousand and in 2016 UAH 239,976 thousand or EUR 8,443 thousand originated at Astarta Holding N.V. since realization of this asset is uncertain.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Current tax expenses	**(97 270)**	(61 264)	**(3 439)**	(2 166)
Deferred tax benefit	**74 027**	(7 326)	**2 586**	(259)
	(23 243)	(68 590)	**(853)**	(2 425)

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Profit before tax	**1 781 839**	2 419 147	**62 693**	85 068
including:				
Companies not subject to income tax	**1 252 521**	2 053 392	**44 202**	72 136
Companies subject to income tax	**529 318**	365 755	**18 491**	12 932
Netherlands				
Profit / (loss) before tax	**(14 868)**	11 876	**(519)**	420
Income tax expense at statutory rate of 25%	**(3 717)**	2 969	**(130)**	105
Non-deductible items at a rate of 25%	**8**	315	**-**	11
Non-taxable items at a rate of 25%	**(5)**	(449)	**-**	(16)
Previously unrecognised tax loss that is used to reduce tax expense	**-**	(2 835)	**-**	(100)
Unrecognised tax loss of current year	**3 714**	-	**130**	-
	-	-	-	-
Cyprus				
Profit before tax	**27 212**	240 232	**951**	8 494
Income tax expense at statutory rate of 12.5%	**3 402**	30 029	**119**	1 062
Non-deductible items at a rate of 12.5%	**(475)**	3 728	**(17)**	132
Non-taxable items at a rate of 12.5%	**-**	(623)	**-**	**(22)**
Previously unrecognised tax loss that is used to reduce tax expense	**-**	-	**-**	**-**
Unrecognised tax loss of current year	**-**	-	**-**	-
	2 927	33 134	**102**	1 172
Switzerland				
Profit before tax	**8 170**	-	**285**	-
Income tax expense at statutory rate of 14.6%	**1 193**	-	**42**	-
Non-deductible items at a rate of 14.6%	**(11)**	-	**(1)**	-
Non-taxable items at a rate of 14.6%	**-**	-	**-**	-
	1 182	-	**41**	-
Ukraine				
Profit before tax	**508 804**	113 647	**17 774**	4 018
Income tax expense at statutory rate of 18%	**91 585**	20 456	**3 199**	723
Non-deductible items at a rate of 18%	**3 877**	5 228	**141**	186
Non-taxable items at a rate of 18%	**-**	(158)	**-**	(6)
Previously unrecognised tax loss that is used to reduce tax expense	**(79 918)**	(60 421)	**(2 755)**	(2 137)
Unrecognised tax loss of current year	**14 270**	658	**498**	23
Derecognition of deferred tax liability due to changes in taxation status of subsidiary	**(10 680)**	-	**(373)**	-
Unrecognised deferred tax asset	**-**	69 693	**-**	2 464
	19 134	35 456	**710**	1 253
Income tax expense	**23 243**	68 590	**853**	2 425

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

(in thousands of Ukrainian hryvnias)	As at 31 December 2016	Recognized in OCI	Recognized in income statement	As at 31 December 2017
Deferred tax assets				
Tax loss recoverable	-	-	-	-
Inventories	2 756	-	(2 756)	**-**
Trade and other accounts receivable and prepayments	4 111	-	5 701	**9 812**
Trade and other accounts payable	-	-	-	**-**
Loans and borrowings	-	-	-	**-**
Set off of tax	(6 867)	-	(2 945)	**(9 812)**
	-	-	-	**-**
Deferred tax liabilities				
Property, plant and equipment	(486 816)	67 102	78 790	**(340 924)**
Intangible assets	(2 651)	-	201	**(2 450)**
Inventories	-	-	(3 254)	**(3 254)**
Biological assets	-	-	-	**-**
Loans and borrowings	(3 793)	-	(4 656)	**(8 449)**
Trade and other accounts payable	-	-	-	**-**
Set off of tax	6 867	-	2 946	**9 813**
	(486 393)	**67 102**	**74 027**	**(345 264)**

(in thousands of Euros)	As at 31 December 2016	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2017
Deferred tax assets					
Tax loss recoverable	-	-	-	-	**-**
Inventories	97	-	(96)	(1)	**-**
Trade and other accounts receivable and prepayments	145	-	199	(51)	**293**
Trade and other accounts payable	-	-	-	-	**-**
Loans and borrowings	-	-	-	-	**-**
Set off of tax	(242)	-	(103)	52	**(293)**
	-	-	-	-	**-**
Deferred tax liabilities					
Property, plant and equipment	(17 128)	2 344	2 752	1 853	**(10 179)**
Intangible assets	(93)	-	7	13	**(73)**
Inventories	-	-	(114)	17	**(97)**
Biological assets	-	-	-	-	**-**
Loans and borrowings	(133)	-	(163)	43	**(253)**
Trade and other accounts payable	-	-	-	-	**-**
Set off of tax	242	-	103	(52)	**293**
	(17 112)	**2 344**	**2 585**	**1 874**	**(10 309)**

(in thousands of Ukrainian hryvnias)	As at 31 December 2015	Recognized in OCI	Recognized in income statement	As at 31 December 2016
Deferred tax assets				
Inventories	47 913	-	(45 157)	**2 756**
Trade and other accounts receivable and prepayments	4 138	-	(27)	**4 111**
Set off of tax	(52 051)	-	45 184	**(6 867)**
	-	-	-	**-**
Deferred tax liabilities				
Property, plant and equipment	(397 134)	(127 972)	38 290	**(486 816)**
Intangible assets	(1 808)	-	(843)	**(2 651)**
Loans and borrowings	(4 204)	-	411	**(3 793)**
Set off of tax	52 051	-	(45 184)	**6 867**
	(351 095)	**(127 972)**	**(7 326)**	**(486 393)**

(in thousands of Euros)	As at 31 December 2015	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2016
Deferred tax assets					
Inventories	1 827	-	(1 597)	(133)	**97**
Trade and other accounts receivable and prepayments	158	-	(1)	(12)	**145**
Set off of tax	(1 985)	-	1 598	145	**(242)**
Deferred tax liabilities					
Property, plant and equipment	(15 145)	(4 502)	1 354	1 165	**(17 128)**
Intangible assets	(69)	-	(30)	6	**(93)**
Loans and borrowings	(160)	-	15	12	**(133)**
Set off of tax	1 985	-	(1 598)	(145)	**242**
	(13 389)	(4 502)	(259)	1 038	**(17 112)**

26. SEGMENT REPORTING

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

At 31 December 2017 and 2016, the group is organized into four main operating/ reportable segments:

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

Other Group operations mainly comprise the production and sales of 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, soybean processing 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.

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

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

Items which are not disclosed separately in segment income and expenses are as follows: other operating income, general and administrative expenses, selling and distribution expenses, other operating expenses and income tax.

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

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

(in thousands of Ukrainian hryvnias)	Sugar production		Agriculture		Cattle farming		Soybean processing		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Total revenues	**5 998 990**	4 924 238	**6 562 313**	5 307 313	**951 008**	700 531	**2 174 874**	2 114 829	**377 180**	288 580	**16 064 365**	13 335 491
Inter-segment revenues	**-**	-	**2 347 365**	2 926 824	**-**	-	**-**	-	**-**	-	**2 347 365**	2 926 824
Revenues from external customers	**5 998 990**	4 924 238	**4 214 948**	2 380 489	**951 008**	700 531	**2 174 874**	2 114 829	**377 180**	288 580	**13 717 000**	10 408 667
Total cost of revenues	**(3 927 728)**	(2 979 526)	**(6 105 697)**	(4 826 635)	**(700 394)**	(573 692)	**(1 927 136)**	(1 507 381)	**(346 813)**	(277 090)	**(13 007 768)**	(10 164 324)
Inter-segment cost of revenues	**-**	-	**(2 347 365)**	(2 926 824)	**-**	-	**-**	-	**-**	-	**(2 347 365)**	(2 926 824)
Cost of revenues	**(3 927 728)**	(2 979 526)	**(3 758 332)**	(1 899 811)	**(700 394)**	(573 692)	**(1 927 136)**	(1 507 381)	**(346 813)**	(277 090)	**(10 660 403)**	(7 237 500)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**1 037 265**	1 387 456	**288 304**	(98 728)	**-**	-	**-**	-	**1 325 569**	1 288 728
Gross profit	**2 071 262**	1 944 712	**1 493 881**	1 868 134	**538 918**	28 111	**247 738**	607 448	**30 367**	11 490	**4 382 166**	4 459 895
Other operating income	**19 169**	36 200	**112 115**	360 325	**7 232**	99 308	**1 795**	2 406	**11 694**	26	**152 005**	498 265
General and administrative expense	**(200 761)**	(317 601)	**(376 053)**	(202 081)	**(78 106)**	(46 314)	**(19 158)**	(14 330)	**(52 467)**	(18 325)	**(726 545)**	(598 651)
Selling and distribution expense	**(384 629)**	(262 514)	**(541 300)**	(259 881)	**(14 716)**	(12 766)	**(73 283)**	(92 346)	**(28 424)**	(2 429)	**(1 042 352)**	(629 936)
Other operating expense	**(65 711)**	(26 520)	**(158 030)**	(49 263)	**(9 865)**	(3 790)	**(20 954)**	(7 811)	**(138 216)**	(111 484)	**(392 776)**	(198 868)
Profit (loss) from operations	**1 439 330**	1 374 277	**530 613**	1 717 234	**443 463**	64 549	**136 138**	495 367	**(177 046)**	(120 722)	**2 372 498**	3 530 705
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(259 494)**	(394 004)	**(259 494)**	(394 004)
Interest expense	**(121 618)**	(88 878)	**(100 005)**	(369 616)	**(19)**	(31)	**(54 048)**	(117 402)	**(4 188)**	(17 314)	**(279 878)**	(593 241)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**12 771**	17 852	**12 771**	17 852
Other income (expense)	**-**	-	**-**	-	**-**	-	**-**	-	**(13 500)**	(176 213)	**(13 500)**	(176 213)
Impairment of goodwill	**-**	-	**(52 716)**	-	**-**	-	**-**	-	**-**	-	**(52 716)**	-
Gain on acquisition of subsidiaries	**-**	-	**2 158**	34 048	**-**	-	**-**	-	**-**	-	**2 158**	34 048
Profit (loss) before tax	**1 317 712**	1 285 399	**380 050**	1 381 666	**443 444**	64 518	**82 090**	377 965	**(441 457)**	(690 401)	**1 781 839**	2 419 147
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(23 243)**	(68 590)	**(23 243)**	(68 590)
Net profit (loss)	**1 317 712**	1 285 399	**380 050**	1 381 666	**443 444**	64 518	**82 090**	377 965	**(464 700)**	(758 991)	**1 758 596**	2 350 557
Consolidated total assets	**6 029 632**	5 898 411	**8 060 264**	7 543 316	**1 560 083**	1 191 341	**1 090 681**	1 069 945	**1 122 416**	627 828	**17 863 076**	16 330 841
Consolidated total liabilities	**2 352 498**	1 455 125	**2 088 237**	2 711 270	**31 267**	81 609	**1 139 813**	1 105 536	**601 471**	939 095	**6 213 286**	6 292 635
Other segment information:												
Depreciation and amortisation	**392 073**	295 842	**599 315**	446 392	**60 454**	37 575	**38 922**	31 820	**10 072**	5 883	**1 100 836**	817 512
Additions to non-current assets:												
Property, plant and equipment	**380 760**	220 094	**1 115 451**	437 911	**82 448**	25 735	**7 498**	7 537	**69 437**	590	**1 655 594**	691 867
Intangible assets	**-**	-	**45 541**	29 361	**-**	-	**-**	-	**5 799**	5 976	**51 340**	35 337
Biological non-current assets	**-**	-	**-**	-	**5 060**	16 640	**-**	-	**-**	-	**5 060**	16 640

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

(in thousands of Euros)	Sugar production		Agriculture		Cattle farming		Soybean processing		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Total revenues	**200 565**	174 519	**219 398**	188 095	**31 795**	24 827	**72 713**	74 951	**12 610**	10 228	**537 081**	472 620
Inter-segment revenues	**-**	-	**78 480**	103 729	**-**	-	**-**	-	**-**	-	**78 480**	103 729
Revenues from external customers	**200 565**	174 519	**140 918**	84 366	**31 795**	24 827	**72 713**	74 951	**12 610**	10 228	**458 601**	368 891
Total cost of revenues	**(130 972)**	(105 644)	**(203 804)**	(171 090)	**(23 355)**	(20 341)	**(64 261)**	(53 447)	**(11 565)**	(9 825)	**(433 957)**	(360 347)
Inter-segment cost of revenues	**-**	-	**(78 480)**	(103 729)	**-**	-	**-**	-	**-**	-	**(78 480)**	(103 729)
Cost of revenues	**(130 972)**	(105 644)	**(125 324)**	(67 361)	**(23 355)**	(20 341)	**(64 261)**	(53 447)	**(11 565)**	(9 825)	**(355 477)**	(256 618)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**35 507**	48 677	**9 869**	(3 464)	**-**	-	**-**	-	**45 376**	45 213
Gross profit	**69 593**	68 875	**51 101**	65 682	**18 309**	1 022	**8 452**	21 504	**1 045**	403	**148 500**	157 486
Other operating income	**618**	1 273	**3 617**	12 667	**233**	3 491	**58**	85	**378**	1	**4 904**	17 517
General and administrative expense	**(6 669)**	(11 237)	**(12 492)**	(7 150)	**(2 595)**	(1 639)	**(636)**	(507)	**(1 742)**	(648)	**(24 134)**	(21 181)
Selling and distribution expense	**(12 739)**	(9 312)	**(17 928)**	(9 219)	**(487)**	(453)	**(2 427)**	(3 276)	**(942)**	(86)	**(34 523)**	(22 346)
Other operating expense	**(2 156)**	(939)	**(5 186)**	(1 744)	**(324)**	(134)	**(688)**	(277)	**(4 535)**	(3 948)	**(12 889)**	(7 042)
Profit (loss) from operations	**48 647**	48 660	**19 112**	60 236	**15 136**	2 287	**4 759**	17 529	**(5 796)**	(4 278)	**81 858**	124 434
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(8 443)**	(13 962)	**(8 443)**	(13 962)
Interest expense	**(3 957)**	(3 149)	**(3 254)**	(13 098)	**(1)**	(1)	**(1 759)**	(4 160)	**(135)**	(614)	**(9 106)**	(21 022)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**416**	633	**416**	633
Other income (expense)	**-**	-	**-**	-	**-**	-	**-**	-	**(440)**	(6 245)	**(440)**	(6 245)
Impairment of goodwill	**-**	-	**(1 660)**	-	**-**	-	**-**	-	**-**	-	**(1 660)**	-
Gain on acquisition of subsidiaries	**-**	-	**68**	1 230	**-**	-	**-**	-	**-**	-	**68**	1 230
Profit (loss) before tax	**44 690**	45 511	**14 266**	48 368	**15 135**	2 286	**3 000**	13 369	**(14 398)**	(24 466)	**62 693**	85 068
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(853)**	(2 425)	**(853)**	(2 425)
Net profit (loss)	**44 690**	45 511	**14 266**	48 368	**15 135**	2 286	**3 000**	13 369	**(15 251)**	(26 891)	**61 840**	82 643
Consolidated total assets	**180 014**	207 525	**240 638**	265 398	**46 576**	41 915	**32 562**	37 644	**33 507**	22 088	**533 297**	574 570
Consolidated total liabilities	**70 233**	51 196	**62 344**	95 391	**933**	2 871	**34 029**	38 896	**17 958**	33 041	**185 497**	221 395
Other segment information:												
Depreciation and amortisation	**13 063**	10 460	**19 968**	15 783	**2 014**	1 328	**1 297**	1 125	**335**	208	**36 677**	28 904
Additions to non-current assets:												
Property, plant and equipment	**12 686**	7 782	**37 164**	15 485	**2 747**	910	**250**	266	**2 316**	19	**55 163**	24 462
Intangible assets	**-**	-	**1 440**	1 061	**-**	-	**-**	211	**183**	-	**1 623**	1 272
Biological non-current assets	**-**	-	**-**	-	**162**	604	**-**	-	**-**	-	**162**	604

Geographic information:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Revenue from external customers				
Ukraine	**5 654 101**	5 112 781	**189 033**	181 200
Euroland	**6 233 834**	4 042 371	**208 416**	143 265
CIS	**311 474**	219 770	**10 414**	7 789
Asia	**1 517 591**	1 033 745	**50 738**	36 637
	13 717 000	10 408 667	**458 601**	368 891

27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

Financial instruments as at 31 December 2017 are as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2017			
Financial assets as per statement of financial position			
Long-term receivables	**23 030**	-	**23 030**
Financial assets available-for-sale	-	**2**	**2**
Trade accounts receivable	**490 873**	-	**490 873**
Other accounts receivable	**42 333**	-	**42 333**
Short-term deposits	**36 043**	-	**36 043**
Cash and cash equivalents	**479 990**	-	**479 990**
	1 072 269	**2**	**1 072 271**

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	**4 880 522**
Trade accounts payable	**235 654**
Non-controlling interests relating to limited liability companies	**112 307**
Other long-term liabilities	**17 430**
Other accounts payable	**463 573**
	5 709 486

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2017			
Financial assets as per statement of financial position			
Long-term receivables	**687**	-	**687**
Financial assets available-for-sale	-	-	-
Trade accounts receivable	**14 655**	-	**14 655**
Other accounts receivable	**1 263**	-	**1 263**
Short-term deposits	**1 076**	-	**1 076**
Cash and cash equivalents	**14 330**	-	**14 330**
	32 011	-	**32 011**

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	**145 707**
Trade accounts payable	**7 035**
Non-controlling interests relating to limited liability companies	**3 353**
Other long-term liabilities	**520**
Other accounts payable	**13 840**
	170 455

Financial instruments as at 31 December 2016 are as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2016			
Financial assets as per statement of financial position			
Long-term receivables	832	-	832
Financial assets available-for-sale	-	60	60
Trade accounts receivable	354 405	-	354 405
Other accounts receivable	33 760	-	33 760
Short-term deposits	37 674	-	37 674
Cash and cash equivalents	315 896	-	315 896
	742 567	60	742 627

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	4 499 658
Trade accounts payable	182 399
Non-controlling interests relating to limited liability companies	252 086
Other long-term liabilities	3 421
Other accounts payable	278 915
	5 216 479

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2016			
Financial assets as per statement of financial position			
Long-term receivables	29	-	29
Financial assets available-for-sale	-	2	2
Trade accounts receivable	12 469	-	12 469
Other accounts receivable	1 188	-	1 188
Short-term deposits	1 325	-	1 325
Cash and cash equivalents	11 114	-	11 114
	26 125	2	26 127

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	158 313
Trade accounts payable	6 417
Non-controlling interests relating to limited liability companies	8 869
Other long-term liabilities	121
Other accounts payable	9 813
	183 533

28. FINANCIAL RISK MANAGEMENT

(a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

(b) Credit risk

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

(c) Trade accounts receivable

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

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

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

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2017 and 2016 no guarantees are outstanding.

(d) Credit quality of financial assets

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Counterparties without external credit rating				
Group A	**137 697**	80 827	**4 111**	2 843
Group B	**12 426**	90 322	**371**	3 177
Past due trade receivables	**340 750**	183 256	**10 173**	6 449
	490 873	354 405	**14 655**	12 469

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

Past due trade receivables are mostly due from counterparties without external credit rating.

In the year ended 31 December 2017 approximately 15% of revenues (2016: 14%) are derived from two customers. Receivables from these customers as at 31 December 2017 equal to UAH 83,925 thousand or EUR 2,506 thousand (2016: advances received UAH 316,553 thousand or EUR 11,137 thousand).

The credit quality of cash deposits by external credit rating:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Banks with external credit rating (Moody's):				
Short-term deposits				
A1	**-**	20 349	**-**	716
Aa3	**7**	-	**-**	-
B3	**3 592**	-	**107**	-
Baa3	**5 200**	-	**155**	-
Ca	**20 697**	8 025	**619**	282
Banks without external credit rating:				
Group A	**6 547**	9 300	**195**	327
	36 043	37 674	**1 076**	1 325

Report on operations

Corporate governance report

CONSOLIDATED FINANCIAL STATEMENTS

Company financial statements

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A1	**385**	254 313	**12**	8 947
A3	**4**	-	**-**	-
Aa3	**350 872**	2 276	**10 475**	80
C3	**-**	22	**-**	1
B3	**239**	31 059	**7**	1 093
Baa3	**126 055**	20 587	**3 763**	724
Ba3	**-**	17	**-**	1
Ca	**-**	2 398	**-**	84
Caa1	**1 838**	-	**55**	-
Caa2	**106**	-	**3**	-
Banks without external credit rating:				
Group A	**186**	4 968	**6**	175
Group B	**-**	35	**-**	1
Cash on hand	**305**	221	**9**	8
	479 990	315 896	**14 330**	11 114

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

The Group keeps cash and deposits mostly in Ukrainian banks, which are subsidiaries of reputable foreign banks. In 2017 the Group continued to work with the same banks as in 2016.

The geographic location of the Group's customers is presented in the table below:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Trade receivables neither past due nor impaired				
Ukraine	**140 997**	157 443	**4 209**	5 537
Switzerland	**-**	5 052	**-**	178
Asia	**9 126**	2 322	**273**	82
EU	**-**	6 332	**-**	223
Past due trade receivables	**340 750**	183 256	**10 173**	6 449
	490 873	354 405	**14 655**	12 469

(e) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including future interest payments). Trade and other payables included in the table below exclude advances received from customers.

31 December 2017

(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	**4 811 369**	**4 837 053**	**3 376 089**	**590 606**	**870 358**
Finance lease liabilities	**69 153**	**69 153**	**19 630**	**18 241**	**31 282**
Interest payable	**50 438**	**532 427**	**228 021**	**102 424**	**201 982**
Trade and other accounts payable	**666 219**	**666 219**	**648 789**	**17 430**	**-**
Non-controlling interests in limited liability companies	**112 307**	**112 307**	**112 307**	**-**	**-**
	5 709 486	**6 217 159**	**4 384 836**	**728 701**	**1 103 622**

31 December 2017

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	**143 643**	**144 409**	**100 793**	**17 632**	**25 984**
Finance lease liabilities	**2 065**	**2 065**	**586**	**545**	**934**
Interest payable	**1 506**	**15 896**	**6 808**	**3 058**	**6 030**
Trade and other accounts payable	**19 889**	**19 889**	**19 369**	**520**	**-**
Non-controlling interests in limited liability companies	**3 353**	**3 353**	**3 353**	**-**	**-**
	170 456	**185 612**	**130 909**	**21 755**	**32 948**

31 December 2016

(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	4 433 878	4 473 315	3 001 400	1 027 500	444 415
Finance lease liabilities	65 780	65 780	15 176	14 646	35 958
Interest payable	48 488	455 291	245 570	111 159	98 562
Trade and other accounts payable	416 247	416 247	412 826	3 421	-
Non-controlling interests in limited liability companies	252 086	252 086	-	-	252 086
	5 216 479	5 662 719	3 674 972	1 156 726	831 021

31 December 2016

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	155 999	157 386	105 599	36 151	15 636
Finance lease liabilities	2 314	2 314	534	515	1 265
Interest payable	1 706	16 019	8 640	3 911	3 468
Trade and other accounts payable	14 645	14 645	14 524	121	-
Non-controlling interests in limited liability companies	8 869	8 869	-	-	8 869
	183 533	199 233	129 297	40 698	29 238

(f) Market risk

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

Currency risk

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

(in thousands of Ukrainian hryvnias)	**2017**		2016	
	EUR	**USD**	EUR	USD
Trade accounts receivable	**12 123**	**154 673**	-	40 865
Short-term deposits	**-**	**17 756**	-	27 555
Cash and cash equivalents	**4 226**	**380 118**	16 332	289 890
Bank loans	**(162 592)**	**(4 016 331)**	(224 478)	(2 707 021)
Trade accounts payable	**(2 189)**	**(8 712)**	(104)	(23 127)
Other liabilities and accounts payable	**(1 794)**	**(46 738)**	(2 287)	(38 079)
Net exposure	**(150 226)**	**(3 519 234)**	(210 537)	(2 409 917)

(in thousands of Euros)	**2017**		2016	
	EUR	**USD**	EUR	USD
Trade accounts receivable	**362**	**4 618**	-	1 438
Short-term deposits	**-**	**530**	-	969
Cash and cash equivalents	**126**	**11 348**	575	10 198
Bank loans	**(4 854)**	**(119 908)**	(7 898)	(95 243)
Trade accounts payable	**(65)**	**(260)**	(4)	(814)
Other liabilities and accounts payable	**(54)**	**(1 395)**	(80)	(1 340)
Net exposure	**(4 485)**	**(105 067)**	(7 407)	(84 792)

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

pre-tax profit	*(Effect in thousands of Ukrainian hryvnias)*		*(Effect in thousands of Euros)*	
	2017	2016	**2017**	2016
Weakening of UAH, %	**10%**	**30%**	**10%**	**30%**
EUR	**(15 023)**	(63 161)	**(448)**	(2 222)

pre-tax profit	*(Effect in thousands of Ukrainian hryvnias)*		*(Effect in thousands of Euros)*	
	2017	2016	**2017**	2016
Weakening of UAH, %	**10%**	**30%**	**10%**	**30%**
USD	**(351 923)**	(722 975)	**(10 507)**	(25 438)

As is stated under note 2 (j) the consolidated financial statements are presented in UAH. For the benefit of certain users, the Group also presents all numerical information in EUR. A weakening of the Ukrainian hryvnia against the EUR by 10% as at 31 December 2017 would have increased total equity presented in UAH by UAH 282,017 thousand. A weakening of the Ukrainian hryvnia against the USD by 10% as at 31 December 2017 would have decreased total equity presented in EUR by EUR 31,047 thousand. This analysis assumes that all other variables, in particular interest rates, remain constant.

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

During the year ended 31 December 2017 the Ukrainian Hryvnia depreciated against the EUR and USD by 17.85% and 3.22% respectively (2016: depreciated against the EUR by 8.39% and 13.29% against the USD). As a result, during the year ended 31 December 2017 the Group recognized net foreign exchange losses in the amount of UAH 259,494 thousand (2016: foreign exchange losses in the amount of UAH 394,004 thousand) in the consolidated income statement.

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)*	
	2017	2016	**2017**	2016
Fixed rate instruments				
Financial liabilities	**(3 222 455)**	(1 674 907)	**(96 207)**	(58 929)
Variable rate instruments				
Financial liabilities	**(1 658 067)**	(2 824 751)	**(49 501)**	(99 384)

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. Currently the Group does not use any cash flow hedges.

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.

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

	Increase (decrease) in interest rate	*(in thousands of Ukrainian hryvnias)*		*(in thousands of Euros)*	
		2017	2016	**2017**	2016
Euribor	1,00%	**1 626**	2 245	**49**	79
Euribor	(1,00%)	**(1 626)**	(2 245)	**(49)**	(79)
Libor	1,00%	**14 955**	25 745	**446**	906
Libor	(1,00%)	**(14 955)**	(25 745)	**(446)**	(906)

Other market price risk

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

(g) Agricultural risk

The agricultural business of the Group is exposed to significant risks associated with outbreaks of livestock diseases and loss of the crop as a result of unfavorable weather conditions. Epidemiological surveillance system adopted by the Group minimizes the risks associated with the disease of cattle. The loss of harvests is minimized at the expense of reseeding damaged winter crops by spring crops and partial harvest insurance.

(h) 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. This fair value is within level 1 of fair value hierarchy. 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 and are within level 2 or 3 of fair value hierarchy.

As at 31 December 2017 and 2016, the carrying value of the Group's financial instruments approximates their fair values, except for long-term loans. Fair value of loans is UAH 50,358 thousand (2016: UAH 26,090 thousand) higher than their carrying value. The fair value of the loans was estimated by discounting the expected future cash outflows by a market interest rate under the Group's loans obtained in 2017 of 8,41% (2016: 7,94%) and is within level 2 of the fair value hierarchy.

29. COMMITMENTS

(a) Social commitments

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

(b) Operating leases

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

The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments recognized as an expense in 2017 are UAH 954,979 thousand or EUR 31,844 thousand (2016: UAH 808,041 thousand or EUR 28,651 thousand) (note 19). 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)*	
	2017	2016	**2017**	2016
Less than one year	**467 757**	514 881	**13 965**	18 115
From one to five years	**1 848 147**	1 745 327	**55 176**	61 406
More than five years	**1 637 768**	1 438 270	**48 895**	50 603
	3 953 672	3 698 478	**118 036**	130 124

(c) Financial leases

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Minimal lease payments:				
Less than one year	**22 785**	18 942	**680**	666
From one to five years	**48 738**	51 896	**1 456**	1 826
	71 523	70 838	**2 136**	2 492
Future finance charges on finance leases	**(13 896)**	(16 021)	**(415)**	(564)
Present value of minimal lease payments	**57 627**	54 817	**1 721**	1 928
Less than one year	**16 358**	12 647	**488**	445
From one to five years	**41 269**	42 170	**1 233**	1 483
	57 627	54 817	**1 721**	1 928

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Long-term finance lease liabilities:				
Present value of minimal lease payments	**41 269**	42 170	**1 233**	1 483
VAT liability under finance lease	**8 254**	8 434	**246**	297
	49 523	50 604	**1 479**	1 780
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**16 358**	12 647	**488**	445
VAT liability under finance lease	**3 272**	2 529	**98**	89
	19 630	15 176	**586**	534
	69 153	65 780	**2 065**	2 314

(d) Contractual commitments

As at 31 December, the Group has the following contractual commitments:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2017	2016	**2017**	2016
Sales commitments:				
Sugar and by-products	**625 703**	1 398 230	**18 680**	49 194
Soybean processing products	**406 754**	341 288	**12 144**	12 008
Agricultural produce	**161 439**	912 611	**4 820**	32 109
Other	**4 000**	-	**119**	-
	1 197 896	2 652 129	**35 763**	93 311
Purchase commitments:				
Materials	**59 286**	49 545	**1 770**	1 743
Property,plant and equipment	**23 486**	85 431	**701**	3 006
Professional services	**6 298**	3 631	**188**	128
Production services	**-**	28 887	**-**	1 016
Transportation	**-**	5 582	**-**	196
Other	**7 593**	2 547	**227**	90
	96 663	175 623	**2 886**	6 179
	1 294 559	2 827 752	**38 649**	99 490

30. TAX AND LEGAL MATTERS

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

Companies of the Group implement substantial controlled operations which are governed by transfer pricing rules. Such operations include export trade operations of agricultural products, as well as interest expenses and royalty. Specified operations are conducted both with related parties - non-residents, and third parties from low-taxing jurisdiction. In connection with absence of common methodology of transfer pricing in Ukraine, as well as judiciary practice in the sphere of the transfer pricing, there are risks that the approaches of tax authorities in the valuation of controlled operations will be different from approaches applied by the companies of the Group. If the tax authorities establish failure to comply with these rules, they may demand transfer pricing adjustments. If substantial transfer pricing adjustments were upheld by the relevant Ukrainian authorities or courts and implemented, the Group's financial results could be adversely affected; however, the potential amount could not be estimated reliably. Given risks can be implemented during seven years from the date of submission of the appropriate income tax returns.

Also, as at 31 December 2017 Group's Ukrainian subsidiaries were involved in controversies and litigations with the tax authorities with the total exposure of UAH 167,374 thousand or EUR 4,997 thousand (2016: UAH 148,117 thousand or EUR 5,211 thousand). The litigations are related to the results of the tax authorities' audits. Management believes that the outflow of resources is not probable, therefore, no provision was recognized in relation of these litigations.

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

31. RELATED PARTY TRANSACTIONS

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

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2017 as well as balances with related parties as at 31 December 2017:

(in thousands of Ukrainian hryvnias)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	**2 935**	**38 351**	**29 578**	**147 758**
Associate	**-**	**-**	**1 022**	**171**
	2 935	**38 351**	**30 600**	**147 929**

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	**98**	**1 278**	**883**	**4 411**
Associate	**-**	**-**	**31**	**5**
	98	**1 278**	**914**	**4 416**

During the reporting period the Group completed acquisition of Private JSC "Ukrainian Agro-Insurance Company". The share of 100% was acquired through the company under the common control of shareholder. The purchase consideration is amounted to UAH 10,458 thousand or EUR 351 thousand. The excess of net assets acquired over the consideration payable is recognized in other comprehensive income statement as a gain on acquisition of subsidiaries in the amount of UAH 14 144 thousand or EUR 422 thousand.

During the 2016 year period the Group completed acquisition of LLC "Eko Energy Ukraine". The share of 27% was acquired through the company under the common control of shareholder. The purchase consideration amounted to UAH 13 110 thousand or EUR 468 thousand. The excess of net assets acquired over consideration paid is included in the Gain on acquisition of subsidiaries in the consolidated income statement for the year ended 31 December 2016 in the amount of UAH 2 208 thousand or EUR 79 thousand.

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2016 as well as balances with related parties as at 31 December 2016:

(in thousands of Ukrainian hryvnias)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	32 753	57 094	37 162	174 592
Associate	-	-	1 022	171
	32 753	57 094	38 184	174 763

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	1 158	2 019	1 308	6 143
Associate	-	-	36	6
	1 158	2 019	1 344	6 149

Other transactions

As at 31 December 2017, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 145,669 thousand (2016: UAH 162,873 thousand) or EUR 4,349 thousand (2016: EUR 5,730 thousand) bearing an interest of 4.5% p.a.

Management remuneration

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2017	2016	**2017**	2016
Viktor Ivanchyk	**22 487**	5 116	**711**	181
Viktor Gladkyi	**18 813**	12 586	**635**	445
Marc van Campen	**1 219**	989	**40**	35
Howard Dahl	**2 284**	-	**75**	-
Valery Korotkov	**-**	989	**-**	35
Wladyslaw Bartoszewski	**1 219**	989	**40**	35
	46 022	20 669	**1 501**	731

Remuneration of key management for the year ended 31 December 2017 is UAH 46,022 thousand or EUR 1,501 thousand (2016: UAH 20,669 thousand or EUR 731 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totalling five persons). In 2017 bonuses accrued for Mr. Ivanchyk of EUR 540 thousand, among of which amount of EUR 121 thousand were allocated for charity and not included to the table above (2016: all amount EUR 360 thousand were allocated for charity). Bonuses accrued for Mr. Gladkyi of EUR 360 thousand (2016: EUR 240 thousand) are included into the table above.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 14 February 2018 the Group acquired additional 10% ownership interest of subsidiary LLC "Agropromgaz" for cash consideration of UAH 5.5 thousand or EUR 167.

After the reporting date the Group has received the bank loans in total amount USD 20 million with maturity over 1 year. These loans are used by the Group to fund capital investment needs.

COMPANY FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2017


Index
1.56

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(before appropriation of the result)

(in thousands of Euros)		**2017**	2016
Assets			
Non-current assets			
Investments in subsidiaries	*3*	**343 282**	348 145
Accounts receivable from subsidiary		**-**	2 400
		345 232	350 545
Current assets			
Cash and cash equivalents	*4*	**64**	190
Loan granted to subsidiary	*5*	**420**	-
Other accounts receivable and prepayments		**4 040**	2 442
		4 524	2 632
Total assets		**347 806**	353 177
Shareholders' equity and liabilities			
Equity			
Share capital	*6*	**250**	250
Additional paid-in capital		**55 638**	55 638
Retained earnings		**347 718**	248 678
Revaluation of biological assets and agricultural produce		**53 776**	40 172
Revaluation of property, plant and equipment		**137 003**	183 025
Currency translation adjustment		**(308 425)**	(257 241)
Unallocated result for the year		**61 840**	82 653
Total equity		**347 800**	353 175
Current liabilities			
Other liabilities and accounts payable	*7*	**6**	2
		6	2
Total equity and liabilities		**347 806**	353 177

The statement of financial position is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 172 to 178.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Euros)	**2017**	2016
Royalty income	**-**	809
Interest income	**1**	-
Professional services	**(462)**	(282)
Bank commissions and charges	**(6)**	(14)
Net other operating income (expense)	**(467)**	513
Interest expenses	**-**	(120)
Exchange differences	**(27)**	72
Payment to shareholders for pledged shares	**-**	(45)
Net finance expenses	**(27)**	(93)
Net income from subsidiaries and associated companies	**62 334**	82 233
Net profit	**61 840**	82 653

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 172 to 178.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

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

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

Information on the use of financial instruments and on related risks for the Group has been provided under note 28 of the financial statements.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Basis of recognition of participations in subsidiaries

Investments in subsidiaries are valued using the equity method, determined applying the IFRS accounting policies as described in the consolidated financial statements. 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 2017 and 2016 the Company owns 100% of the shares of Ancor Investments Ltd, a subsidiary based in Cyprus. These shares were received in July 2006 in exchange for a contribution-in-kind transaction.

In August 2017 the Company has incorporated Astarta Trading GmbH, a subsidiary based in Switzerland with share capital of CHF 20,000. The Company owns 100% of the shares of Astarta Trading GmbH, all shares are fully paid.

The movements in the valuation of this investment may be summarised as follows:

(in thousands of Euros)	**2017**	2016
Balance as at 1 January	**348 145**	235 792
Incorporation of new subsidiary	**18**	-
Net income	**62 334**	82 233
Increase/(decrease) in reserves	**(16 453)**	48 655
Other movements	**422**	-
Translation differences	**(51 184)**	(18 535)
Balance as at 31 December	**343 282**	348 145

As at 31 December 2017 Ancor Investments net asset value are EUR 343,042 thousand (31 December 2016: EUR 348,145 thousand). As at 31 December 2017 Astarta Trading GmbH net asset value are EUR 240 thousand (31 December 2016: nil).

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

4. CASH

As at 31 December 2017, amount of cash is EUR 64 thousand (2016: EUR 190 thousand). There is no restricted cash.

5. LOAN GRANTED TO SUBSIDIARY

The terms and repayment schedule for loan granted as at 31 December 2017 are as follows:

(in thousands of Euros)	**Nominal interest rate**	**Year of maturity**	**2017**	2016
Loans granted to subsidiary in USD	2%	2018	**420**	-
			420	-

As at 31 December 2017 the Company granted a loan to its subsidiary of USD 500 thousand (2016: nil). The loan is unsecured and bears interest of 2% p.a.

6. EQUITY

The authorized share capital as at 31 December 2017 and 2016 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 2017, 25,000,000 shares are issued and fully paid. Pursuant to the Dutch regulation “Disclosure of Remuneration of Board Members Act”, the total number of shares held by executive and non-executive Board members, and third parties is specified below:

	2017	2016
Astarta Holding N.V.		
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	**36,26%**	37,80%
Fairfax Financial Holdings LTD with subsidiaries	**28,06%**	-
Valery Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	**-**	25,99%
Other shareholders	**35,68%**	36,21%
	100,00%	100,00%

In 2017 and 2016 there were no pledged shares. For movements in equity refer to the consolidated statement of changes in equity.

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

- the accumulated gain on revaluation of property, plant and equipment of EUR 137,003 thousand (2016: EUR 183,025 thousand);
- the accumulated gain on revaluation of biological assets of EUR 53,776 thousand (2016: EUR 40,172 thousand);
- the accumulated loss from currency translation adjustment of EUR 308,425 thousand (2016: EUR 257,241 thousand).

In 2016 the Company has purchased 7,015 of own shares for EUR 53 thousand at average price per share of EUR 7.54. As at 31 December 2017, the Group had 595,141 of treasury shares with total cost of EUR 4,799 thousand (2016: 595,141 shares with cost of EUR 4,799 thousand). Par value of each share is EUR 0.01.

In the statement of financial position the treasury shares are presented as a deduction from the retained earnings.

7. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	**2017**	2016
Other payables	**6**	2
	6	2

8. INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 5.4 million as of 31 December 2017 (2016: EUR 8.4 million). In 2017 cumulative carried forward tax losses in amount EUR 6.4 million are expired for utilization (2016: EUR 2.9 million). No deferred tax asset has been recognized due to insufficient future taxable income.

9. FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	**2017** **Loans and receivables**	2016 Loans and receivables
31 December		
Financial assets as per balance sheet		
Accounts receivable from subsidiary	**-**	2 400
Loan granted to subsidiary	**420**	-
Other accounts receivable	**4 019**	2 400
Cash and cash equivalents	**64**	190
	4 503	4 990

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Other liabilities and accounts payable	**6**	2
	6	2

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. 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)	**2017**	2016
Accounts receivable from subsidiary	**-**	2 400
Loan granted to subsidiary	**420**	-
Other accounts receivable	**4 019**	2 400
Cash and cash equivalents	**64**	190
	4 503	4 990

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

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2017					
Other accounts payable	**6**	**6**	**6**	**-**	**-**
	6	**6**	**6**	**-**	**-**

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2016					
Other accounts payable	2	2	2	-	-
	2	2	2	-	-

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 2017 the Company does not have outstanding guarantees. The fair values of financial instruments approximate their carrying amount

10. 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.

11. COMMITMENTS

As at 31 December 2017 and as at 31 December 2016 there were no pledged shares.

As at December 2017 the Company has guaranteed repayment of certain loan agreements incurred by Group subsidiaries. Such loans are included as liabilities in the consolidated financial statements in amounts of EUR 30 million (2016: nil). Facility in amount of EUR 12.7 million expires by March 2024, other facilities are short-term borrowings and expire within one year.

The Company's subsidiaries commitments details are disclosed in the Note 29 of the consolidated financial statements.

12. 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
Viktor Gladkyi	Chief Financial Officer
Marc van Campen	Chief Corporate Officer
Howard Dahl	Chairman of the Board, Non-Executive Director
Wladyslaw Bartoszewski	Vice Chairman of the Board, Non-Executive Director

During 2017, 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 thousands of Euros)	**2017**	2016
Viktor Ivanchyk	**711**	181
Viktor Gladkyi	**635**	445
Marc van Campen	**40**	35
Howard Dahl	**75**	-
Valery Korotkov	**-**	35
Wladyslaw Bartoszewski	**40**	35
	1 501	731

In 2017 bonuses accrued for Mr. Ivanchyk of EUR 540 thousand (2016: EUR 360 thousand), EUR 121 thousand of accrued bonuses were allocated for charity and not included to the table above (in 2016 all amount of bonuses of EUR 360 thousand were allocated for charity). Bonuses accrued for Mr. Gladkyi of EUR 360 thousand (2015: EUR 240) are included into the table above.

The amount due from the Company's Directors as at 31 December 2017 is nil (31 December 2016 is nil).

13. AUDIT FEES

Fees of the Group's auditor are EUR 137 thousand for 2017 (2016: EUR 122 thousand). Out of this, EUR 51 thousand relates to "Baker Tilly Berk" N.V. and EUR 86 thousand relate to "Baker Tilly Ukraine" LLP (2016: EUR 53 thousand relates to "Baker Tilly Berk" N.V. and EUR 69 thousand relate to "Baker Tilly Ukraine" LLP).

Audit fees include the fees of EUR 137 thousand agreed and due to "Baker Tilly" for professional services related to the audit of the Company and its subsidiaries for the relevant year. In 2017, the Group received and paid to "Baker Tilly" for non-audit services in amount of EUR 7 thousand (2016: nil).

OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

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

Article 24

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

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

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

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

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

Proposal for profit allocation
The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 61,840 thousand to retained earnings.

Events subsequent to the reporting date
For events subsequent to the reporting date refer to note 32 of the consolidated financial statements.

Board of Directors of ASTARTA Holding N.V.

19 March 2018

Amsterdam, the Netherlands

Mr. V.Ivanchyk	(signed)
Mr. H.Dahl	(signed)
Mr. V.Gladkyi	(signed)
Mr. M.M.L.J. van Campen	(signed)
Mr. W.T. Bartoszewski	(signed)

Auditors

BAKER TILLY BERK

Baker Tilly Berk N.V.
Entrada 303
PO Box 94124
1090 GC Amsterdam
Netherlands
T: +31 (0)20 644 28 40
F: +31 (0)20 646 35 07
E: amsterdam@bakertillyberk.nl
Reg.no.: 24425560
www.bakertillyberk.nl

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

A. Report on the Audit of the Financial Statements 2017 included in the annual report

Our opinion
We have audited the financial statements 2017 of ASTARTA Holding N.V. (the company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of ASTARTA Holding N.V. as at December 31, 2017 and of its results and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of ASTARTA Holding N.V. as at December 31, 2017 and of its results for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2017;
2. the following statements for 2017:
   the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at December 31, 2017;
2. the company income statement for 2017; and
3. notes comprising a summary of the accounting policies and other explanatory information.

Auditors

BAKER TILLY BERK

Basis for Our Opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.
We are independent of ASTARTA Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch code of Ethics).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at UAH 137 million / EUR 4.6 million. The materiality is based on 1% of turnover. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of UAH 6.85 million / EUR 0.23 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit
ASTARTA Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of ASTARTA Holding N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial statements or specific items.

Our group audit mainly focused on significant group entities. Of ASTARTA's group entities, we identified 9 which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific audit procedures were performed on a further 22 reporting units. These 31 group entities represented 99% of consolidated revenue and 99% of the consolidated balance sheet total.

The group audit mainly focused on covering group's activities in Ukraine (LLC "Astarta-Kyiv" and its subsidiaries), in Switzerland ("Astarta Trading" GmbH), audit procedures for the intermediate holding company on Cyprus ("Ancor Investments" Ltd) and also included audit procedures at Dutch holding level (ASTARTA Holding N.V.)

We have performed audit procedures ourselves at Dutch holding level. When auditing "Ancor Investments" Ltd and its subsidiaries and "Astarta Trading" GmbH, we have used the work of other auditors. As required by our professional rules and standards we have issued audit instructions and reviewed the work performed by the local auditor.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment
The Consolidated Statement of financial position as at December 31, 2017 includes the property, plant and equipment balance of UAH 7,332,799,000 / EUR 218,920,000.

The company applies a revaluation model for accounting of property, plant and equipment. The last revaluation is performed as at December 31, 2016. However, the Group has performed impairment test as at December 31, 2017 according to IAS 36 "Impairment of Assets".

The impairment consideration was significant for our audit, since the management assessment process is complex, subjective and is based on assumptions. As a result, our audit procedures included a critical assessment of the assumptions and methods used by (the management of) the company. In doing so we also used the work of valuation experts. The principal assumptions included in our audit are those regarding the discount rate, useful life, capital expenditures level and business assumptions, including but not limited to expected operating margins, future production and sales volumes.

We also focused on the identification of cash generating units and on the company's disclosures on the assumptions that have the most significant effect on the determination of the recoverable amount of its assets. We tested whether these disclosures are adequate and provide sufficient insight into the choice of the assumptions and their sensitivity to the valuation.

We specifically focused on the sensitivity in the available headroom of CGUs and whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates. We assessed the adequacy of the Company's disclosure note 7 in the financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

(Management of) the Company provides details of the impairment of property, plant and equipment in note 7 to the financial statements.

Biological Assets Valuation
The Consolidated Statement of financial position as at 31 December 2017 includes Biological assets for a total amount of UAH 1,324,433,000 / EUR 39,541,000 as at December 31, 2017. We refer to note 9 in the financial statements.

The fair value measurement of the biological assets highly depends on the projected cash flow and discount rate. Our audit procedures included the test of input data, recalculated discount rate and evaluation of the assumptions used by management. Besides, we verified if the methodology applied has been consistent with prior periods.

VAT reimbursement
As at December 31, 2017 the Group classified and disclosed VAT assets in note 11 of the financial statements for a total amount of UAH 601,130,000 / EUR 22,923,000. Management believes that the group is able to fully reimburse or utilize VAT assets during 2018-2019.

Our audit procedures included receipt of confirmations directly from Ukrainian tax authorities which confirmed the declared amount for reimbursement disclosed in Group financial statements. In addition to that we scrutinised transactions related to the VAT reimbursement and verified the valuation and classification.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report, the annual report contains other information that consists of:

- 25 years of history;
- company values;
- key results;
- MANAGEMENT BOARD REPORT, including:
    - CEO STATEMENT;
    - CHAIRMAN STATEMENT;
    - essential information;
    - format of ASTARTA engagement with stakeholders;
    - analysis of material topics of the company;
    - financial performance;
    - business Segments;
    - cooperation with local communities;
    - personnel;
    - ecology;

  - risk management;
  - share price performance;
  - content boundaries of the report;
  - CORPORATE GOVERNANCE REPORT;
- other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the MANAGEMENT BOARD REPORT in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

We were engaged by the Board of Directors as auditor of ASTARTA Holding N.V. on August 19, 2015. The audit for year 2017 was our third year audit.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

D. Description of responsibilities regarding the financial statements

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern.

Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors

BAKER TILLY BERK

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 19, 2018

Baker Tilly Berk N.V.

signed by

J.H.J. Spiekker RA

BAKER TILLY

28 Fizkultury Street
Kyiv, 03680
Ukraine

T: + 380 (44) 284 18 65
F: + 380 (44) 284 18 66

info@bakertilly.ua
www.bakertilly.ua

INDEPENDENT ASSURANCE REPORT

To the Management of ASTARTA Holding N.V.

We have performed an independent limited assurance engagement on the sustainability information based on the Global Reporting Initiative (GRI) Standards and indicated in the *"GRI Content Index"* section of the Annual Report of ASTARTA Holding N.V. (hereinafter also the "Company") for the year ended 31 December 2017.

Limitations of the engagement

Our engagement was limited to the information listed above. We have not assessed the following information disclosed in the report:

- All information contained in other sections of the Annual Report for the year ended 31 December 2017.
- The financial information in scope of the statutory audit of the financial statements has not been additionally reviewed to obtain limited assurance. Our engagement was limited to the presentation of the information in line with the GRI Standards requirements.
- Forward-looking statements.

Management Responsibility

The management of the ASTARTA Holding N.V. is responsible for the preparations of the sustainability information in accordance with the principles and standard disclosures of the GRI Standards. This responsibility of the management includes the selection and application of appropriate methods to prepare the assured information and the use of assumptions and estimates for individual sustainability disclosures, which are reasonable under the given circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the information in a way that is free of – intended or unintended – material misstatements.

Audit Firm's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed within a limited assurance engagement on the abovementioned information. Our assurance report has been prepared in accordance with the terms of engagement.

We performed limited assurance engagement in accordance with International Standards on Assurance Engagements, hereinafter referred to as "ISAE", that apply to assurance engagements, in particular, the ISAE

3000 *“Assurance engagements other than audits or reviews of historical financial information”*. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that above mentioned sustainability information in the Annual Report for the year ended 31 December 2017, has not been prepared, in all material respects, with the aforementioned Standards of the Global Reporting Initiative.

In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor’s own judgement.

Our work consisted of, amongst others, the following procedures:

- Interviewing of senior management of the Company, responsible for environmental policies, gathering and interpretation of sustainability information within Annual Report preparation regarding the following:
    - Approaches to defining sustainability information contents (identification and selection of Material Topics)
    - Principles and processes of the sustainability information preparation
- Testing of accuracy and completeness of the qualitative and quantitative sustainability information provided in Annual Report obtained from the original documents and information gathering system on sample basis.
- Obtaining evidence of reliability and lack of material misstatement in sustainability information provided in Annual Report.
- Review of compliance of the declared contents of sustainability information indicated in GRI Content Index of Annual Report with requirements of GRI Standards 2016 (Core version).

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability information indicated in the *“GRI Content Index”* section of the Annual Report of ASTARTA Holding N.V. for the year ended 31 December 2017 has not been prepared, in all material respects, in accordance with the Standards of the Global Reporting Initiative.

Limited Liability

We issue this report on the basis of the engagement agreed with the Company. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Partner
Alexander Pochkun

“BAKER TILLY UKRAINE” LLP
16 March 2018

Kyiv, Ukraine

ASTARTA
Holding N.V.

CORPORATE INFORMATION
LLC FIRM "ASTARTA-KYIV"

38/44 Pochainynska Str.
04070, Kyiv, Ukraine
www.astartaholding.com

For further inquiries:

ir@astartakiev.com
+ 380 44 585 9417

Registered office
ASTARTA Holding N.V.
Jan van Goyenkade 8, 1075 HP Amsterdam,
the Netherlands
Registered number: 34248891