ASTARTA Holding N.V.

ANNUAL REPORT 2018

CONTENT

HISTORY OF THE GROUP (GRI 102-2) 4
COMPANY'S MISSION AND VALUES (GRI 102-16) 5
CEO STATEMENT (GRI 102-14) 6
CHAIRMAN STATEMENT (GRI 102-14) 7

ESSENTIAL INFORMATION (GRI 102-2) 8
Business model (GRI 102-2, 102-9) 8
Map of operations (GRI 102-4) 9
Map of products (GRI 102-4) 10

ENGAGEMENT WITH STAKEHOLDERS (GRI 102-40, 102-42, 102-43) 12
Shareholder inclusiveness (GRI 102-40, 102-43) 12
Sustainability content 12
Identified groups of stakeholders (GRI 102-42) 13

ANALYSIS OF MATERIAL TOPICS OF THE COMPANY (GRI 102-44, 102-46, 102-47) 14
Matrix of material topics of the company (GRI 102-47) 14

FINANCIAL PERFORMANCE 16
Selected financial indicators and ratios 16
Key financial results 18
Key operational results 20

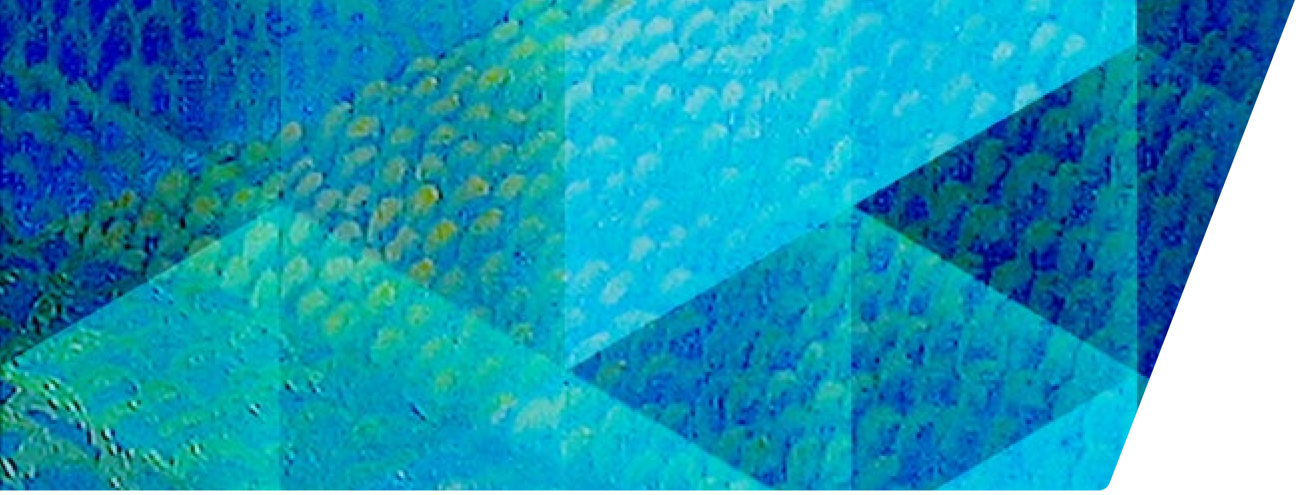
BUSINESS SEGMENTS 24
Sugar 24
Agriculture 26
Soybean processing 28
Dairy 30

COOPERATION WITH LOCAL COMMUNITIES (GRI 413-1) 32
Best practices of social partnership 32
Environmental projects 33
Corporate volunteering 34
Grievance mechanism 34

PERSONNEL (GRI 401-1, 405-2) 36
Human resources (GRI 401-1, 405-2) 36
Training and education 36
Human rights assessment 36
Anti-corruption 39

ENVIRIONMENT (GRI 302-1, 306-2, 306-1, 403-2) 40
Energy consumption (GRI 302-1) 40
Effluents and waste (GRI 306-2) 41
Water discharge (GRI 306-1) 41
Occupational safety (GRI 403-2) 42
Certification 43
Climate change 44

RISK MAGEMENT 44
SHARE PRICE PERFORMANCE 46
PERFORMANCE IN 2018 AND OUTLOOK 48
GRI CONTENT INDEX 49



CORPORATE GOVERNANCE REPORT

1. GENERAL ... 54

2. BOARD OF DIRECTORS ... 54
- a) Appointment and composition of the Board of Directors ... 54
- b) Representation ... 54
- c) The Directors ... 54
- d) Shareholding by Directors and Insider Trading ... 61
- e) Chairman of the Board of Directors and the Corporate Secretary ... 61

3. COMMITTEES OF THE BOARD OF DIRECTORS ... 61
- a) Audit Committee ... 62
- b) Remuneration Committee ... 62

4. REMUNERATION POLICY ... 62

5. SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2018 ... 62

6. GOVERNANCE AND CONTROL ... 63
- a) Dutch Corporate Governance Code ... 63
- b) WSE Corporate Governance Rules ... 63

7. INTERNAL CONTROL ... 64

8. DEVIATION FROM THE DUTCH CORPORATE GOVERNANCE CODE AND THE CODE OF BEST PRACTISE FOR WSE LISTED COMPANIES ... 65

9. REMUNERATION REPORT ... 67

10. REPORT OF NON-EXECUTIVE DIRECTORS ... 69

Representations of the board of directors ... 69

CONSOLIDATED FINANCIAL STATEMENTS ... 72
COMPANY FINANCIAL STATEMENTS ... 163
AUDITORS OPINION ... 171

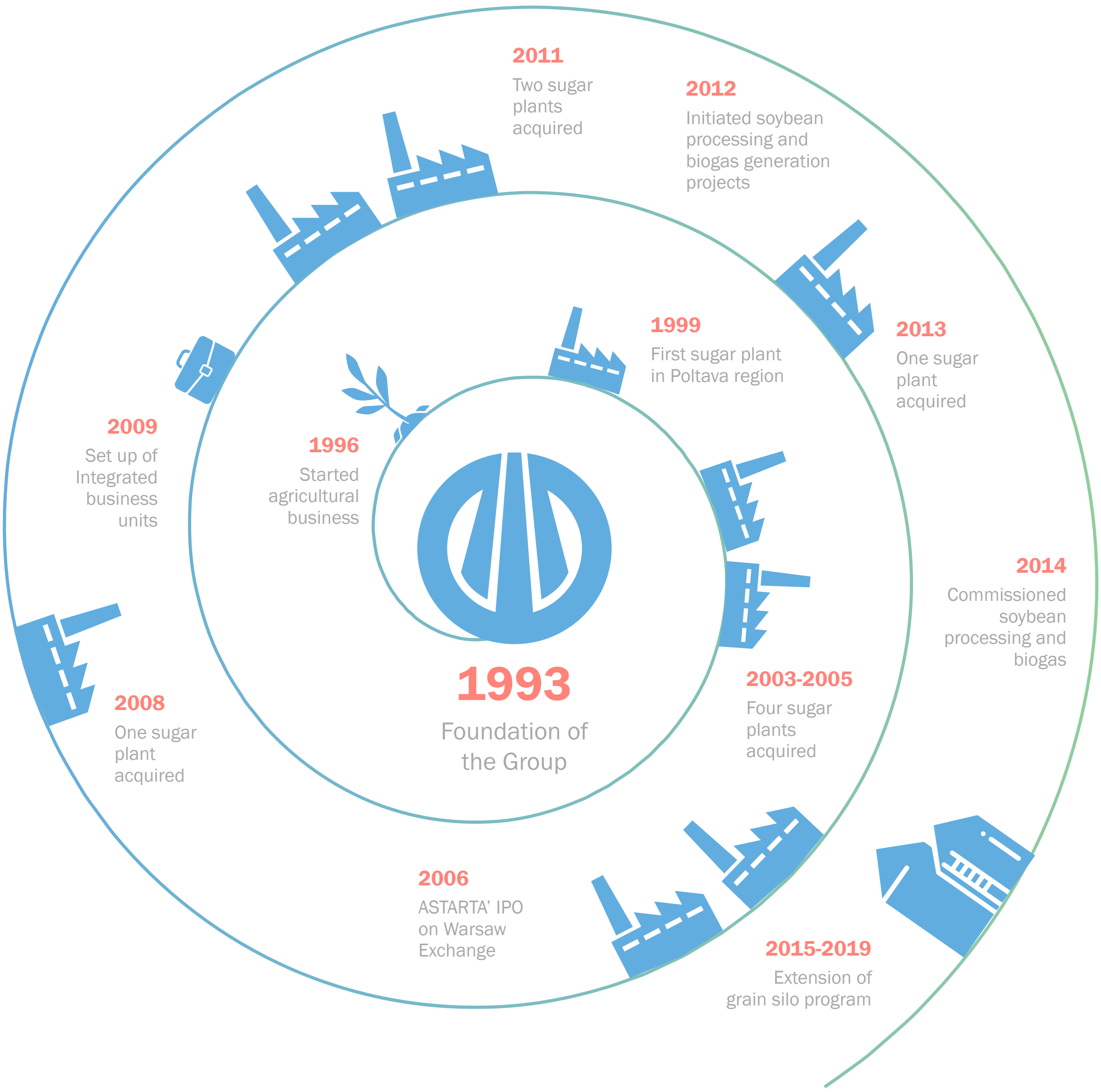
Cover page in this report use picture of the Ukranian painter Olga Kvasha

GRI 102-2

HISTORY OF THE GROUP

ASTARTA is a leading vertically-integrated agro-industrial holding in Ukraine, whose main business aims to provide industrial consumers and the general population with high-quality sugar and milk, as well as cultivation, processing, and trade in agricultural products.

A significant part of production is exported to more than 30 countries. Since its foundation in 1993, ASTARTA has proven to be a reliable and trustworthy partner and supplier, committed to best international practices in terms of quality, innovation, and sustainability.



GRI 102-16

COMPANY'S MISSION AND VALUES

In 2018, ASTARTA conducted a strategy session where an updated Statement about mission and values were adopted. This Statement was distributed among employees via the corporate journal.

To carry out our Mission with full commitment to the values of building and maintaining an impeccable business reputation, social responsibility, respect for human dignity, and a synergistic partnership with a focus on results.

Our mission is to build a strong Ukraine and strengthen its credibility in the world, unlocking and multiplying the potential of Ukrainian lands and its people, leading and inspiring society by our example of business conduct, based on the principles of fair partnership, ethics, and development.

To develop values of entrepreneurism, personal efficiency, and a pursuit of the impossible to achieve the maximum.

To get away from conformism and a fear of change, including a wasteful attitude regarding Company's resources, and the prevalence of personal interests over those of the team.

GRI 102-14

CEO STATEMENT

Dear Stakeholders,

It is my honor to present you annual report for 2018 year with the assessment of the challenges we have faced and the progress we have made towards fulfilling our commitments.

In summarising an eventful 2018, I would like to analyse both key accomplishments and failures of the Company. We deliberately lowered the area of planted sugar beet by 14% in 2018 production season, and accordingly, the production of sugar in response to a surplus on the market, which scaled down prices. The sugar market environment remains challenging and we are focused on the optimisation of reserves to maintain sustainable production. The decrease in sugar beet yields because of weather conditions was unpredictable and added difficulties, lowering yields of the sugar beet.

At the same time, contraction of the sugar beet area was offset by the escalation in corn, wheat and sunflower areas. As a result, ASTARTA harvested a historic high in grain and oilseed in 2018 – 1,065 million tons, which is 35% more compared to the previous year. Still, the prices for grain products remain under pressure from world overproduction. As a result of the unfavourable market environment, ASTARTA's revenues decreased by 19% to EUR 372 million, while the EBITDA declined by 53% amounting to EUR 57 million.

Throughout the history of the Company, ASTARTA has gone through different commodity cycles. We are currently set to weather the storm and gradually resume business development. In the short term, all processes will be focused on looking in depth at certain aspects of the control environment, optimization of the production processes and realistic planning. At the same time, the Company keeps its eye on innovative technologies to continue developing a highly competitive business, finding new business opportunities, and better adjusting to external factors.

The Company continues the development of silo and transport infrastructure. In 2018, three newly-built elevators accepted and shipped in-house produced grain as well as provided services to the local partners. Launched in 2015 the silo investment program for the construction of 500 thousand tons of storage capacities will be completed this year. In addition, ASTARTA began the process of forming its own rolling stock, which will help optimize logistics, especially during peak seasons.

We are well-prepared for 2019 and have cautious optimism. The Company revised its investment program, adjusted its sales policy, and optimised its loan portfolio and structure of expenses. ASTARTA has a cohesive team of professionals and a clear strategy reinforced by a strong position in the market. We are clearly aware that communication with our stakeholders is vital to building a growing relationship based on trust and transparency, and we are grateful for our cooperation.

Viktor Ivanchyk,
Founder and CEO

GRI 102-14

CHAIRMAN STATEMENT

After spending more than four decades in the world of agribusiness, there are a couple statements that I have found especially helpful to gain perspective. One is manage the cycles. The other is control the controllables. I thought I would use this statement to comment on each of these.

Agricultural is and has been cyclical by nature. Prices of commodities can vary dramatically from year to year and thus it is a challenge to make intelligent long-term plans. Nevertheless, one has to make capex plans fully realising that commodity prices will often take very large swings. With this in mind, the biggest challenge for leadership is to stay in touch with this reality. The author of *Good to Great*, James Collins, simply said: "Confront the brutal facts." This is precisely what ASTARTA is doing.

The second part is very important: control the controllables. Doing this well is the best way to manage the cycles. It is not possible to control the weather, commodity prices, or government policy. But there are many things that can be controlled and those are areas ASTARTA is focusing on. Selection of seed and other inputs, planting in a timely manner, and doing careful scouting of the growing crops to discern problems to be addressed are just a few of the areas to be controlled.

ASTARTA is committed to continuous improvement in these areas and is spending time training its people for timely and intelligent decision making. Marketing of commodities in a timely manner is part of good controls. The storage and processing of commodities is often the difference in the level of success of an enterprise. ASTARTA realises that more vertical integration in these areas can add significantly to the overall profitability of the Company.

Unlike most countries of the world where sugar beets have some government protection, Ukraine offers no support for its sugar beet producers. With sugar being such an important part of the business of ASTARTA, there is continued focus on both the farming side and the processing side of producing quality sugar for our customers.

Finally, ASTARTA is well aware of the digital revolution in agriculture. Things are changing so rapidly in this regard as data storage and computing speed keep getting cheaper and cheaper. ASTARTA is carefully analysing those technologies that can provide meaningful ROI.

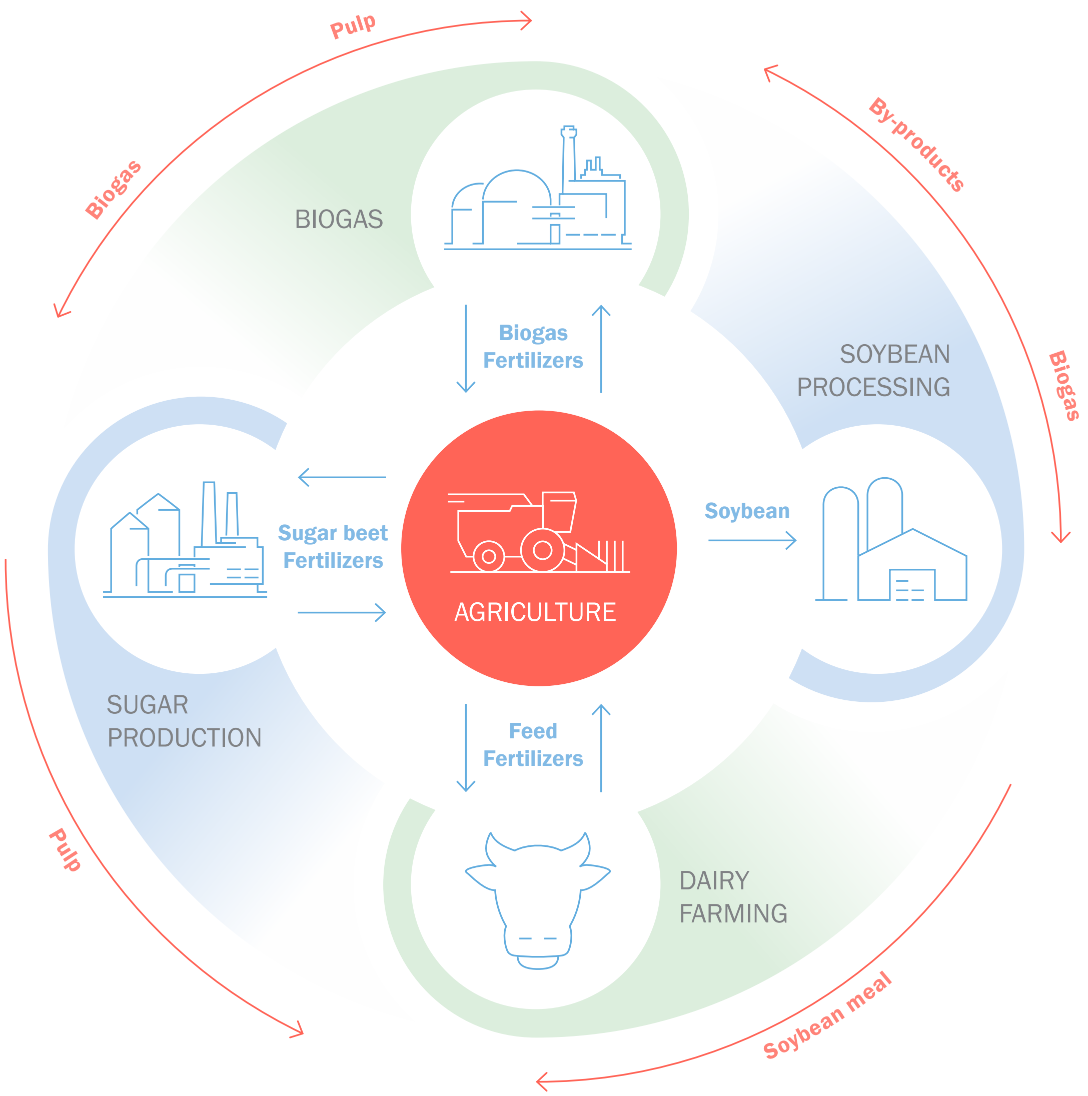
Howard A. Dahl,
Chairman of the Board

GRI 102-2 GRI 102-9

ESSENTIAL INFORMATION

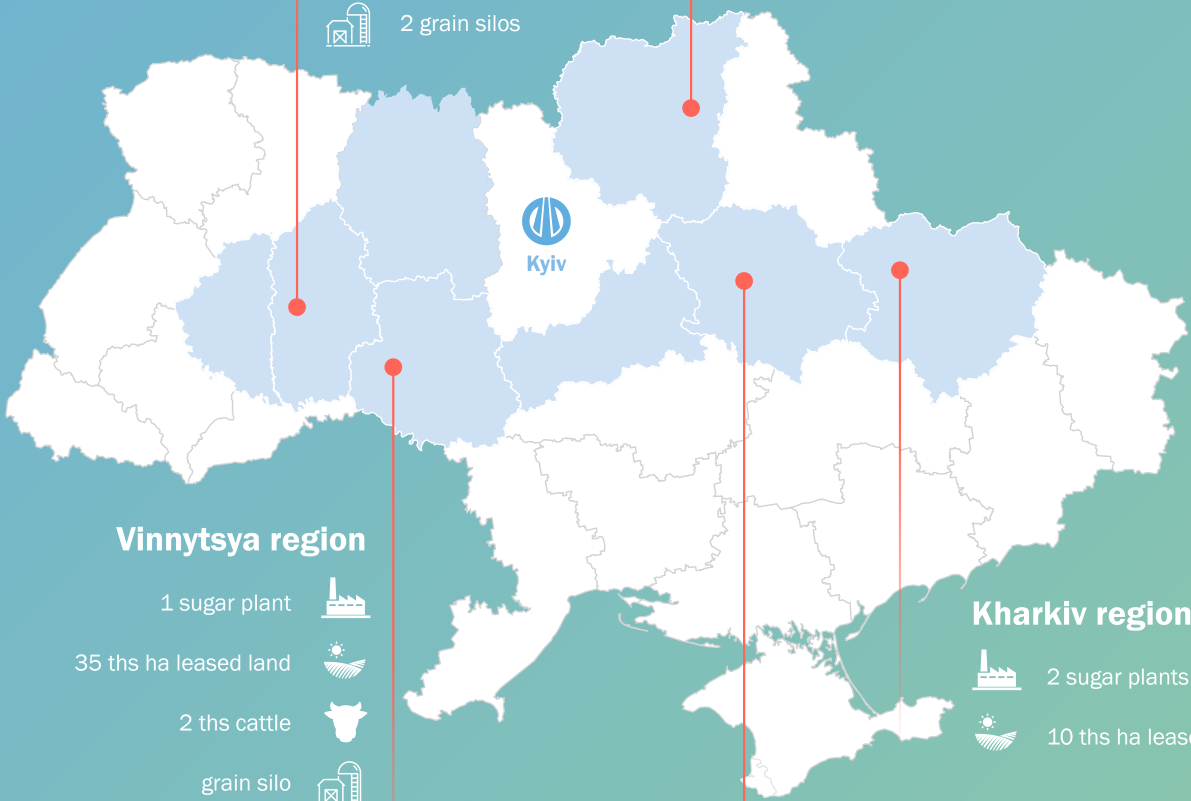
Business model

The Group has developed an effective business model which integrates four main business segments involving synergetic interconnection. Each business segment represents a consumer and supplier of materials from/to another business segment aimed at securing the required level of self-sufficiency. Such a business model ensures ASTARTA's position among the top agricultural producers in the country, the largest sugar producers in Ukraine, and the leading manufacturers of industrial milk and soybean meal.



GRI 102-4

MAP OF OPERATIONS



Khmelnytskyi region

- 1 sugar plant
- 51 ths ha leased land
- 4 ths cattle
- 2 grain silos

Chernigiv region

- 5 ths ha leased land

Vinnytsya region

- 1 sugar plant
- 35 ths ha leased land
- 2 ths cattle
- grain silo

Kharkiv region

- 2 sugar plants
- 10 ths ha leased land

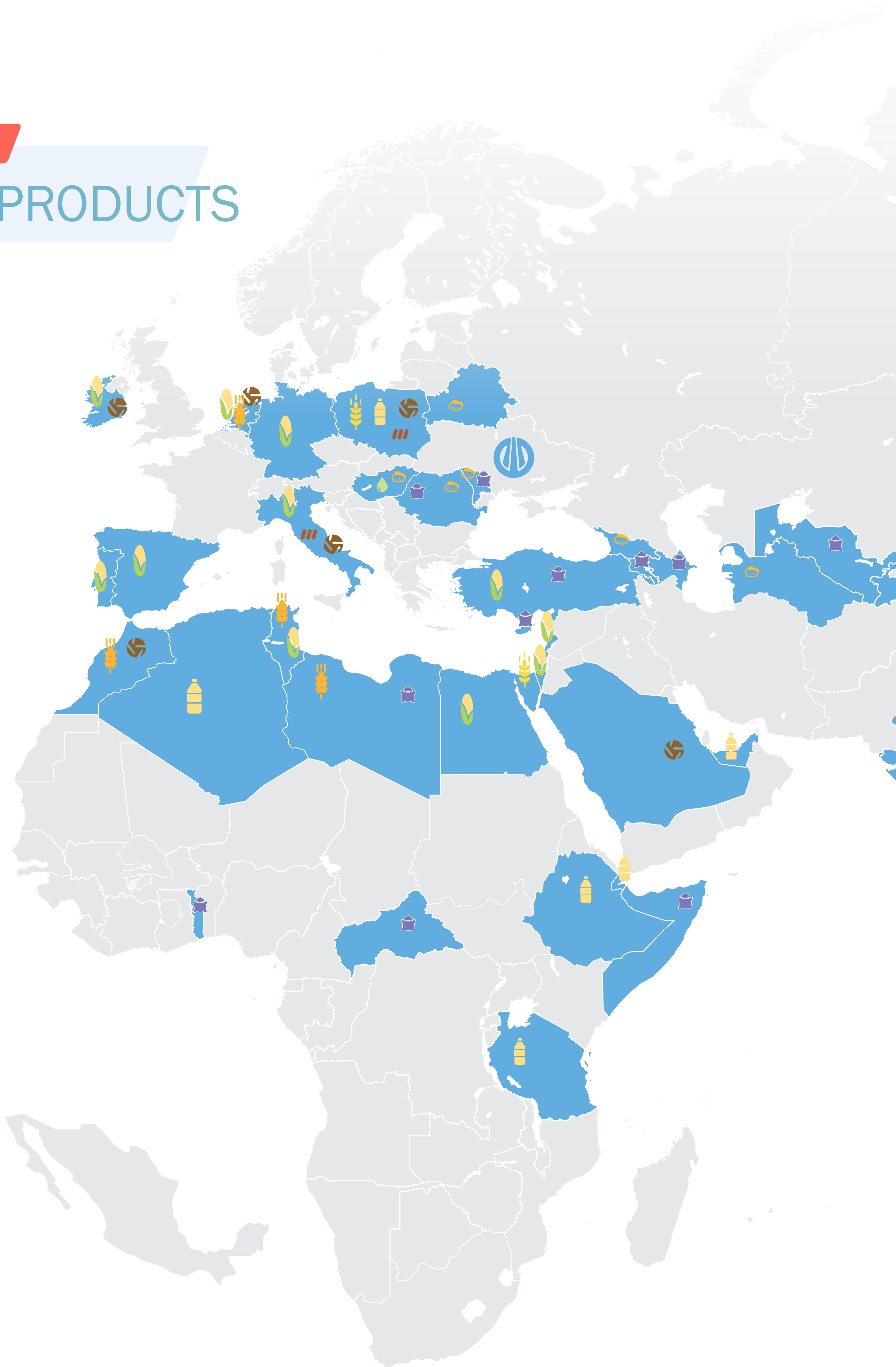
Poltava region

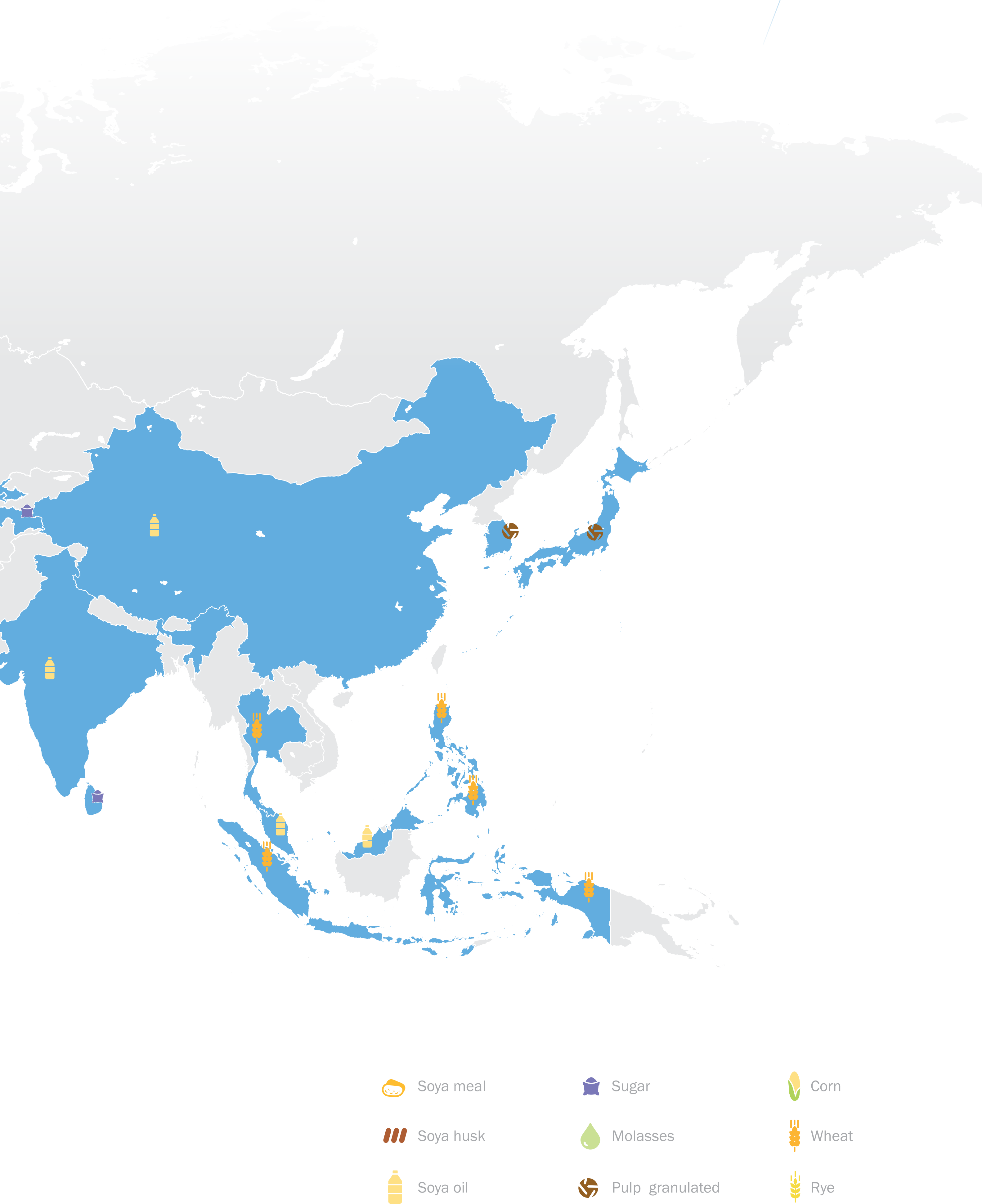
- 4 sugar plants
- Soybean processing plant
- Bioenergy plant
- 147 ths ha leased land
- 21 ths cattle
- 4 grain silos

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

GRI 102-4

MAP OF PRODUCTS




Soya meal
Soya husk
Soya oil
Sugar
Molasses
Pulp granulated
Corn
Wheat
Rye

GRI 102-40 GRI 102-42 GRI 102-43

ENGAGEMENT WITH STAKEHOLDERS

This report has been prepared in accordance with GRI Standards: Core Option. Several disclosures do not completely cover all requirements of the appropriate GRI standards. In future reports, the Company will make its best effort to meet all requirements. Regardless, ASTARTA reaffirms its commitment to transparency and accountability in its daily activities and makes efforts to achieve sustainable governance in its reporting.

GRI 102-40 GRI 102-43

SHAREHOLDER INCLUSIVENESS

We understand that sustainable development of the Company is impossible without building partnerships with stakeholders.

In order to increase public awareness and establish a constructive dialogue with stakeholders, the “Stakeholder Engagement Plan of ASTARTA” was implemented. This document defines the basic principles of interaction and forms of communication with stakeholders of the Company.

The Company is aware that organisation should be as open to its stakeholders as possible. Within this Code of Ethics, ASTARTA maintains an active dialogue with stakeholders by applying the best business practices that contribute to sustainable development.

ASTARTA is guided by the principles of access to public information of all key stakeholders by way of:

1) Transparency and openness of business. As part of the Corporate Social Responsibility Strategy, ASTARTA supports the core principles of the UN Global Compact and extends its responsibilities. Corporate Social Responsibility is based on ten principles of the United Nations Global Compact in the areas of human rights, labour relations, environmental protection, and counteraction to corruption.

2) Free receipt and dissemination of information, in addition to restrictions established by law.

3) Equality, regardless of the characteristics of race, political, religious or other beliefs, sex, ethnic or social origin, property status, place of residence, language, or other characteristics.

ASTARTA is committed to having an open dialogue with respectful treatment of all stakeholders. Based on common practice and business experience, the Company defines its stakeholders as shareholders and investors, employees, creditors, local communities, suppliers, media, local farmers, authorities, land owners and clients. The Company is carrying out actions of stakeholder engagement to address specific material issues in order to meet the demand of the audience.

During the year, executives of the respective departments of the Company submit communication plans of engagement with external stakeholders depending on the subject in focus. Feedback from the groups of stakeholders are delivered to all directors regularly to ensure they are aware of shareholders' views. At the end of the year, a list of the most critical topics of importance related to various sustainability aspects is prepared. Summarised questions, reviewed and analysed by the management team, are consolidated and represent the foundation for the materiality matrix of the Company (please refer to pages 14-15).

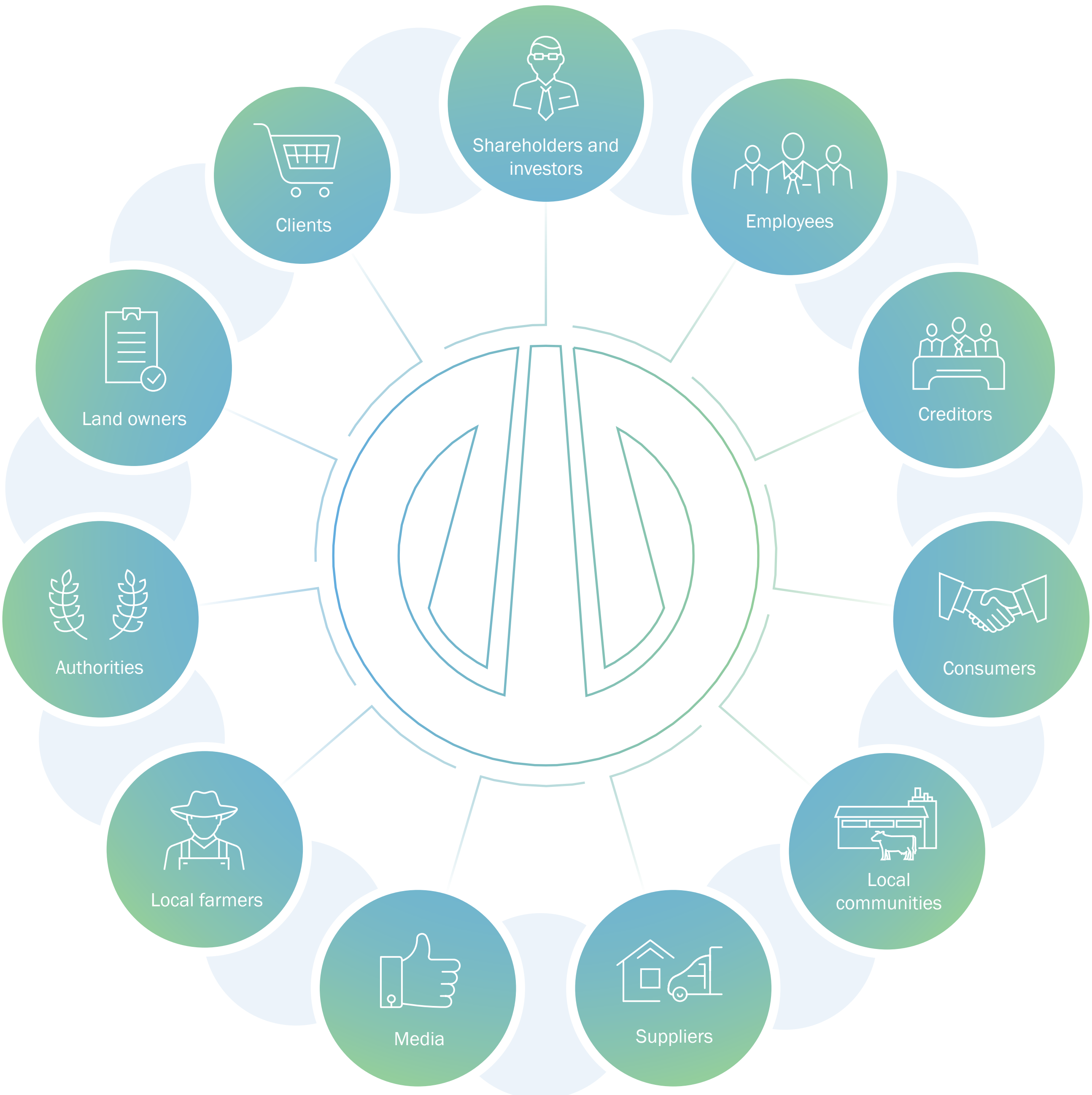
SUSTAINABILITY CONTENT

By sustainability, ASTARTA primarily looks to the following key aspects such as economic, environmental, and social as traditionally being of primary importance to key stakeholders. Assessments are performed by means of communication and consultation with different stakeholders through various formats.

Group of stakeholders	Form of communication
Shareholders/Investors/ Creditors/Media	Annual and periodical reports, meetings, presentations, corporate website, participation in conferences, publications in media and social networks, official correspondence.
Employees	Meetings, thematic seminars, corporate events, corporate publications, questionnaires, collective agreements, corporate ethics code, training sessions, consultations, Company “hotline”, social networks, official correspondence.
Consumers/Clients/ Suppliers	Corporate website, questionnaires, presentations, annual and periodical reports, consultations, negotiations, interviews, corporate website, social networks, Company “hotline”, official correspondence.
Authorities	Consultations and meetings, seminars, official correspondence, joint projects on local infrastructure development, official correspondence.
Local Communities/ Land Owners	Conferences, round tables, social and charitable programs, publications in media, printed materials (posters, booklets), corporate website, regular meetings with local communities, official correspondence.

GRI 102-42

Identified Groups of Stakeholders



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

ANALYSIS OF MATERIAL TOPICS OF THE COMPANY

The most relevant issues identified while communicating with stakeholders during the reporting year were summarised and presented to the directors of ASTARTA for ranking.

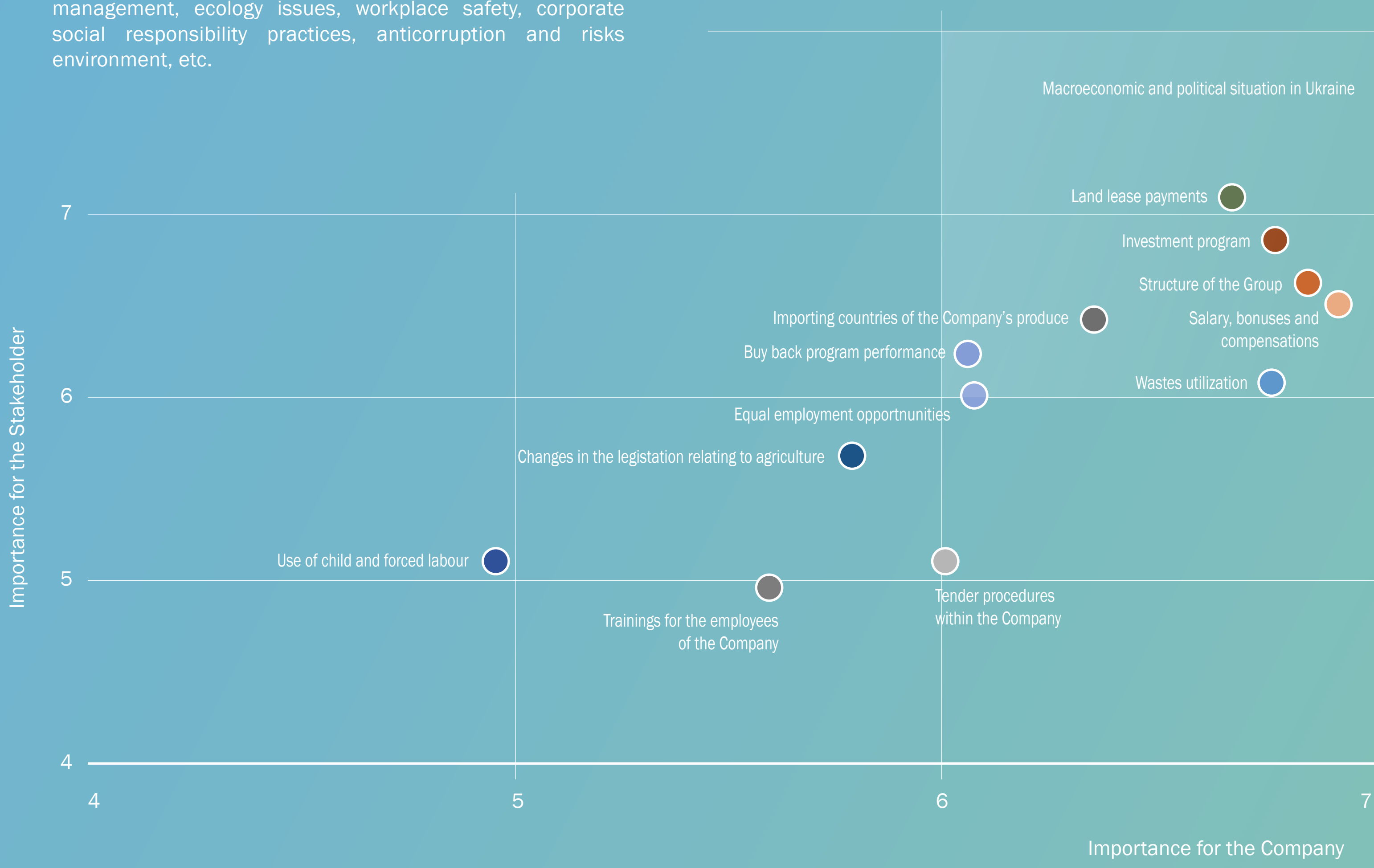
Based on a survey taken among directors of the Company that kept its respondents anonymous, an evaluation of question relevance was measured on a scale of 1-10, where 10 was demonstrated as the most important issue, and zero – a question of minimal importance. The results are presented in the following materiality matrix. On the horizontal axis, scores of the stakeholder's impact on the Company are presented; on the vertical axis are scores of the Company's impact on the stakeholders.

Based on the matrix, the prioritised topics represented in the 2018 annual report include: markets where the Company is present, operational and financial results, human resource management, ecology issues, workplace safety, corporate social responsibility practices, anticorruption and risks environment, etc.

The top right part of the matrix represents issues of primary interest to stakeholders and will be further covered in the report.

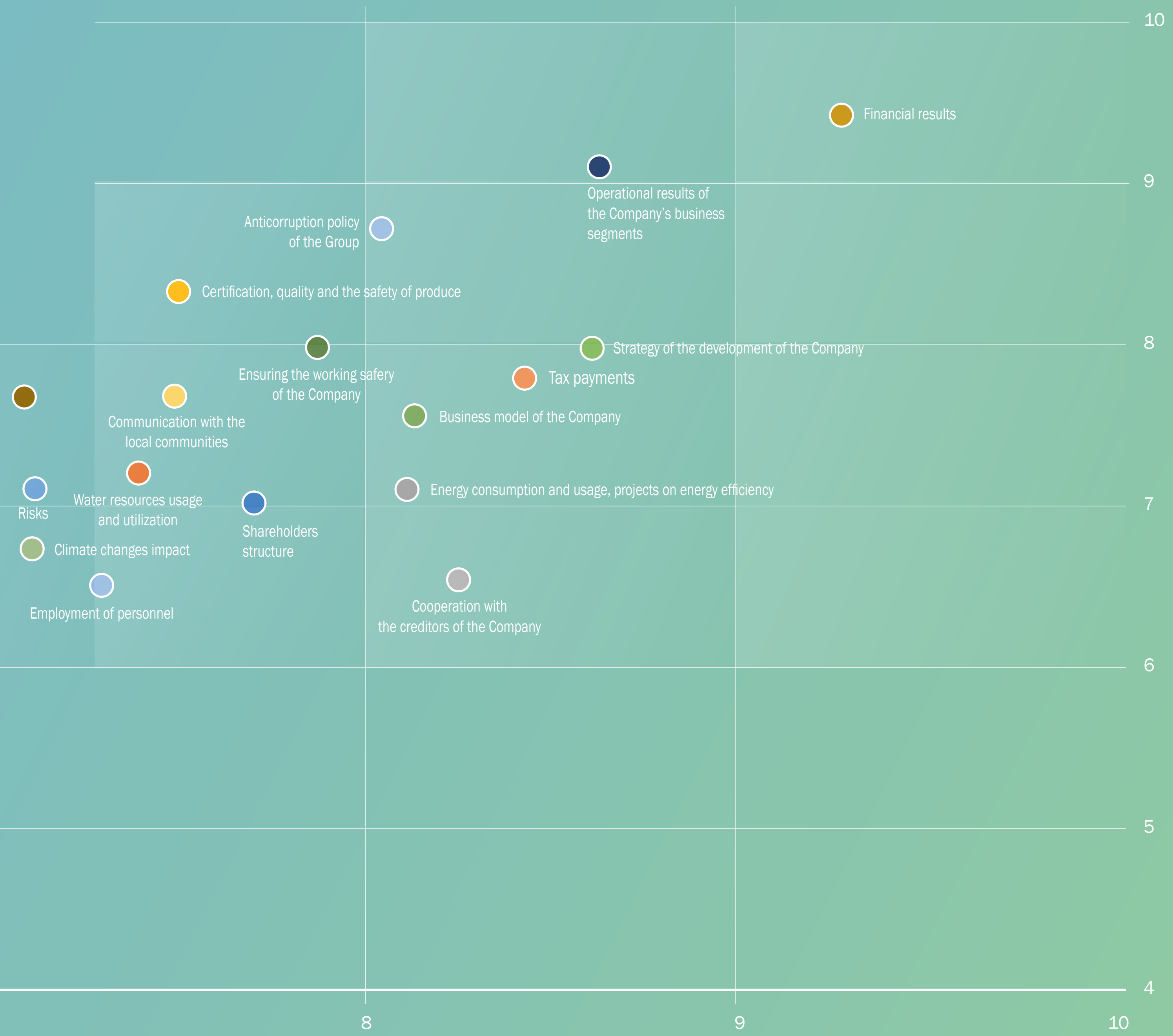
Based on the materiality matrix, management considers the following topics to be of the most critical importance and are further covered in the report:

Cooperation with local communities (GRI 413-1), Ensuring the working safety of the Company (GRI 403-2), Energy (302-1), Wastes (306-1), Business model of the Company (GRI 102-2), Employment of Personnel (GRI 401-1, 405-2), Anticorruption policy of the Group (GRI 103), Financial results and operational results of the Company's business segments (GRI 103), Strategy of the development of the Company, Tax payments, Certification, Cooperation with the Creditors of the Company, Shareholders structure, Climate changes impact, Risks, Macroeconomic and political situation in Ukraine.



GRI 102-47

Matrix of material topics of the Company



FINANCIAL PERFORMANCE

SELECTED FINANCIAL INDICATORS AND RATIOS

	2018	**2018 (net of IFRS 16)**	2017	2016	2015	2014
Profitability						
EBITDA, thousands of Euro	**56 872**	33 917	120 242	152 144	130 694	119 569
EBITDA MARGIN, %	**15%**	9%	26%	41%	42%	34%
NET PROFIT, thousands of Euro	**(21 111)**	(17 104)	61 840	82 643	15 941	(68 076)
NET PROFIT MARGIN, %	**-6%**	-5%	13%	22%	5%	-19%
ROE	**-6%**	-5%	18%	23%	7%	-31%
ROA	**-3%**	-3%	12%	14%	3%	-13%
ROIC	**-3%**	-3%	13%	16%	4%	-14%
Investment valuation						
ENTERPRISE VALUE (EV), thousands of Euro	**429 177**	349 003	438 928	451 310	375 137	333 848
EV / EBITDA	**7,55**	10,29	3,65	2,97	2,87	2,79
EV / SALES	**1,15**	0,94	0,96	1,22	1,19	0,95
Debt						
NET DEBT, thousands of Euro	**295 456**	218 651	130 302	145 874	172 727	216 508
NET DEBT / EQUITY	**0,81**	0,59	0,37	0,41	0,72	0,98
NET DEBT / EBITDA	**5,20**	6,4	1,08	0,96	1,32	1,81
NET DEBT / SALES	**0,79**	0,59	0,28	0,40	0,55	0,62
Liquidity						
CURRENT RATIO	**1,22**	1,30	2,11	2,00	1,49	1,47
QUICK RATIO	**0,32**	0,34	0,43	0,40	0,43	0,34

EBITDA	Profit from operations + depreciation and amortization + impairment of fixed assets
NET DEBT	Short-term finance debt + long-term finance debt+lease liability – 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 CAPITALIZATION	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 capitalization + net debt + minority interest
CURRENT RATIO	Total current assets /Total current liabilities
QUICK RATIO	(Total current assets – inventories – biological assets)/Total current liabilities

In the reporting period the Company recorded revenues of EUR 372 million, down 19% y-o-y reflecting drops in global and local sugar prices amid oversupply of the commodity and decreased sales volumes of sugar. A key contributor to the revenues of the Group was the agricultural segment, generating EUR 127 million of total revenues (34% of the total revenues); the sugar segment delivered revenues of EUR 119 million; while soybean crushing and dairy were EUR 74 million and EUR 29 million.

Cost of revenues decreased by 9% and amounted to EUR 324 million mainly on decrease of sales volumes of the key produce during the reporting period.

EBITDA stood at EUR 57 million, down 53% y-o-y on weak sugar and dairy segment results coming into the red zone for each of the segments on the unfavorable pricing environment. This resulted in the EBITDA margin of 15% comparing to 26% a year ago.

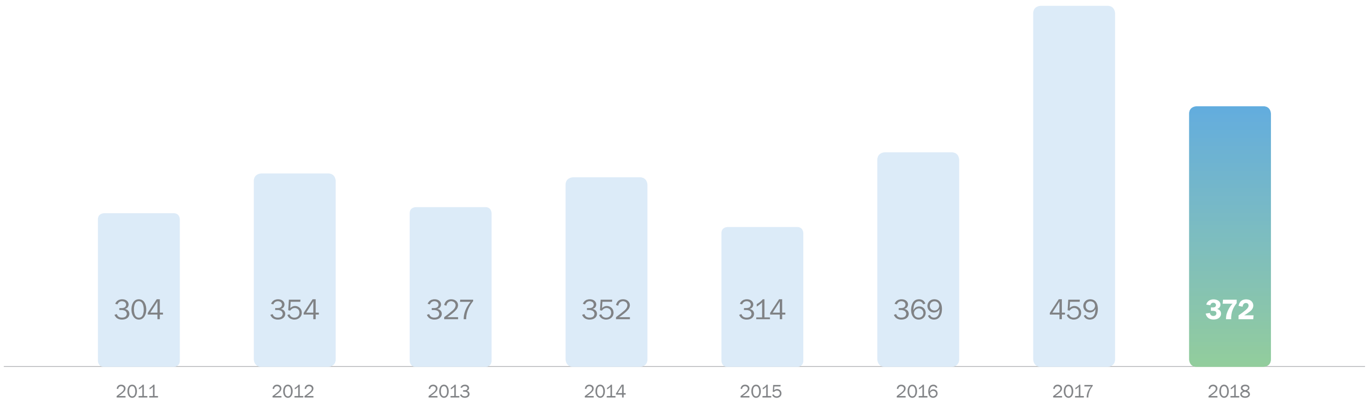
General and administrative expenses were flat y-o-y and stood at EUR 24 million. Selling and distributions expenses grew by 24% to EUR 43 million on the material growth of the transport expenses (EUR 25 million, up 20%, mainly expenses related to increase in the tariffs of Ukrzaliznytsia) and growth in storage and logistics expenses (EUR 9 million, up 88%).

Other operating expenses increased by EUR 2,4 million to EUR 15 million mainly as a result of the impairment of PPE. Under IFRS requirements impairment test is performed annually based on value-in-use calculation using the cash flow projection not exceeding the five-period period and as an integral part of valuation of property, plant and equipment. Finance costs grew by 34% to EUR 15 million on growth in debt position. According to the newly adopted IFRS 16 the Company additionally recognized EUR 15 million of interest expenses on lease liability. Year end net debt stood at EUR 295 million, up from EUR 130 million at end-2017, yielding a net debt to EBITDA ratio of 5.2x (vs. 1.08x at end-2018FY). The growth of the net debt is the results of the transition to IFRS 16 and subsequently recognizing EUR 77 million of lease liabilities to net debt. Net debt position excluding IFRS 16 effect increased to EUR 219 million due to low volume of harvest of 2017 and extended operational cycle financing.

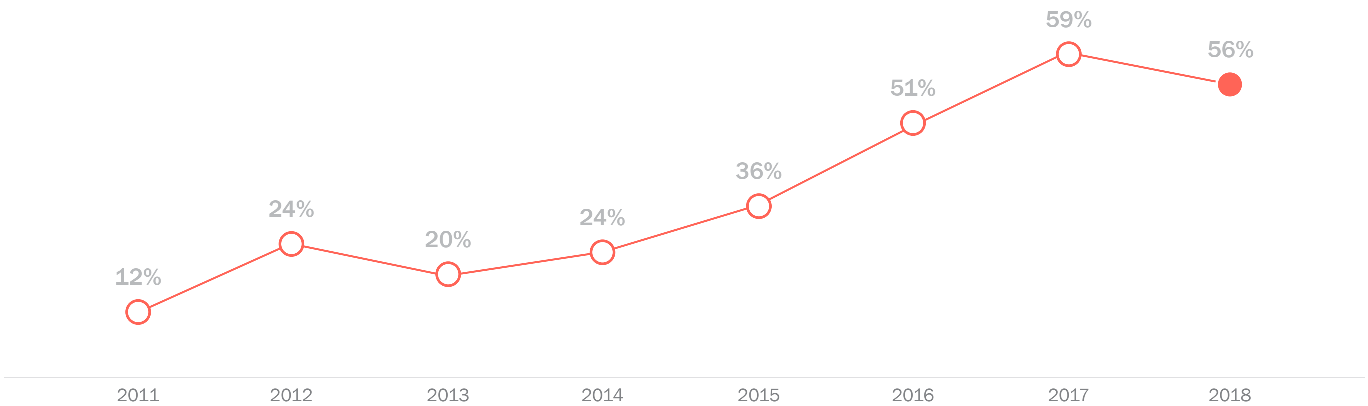
Based on the abovementioned factors, the bottom line results of the Company in the reporting period was EUR 21 million losses comparing to the profit of EUR 62 million a year ago. Again the main reason for the decline in earnings was a significant decline in sugar prices, which was not offset by lower beet costs.

KEY FINANCIAL RESULTS

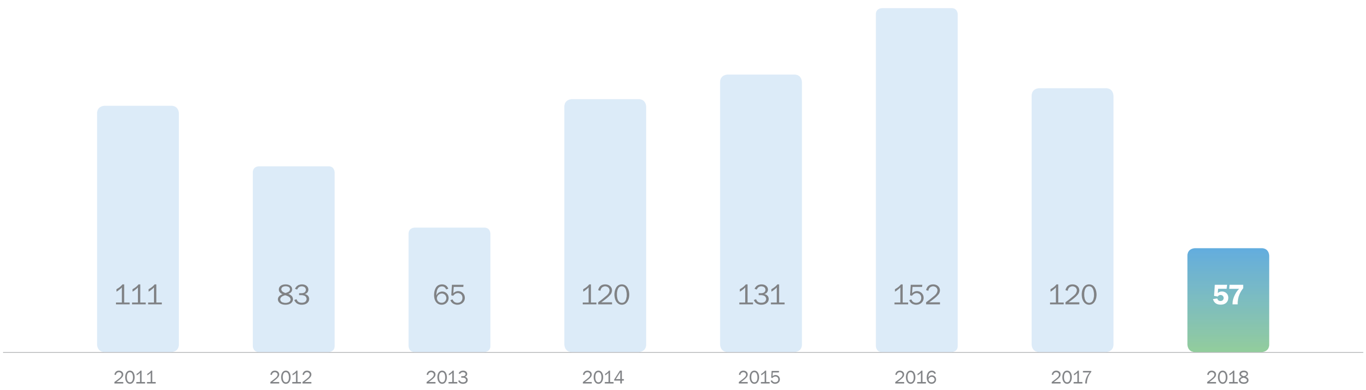
REVENUE (EUR mln)



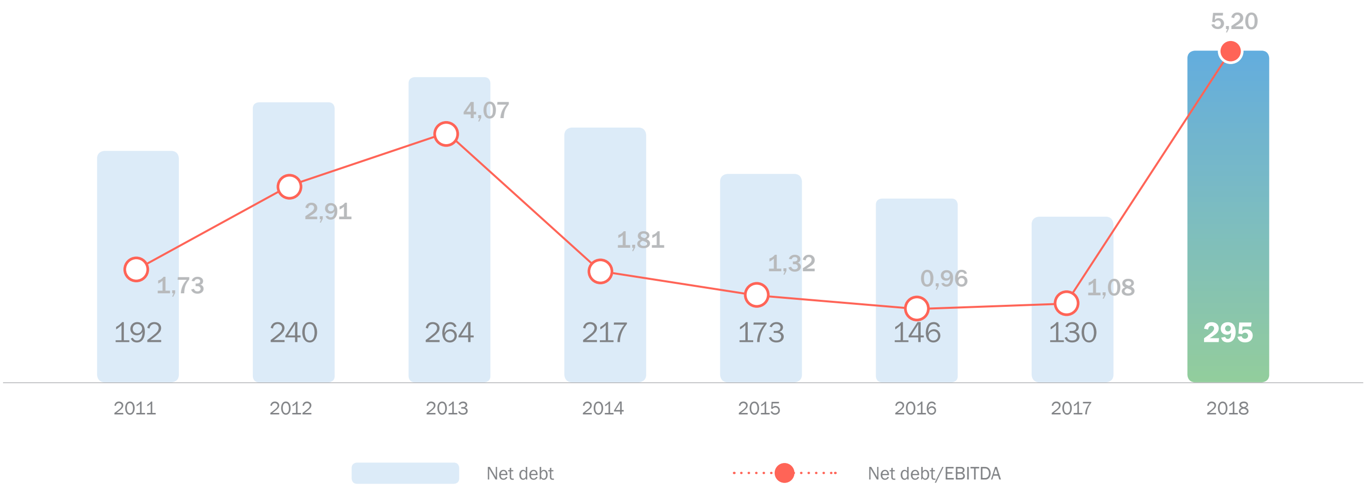
EXPORT SHARE (%)



EBITDA (EUR mln)

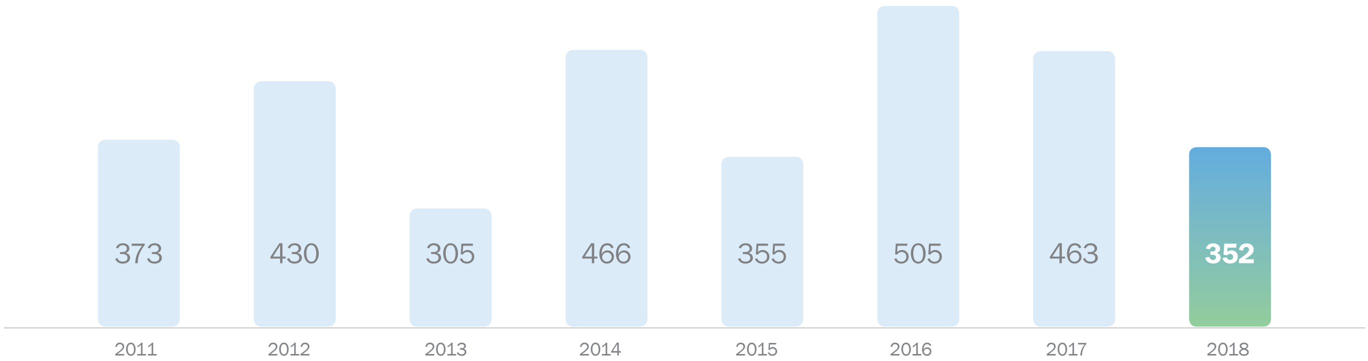


NET DEBT (EUR mln) AND NET DEBT/EBITDA RATIO

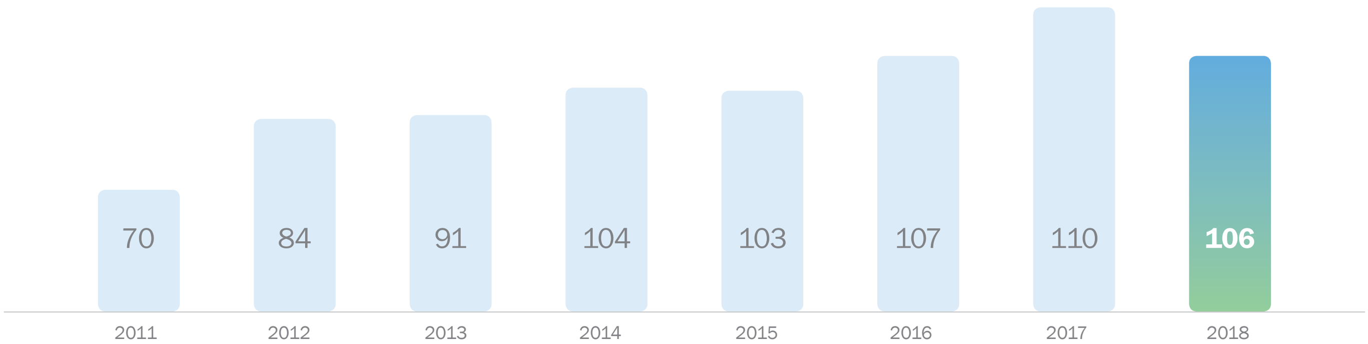


KEY OPERATIONAL RESULTS

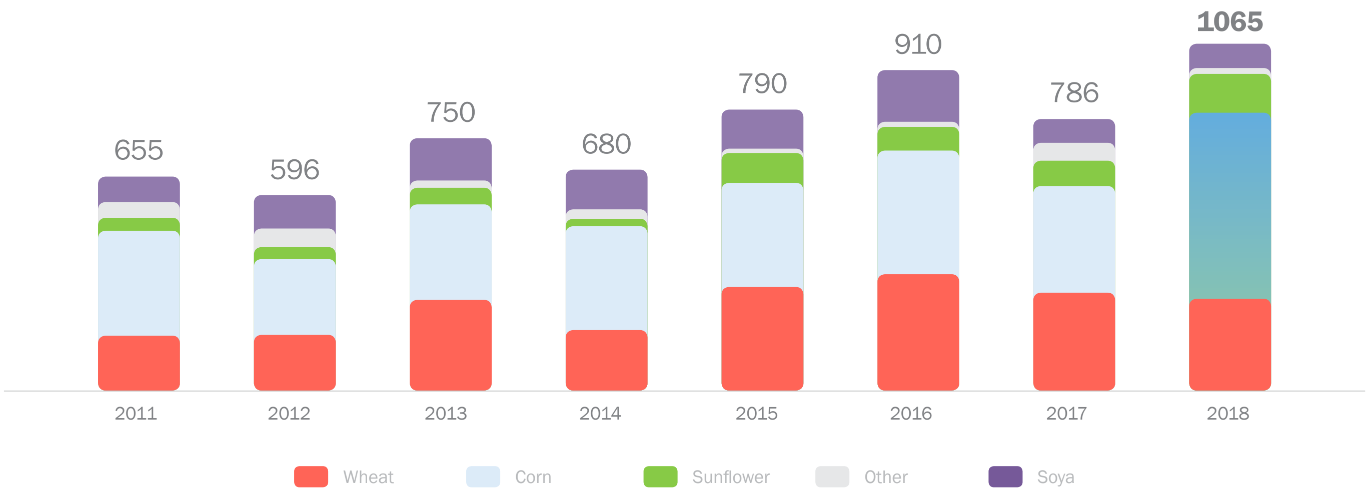
SUGAR PRODUCTION (MT)



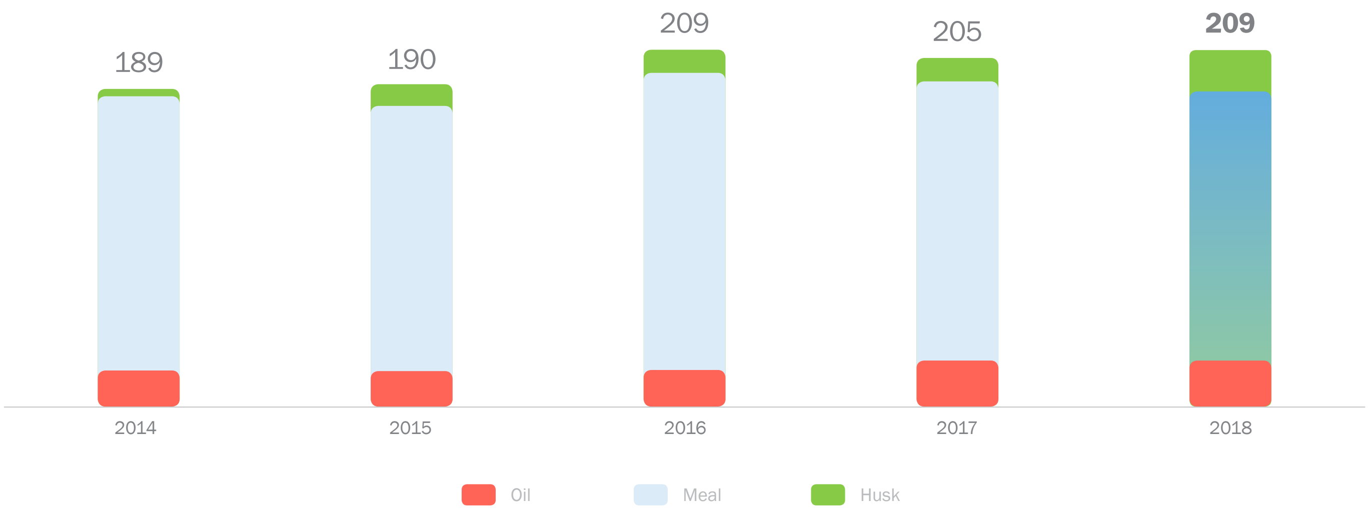
MILK PRODUCTION (MT)



GRAINS AND OILSEEDS HARVEST (MT)



SOYBEAN PRODUCTS PRODUCTION (MT)

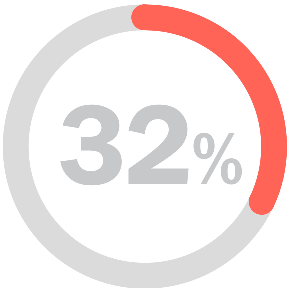


REPORT ON OPERATION

BUSINESS SEGMENTS SUGAR

REVENUE:
EUR 119 MILLION (-40%)

EBITDA:
EUR -0.3 million (-100%)
EBITDA margin: 0%



During the year ending 31 December 2018, the sugar segment generated revenues of EUR 119 million (40% less y-o-y). A drop in profitability was the result of the decreased sugar sales volumes of 325 thousand tons (-27% y-o-y) and a prolonged downturn of sugar prices. Average annual sugar sales price stood at EUR 328 that is 23% less y-o-y on a surplus in the domestic market and weaker global sugar prices.

These factors resulted in the contraction of the segment's EBITDA to the level of EUR -0.3 million, off 100% from the comparative period of the previous year. Bottom line of the sugar segment for 2018 declined markedly from a profit of EUR 45 million in 2017 to a loss of EUR 16 million because of a weak price environment and production cost increases on poor beet quality from the 2018 crop.

Share of sugar export sales was secured at a strong level of 40% in volume terms that is almost 130,6 thousand tons of white sugar directed primarily to Uzbekistan (66% of the total export sales), the EU, and Asia.

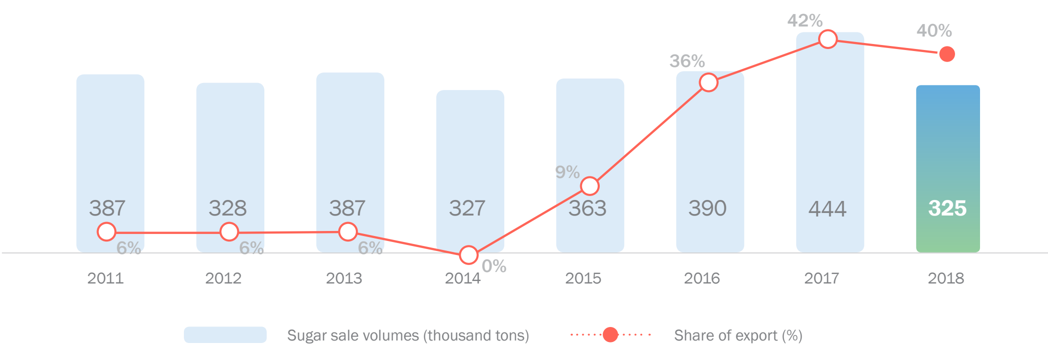
Despite an unfavorable market environment, the Company managed to increase its sales volumes of granulated pulp by 57% to 49 thousand tons on extension of production capacities. 92% of the produce was exported.

SUGAR SALES AND PRICE PERFORMANCE

	2018	2017
Sugar sale volumes, thousand tons	**325**	444
Price, EUR/t	**328**	425

The 2018 production season for sugar started in September and ran smoothly during a campaign that extended over 64 days. The total number of crushed sugar beet was 2.5 million tons (20% less y-o-y on an intentionally contracted planted area) including 1.7 million tons of beet produced in-house. The total volume of sugar produced in 2018 was 352 thousand tons (24% less y-o-y). Every one of the Company's factories performed well with further progress achieved in gas consumption that decreased to 23 m³ per ton of beet processed. The bioenergy complex generated output of 8 million cubic meters of biogas during the reporting period.

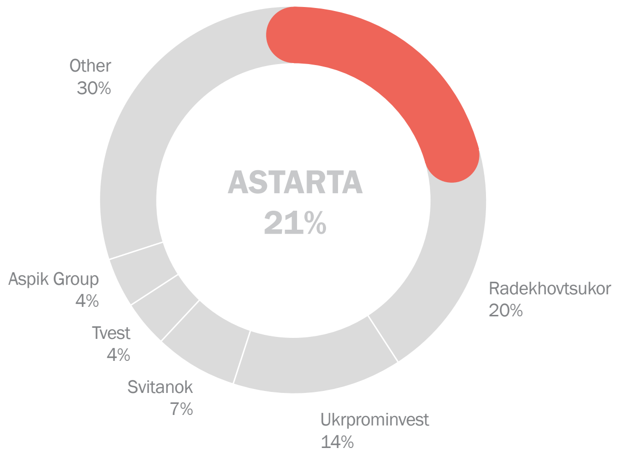
SUGAR SALE VOLUMES (THOUSAND TONS) AND SHARE OF EXPORT (%)



The Ukrainian sugar market was depressed as well during 2018. Sugar production in Ukraine declined by 15% to 1.82 million tons on contracted sugar beet plantings of 279 thousand hectares (-12% y-o-y) and low average sugar content of 16.47%.

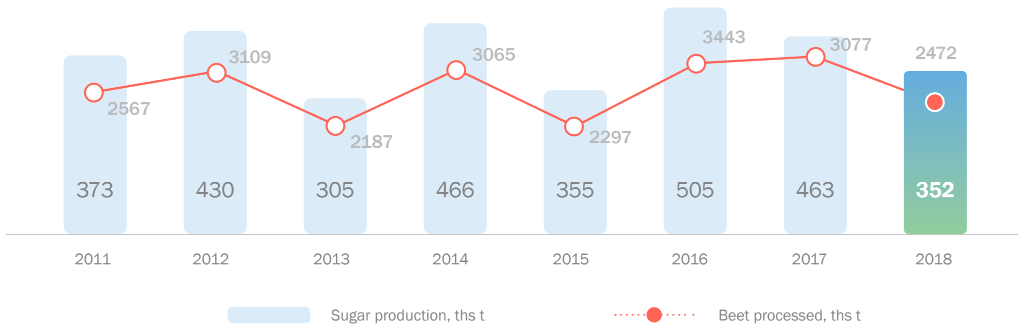
Despite this, sugar production volumes still exceeded local

KEY UKRAINIAN SUGAR PRODUCERS IN 2018

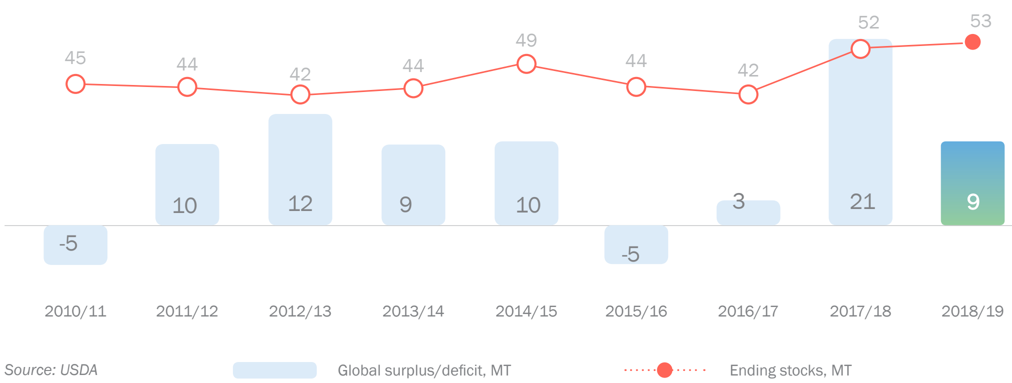


Source: Ukrsugar

ASTARTA SUGAR PRODUCTION VOLUMES AND BEETS PROCESSED



GLOBAL SUGAR MARKET BALANCE



Source: USDA

In 2018, the share of sugar of the highest category of ASTARTA was 87% (including extra-class – 16%) of the total production.

consumption in Ukraine of 1.3-1.5 million tons. Ukrainian producers managed to deliver sizable 590 thousand tons of sugar to international markets, including Uzbekistan, Turkey, Tajikistan, the EU, and other countries but it could not help diminish oversupply pressure on local prices. As a result, domestic sugar price sank to EUR 277 per ton on average for 2018 (EXW, net of VAT).

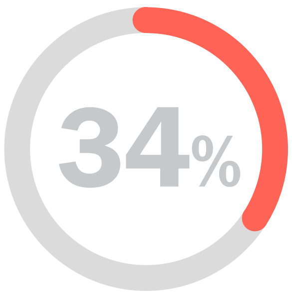
Some regulatory changes took place during the reporting period in Ukraine. In particular, in the second half of 2018 the Ukrainian parliament adopted a law to abolish government authority to set up volumes of annual sugar production minimum prices for sugar and sugar beet.

Global sugar price levels have been trending downward since early 2017 and dropped by another 27% to EUR 228 per ton in 2018. Large supplies, mainly from India and Thailand, have buffered global inventories and set the stage for relatively low global market prices. For the 2018-19 marketing year, global sugar production driven by strong production campaigns in India and Thailand is projected to decrease from the previous year, but still to be material by historical standards.

BUSINESS SEGMENTS AGRICULTURE

REVENUE:
EUR 127 MILLION (-10%)

EBITDA:
EUR 59 million (+51%)
EBITDA margin: 46%



In 2018, the agriculture segment was the key contributor to the Group's annual performance, generating revenues of EUR 127 million (10% less y-o-y on lower sales volumes).

EBITDA improved by 51% to EUR 59 million due to positive results concerning revaluation of biological assets in the reporting period stemming from improved yields of corn and sunflower.

Export was traditionally strong and provided for 80% of the total sales in volume terms.

CROPS SALES AND PRICE PERFORMANCE

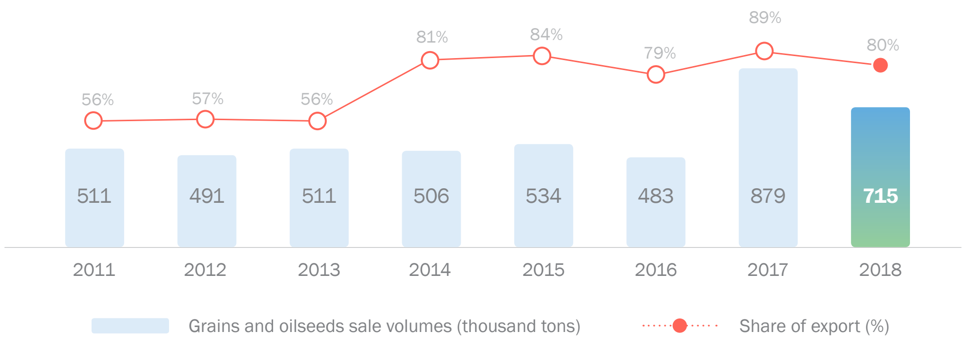
	2018 thousand tons	2017 thousand tons	**2018** EUR/t	2017 EUR/t
Wheat	**270**	383	**163**	141
Corn	**358**	394	**148**	142
Barley	**0,7**	13	**116**	115
Sunflower	**78**	55	**289**	315

In 2018, the grain harvest in Ukraine reached a new record high volume of 70 million tons: almost 13% higher y-o-y, mainly because of a strong corn harvest. The price dynamics were multidirectional: in view of the reduced availability, wheat prices have risen over 10%; corn prices added a minor 3%; while sunflower lost 5% on an abundant supply. The Black Sea crops market followed CBOT quotes driven by weather conditions, US-China trade relations, and ending stocks dynamics.

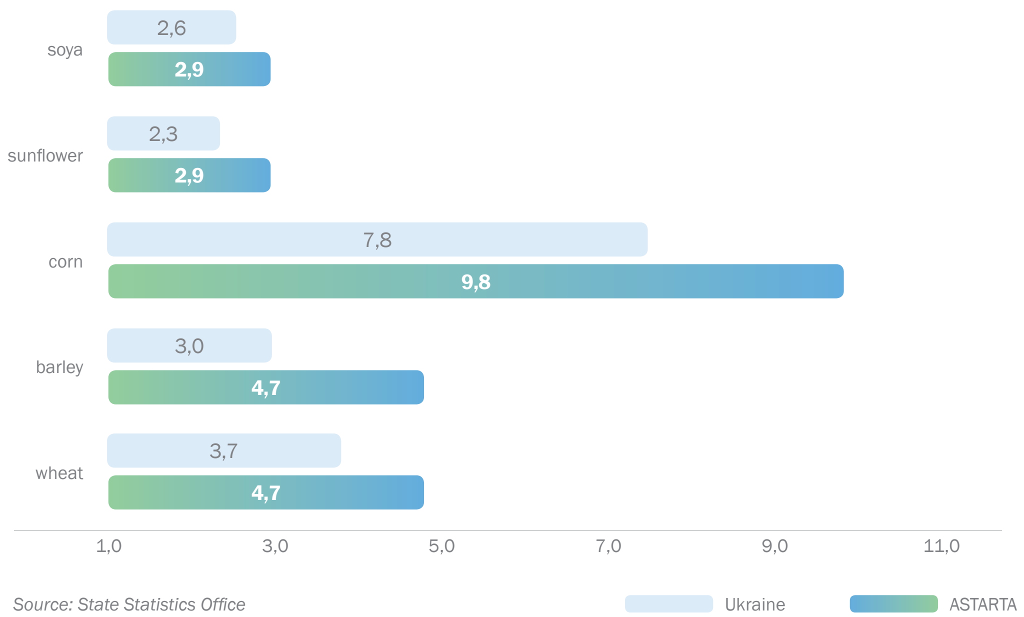
SILO-PROGRAM

In 2018, the Company completed construction of three elevators with a total storage capacity of 230 thousand tons of grain. Capacity of the Yaresky silo is 100 thousand tons of one-time storage, the Lutovinovsky silo – 100 thousand tons, and the Skorhodovsky silo – 30 thousand tons.

CROPS SALE VOLUMES (THOUSAND TONS) AND SHARE OF EXPORT (%)



YIELDS OF KEY CROPS (Ukraine vs ASTARTA, t/ha)



Source: State Statistics Office

IT-SOLUTIONS

In 2018, the following technologies were introduced within the framework of the program of digitalisation of the Company: agrochemical analysis of the soil; an autopilot system; drones for monitoring the state of crops; Dozor – a system of monitoring and GPS monitoring; fieldwork control system.

In 2018, ASTARTA finished the largest harvest in the Company's history – 1.065 million tons (+35% y-o-y). In particular, the total harvest of corn was over 620 thousand tons with the average yield of crop of 9.8 tons per ha. Some of the Group's production units reached a yields level of 11.5 tons per ha. Sunflower harvest stood at 117 thousand tons (+58% higher y-o-y), achieving a yield of 2.9 tons per ha (compared to 2.3 tons per ha a year ago). The extended program, launched in 2015, aimed at the construction of storage facilities, provides optimal conditions for the improvement of the quality of produce.

ASTARTA-SELECT

In 2018, ASTARTA launched its own seed production for the Ukrainian market as well as research and agrochemical laboratory services under the ASTARTA-Select brand, which brings together the best practices and infrastructure in the field of seed selection and field research over the past 25 years. Prior to this, the Company used these products only for their own needs. Now on an area of approximately 10 thousand hectares, the Company grows seed products and conducts research. Seeds (more than 30 varieties) are grown and cultivated on two of the Company's seed factories in Khmelnitsky and Poltava regions. The annual production capacity of these factories is 30 thousand tons: 20 thousand tons of wheat and 10 thousand tons of soybean.

The Company started to provide laboratory services in 2018, in particular, research was conducted on an area of about 15 thousand hectares, samples of soil were selected, analysed in laboratories, and the results published for customers.

BUSINESS SEGMENTS

SOYBEAN PROCESSING

REVENUE:
EUR 74 MILLION (+2%)

EBITDA:
EUR 6 million (-3%)
EBITDA margin: 8%

The soybean processing segment demonstrated almost flat results in the reporting period. Supported by favorable prices for soybean meal revenues in the segment grew by 2% y-o-y to EUR 74 million. A significant part of revenue was generated by export sales which stood at 77% in volume terms from total sales.

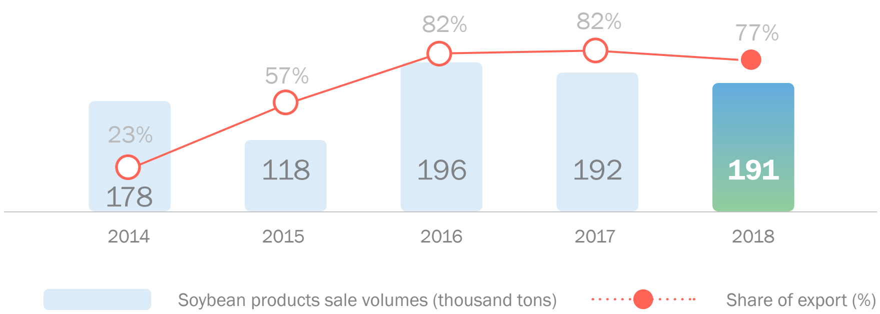
SOYBEAN PRODUCTS SALES AND PRICE PERFORMANCE

	2018 thousand tons	2017 thousand tons	**2018** EUR/t	2017 EUR/t
Soybean oil	**42**	36	**598**	689
Soybean meal	**141**	144	**341**	323
Soybean husk	**8**	12	**102**	94

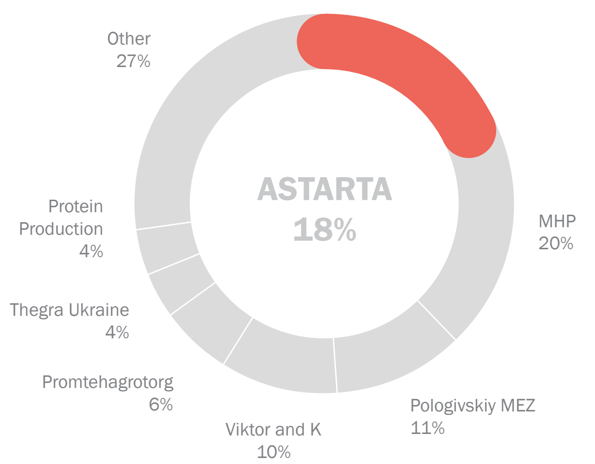
In 2018, the Globyno processing plant processed more than 215 thousand tons of soybean which is marginally 1% below the processing volumes of 2017. The production of soybean meal increased by 3.2% y-o-y to 158 thousand tons, soybean oil – by 2.6% y-o-y to 40.5 thousand tons. Production of husk reduced by 11% to 10.6 thousand tons, reflecting higher extraction ratios of soybean meal and oil. In 2018, ASTARTA secured second position in the Ukrainian market in terms of processing volumes with an 18% share.

In 2018, despite a decline in area of soybean planted (-14% y-o-y), compensated by higher yields, Ukraine harvested 4.5 mln tons of soybean – 15% higher compared to the previous year. In the reporting period, Ukraine also demonstrated a considerable reduction in soybean export (-22% y-o-y). Higher local prices for soybean in the first half of 2018 compared to the same period last year and adoption of the Law implying that soybean export VAT will not be refunded, except for growers exporting these commodities, as well as increased competition from US soybeans in the traditional for Ukraine markets resulted in the squeezing of soybean export volumes. Higher volumes of harvest and lower soybean export volumes provided for an increase of soybean supply in the local market and eventually for growth of processing volumes (+15% y-o-y).

SOYBEAN PRODUCTS SALE VOLUMES (THOUSAND TONS) AND SHARE OF EXPORT (%)



KEY UKRAINIAN SOYBEAN CRUSHERS IN 2018



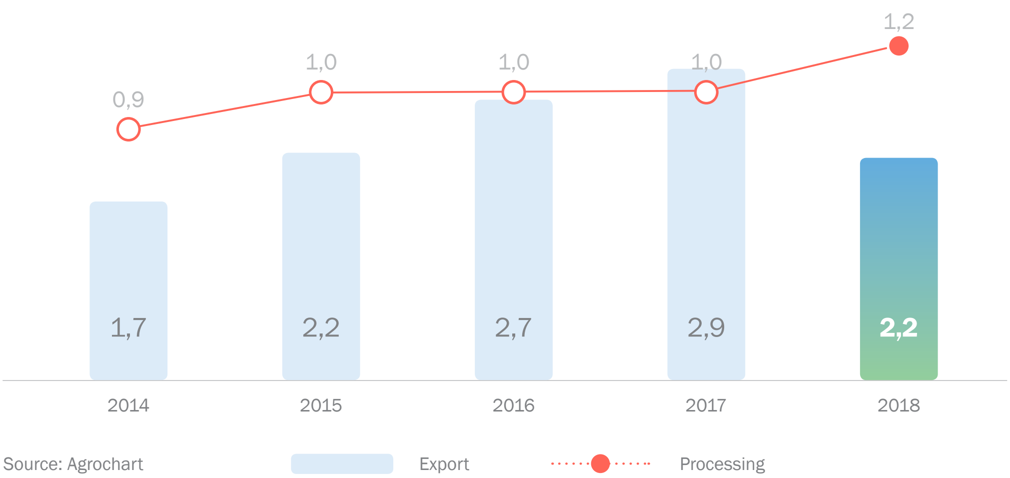
Source: Agrochart

In 2018, the Globyno processing plant achieved certification for the international standard GMP + B2, and also introduced the 5S system as a manufacturing tool.

In 2018, the world market of soybean and soybean products was affected by trade disputes between China and the USA resulting in the reallocation of global soybean trade flows, bringing pressure on international prices.

In addition, an increase in global soybean stocks also influenced price trends in the international market. From the other side, there is a strong global demand for oils and meals from key industries such as poultry and cattle farming, providing for certain relief in price pressure.

UKRAINIAN SOYBEAN EXPORT AND PROCESSING VOLUMES, MLN TONS

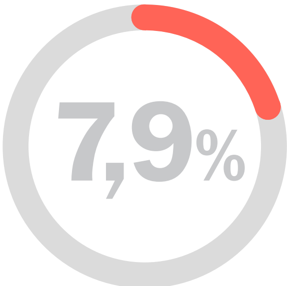


Source: Agrochart

BUSINESS SEGMENTS DAIRY

REVENUE:
EUR 29 MILLION (-8%)

EBITDA:
EUR -3.6 million (-121%)
EBITDA margin: -12%



In 2018, dairy segment revenues constituted EUR 29 million which is 8% lower than in 2017. Key drivers for reduction in revenues were lower sales volumes due to reduced production and lower prices in EUR terms. EBITDA totaled EUR -3,6 million (-121% y-o-y).

Focusing on the improvement of productivity of the cattle herd rather than on expansion growth, the total average headcount was reduced by 8% y-o-y while milk production declined by 3% y-o-y to 106 thousand tons of milk. Since the running of the feed center at full capacity, ASTARTA controls all stages of the production process from feed provision to milk production providing for the improvement of milk quality.

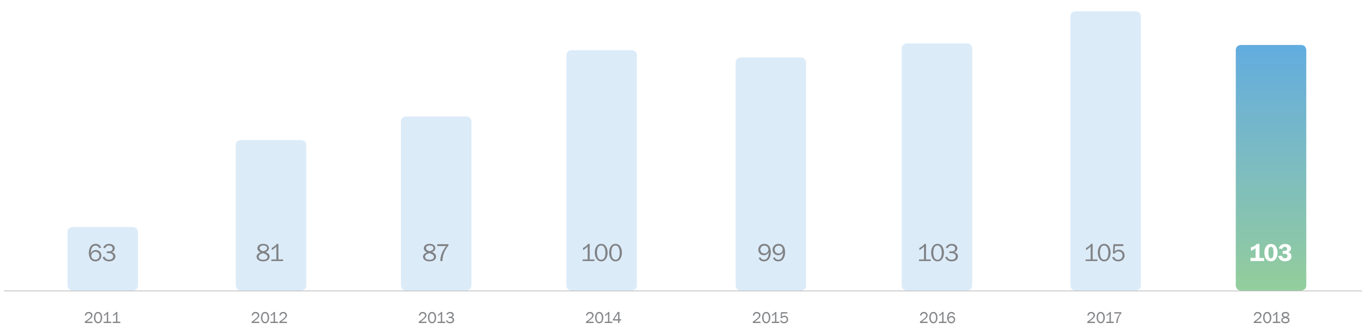
The final price for milk is mainly determined by the following indicators such as fat level and protein content. In 2018, milk fat and milk protein content increased by 4% y-o-y and 2% y-o-y respectively, supporting market premiums for milk produced by the Company's farms.

Milk production in Ukraine reduced by almost 2% y-o-y to 10 million tons reflecting a decrease in the headcount of cows by 2% y-o-y to 1.97 million heads. The reduction in milk production has been driven mainly by households production drop of more than 2% (7.3 million tons). Households still constitute a significant share of 73% of milk production in Ukraine.

MILK SALES AND PRICE PERFORMANCE

	2018	2017
Milk sales volumes, thousand tons	**103**	105
Price, EUR/t	**258**	263

MILK SALE VOLUMES (THOUSAND TONS)



In the current year, the qualitative indicators of milk have increased significantly: fat and protein content grew, and the share of extra-grade milk reached 33% of the total production for the first time.

Due to appreciation of the euro vs the hryvnia in the reporting period, the average market price in euro terms for high quality milk was 2% lower compared to 2017. At the same time the average market price in hryvnia terms was 4% higher and was supported by stable demand for high quality milk.

In 2018, according to FAO estimates, global milk production increased by 2% to 827 million tons. The main contributors to this growth in global production were India and China.

In the first half of 2018, global dairy prices showed signs of recovery resulting from a sharp increase of butter and cheese prices. Such escalation of prices was due mainly to low stocks in major exporting countries which coincided with a strong domestic demand from Europe, North America, and Asia. Nevertheless, in the middle of 2018, concerns about drought in New Zealand and subsequently the European Union were mitigated resulting in a reverse of the course for dairy prices.

GRI – 413-1

COOPERATION WITH LOCAL COMMUNITIES

Since its foundation, the Company has complied with international standards as well as standards of corporate social responsibility and sustainable development. We understand that driving positive changes in the society is also a challenge. The Company's development has been continuously linked to the development of the territories in which it operates.

Our partnership with local communities also enables us to hire employees, care about the environment, and maintain our sustainable supply chain. We focus on things which will have the greatest impact and effective result, strengthening the joint efforts of local communities and the Company.

Social partnership provisions, which have been in place since 2009, are aimed at the integrated and balanced development of rural areas.

The Company implements policies of social partnership by signing memorandums of social cooperation with village councils in the territories where it operates.

For these communities, ASTARTA has developed its Maps of Sustainable Development, which provide the indicators of the population's living standards and determine the main development areas for the territories. The territory development programs are based on the needs of local communities and are updated annually.

The programs include specific projects that have the most significant impact on the community. Decisions to include the projects into the annual program are taken collectively through specially created advisory councils of the territories or working groups in village councils at the meetings with landowners. Such advisory councils consist of representatives of local authorities, community activists, stakeholders, local experts and opinion leaders, local representatives, and representatives of vulnerable groups (pensioners and people with special needs). The monitoring and evaluation of the annual program projects and the state of project implementation are discussed at the meetings with these groups.

By engaging with the local communities, the Company aims to make people's lives better. The Company carries out social and environmental impact assessments in accordance with policies adopted by international financial organizations. The impact assessment applies to sugar and grain production and soybean processing segments. The evaluation results are available on the Company's website or upon request.

We operate in:

- **8 regions** of Ukraine
- **229 village** councils and united communities
- **365 settlements**

In 2018, the Company's main areas of social investment were as follows:

- Education
- Healthcare
- Culture and sports
- Infrastructure and improvement
- Other (charity, repairs of roads outside settlements).

BEST PRACTICES OF SOCIAL PARTNERSHIP

Within the framework of social partnership, considerable attention is given to educational programs. Such projects can be divided into two groups: (1) those aimed at supporting facilities and resources of educational institutions (school repairs, equipment purchase, implementation of energy saving measures, etc.) or (2) educational projects. The following projects took place in 2018:

- The Company has been running the *Humane Pedagogy* project for the third year in a row. It covers 22 schools, 178 teachers, and about 2,000 children in the Poltava and Khmelnytsky regions. The project is based on the teaching techniques of a famous educator Shalva Amonashvili, and its main goal is to introduce the method of a caring and kind pedagogy aimed at creative and moral development of children living in small villages. Teachers regularly take part in educational master classes and attend seminars of Shalva and Paāti Amonashvili in Ukraine (Kyiv, Lviv) and Belarus.

- The *Liberal Arts* educational project was held in association with the Ukrainian Leadership Academy covering 60 school teachers from villages of the Poltava region. They learned how to implement the methods to foster personality and critical thinking in pupils and shared their views on how to develop rural schools and pupils.

- Together with BrainBasket Foundation and Miratech, ASTARTA continues to implement its IT-education project in rural areas for the second year in row. Currently, the

project covers 18 locations in four regions: 270 adults and 200 schoolchildren have completed the course. Scratch Hackathon took place within the framework of the project. Using Scratch programming, children found interesting solutions in the following areas: environmental protection, plant cultivation, healthy lifestyles, creating mobile applications, animations, and games. Computer literacy courses for adults increase the level of IT knowledge and help people adapt to changes in modern life. Women make 70% of the studying group.

- *My Future in Agro* project includes professional orientation classes and excursions to enterprises for three pilot schools in the Khmelnitsky region. At present, 126 pupils participate in the project. Children also experiment with growing vegetables in private plots of the pilot schools applying the knowledge they have obtained.
- Summer English camp *GO CAMP* was held at five different village schools with 220 children. The project involved seven English-speaking volunteers who taught English and participated in a cultural exchange during two weeks.
- In partnership with Believe in Yourself charitable foundation and Fulbright Ukraine, ASTARTA organised a summer camp for the rural youth named *RID: Develop. Integrate. Act.* Thirty participants, three mentors, and six teams were involved in a week of English-speaking lectures. Two projects developed by the participants were implemented: an English language learning club in Gogoleve village and bicycle repair stations in Velyka Bagachka village and Chutove village, Poltava region.
- *The Rise!* project is a workshop on leadership and project management for the young. The goal of the project was to promote participation of the rural youth in the life of their communities by developing their leadership skills, project thinking, and experience of influencing the surrounding world through the implementation of projects. A total of 120 young people with active public positions from four regions of Ukraine (58 of them from the Poltava region) took part in an educational session on practical leadership and design thinking, during which they created their own projects. The training was conducted on the basis of the Ukrainian Leadership Academy. As a result, 21 projects on the development of territories were presented, with 11 of the best ideas already being implemented.

BUDGET OF SOCIAL PARTNERSHIP, UAH million

	2018	2017	2016
Social partnership expenses	**45**	40	35

This project has been the impetus for local authorities, NGOs, and businesses to join their efforts to enable young people to revive communities in their villages in order to create better, more comfortable conditions in different areas of life, including education, services, leisure, etc.

ENVIRONMENTAL PROJECTS

As a part of the environmental support, ASTARTA started a tradition to celebrate the Environmental Day. In particular, during the year 2018, about 10,747 people took part in 62 events, cleaning nearly 258 hectares of land and planting over 32,164 trees. The Clean Environment project covered schools of Zhdanivka (Vinnytsia region). Communities organised a rubbish collection event with the involvement of over 180 schoolchildren.

DIRECTIONS OF SOCIAL PARTNERSHIP, UAH thousand

Directions	2018	%	2017	%	2016	%
Infrastructure and improvements	**11 571**	**19.6**	7 108	17.8	3 000	8.5
Education	**8 916**	**15**	12 381	30.9	4 100	11.7
Culture and Sports	**5 132**	**8.6**	6 531	16.3	2 500	7.2
Healthcare	**1 448**	**2.4**	4 490	11.2	5 200	14.9
Others (charity, repairs of roads outside settlements)	**18 015**	**30.4**	9 489	23.7	20 200	57.7

CORPORATE VOLUNTEERING

In 2018, employees of the Company were involved in 27 charitable projects in favour of more than 2,000 people – helping families of those killed in the military conflict in the eastern parts of Ukraine, people in distress, veterans, and elderly people, as well as giving moments of happiness and care to children, carrying out promotions on the improvement of public places, supporting Kobelyatsky Children's Rehabilitation Centre, etc.

GRIEVANCE MECHANISM

In order to establish a constructive dialogue and receive feedback, the Company developed and implemented a complaint handling procedure available to any interested party. Comments may be submitted in writing (by paper mail or e-mail) or by completing the application form. The application form is available on the website as well as by calling the hotline for complaints and suggestions.

All complaints are treated as follows:

- Complaints are accepted for consideration within 7 days.
- The answer is provided no later than in 30 days from the moment of submitting the complaint.

Information on the complaint is recorded in the complaint book by specially authorized and trained employees responsible for social issues at each company of the Group. The book of complaints allows the Company to keep records of received requests from interested parties, respond promptly, and take measures to resolve issues.

Details of the complaints handling process are outlined in the ASTARTA Stakeholders Engagement Plan.

The Company adheres to the principle of confidentiality when dealing with appeals and complaints.

In 2018, the following issues were raised at ASTARTA companies:

- Land lease consultations
- An appeal for the provision of charity assistance
- Cooperation proposals from potential counterparties.

All the issues were resolved and the applicants were provided with exhaustive answers.

In January 2019, ASTARTA informed its stakeholders about the situation with the public appeal concerning a former minority shareholder of the Group's subsidiary (0.98% stake in the subsidiary). The appeal concerns the Group's non-fulfilment of its commitment to redeem the minority shareholder's share, although the subject of the appeal is immaterial. At the same time, the Group maintains its own claim against this minority interest party.

The Group would like to emphasize that the current dispute is proceeding within the framework of Ukrainian legislation. Upon completion of legal proceedings, the Group will provide its stakeholders with all the relevant information regarding the decisions made on this issue. The management strongly believes that the ultimate liability, if any, arising from the current actions and/or complaints will not have any material adverse effect on the financial condition or results of the Group's operations. As a publicly listed company, ASTARTA conducts business in a wholly transparent manner and in compliance with relevant laws, regulations, and legal requirements.

SUMMARIZED CSR ACHIEVEMENTS FOR 2018:

EDUCATION

Repaired and equipped:

101 schools;

37 kindergartens;

5 861 children were provided with meals;

3 363 children participated in educational projects.

CULTURE

Renovated and equipped:

48 cultural buildings and 1 library;

6 monuments;

305 participants of creative groups received support.

SPORT

8 teams and 788 participants received support during the preparation for various tournaments:

12 sports grounds were installed;

7 competitions were supported.

HEALTHCARE

Repaired and equipped:

31 paramedic and obstetric stations.

INFRASTRUCTURE AND IMPROVEMENT

319 km of public roads were repaired;

57.2 km of roads within a village;

1 street was lit;

16 water pipes/wells installed and repaired;

4 public buildings were renovated.

GRI – 401-1 GRI – 405-2

PERSONNEL

HUMAN RESOURCES

The management principles of the Company are based on adopted policies, including the HR Policy (adopted in 2009), the Social Policy (adopted in 2016), and the Remuneration Policy (introduced in 2016).

ASTARTA employs over 7,000 people of various professions, of different generations, and coming from various regions – from Kharkiv to Ternopil. It is clear that the personnel are going through a diverse stage of transformation in many corporate processes and approaches. As a growing multifunctional business, we increasingly feel the need to develop an efficient interaction between our employees and at the same time involve each individual employee, recognising his/her role in the final business result.

The majority of employees are aged between 30 and 50 years, contributing 53% of the total number of employees as of the year end. Female personnel account for 34% of the staff. The ratio of part-time and full-time employees is 2% to 98% correspondingly.

By investing in the development of production, the Company also takes care of the rationality and comfort of the working space.

Overall, the average basic salary and remuneration of female employees was 80% of that of an average male employee in 2018. The ratio of the basic salary and remuneration of women to men was 80:100 in 2018, 80:100 in 2017, and 81:100 in 2016, respectively. Such difference is due to the fact that men are involved in more physically intensive types of work (tractor operators, combine operators, etc.) providing for higher salaries.

The Company introduced a staff assessment and motivation system, which implies an annual wage review, bonus payments, and planning professional development and training.

TRAINING AND EDUCATION

ASTARTA supports the dynamic improvement of its employees' skills and knowledge.

A number of training programs took place within the Company in 2018, in particular:

1. Development of the Company's management: assessment of competencies and potential, individual development, and career orientation.
2. Professional training: training for workers of industrial and agribusiness companies in accordance with the Cards of Professional Training involving internal trainers and external experts.

CEO-Sprint

The Company requires stronger involvement of all employees in the decision-making process to create an environment in which people are as open as possible, willingly share ideas and wanting to implement them. That is why in 2018, the CEO-sprint project was launched, a bank of ideas and solutions for the improvement of work and interaction in the Company. Already in the first spring session, around 100 proposals were collected, and each person received feedback from top management as well as the CEO.

3. Development of employees' competencies: a series of mini-trainings run by internal expert trainers. A total of 418 employees of the Group participated in the training programs in 2018.

Also, during the year, employees actively attended conferences, trainings, and seminars on an individual basis in order to improve their professional knowledge and develop their competence. An in-house training session was attended by 420 employees. In 2018, the total training costs amounted to UAH 4.991 million (equivalent to approximately EUR 155,000, +20% y-o-y).

The Company pays a lot of attention to the development of soft skills, managerial skills, and cross-functional cooperation. ASTARTA has initiated a practice of design thinking, which is especially important for the adaptation of new people in the Company and their effective integration into the operational business cycle. The Company has a unique business model accompanied by a unique set of solutions that HR offers for business development.

HUMAN RIGHTS ASSESSMENT

Being responsible towards all of our stakeholders is fundamental to our responsibility as a business. Our commitment spans our duty to be responsible for our people, be a responsible neighbour, and bear responsibility for the environment. The Company is guided by the adopted Human Rights Policy.

An educational program on the protection of human rights and non-discrimination was launched in 2018. These were two specialised trainings for 32 head office employees. Many educational resources have been posted and promoted within the corporate knowledge base, including advice on preventing and counteracting discrimination, links to video courses, and educational materials published in the corporate digest. Most of activities and the publication of methodological materials developed under this program are scheduled for 2019.

STRUCTURE OF EMPLOYEES AS OF YEAR END

	2018	2017	2016
Age			
up to 30 y.o.	**1 208**	1 606	1 709
	17%	*17%*	*18%*
30-50 y.o.	**3 717**	4 798	5 122
	53%	*53%*	*53%*
over 50 y.o.	**2 116**	2 799	2 771
	30%	*30%*	*29%*
Gender			
male	**4 669**	6 167	6 494
	66%	*67%*	*68%*
female	**2 372**	3 036	3 108
	34%	*33%*	*32%*
Level			
managers	**952**	975	878
	14%	*11%*	*9%*
specialists	**1 511**	1 642	1 634
	21%	*18%*	*17%*
other employees	**271**	326	324
	4%	*4%*	*3%*
workers	**4 307**	6 260	6 770
	61%	*67%*	*71%*
Segment			
sugar	**1 080**	1 968	2 093
	15%	*21%*	*22%*
grains	**3 916**	5 311	5 518
	55%	*58%*	*57%*
soybean processing	**204**	180	176
	3%	*2%*	*2%*
dairy	**1 382**	1 443	1 534
	20%	*16%*	*16%*
other	**459**	301	281
	7%	*3%*	*3%*
Type			
permanent	**6 064**	7 989	7 389
	86%	*87%*	*77%*
seasonal	**977**	1 214	2 213
	14%	*13%*	*23%*
The number of employees as of the year end			
TOTAL	**7 041**	**9 203**	**9 602**

Information obtained from the personnel record system.

EMPLOYEE TURNOVER IN 2018

	Employees hired	Employees dismissed
TOTAL	**7 421**	**9 512**
Age		
up to 30 y.o.	1 262	1 700
	17%	*18%*
30-50 y.o.	3 933	5 048
	53%	*53%*
over 50 y.o	2 226	2 764
	30%	*29%*
Gender		
male	5 021	6 182
	68%	*65%*
female	2 400	3 330
	32%	*35%*
Level		
managers	221	315
	3%	*3%*
specialists	598	653
	8%	*7%*
other employees	235	174
	3%	*2%*
workrers	6 367	8 370
	86%	*88%*
Segment		
sugar	3 189	3 959
	43%	*42%*
grains	3 669	4 895
	49%	*51%*
soybean processing	58	37
	1%	*0,4%*
dairy	386	541
	5%	*6%*
other	119	80
	2%	*1%*
Type		
Permanent	2 158	3 268
	29%	*34%*
Seasonal	5 263	6 244
	71%	*66%*

Information obtained from the personnel record system. The high level of employee turnover is due to the seasonal nature of sugar production and agricultural operations. Full disclosure of the information under this GRI standard will be presented in the following reports.

ANTI-CORRUPTION

The Security Policy was introduced in the Company in 2018. The Policy prohibits bribery and corruption and appeals to build business relations honestly and with trust. The policy applies to all directors and employees of the Company.

In 2019, staff trainings are designed to communicate the main principles of the policy and to help minimize the corruption risks.

In order to implement a systemic approach to risk management, the Company launched the Compliance Committee in 2018 in order to ensure the compliance and control over procedures and policies of the Company.

As part of the introduction of anti-corruption procedures, the Company's security department is to make a preliminary reliability assessment of counterparties before concluding commercial contracts. In 2018, 2,585 counterparties were analysed in terms of the risk exposure so as to ensure the compliance with the governance and ethics practices.

The Company has a procedure for processing and reviewing appeals and complaints via the hotline or electronically through the company's website, or in writing. In 2018, the Company received 103 appeals. All issues were thoroughly considered, resolved, and exhaustive answers were provided to the applicants.

We expect our contractors, suppliers, and business partners to respect the governance standards of ASTARTA.

GRI – 302-1 GRI – 306-2 GRI – 306-1 GRI – 403-2

ENVIRONMENT

GRI 302-1

ENERGY CONSUMPTION

ASTARTA is a big agroindustrial producer with production assets across Ukraine, which implies certain obligations in the area of environmental protection. We understand that production of our goods entails many environmental considerations along the whole chain, including agricultural production, processing, and logistics and infrastructure.

Processing agricultural crops such as sugar beets and soybeans is energy-intensive and has a direct impact on the cost of production as well as on the environment. Thus, an effective management of energy consumption targeted for lower gas and electricity consumption is a crucial component of our sustainability. In 2018, we managed to reduce natural gas consumption per ton of sugar beet processed at our sugar plants to 23 m^3 and electricity consumption to 22.4 kWt/h. In the reporting period, the Company and its subsidiaries did not sell either electricity or heating, or cooling services to third parties.

Among all business segments of the Company, sugar production is the biggest consumer of natural gas. In the reporting period, consumption of natural gas by all sugar plants was 69 million cubic meters or 2.6 PJ (Ukrainian state standard DSTU 5542-87).

In 2018, ASTARTA put into operation three modern grain silos, which caused an increase in the total electricity usage in this segment. Thus, we separately disclose electricity consumption and expenses on our silo infrastructure following the increase in electricity consumption of this segment.

The table below presents production facilities that consume/generate the most significant volumes of electricity. The fact that electricity consumption by the sugar segment varies from year to year is due to the number of working days in the sugar production season and the duration of modernisation campaigns preceding the production cycle. Following the introduction of energy-saving measures, the electricity consumption per one ton of sugar beet reduced by 7% y-o-y.

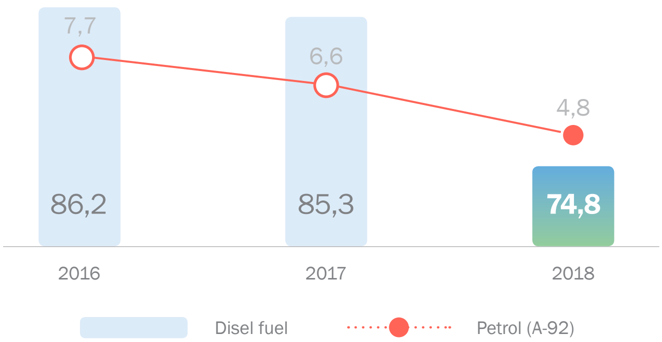
Farming is the biggest consumer of diesel fuel among other segments of the Company. The level of consumption may vary and depends on the crop rotation cycle, as sowing and harvesting different crops requires different volumes of diesel fuel. In 2018, diesel fuel consumption declined by 12% y-o-y and petrol (type A-92) consumption decreased by 28% y-o-y owing to changes in the crop rotation cycle, improvements in energy management, and the division of fields into crop clusters.

ELECTRICITY CONSUMPTION IN 2016-2018

		2018	2017	2016
Electricity expenses				
Sugar production	UAH ths	**23 243**	16 632	19 118
Farming	UAH ths	**51 968**	51 044	44 530
Soybean processing	UAH ths	**18 716**	15 462	14 546
Other	UAH ths	**2 742**	2 541	2 863
Silo	UAH ths	**6 478**	-	-
Electricity consumption				
Sugar production	kWt/h	**70 986 824**	74 259 330	92 178 593
per ton of sugar beet processed	kWt/h	**22,4**	24,1	25,3
Farming	kWt/h	**24 403 250**	25 915 051	23 994 399
Soybean processing	kWt/h	**11 368 924**	10 616 602	10 701 005
Other	kWt/h	**1 253 151**	1 350 522	1 632 765
Silo	kWt/h	**2 845 756**	-	-

The units of measure represent the formats applicable in the industry

CONSUMPTION OF FUEL CONSUMPTION, kg per ha



The units of measure represent the formats applicable in the industry.

GRI 306-2

EFFLUENTS AND WASTE

Manufacturing enterprises of the Company generate different types of waste. ASTARTA adheres to the best practices and uses all possible means to reduce harmful waste. We implement separate waste collection practices at our enterprises and take action to refuse from the usage of hazardous materials in order to reduce hazardous waste.

Around 75% of waste generated by the Company can be recycled. The recyclable waste is mainly generated by the sugar segment (around 97% of total waste).

Hazardous waste comes from fluorescent lamps, battery packs, oils, etc. Waste generated by the agricultural segment is also mainly safe and is used to feed animals and fish as well as to produce fuel pellets.

The amount of hazardous waste in the agricultural segment accounts for an insignificant portion of the total amount of produced waste. These are mainly the residuals from the use of pesticides, agricultural machinery service, and lights in buildings. Wastes generated by the soybean processing segment are used by cattle farms as well as by other businesses of the Company. There is no other waste generated by this segment.

To dispose of the hazardous waste, ASTARTA cooperates with companies that are reputable, legitimate, and licensed by corresponding regulatory bodies. ASTARTA's production units receive regular updates from the state authorities regarding the list of licensees, paying particular attention to waste disposal.

THE DYNAMICS OF WASTE PRODUCED

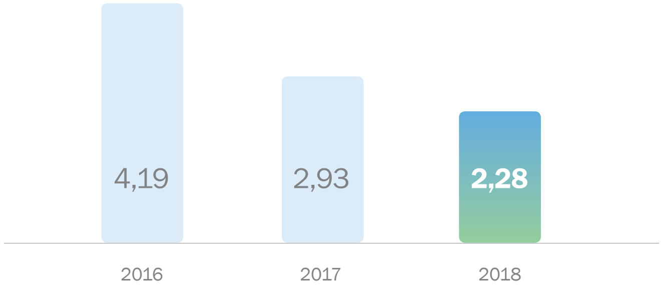
tons	**2018**	2017	2016
Safe wastes			
Sugar segment			
Waste from beet sinks	**138 992**	120 885	131 228
Molasses	**95 613**	92 303	122 314
Defecate	**252 494**	342 336	294 296
Pulp	**1 457 337**	1 678 793	2 161 088
Production-technological uses	**20 748**	18 180	18 020
Agricultural segment			
Grain wastes (1-3 grade)	**7 708**	9 902	2 996
Grain wastes (4 grade)	**10 482**	7 124	10 617
Chaff	**39 066**	106 025	105 533
Other	**1 725**	1 693	1 630
Unsafe wastes			
Packs of pesticides	**66.2**	87.8	66.3
Used fluorescent lamps	**1.8**	1.9	1.9
Used battery packs	**14.3**	39.3	25.3
Used oils	**45.4**	54.8	52.9
Asbestos-containing materials	**67.3**	128.0	64.6
Exhausted oil filters	**4.4**	5.4	4.5

GRI 306-1

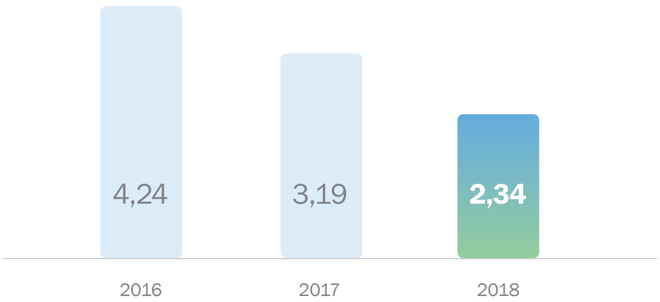
WATER DISCHARGE

As of today, the world faces a problem of access to clean drinking water and Ukraine is no exception. There is much concern about the conservation of water resources and water quality in Ukraine. ASTARTA uses water mainly in the sugar production process. The Company understands that water withdrawal for sugar production makes it responsible for the impact on third party consumers and local ecosystems. Therefore, the Company does its best to eliminate these effects on communities and the environment. Within the modernisation process, we have undertaken certain measures including installation of new equipment for automated

WATER DISCHARGE DYNAMICS AT SUGAR PLANTS (mln m³)



WATER CONSUMPTION LEVEL AT SUGAR PLANTS (mln m³)



water treatment, pipeline replacement, as well as modernisation of decanters. The modernization provides for a rotational turn of water. Volumes of water consumption are monitored through installed counters. The received data is logged into a special record book.

In the sugar segment, effluents are discharged to filtration fields designed and commissioned as an element of the natural filtration system. Water is primarily used in the process of sugar beet cleaning and transportation, thus effluents contain mainly biologic waste materials, such as soil and sugar beet residuals. The Company does not hand over the effluents to third party organizations.

GRI 403-2

OCCUPATIONAL SAFETY

ASTARTA pays a lot of attention to the aspects of occupational safety. The Company's aim is to improve working conditions and provide workers with safe and healthy workplaces. The Group implements occupational health and safety measures to eliminate or reduce the influence of hazardous conditions and substances. Trainings and educational materials are to promote the best occupational safety practices.

All business units of the Group operate in full accordance with the Ukrainian legislation. Every employee has the right to cease duties in the case of hazardous conditions to life, health, or environment, and is obliged to inform a higher-level manager about the hazardous conditions.

To identify and assess the hazard, each business unit of the Company performs such procedures as risk identification, analysis, assessment, and risk response. The identified risks are grouped by the level of consequences and probability. To manage the risks, the Company applies certain measures, including risk prevention, risk reduction, risk elimination, risk acceptance, and risk assignment. The director of each business unit is responsible for the risk management procedure and is obliged to take the appropriate training courses.

The statistics of accidents is recorded by the Company's occupational safety engineer, who must inform the head office and the direct supervisor in case any incident occurs. A list of corrective measures is made to prevent similar events in other business units. Reports on the accidents and remedial measures are distributed by email to labour inspectors of other ASTARTA business units for preventive actions to be taken.

WORK PLACE SAFETY DATA

	2018	2017	2016
Fatal-injury frequency rate (FIFR)	**-**	0.15	-
Lost time injury frequency rate (LTIFR)	**0.42**	0.64	0.62
Lost day rate	**57.09**	24.1	36.38

The fatal-injury frequency rate (FIFR) and the lost-time injury frequency rate (LTIFR) are standardized ratios equivalent to the injury rate (IR), the occupational disease rate (ODR), and the absentee rate (AR). These indicators are calculated for corporate employees only.

COMPANY STATISTICS ON ACCIDENTS

	2018		2017		2016	
	Fatal	Non-fatal	Fatal	Non-fatal	Fatal	Non-fatal
Sugar	**-**	**4**	-	2	-	6
Agriculture	**-**	**4**	2	5	-	6
Soybean processing	**-**	**-**	-	1	-	-
Dairy	**-**	**-**	-	-	-	-

INJURY STATISTICS

	2018			2017			2016		
	Fatal	Severe conse-quences	Mild conse-quences	Fatal	Severe conse-quences	Mild conse-quences	Fatal	Severe conse-quences	Mild conse-quences
Poltava region									
Female			**1**			2			2
Male		**4**				5			8
Vinnytsia reqion									
Female									
Male						1		1	
Khmelnytskyi region									
Female		**1**		2					
Male		**2**						1	3
Kharkiv region									
Female									
Male									2

CERTIFICATION

As a large agroindustrial Company, ASTARTA follows the responsible business practices and cares about the environment, quality and safety of its products, as well as the safety of industrial production for the environment and energy efficiency.

In 2011, ASTARTA introduced the Corporate Integrated Management System to achieve the best results and increase efficiency at each level of the Company. The Corporate Integrated Management System for quality, product safety, labor and environment protection as well as energy management is based on international standards. This enables the Group to apply common principles and approaches to ensure safety for all kind of activities. A number of the Company's enterprises have introduced the following international standards.

	Quality management system	Food safety management systems	Environmental management systems	Occupational Health and Safety Assessment Specification	Energy management systems
Narkevychi sugar plant	ISO 9001	FSSC 22000	ISO 14001	OHSAS 18001	-
Zhdanivka sugar plant	ISO 9001	FSSC 22000	ISO 14001	-	-
Yaresky sugar plant	ISO 9001	FSSC 22000	ISO 14001	ISO 45001	ISO 50001
Globyno sugar plant	ISO 9001	FSSC 22000	ISO 14001	OHSAS 18001	ISO 50001
Kobeliaky sugar plant	ISO 9001	State standard of Ukraine ISO 22000	ISO 14001	ISO 45001	-
Novoivanivka sugar plant	ISO 9001	ISO 22000	ISO 14001	ISO 45001	-
Novoorzhytsia sugar plant	ISO 9001	FSSC 22000	ISO 14001	OHSAS 18001	ISO 50001
Savyntsi sugar plant	-	-	-	-	-
Globyno processing plant	ISO 9001 verification	FSSC 22000 ISO 22000 GMP+ B2	ISO 14001	ISO 45001	ISO 50001
Silo (Viytivtsi)	ISO 9001	ISO 22000	ISO 14001	-	-
Silo (Khmilnyk)	ISO 9001	ISO 22000	ISO 14001	-	-

CLIMATE CHANGE

Industrial production may have a significant impact on the environment because of its increasing influence on the biosphere. Intensive greenhouse gas emissions are the drivers of the climate change.

Ukraine's climate zone is gradually shifting from temperate to subtropical. Plants are experiencing a lack of moisture, which makes it difficult to estimate the temperature regime in order to define the right the time for crop sowing and vegetation. Under such conditions, agricultural companies tend to apply new types of fertilisers to preserve moisture levels in roots and install irrigation systems.

Nevertheless, Ukrainian agricultural companies are still benefiting from favourable conditions for large-scale farming in Ukraine because of the highly fertile black soils and logistic advantages.

RISK MANAGEMENT

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

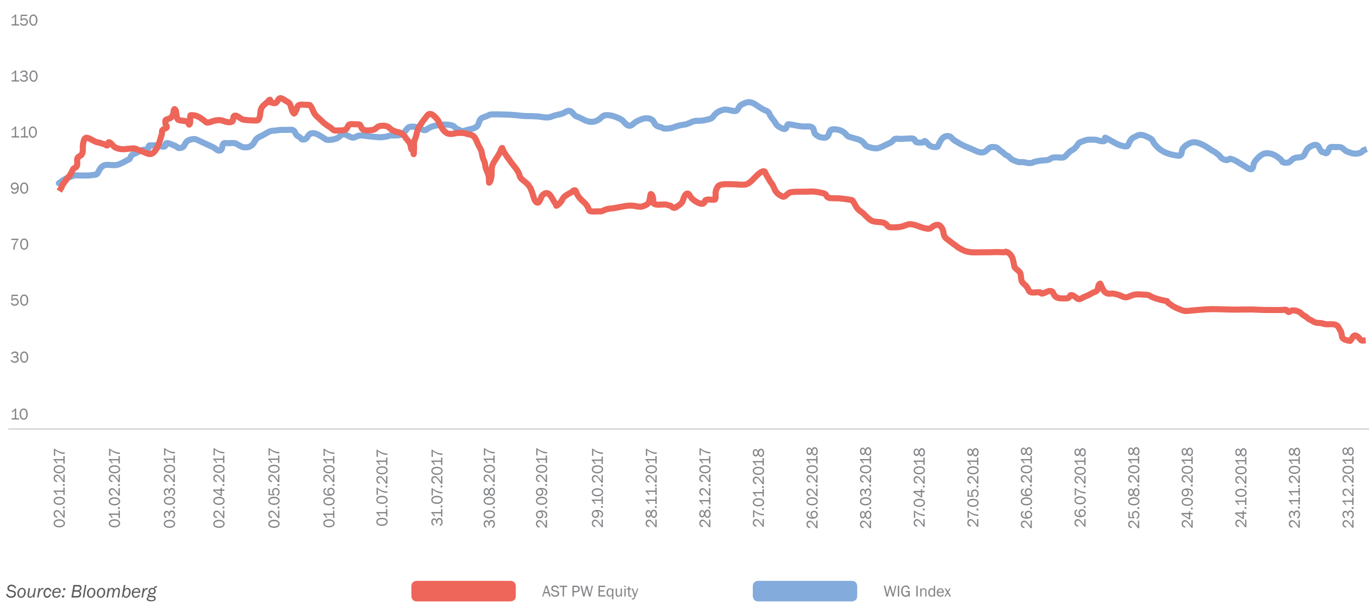
	RISK	IMPACT	MITIGATIONS
COUNTRY RISK	Country risk	Political instability could negatively affect the country's economic situation, reduce investment attractiveness and complicate business operations	• Strong business model • Expansion of export sales
COMPLIANCE RISK	Regulatory risk	The business may be affected by changes in fiscal, tax or other restrictive mechanisms	• Compliance and monitoring of regulatory environment • Participation in industry associations in order to represent the interests of the Company
OPERATIONAL RISK/ BUSINESS RISK	Climate risk	Unfavourable weather conditions could have a negative impact on crops yield and have direct implications for the per-unit cost of production	• Location of the Group's business units in different climatic zones of Ukraine to ensure the geographical diversification of the risk • Professional management and the use of advanced technologies • Diversified portfolio of products • Modern agronomic solutions
	Personnel risk	Lack of experienced staff could potentially impact the business	• The social project Your Profession in Agro is intended to encourage children to choose a profession in agronomy and promote attractiveness of the industry for prospective employees • Internship for students with a prospective job placement • Professional training and development programs
	Manufacturing risk	Deterioration of product quality may negatively affect the Company's reputation and customer relationships	• Modernisation programs • Quality management and certification
	Logistics and storage	Logistical challenges may negatively affect relations with clients and disturb the optimal functioning of business processes	• Silo infrastructure expansion program

	RISK	IMPACT	MITIGATIONS
OPERATIONAL RISK/ BUSINESS RISK	IT risk / cyber risk	Data loss or dissemination may have a negative impact on the financial position and reputation of the Company	• Implementation of the information security and cyber-risk management systems, Business Continuity Planning (BCP) • Cloud storage systems, systems of independent servers, and backup systems
	Technical risk	The use of outdated technologies may carry a risk of productivity loss	• In-house control systems • Improvement of the existing production processes and technologies • R&D solutions
MARKET RISK	Volatility of global prices	Volatility of global prices for grains, oilseeds, sugar and soybean products may affect the operating results and profitability	• Diversified portfolio of products • Balanced portfolio of customers • Flexible sales policy
	Volatility of gas, fuel and energy prices	Volatility of raw material prices could affect the operating results and profitability	• Strategic and long-term cooperation with suppliers and a balanced portfolio of suppliers • Energy saving programs
FINANCIAL RISK	Credit risk	Non-fulfilment of financial obligations by counterparties may adversely affect the Company's financial position	• Risk policies and counterparty risk assessment systems • Analysis and verification of counterparties
	Liquidity risk	The Company's inability to meet its financial obligations in a timely manner may have a negative impact on the financial results	• Strategic and financial assessment of the Company's current performance and quick response to deviations
	Interest rate risk	Changes in interest rates may affect the financial performance	• A long-term financing strategy at fixed interest rates. For more details please refer to the corresponding notes in the consolidated financial statements
	Currency risk	Depreciation of the Ukrainian hryvnia and exchange rate fluctuations may negatively affect the business	• Export sales • Synchronization of export sales with the purchase of currency-dependent products • Fixing purchasing prices in the national currency

SHARE PRICE PERFORMANCE

ASTARTA's share price developments in 2018 mainly reflect the trends of negative expectations and forecasts of the global and local sugar markets. The declining value of the stock also affected the Company's market capitalisation that decreased to EUR 134 million as of 31 December 2018.

ASTARTA AND WIG-UKR PRICE PERFORMANCE IN 2018 (FACTOR = 100 AS OF 01 JANUARY 2017)



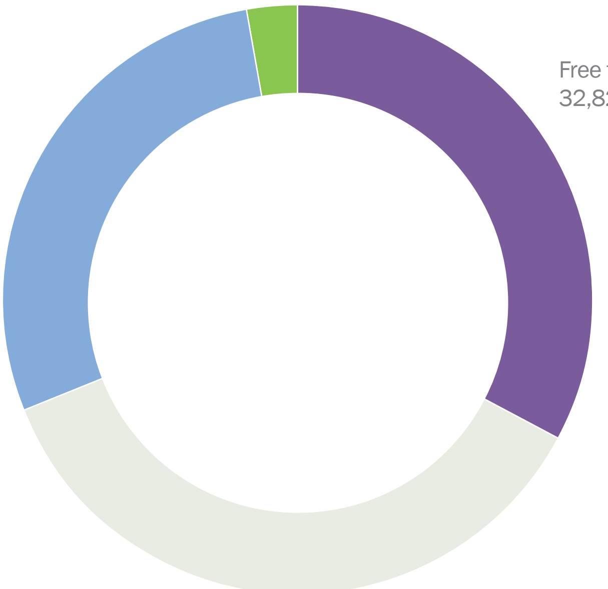
Source: Bloomberg

Acting pursuant to Resolution No. 8 adopted at the Annual General Meeting of Shareholders of the Company on 25 May 2018, ASTARTA repurchased shares in the volume of 94,757 shares throughout 2018. Over the entire period of the buyback program in place since 2013, the Company has repurchased 689,898 shares.

ASTARTA QUOTATION DATA ON THE WARSAW STOCK EXCHANGE

Data/Year	**2018**	2017	2016	2015	2014	2013
Opening price (PLN per share)	**52**	54	35	20	67	55
Highest trading price (PLN per share)	**58**	72	55	39	68	77
Lowest trading price (PLN per share)	**23**	46	28	20	15	46
Closing price (PLN per share)	**23**	51	54	35	20	67
Closing price (EUR)	**5**	12	12	8	5	16
Year price change	**-55.60%**	-6.00%	57.00%	73.00%	-70.00%	22.00%
Market capitalisation as of 31 December (thousands PLN)	**575 000**	1 287 250	1 351 250	862 500	500 000	1 672 500
Market capitalisation as of 31 December (thousands EUR)	**133 721**	308 626	305 436	202 394	117 308	403 284

ASTARTA SHAREHOLDERS STRUCTURE



Source: Bloomberg

PERFORMANCE IN 2018 AND OUTLOOK

2018

In 2018, the Company had an all-time record harvest of grains that exceeded the level of one million tons. On the other hand, the Group gathered a poorer harvest of sugar beet following a decrease in land under this crop and lower yields resulting from bad weather conditions during the vegetation period in the key producing regions.

Results in the sugar segment in 2018 were influenced by lower sugar beet production volumes and adverse market conditions. In 2018, sugar production volumes declined by 24% y-o-y, while the average market price dropped by 29% y-o-y. At the same time, due to improvements in management control systems, energy consumption per ton of processed beet decreased by 7% y-o-y. The share of top-quality sugar stood at 87% (including 16% of extra quality) of the total production.

The soybean crushing segment demonstrated good results. The soybean crushing plant was fully supplied with raw materials ensuring the smooth operation of the plant during the year. The market situation was slightly different across soybean products providing for flat profitability compared to the previous year due to higher year-on-year soybean meal prices. Supported by the strong demand in international markets, a significant volume of soybean products was exported.

In the dairy farming segment, the Company concentrated on productivity improvement rather than on expansion, and benefited from a feed centre having been launched at full capacity.

Under the grain infrastructure program, the Company completed the construction of three elevators with the total storage capacity of 230,000 tons in Poltava region.

OUTLOOK

Proceeding from the Statement on the Company's Mission, we are strategically aiming at building a high-tech innovative company with a globally identifiable brand and an impeccable reputation that is attractive for shareholders and partners, creating products of the highest quality for the most demanding consumers, and providing an opportunity for effective self-fulfilment of each of the Company's employees.

The Company's strategy for 2019 is based on the assumption of a depressed pricing environment. Considering the difficult market conditions, the management is conservative about our capital expenditures, being more focused on improving efficiency and strengthening the market position. In particular, the Company will concentrate on searching for promising innovative technologies that can be applied to business processes and continue to develop its staff and increase the professionalism of its employees.

GRI CONTENT INDEX

General Disclosures		
GRI 102: General disclosures 2016		
102-1	Name of organization	ASTARTA Holding N.V.
102-2	Activities, brands, products, and services	Please refer to pages 4, 8 of the report.
102-3	Location of headquarters	Registered office: Jan Van Goyenkade, 8, 1075 HP Amsterdam. Headquarters (organisation's administrative centre: str. Yaroslavska 58, Kyiv, Ukraine, 04070).
102-4	Location of operations	Ukraine: Kyiv, Poltava, Vinnytsia, Kharkiv, Cherkassy, Chernihiv, Khmelnytskiy regions. Please refer to page 9 for details.
102-5	Ownership and legal form	ASTARTA Holding N.V. is public limited liability company listed on WSE.
102-06	Markets served	Markets: Sugar and sugar by-products, grains and oilseeds, soybean crushing products, milk. Products are offered locally and internationally to industrial food processing companies and traders. Please see pages 8, 10-11 of the report (incl map of products).
102-07	Scale of organization	Please refer to page 9, 16, 18, 19, 20-21 of the report. Financial results are reported in accordance with IFRS standards.
102-08	Information on employees and other workers	Please refer to pages 36-38 of the report. As of 31.12.2018 there were no civil agreements with workers who are involved into activities of the Company.
102-09	Supply chain	Business model is presented at page 8 of the report.
102-10	Significant changes to the organisation and its supply chain	No changes in supply chain took place during the year. Please refer also to pages 8, 85 of the report.
102-11	Precautionary principle or approach	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. For more information please refer to pages 44-45, 150-157.
102-12	Externals initiatives	UN Global Compact (Ukrainian Network)
102-13	Membership of associations	ASTARTA «Astarta-Kyiv» is actively involved in business life and is an active member of the following organisations: 1) Ukrsugar – National Association of Sugar Producers of Ukraine 2) Ukrainian Agrarian Confederation 3) American-Ukrainian Business Council 4) Centre for CSR Development in Ukraine 5) European Business Association 6) The Federation of Employers of Ukraine (FEU) 7) The Confederation of Builders of Ukraine
102-14	Statement from senior decision-maker	The CEO's statement is presented on page 6 of the report. The Chairman's statement is presented on page 7 of the report.
102-16	Values, principles, standards, and norms of behavior	Please see page 5 of the report.
102-18	Governance structure	The Company has a one-tier structure where management and supervisory functions are joined in the Board of Directors. There are Audit and Remuneration committees. For more information refer to Corporate governance report.

102-40	List of stakeholder groups	Please see page 13 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 page 12-13 of the report.
102-43	Approach to stakeholder engagement	Please see page 12 of the report.
102-44	Key topics and concerns raised	Please see pages 14-15 of the report.
102-45	Entities included in consolidated financial statements	Please see Consolidated financial statement at page 85 of Annual report.
102-46	Defining report content and topic boundaries	Please see pages 14-15 of the report. Material topic boundaries are determined by operational and financial controls of the Company. Process of report content identification was conducted in line with the GRI principles for editing of report content. Information with regards to the material topics outlines in the report complies with the principles for defining report quality.
102-47	List of material topics	Please see pages 14-15 of the report.
102-48	Restatements of information	None.
102-49	Changes in reporting	List of material topics was extended due to changes in methodology of material topics identification. Please refer to page 14.
102-50	Reporting period	12 months of the year ending 31 December 2018.
102-51	Date of most recent report	The report is prepared under GRI standards. The most recent publication was 21 March 2018.
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 Baker Tilly. (limited assurance). Financial statements are audited by Baker Tilly (Netherlands) N.V. Please see page 173 of the report.
Material topics. Local communities		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 14-15, 32-35 of the report.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Please refer to pages 32-35 of the report. 100% of operations are covered by the Stakeholders engagement plan.
Occupational health and safety		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 14-15, 42 of the report.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
GRI 403: Occupational Health and Safety 2016		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Please refer to page 42 of the report.

Energy		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 14-15, 40-41 of the report.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Please refer to pages 40-41 of the report. Information on the total energy consumption is not available due to current record system.
Wastes		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 14-15, 41-42 of the report.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
GRI 306: Effluents and waste 2016		
306-1	Waste discharge by quality and destination	Please refer to pages 41-42 of the report.
306-2	Water type by disposal method	Please refer to page 41 of the report.
Employment		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 14-15, 36-38 of the report. Management approach for material topic covers also aspects of diversity and equal opportunity.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Please refer to pages 36-38 of the report.
GRI 405: Diversity and equal opportunity 2016		
405-2	Ratio of basic salary and remuneration of women to men	Please refer to page 36 of the report.
Anti-corruption		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to page 39 of the report. For material topic of anti-corruption topic-specific disclosures can not be reported.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	

Economic performance		
GRI 103: Management approach 2016		
103-1	*Explanation of the material topic and its boundary*	Please refer to pages 24-30, 72-161 of the report. Economic value indicators are prepared in accordance with the IFRS standards.
103-2	*The management approach and its components*	
103-3	*Evaluation of the management approach*	
Other material topics not covered under GRI Standards		
	Strategy of the development of the Company	Please refer to page 48
	Tax payments	Please refer to pages 96-98, 141-144
	Certification	Please refer to page 43
	Shareholders structure	Please refer to page47
	Cooperation with the creditors of the Company	Please refer to pages 12, 134-137
	Climate changes impact	Please refer to page 44
	Risks	Please refer to pages 44-45, 150-155
	Macroeconomic and political situation in Ukraine	Please refer to page 82

8 April 2019

Amsterdam, the Netherlands

Mr. V. Ivanchyk	*(Signed)*
Mr. H.A. Dahl	*(Signed)*
Mr. V. Gladkyi	*(Signed)*
Mr. M.M.L.J. van Campen	*(Signed)*
Mr. G. Mettetal	*(Signed)*

CORPORATE GOVERNANCE REPORT

1. GENERAL

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

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

Astarta's statutory seat is in Amsterdam, the Netherlands. 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 05 June 2018.

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 2018 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.Mettetal, 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 re-appointment schedule can be found on pages 56-61.

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. Marcus Van Campen, as the Executive Director B, Mr. Howard Dahl and Mr. Gilles Mettetal, as the Non-Executive Directors.

On 25 May 2018, 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 25, 2019, 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 2018 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 2018 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 25 May 2018 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 2018 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 25 May 2018 the General Meeting of Shareholders of the Company resolved to resign Mr. Wladislaw Bartoszewski as Non-Executive Director C and Chairman of the Board and to appoint Mr. Gilles Mettetal as Non-Executive Director C.

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.

GILLES METTETAL

(born in 1961, male)

Non-Executive Director C, French national

Mr. Mettetal has 29 years of international experience in financing agriculture, agribusiness and real estate corporate sectors. He has led and managed more than 600 transactions with 7 billion euros of financing, and conducted key transactions with corporates, banks, investment funds and government and public institutions in over 40 countries.

Mr. Mettetal has led and managed teams of up to 140 professionals of multiple cultures and nationalities. He has held various positions as non-executive director both for multinational and local enterprises, such as Danone Industrial, Lu Polska, Kraft Bolchevik, Bonduelle Kuban, Agrokor and Axereal Participations Europe Centrale. He has knowledge of English, French and Spanish languages. He serves as consultant to the United Nations Food and Agriculture Organization and the African Development Bank.

In 1983, Gilles Mettetal graduated from the Ecole Nationale Supérieure Agronomique de Montpellier: Diplôme d'Ingénieur Agronome.

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.astartakiev.com)

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

The Resignation Schedule is as follows:

Name	Date of first appointment as director	Date of (possible) reappointment	Max. term
VIKTOR IVANCHYK	June 2006	May/June 2022	Not Applicable
VIKTOR GLADKYI	June 2014	May/June 2022	Not Applicable
MARC VAN CAMPEN	June 2006	May/June 2022	Not Applicable
HOWARD DAHL	March 2017	May/June 2021	May/June 2029
GILLES METTETAL	May 2018	May/June 2022	May/June 2030

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 2018 was 9,063,970 amounting to approximately 36.26% 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 25 May 2018 authorize the Board of Directors to continue repurchasing shares in the capital of the Company up to a maximum of 12,500,000 shares, being 50% of the currently issued and paid up share capital for a purchase price per share of up to PLN 125.00, and (b) 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 (c) to resolve that the authorization is valid for a period of eighteen months from 25 May 2018. 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 2018 the Company repurchased 689 898 shares.

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

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

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

Mr. Howard Dahl held the position of the Chairman of the Board of Directors in 2018.

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).

As of 31 December 2018 Mrs. Timakina acts as the corporate secretary of the Company, 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.astartakiev.com).

A) Audit Committee

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

The Audit Committee consists of the Chairman – Mr. Mettetal, 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 2018 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 2018 the members of the Remuneration Committee were Mr. Dahl (the Chairman) and Mr. Mettetal.

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 2018

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 2018 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 25 May 2018.

Within the financial year 2018, the Board of Directors held:

- four meetings in Amsterdam, the Netherlands, on 16 March 2018, 24 May 2018 and two meetings on 25 May 2018;
- two meetings via conference call, on13 August 2018 and, 30 October 2018;

Within the financial year 2018, the Audit Committee was held in Amsterdam, the Netherlands on 16 March 2018.

Within the financial year 2018, the Remuneration Committee was held in Amsterdam, the Netherlands on 25 May 2018.

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 came into effect as of 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.astartakiev.com) in part "Corporate documents".

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:

- By-laws of the General Meeting of Shareholders
- Rules of the Board of Directors
- Profile of the Board of Directors
- Resignation Schedule for the Members of the Board of Directors
- Remuneration Policy
- Charter of the Rules governing the Audit Committee
- Charter of the Rules governing the Remuneration Committee
- Profile and Tasks of the Compliance Officer
- Securities Rules of the Board of Directors
- Code of Conduct
- Whistleblower Rules
- Insider Trading Rules
- 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 2018. 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 2018. 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 organizational forms:

(i) a structural and functional form, including regulations for functional collaboration of departments both horizontally (job descriptions, charters of subsidiaries, rules of agreements, adjustment, 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 2018.

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 centralized 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 centralization 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 minimize 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 centralized 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 centralized control over the retirement of basic assets and effectiveness of their utilization.

7) Policy of economic security

This policy is realized 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 decides so.

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 to 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 organizational 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 formalization and optimization of processes of financial and management accounting. In order to resolve these issues, we are continuing analysis to enable:

(i) standardization 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) formalization 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 2018 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 2018. 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 provision 2.3.2.: establishment of committees

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

Best practice provision 5.1.4: one-tier management structure

In accordance with this provision, the committees referred to in best practice provision 2.3.2 should be comprised exclusively of Non-Executive directors. Since the Company has only two Non-Executive Directors, the executive directors are also committee members.

Best practice provision III.5.1.1: 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 shall meet the independence requirements stipulated in the best practice provisions 2.17 and 2.18 of the Dutch Corporate Governance 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 the best provision 5.1.1 would mean that the Board of Directors should be comprised of nine persons; since only Mr. Mettetal is an independent non-executive director, four additional independent non-executive directors would be required. This is not considered to be in the best interests of the Company and 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 don't contain the information with respect to 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 at least ten per cent (10%) of shares in the company;

d. a director – or a representative in some other way – of a legal entity holding at least ten percent (10%) of shares in the company, unless the entity is a group 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 with respect to profile of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual reportII.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 estimation in accordance with trends of the market, taking into account the achieved annual results and of course individual achievements, namely 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 for such comparison 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 annual results, the adopted annual accounts, and the decisions taken by the directors in the course of financial year with regard to achieved long-term objectives of the Company.

Remuneration in financial year 2018

On 25 May 2018, in accordance with Remuneration Policy dated 18 June 2015 year the Board of Directors approved and ratified the remuneration of Chairmen of the Board at EUR 75,000 per year, Non-executive director at EUR 40,000 per year, Chief Corporate officer at EUR 40,000 per year for financial year 2018.

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 2018: Mr. Ivanchyk – equivalent of about EUR 340,000 and Mr. Gladkyi – equivalent of about EUR 240,000 for the year 2018.

Based on the recommendation of the Company, LLC Firm "Astarta-Kyiv" approved the remuneration of Mr. Ivanchyk and Mr. Gladkyi for financial year 2018, Mr. Ivanchyk and Mr. Gladkyi obtained their remuneration on the monthly based period in UAH.

In 2018 the Board of Directors of ASTARTA Holding N.V. recommended to grant to Executive Directors A cash bonuses for 2017 in the following amounts: to Mr. Ivanchyk – equivalent of about EUR 360,000 and to Mr. Gladkyi – equivalent of about EUR 300,000.

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 2017 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee's proposals dated 25 May 2018.

Director's name	Position	2018			2017			2016		
		Remuneration for rendered services	Reimbur-sable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	-	-	-	-	-	-	35,000	-	17,659.60 *
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	**40,000**	**3,566**	**43,566**	40,000	-	40,000	35,000	-	35,000
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	**40,000**	**10,682**	**50,682**	40,000	-	40,000	35,000	-	35,000
Howard A. Dahl	Chairman of the Board of Directors, Non-Executive Director	**75,000**	**14,601**	**89,601**	75,000	8,855.68	83,855.68	-	-	-
Gilles Mettetal	Non-Executive Director	**40,000**	**5,231**	**45,231**	-	-	-	-	-	-
Total		-	-	**229,080.000**	-	-	163,855.68	-	-	87,659.60

** Euro 17,340.40 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 25 May 2018 is presented in the table below (amounts in Euros of the equivalent paid in Ukrainian Hryvnia):

Director's name	Position	2018			2017			2016		
		Remu-neration for rendered services	**Bonuses**	**Total**	Remu-neration for rendered services	Bonuses	Total	Remu-neration for rendered services	Bonuses	Total
V. Ivanchyk	Execu-tive Director and Chief Executive Officer	**340,635**	**- ***	**340,635**	292,494	418,744 *	711,238	180,914	- *	180,914
V. Gladkyi	Execu-tive Director and Chief Financial Officer (from 18 June 2014)	**270,765**	**300,000**	**570,765**	275,459	360,000	635,459	207,047	237,998	445,045

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

On 25 May 2018 the Board of Directors resolved also to grant cash bonuses to twelve top managers of LLC Firm "Astarta-Kyiv" under results of their work in 2017 year for the total amount equivalent approximately to EUR 1,405,000.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Dahl and Mr. Mettetal, have performed the following actions and duties in their role as Non-Executive Directors in 2018.

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

Mr. Dahl and Mr. Mettetal 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. Mettetalis the member of the Remuneration Committee and the Chairman of the Audit Committee.

Mr. Dahl and Mr. Mettetal within 2018 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. Mettetal, as the Chairman of the Audit Committee, he has had one meeting with Mr. Van Campen and provided the Board of Directors with advice in this respect.

There were no irregularities in the 2018 financial year that required intervention 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 2018 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 2018 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2018 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2018, 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 (Netherlands) N.V., which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2018, 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 2018, 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 2018.

Board of Directors of ASTARTA Holding N.V.

8 April 2019

Amsterdam, the Netherlands

Mr. V. Ivanchyk	*(Signed)*
Mr. H.A. Dahl	*(Signed)*
Mr. V. Gladkyi	*(Signed)*
Mr. M.M.L.J. van Campen	*(Signed)*
Mr. G. Mettetal	*(Signed)*

CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended
31 december 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(in thousands of Ukrainian hryvnias)	Notes	31 December 2018	31 December 2017	31 December 2016
ASSETS				
Non-current assets				
Property, plant and equipment	*8*	**8 526 550**	7 332 799	7 218 433
Right-of-use asset	*9*	**2 560 064**	-	-
Investment property	*10*	**74 285**	-	-
Intangible assets	*11*	**33 826**	120 008	82 453
Biological assets	*12*	**541 182**	751 534	432 310
Value added tax		**221 811**	570 925	157 275
Long-term receivables and prepayments	*14*	**49 313**	154 260	68 307
		12 007 031	8 929 526	7 958 778
Current assets				
Inventories	*13*	**7 450 931**	6 522 474	6 327 282
Biological assets	*12*	**507 540**	572 899	390 503
Trade accounts receivable	*14*	**699 045**	490 873	354 405
Other accounts receivable and prepayments	*14*	**1 710 538**	803 998	941 470
Current income tax		**8 877**	27 273	4 833
Short-term cash deposits	*15*	**9 013**	36 043	37 674
Cash and cash equivalents	*16*	**418 882**	479 990	315 896
		10 804 826	8 933 550	8 372 063
Total assets		**22 811 857**	17 863 076	16 330 841
EQUITY AND LIABILITIES				
Equity	*17*			
Share capital		**1 663**	1 663	1 663
Additional paid-in capital		**369 798**	369 798	369 798
Retained earnings		**7 667 485**	8 036 911	5 653 075
Revaluation surplus		**3 072 158**	2 842 286	3 789 642
Treasury shares		**(119 260)**	(95 934)	(95 934)
Currency translation reserve		**519 416**	495 066	319 962
Total equity		**11 511 260**	11 649 790	10 038 206
Non-current liabilities				
Loans and borrowings	*19*	**48 910**	1 499 141	1 369 904
Non-controlling interests in limited liability companies	*18*	**45 132**	112 307	252 086
Other long-term liabilities		**2 411**	17 430	3 421
Lease liability	*9*	**1 873 145**	-	-
Deferred tax liabilities	*28*	**453 786**	345 264	486 393
		2 423 384	1 974 142	2 111 804
Current liabilities				
Loans and borrowings	*19*	**7 142 803**	2 361 524	1 886 061
Current portion of long-term loans and borrowings	*19*	**170 499**	1 019 857	1 243 693
Trade accounts payable		**216 354**	235 654	182 399
Current portion of lease liability	*9*	**562 687**	-	-
Current income tax		**50 199**	28 849	28 625
Other liabilities and accounts payable	*20*	**734 671**	593 260	840 053
		8 877 213	4 239 144	4 180 831
Total equity and liabilities		**22 811 857**	17 863 076	16 330 841

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(in thousands of Euros)	Notes	31 December 2018	31 December 2017	31 December 2016
ASSETS				
Non-current assets				
Property, plant and equipment	*8*	**268 857**	218 920	253 968
Right-of-use asset	*9*	**80 723**	-	-
Investment property	*10*	**2 342**	-	-
Intangible assets	*11*	**1 067**	3 582	2 901
Biological assets	*12*	**17 064**	22 437	15 209
Value added tax		**6 994**	17 045	5 533
Long-term receivables and prepayments	*14*	**1 555**	4 605	2 403
		378 602	266 589	280 014
Current assets				
Inventories	*13*	**234 939**	194 727	222 615
Biological assets	*12*	**16 004**	17 104	13 739
Trade accounts receivable	*14*	**22 042**	14 655	12 469
Other accounts receivable and prepayments	*14*	**53 937**	24 002	33 124
Current income tax		**280**	814	170
Short-term cash deposits	*15*	**284**	1 076	1 325
Cash and cash equivalents	*16*	**13 208**	14 330	11 114
		340 694	266 708	294 556
Total assets		**719 296**	533 297	574 570
EQUITY AND LIABILITIES				
Equity	*17*			
Share capital		**250**	250	250
Additional paid-in capital		**55 638**	55 638	55 638
Retained earnings		**462 622**	468 135	376 304
Revaluation surplus		**138 861**	137 003	183 025
Treasury shares		**(5 527)**	(4 801)	(4 801)
Currency translation reserve		**(288 875)**	(308 425)	(257 241)
Total equity		**362 969**	347 800	353 175
Non-current liabilities				
Loans and borrowings	*19*	**1 542**	44 757	48 198
Non-controlling interests in limited liability companies	*18*	**1 423**	3 353	8 869
Other long-term liabilities		**76**	520	121
Lease liability	9	**59 063**	-	-
Deferred tax liabilities	*28*	**14 309**	10 308	17 112
		76 413	58 938	74 300
Current liabilities				
Loans and borrowings	*19*	**225 225**	70 503	66 358
Current portion of long-term loans and borrowings	*19*	**5 376**	30 448	43 757
Trade accounts payable		**6 823**	7 035	6 417
Current portion of lease liability	9	**17 742**	-	-
Current income tax		**1 583**	861	1 007
Other liabilities and accounts payable	*20*	**23 165**	17 712	29 556
		279 914	126 559	147 095
Total equity and liabilities		**719 296**	533 297	574 570

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Ukrainian hryvnias)	Notes	2018	2017
Revenues	*21*	**11 965 965**	13 717 000
Cost of revenues	*22*	**(10 409 590)**	(10 660 403)
Changes in fair value of biological assets and agricultural produce		**1 323 420**	1 325 569
Gross profit		**2 879 795**	4 382 166
Other operating income	*23*	**159 291**	152 005
General and administrative expense	*24*	**(775 191)**	(726 545)
Selling and distribution expense	*25*	**(1 376 070)**	(1 042 352)
Other operating expense	*26*	**(489 419)**	(392 776)
Profit from operations		**398 406**	2 372 498
Finance costs	*27*	**(478 147)**	(341 344)
Interest expense on lease liability	*27*	**(497 072)**	-
Foreign currency exchange loss	*27*	**(40 038)**	(259 494)
Finance income	*27*	**51 077**	53 818
Other income		**11 474**	6 919
Impairment of goodwill	*11*	**-**	(52 716)
Gain on acquisition of subsidiaries	*5*	**-**	2 158
Loss/Profit before tax		**(554 300)**	1 781 839
Income tax expense	*28*	**(132 724)**	(23 243)
Net loss/profit		**(687 024)**	1 758 596
Net loss/profit attributable to:			
Equity holders of the parent company		**(687 024)**	1 758 596
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 386**	24 405
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Ukrainian hryvnias)		**(28,17)**	72,06

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Euros)	Notes	2018	2017
Revenues	*21*	**372 222**	458 601
Cost of revenues	*22*	**(323 882)**	(355 477)
Changes in fair value of biological assets and agricultural produce		**42 004**	45 376
Gross profit		**90 344**	148 500
Other operating income	*23*	**5 005**	4 904
General and administrative expense	*24*	**(24 245)**	(24 134)
Selling and distribution expense	*25*	**(42 818)**	(34 523)
Other operating expense	*26*	**(15 284)**	(12 889)
Profit from operations		**13 002**	81 858
Finance costs	*27*	**(14 894)**	(11 106)
Interest expense on lease liability	*27*	**(15 484)**	-
Foreign currency exchange loss	*27*	**(1 515)**	(8 443)
Finance income	*27*	**1 591**	1 751
Other income		**361**	225
Impairment of goodwill	*11*	**-**	(1 660)
Gain on acquisition of subsidiaries	*5*	**-**	68
Loss/Profit before tax		**(16 939)**	62 693
Income tax expense	*28*	**(4 172)**	(853)
Net loss/profit		**(21 111)**	61 840
Net loss/profit attributable to:			
Equity holders of the parent company		**(21 111)**	61 840
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 386**	24 405
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Euros)		**(0,87)**	2,53

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Ukrainian hryvnias)	2018	2017
Loss/Profit for the period	**(687 024)**	1 758 596
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**15 877**	198 891
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**15 877**	198 891
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations (the parent company)	**8 473**	(23 787)
Income tax effect	**-**	-
Revaluation of property, plant and equipment	**749 214**	-
Income tax effect	**(85 243)**	-
	663 971	-
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**(1 863)**	14 818
Income tax effect	**335**	(2 667)
	(1 528)	12 151
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**670 916**	(11 636)
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income	**(231)**	1 945 851
Attributable to:		
Non-controlling interests in joint stock companies	**-**	-
Equity holders of the parent	**(231)**	1 945 851
Total comprehensive income as at 31 December	**(231)**	1 945 851

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Euros)	2018	2017
Loss/Profit for the period	**(21 111)**	61 840
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**19 550**	(51 184)
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**19 550**	(51 184)
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	**23 624**	-
Income tax effect	**(2 687)**	-
	20 937	-
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**(58)**	494
Income tax effect	**10**	(89)
	(48)	405
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**20 889**	405
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income (loss)	**19 328**	11 061
Attributable to:		
Non-controlling interests in joint stock companies	**-**	-
Equity holders of the parent	**19 328**	11 061
Total comprehensive income as at 31 December	**19 328**	11 061

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Ukrainian hryvnias)	Notes	2018	2017
Operating activities			
Loss/Profit before tax		**(554 300)**	1 781 839
Adjustments for:			
Depreciation and amortization	*8,9,11*	**1 280 859**	1 100 836
Allowance for impairment of trade and other accounts receivable	*14*	**70 141**	54 790
Gain on acquisition of subsidiaries	*5*	**-**	(2 158)
Loss on disposal of property, plant and equipment	*26*	**15 251**	30 273
Write down of inventories	*26*	**102 421**	100 900
Impairment of goodwill	*5*	**-**	52 716
VAT written off	*26*	**23 872**	45 459
Interest income	*27*	**(25 100)**	(12 771)
Gain on non-controlling interest purchase	*27*	**(25 977)**	(41 047)
Interest expense	*27*	**421 428**	279 878
Other finance costs	*27*	**41 517**	29 027
Interest expense on lease liability	*9*	**497 072**	-
Impairment of property, plant and equipment and investment property	*26*	**159 935**	52 011
Changes in fair value of biological assets and agricultural produce		**(1 323 420)**	(1 325 569)
Reversal of impairment of property, plant and equipment, net	*23*	**(31 401)**	-
Recovery of assets previously written off	*23*	**(74 429)**	(48 975)
Non-controlling interests in limited liability companies	*27*	**15 202**	32 439
Foreign exchange (gain) loss on loans and borrowings, deposits	*27*	**40 038**	259 494
Working capital adjustments:			
Decrease in inventories		**499 704**	674 302
Increase in trade and other receivables		**(908 385)**	(648 880)
Decrease in biological assets due to other changes		**124 939**	21 889
Decrease (increase) in trade and other payables		**2 871**	(311 956)
Income taxes paid		**(71 864)**	(108 291)
Cash flows provided by operating activities		**280 374**	2016 206
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(1 578 270)**	(1 543 396)
Proceeds from disposal of property, plant and equipment		**1 859**	5 849
Interest received	*27*	**25 100**	12 771
Acquisition of subsidiaries net of cash acquired	*5*	**-**	(284 278)
Cash deposits placement		**(26 921)**	(3 309 141)
Cash deposits withdrawal		**53 951**	3 270 241
Cash flows used in investing activities		**(1 524 281)**	(1 847 954)
Financing activities			
Proceeds from loans and borrowings		**6 143 066**	4 900 139
Repayment of loans and borrowings		**(3 738 966)**	(4 713 080)
Purchase of treasury shares		**(23 326)**	-
Payment of lease liabilities	*9*	**(800 035)**	-
Acquisition of non-controlling interest	*18*	**(56 541)**	(84 885)
Interest paid		**(365 749)**	(281 434)
Cash flows provided by (used in) financing activities		**1 158 449**	(179 260)
Net decrease in cash and cash equivalents		**(85 458)**	(11 008)
Cash and cash equivalents as at 1 January		**479 990**	315 896
Currency translation difference		**24 350**	175 102
Cash and cash equivalents as at 31 December		**418 882**	479 990

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Euros)	Notes	2018	2017
Operating activities			
Loss/Profit before tax		**(16 939)**	62 693
Adjustments for:			
Depreciation and amortization	*8,9,11*	**39 862**	36 677
Allowance for impairment of trade and other accounts receivable	*14*	**2 183**	1 804
Gain on acquisition of subsidiaries	*5*	**-**	(68)
Loss on disposal of property, plant and equipment	*26*	**476**	993
Write down of inventories	*26*	**3 198**	3 311
Impairment of goodwill	*5*	**-**	1 660
VAT written off	*26*	**745**	1 492
Interest income	*27*	**(782)**	(416)
Gain on non-controlling interest purchase	*27*	**(807)**	(1 335)
Interest expense	*27*	**13 127**	9 107
Other finance costs	*27*	**1 293**	944
Interest expense on lease liability	*9*	**15 484**	-
Impairment of property, plant and equipment and investment property	*26*	**4 995**	1 707
Changes in fair value of biological assets and agricultural produce		**(42 004)**	(45 376)
Reversal of impairment of property, plant and equipment, net	*23*	**(987)**	-
Recovery of assets previously written off	*23*	**(2 339)**	(1 580)
Non-controlling interests in limited liability companies	*27*	**474**	1 055
Foreign exchange (gain) loss on loans and borrowings, deposits	*27*	**1 515**	8 443
Working capital adjustments:			
Decrease in inventories		**15 551**	22 467
Increase in trade and other receivables		**(28 269)**	(21 620)
Decrease in biological assets due to other changes		**3 888**	729
Decrease (increase) in trade and other payables		**89**	(10 394)
Income taxes paid		**(2 236)**	(3 608)
Cash flows provided by operating activities		**8 517**	68 685
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(49 115)**	(51 425)
Proceeds from disposal of property, plant and equipment		**58**	195
Interest received	*27*	**782**	416
Acquisition of subsidiaries net of cash acquired	*5*	**-**	(9 029)
Cash deposits placement		**(838)**	(110 257)
Cash deposits withdrawal		**1 679**	108 961
Cash flows used in investing activities		**(47 434)**	(61 139)
Financing activities			
Proceeds from loans and borrowings		**191 170**	163 268
Repayment of loans and borrowings		**(116 355)**	(157 035)
Purchase of treasury shares		**(726)**	-
Payment of lease liabilities	*9*	**(24 897)**	-
Acquisition of non-controlling interest	*18*	**(1 760)**	(2 828)
Interest paid		**(11 382)**	(9 377)
Cash flows provided by (used in) financing activities		**36 050**	(5 972)
Net decrease in cash and cash equivalents		**(2 867)**	1 574
Cash and cash equivalents as at 1 January		**14 330**	11 114
Currency translation difference		**1 745**	1 642
Cash and cash equivalents as at 31 December		**13 208**	14 330

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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	Total equity
As at 1 January 2017	1 663	369 798	5 653 075	3 789 642	(95 934)	319 962	10 038 206
Net loss/profit	-	-	1 758 596	-	-	-	1 758 596
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	12 151	-	-	12 151
Exchange difference on translation	-	-	-	-	-	175 104	175 104
Total other comprehensive income, net of tax	-	-	-	12 151	-	175 104	187 255
Total comprehensive income	-	-	1 758 596	12 151	-	175 104	1 945 851
Realisation of revaluation surplus, net of tax	-	-	611 096	(611 096)	-	-	-
Impairment, net of tax	-	-	-	(348 411)	-	-	(348 411)
Acquisitions of entities under common control	-	-	14 144	-	-	-	14 144
As at 1 January 2018	**1 663**	**369 798**	**8 036 911**	**2 842 286**	**(95 934)**	**495 066**	**11 649 790**
Net loss/profit	**-**	**-**	**(687 024)**	**-**	**-**	**-**	**(687 024)**
Revaluation reserve, net of tax	**-**	**-**	**-**	**663 971**	**-**	**-**	**663 971**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	**-**	**-**	**-**	**(1 528)**	**-**	**-**	**(1 528)**
Exchange difference on translation	**-**	**-**	**-**	**-**	**-**	**24 350**	**24 350**
Total other comprehensive income, net of tax	**-**	**-**	**-**	**662 443**	**-**	**24 350**	**686 793**
Total comprehensive loss	**-**	**-**	**(687 024)**	**662 443**	**-**	**24 350**	**(231)**
Purchase of own shares	**-**	**-**	**-**	**-**	**(23 326)**	**-**	**(23 326)**
Realisation of revaluation surplus, net of tax	**-**	**-**	**432 571**	**(432 571)**	**-**	**-**	**-**
Adjustments on adoption of IFRS 9 (Note 4)	**-**	**-**	**(28 001)**	**-**	**-**	**-**	**(28 001)**
Adjustments on adoption of IFRS 16 (Note 4)	**-**	**-**	**(86 972)**	**-**	**-**	**-**	**(86 972)**
As at 31 December 2018	**1 663**	**369 798**	**7 667 485**	**3 072 158**	**(119 260)**	**519 416**	**11 511 260**

The notes on pages 82 to 161 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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	Total equity
As at 1 January 2017	250	55 638	376 304	183 025	(4 801)	(257 241)	353 175
Net loss/profit	-	-	61 840	-	-	-	61 840
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	405	-	-	405
Exchange difference on translation	-	-	-	-	-	(51 184)	(51 184)
Total other comprehensive income, net of tax	-	-	-	405	-	(51 184)	(50 779)
Total comprehensive income	-	-	61 840	405	-	(51 184)	11 061
Realisation of revaluation surplus, net of tax	-	-	29 569	(29 569)	-	-	-
Impairment, net of tax	-	-	-	(16 858)	-	-	(16 858)
Acquisitions of entities under common control	-	-	422	-	-	-	422
As at 1 January 2018	**250**	**55 638**	**468 135**	**137 003**	**(4 801)**	**(308 425)**	**347 800**
Net loss/profit	-	-	**(21 111)**	-	-	-	**(21 111)**
Revaluation reserve, net of tax	-	-	-	**20 937**	-	-	**20 937**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	**(48)**	-	-	**(48)**
Exchange difference on translation	-	-	-	-	-	**19 550**	**19 550**
Total other comprehensive income, net of tax	-	-	-	**20 889**	-	**19 550**	**40 439**
Total comprehensive loss	-	-	**(21 111)**	**20 889**	-	**19 550**	**19 328**
Purchase of own shares	-	-	-	-	**(726)**	-	**(726)**
Realisation of revaluation surplus, net of tax	-	-	**19 031**	**(19 031)**	-	-	-
Adjustments on adoption of IFRS 9 (Note 4)	-	-	**(836)**	-	-	-	**(836)**
Adjustments on adoption of IFRS 16 (Note 4)	-	-	**(2 597)**	-	-	-	**(2 597)**
As at 31 December 2018	**250**	**55 638**	**462 622**	**138 861**	**(5 527)**	**(288 875)**	**362 969**

The notes on pages 82 to 161 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 and cattle operations are mainly located in the Poltava, Vinnytsia, Khmelnytsky, Chernihiv, 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:

	2018	2017
Operating personnel	**5 132**	7 006
Administrative personnel	**1 324**	1 458
Sales personnel	**535**	686
Non-operating personnel	**50**	53
Total number of employees	**7 041**	9 203

(a) Ukrainian business environment

In 2018 year, the Ukrainian economy proceeded with recovery from the economic and political crisis of previous years and demonstrated sound real GDP growth of around 3% (2017: 2%), modest annual inflation of 10% (2017: 14%), and slight devaluation of national currency by around 2% to USD and 7% to EUR compared to previous year averages.

Also, Ukraine continued to limit its political and economic ties with Russia, given annexation of Crimea, an autonomous republic of Ukraine, and a frozen armed conflict with separatists in certain parts of Luhanska and Donetska regions. Amid such events, the Ukrainian economy demonstrated further refocusing on the European Union ("EU") market realizing all potentials of established Deep and Comprehensive Free Trade Area with EU, in such a way effectively reacting to mutual trading restrictions imposed between Ukraine and Russia. As a result, the weight of the Russian's export and import substantially fell from 18.2% and 23.3% in 2014 to around 7.7% and 14.2% in 2018, respectively.

In terms of currency regulations, the new currency law was adopted in 2018 and came into force on 7 February 2019. It purports to enable the NBU to promulgate more liberal currency regulation and soften a number of currency restrictions, such as: requirement to register loans obtained from non-residents with the NBU, a 180-day term for making payments in foreign economic transactions, etc.

Further economic growth depends, to a large extent, upon success of the Ukrainian government in realization of planned reforms, cooperation with the International Monetary Fund ("IMF"), and smooth transition through presidential and parliamentary elections, due in March and October 2019, respectively.

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 5 April 2019.

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

(b) Going Concern

These accompanying consolidated financial statements have been prepared on a going concern basis which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the year ended 31 December 2018 the Group has suffered losses from operations amounting to UAH 687 million (EUR 21 million). Cash flows from operating activities for the period then ended have decreased by UAH 1 736 million or EUR 60 million in comparison with the previous period, but still remained positive.

As at 31 December 2018 loans and borrowings (excluding the finance lease) amounted to UAH 7 312 million (EUR 231 million). The most significant part of loans are denominated in USD and EUR: current portion and short-term loans of UAH 6 768 million (EUR 213 million) (approximately 93%) and non-current portion of UAH 18 million (EUR 1 million) (100%). Number of financial and non-financial covenants are attached to the majority of the interest-bearing loans and borrowings. However, as at 31 December 2018 the Group had strong liquidity and its current assets exceeded current liabilities by UAH 1 928 million or EUR 61 million.

As at 31 December 2018 the Group was in breach of certain financial covenants under a number of bank loans mostly due to lower prices for sugar and commodity prices.

Consequently borrowings amounting to UAH 3 553 million (EUR 112 million) were reclassified from non-current to current liabilities. Furthermore, there have been more breaches of the financial covenants due to the reclassifications (cross-breaching) (refer to Note 19).

Banks waived the right to require compliance with the breached covenants as at 31 December 2018.

However, the Group classified the liabilities as current amounted to UAH 3 553 million (EUR 112 million) as banks did not agree by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

Management notified all banks about non-compliance during 2019. The Banks provided the Group with comfort letters stating that (1) they are aware of non-compliance for the period ended 31 December 2019; (2) according to their internal procedures they do not provide waivers for expected future non-compliances and (3) they have a firm intention to continue with Astarta as the borrower.

The Group believes that at current global and local market price levels, many producers cannot be profitable, so volume and price adjustments are a matter of time. The experience gained by the Group during previous cycles of low sugar prices, both on local and global markets, is now contributing into ability of the company to mitigate risks and challenges during such cycles. The company operates diversified and flexible business model that ensure ability to switch from sugar beet growing to other crops with positive impact to cash position of the company. The Group continues to pursue their programs of cutting costs by withdrawing from operation of excessive processing capacities and boosting efficiency through commissioned infrastructure objects. It also remains essential that the Group maintains its outstanding reputation that enable it to cooperate with predictable and reputable partners.

The Group is likely to continue to be in breach of certain financial covenants under a number of bank loans based on the quarterly budgets for 2019. However, management expects a sugar deficit on the global market after two years of surplus (based on international observations) and a decrease in land under sugar beets in Ukraine in 2019 by 20%. This will also result in a significant deficit at the local market. Management expects that the prices will increase and given the quantity in stockswill have positive effect on the results for 2019.

Based on the received comfort letters and Group's plans for 2019, the management believes that the banks will not demand accelerated repayment of the loans because of breaches of covenants in 2019. That is why, the Group concluded that it is deemed appropriate to prepare the consolidated financial statements on the going concern basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. 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 2018 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 2018	31 December 2017
Name	**Activity**	% of ownership	% of ownership
Subsidiaries:			
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	**99,50%**	97,53%
LLC "Shyshaki combined forage factory"	Fodder production	**90,56%**	90,56%
LLC "Agricultural company "Dobrobut"	Agricultural	**99,98%**	99,06%
LLC "Agricultural company "Musievske"	Agricultural	**99,98%**	99,98%
LLC "Globinskiy processing factory"	Soybean processing	**99,98%**	99,98%
LLC "Dobrobut" (Novo-Sanzharskiy region) **	Agricultural	**99,88%**	99,88%
LLC "Investment company "Poltavazernoproduct"	Agricultural	**99,98%**	99,98%
LLC "List-Ruchky"	Agricultural	**74,99%**	74,99%
LLC "Agropromgaz"	Trade	**99,95%**	89,98%
LLC "Khmilnitske"	Agricultural	**99,98%**	99,80%
LLC "Volochysk-Agro"	Agricultural	**99,98%**	99,98%
LLC "Agricultural company "Mirgorodska"	Agricultural	**99,98%**	99,98%
LLC "Kobelyatskiy combined forage factory"	Fodder production	**98,59%**	98,57%
LLC "Agricultural company "Khorolska"	Agricultural	**99,98%**	99,98%
LLC "Agricultural company "Lan" **	Agricultural	**99,98%**	99,98%
LLC "Nika"	Agricultural	**99,98%**	99,98%
LLC "Zhytnytsya Podillya"	Agricultural	**96,98%**	96,98%
LLC "Astarta-Selektsiya"	Research and development	**99,98%**	74,98%
LLC "Agrosvit Savyntsi"	Agricultural	**99,98%**	99,98%
LLC "Khorolskiy combined forage factory" **	Fodder production	**0,00%**	99,56%
ALC "Novoivanivskiy sugar plant"	Sugar production	**94,49%**	94,49%
LLC "Investpromgaz"	Trade	**99,98%**	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%**	99,98%
LLC "APK Savynska"	Sugar production	**99,98%**	99,96%
LLC "Kochubeyivske" **	Trade	**59,71%**	58,52%
LLC "Globinskiy bioenergetichniy complex"	Sugar production	**99,98%**	99,98%
LLC "Savynci agro" **	Agricultural	**99,98%**	99,98%
PE "TMG"	Agricultural	**99,98%**	98,98%
LLC "Eco Energy"	Agricultural	**99,98%**	99,98%
ALLC "Lyaschivka"	Agricultural	**99,98%**	99,98%
PLC "Agrotechnika Kobelyaki"	Agricultural	**51,64%**	51,39%
LLC "Agri Chain"	Research and development	**99,98%**	99,98%
LLC "Kronos-Agro 2015" *	Agricultural	**0,00%**	99,98%
ALC "Narkevitskiy sugar plant"	Sugar production	**99,98%**	99,98%
PJSC "Ukrainian Agro-Insurance Company"	Insurance	**99,98%**	99,19%
Astarta Trading GmbH	Trade	**100,00%**	100,00%
LLC AC "Agro-Ka Poltava" *	Agricultural	**0,00%**	99,98%
LLC "Zlagoda Plus" *	Agricultural	**0,00%**	99,98%
LLC "Agro-region" *	Agricultural	**0,00%**	99,98%
LLC "Jerdia Agro" *	Agricultural	**0,00%**	99,98%
LLC "Pochayna-Office" *	Asset management	**99,98%**	0,00%
Associate:			
LLC "Agricultural company "Pokrovska"	Agricultural	**0,00%**	49,99%

* In April-May 2018, LLC "Kronos-Agro 2015" and LLC "Jerdia Agro" were merged with LLC "Volochysk-Agro".
In May 2018, the Group obtained control over LLC "Pochayna-Office" and LLC "Pochayna-Nerukhomist".
In June 2018, LLC "Agro-region" was merged with LLC "Khmilnitske".
As at 31 December 2018 LLC "Zlagoda Plus" and LLC AC "Agro-Ka Poltava" were merged with LLC "Agricultural company "Dovzhenko".
** LLC "Dobrobut" (Novo-Sanzharskiy region), LLC "Savynci agro", LLC "Kochubeyivske" and LLC "Agricultural company "Lan" as at 31 December 2018 were on the liquidation stage.
LLC "Khorolskiy combined forage factory", LLC "Pochayna-Nerukhomist" and LLC "Agricultural company "Pokrovska" as at 31 December 2018 were liquidated.

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) 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	
	2018	**2017**	**2018**	**2017**
EUR	32.13	30.01	31.71	33.50
USD	27.20	26.59	27.69	28.07

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.

(i) 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 17
- Financial risk management — Note 31
- Sensitivity analyses disclosures
  - related to impairment test — Notes 8, 11
  - related to fair value of biological assets — Note 12

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:

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.

Expected credit losses measurement

Measurement of expected credit losses (ECLs) is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 31. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

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 2018.

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 12. 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.

Lease liabilities

Management uses some estimates for land lease liabilities calculation due to the absence of clear payment terms in land lease agreements:

- significant change in payment pattern (e.g. management has decided to made payments once a year or only in 4 quarter) or change in the lease term will lead to remeasurement of the lease liability by discounting the revised lease payments based on the revised lease term using the revised discount rate;

- change in lease rate or in normative monetary valuation of land used for payments are accounted as modification using unchanged discount rate;

- liability for the prior periods is accounted at amortized cost as current liability on demand;
- the same assumptions as for land lease agreements are used in accounting of contracts for the right of long-term use of agricultural purposes land (emphyteusis), except for the fact that such liabilities are settled in advance in full for the whole lease period of such agreements.

The lease payments are discounted using the borrowing cost as published by National Bank of Ukraine on its official web-site (www.bank.gov.ua) as at the date of lease agreement origination or modification date since the interest rate implicit in the lease could not be determined.

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 28.

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. Apart from the accounting policy changes resulting from the adoption of IFRS 9, IFRS 16 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the periods presented, unless otherwise stated. The principal accounting policies in respect of financial instruments, leases and revenue recognition applied till 31 December 2017 are presented in Notes 3(h), 3(e) and 3(u) respectively.

(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

Policy applicable from 1 January 2018

Leases are recognized, measured and presented in line with IFRS 16 Leases. For details please refer to Note 3(e).

Policy applicable before 1 January 2018

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) Investment property

Investment property is initially and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation of investment property is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets.

Investment property consists of buildings. The estimated useful life is 50 years.

(d) Intangible assets, other than goodwill

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

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.

Policy applicable before 1 January 2018

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.

(e) Leases

Policy applicable from 1 January 2018

The Group is a party to lease contracts as a lessee for, among others:

- land plots;
- building for office space, warehouses;
- equipment.

Leases are recognized, measured and presented in line with IFRS 16 Leases.

The Group implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard (Note 4) as at 1 January 2018. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2018. Leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership as at 31 December 2017 are classified as finance leases.

Based on the accounting policy applied the Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Lease payments included in measurement of lease liability of the Group generally include only fixed payments, less any lease incentives receivable. The lease payments exclude variable elements which are dependent on external factors such as e.g. energy usage. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the borrowing rate as published by NBU as of the commencement date of the contract. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Policy applicable before 1 January 2018

For details on significant accounting policies on leases treatment please refer to Notes 3(b)(ii), 3(x).

(f) 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.

(g) 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”.

(h) Financial assets

Policy applicable from 1 January 2018

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), 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. Fair value at initial recognition is best evidenced by the transaction price.

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 as:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets subsequently measured at amortised cost

After initial recognition such financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC, resulting in an immediate accounting loss. Financial assets of the Group that are subject to expected credit loss model are represented by trade and other accounts receivable, short-term cash deposits and cash and cash equivalents. The Group measures ECL and recognises net impairment losses on financial assets at each reporting date. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other accounts receivable. Details about the Group's impairment policies and the expected credit loss measurement are provided in Notes 3(n)(i) and 31. The identified impairment loss arising on short-term cash deposits and cash and cash equivalents was immaterial as at 31 December 2018. Contract assets are immaterial and not presented separately in the consolidated financial statements and therefore are not subject to impairment analysis as at 31 December 2018.

The Group does not have financial assets subsequently measured at FVOCI and at FVTPL as at 31 December 2018.

Policy applicable before 1 January 2018

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.

(i) Fair value measurement principles

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

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

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

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

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

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

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

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

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

(j) 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.

(k) Cash and cash equivalents

Policy applicable from 1 January 2018

Cash and cash equivalents comprise cash balances and deposits with an original maturity date of three months or less and are are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. For details refer to Note 3(h). The identified impairment loss arising on cash and cash equivalents was immaterial as at 31 December 2018.

Policy applicable before 1 January 2018

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.

(l) 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. For recognition and measurements principles of short-term cash deposits from 1 January 2018 refer to Note 3(h). The identified impairment loss arising on short-term cash deposits was immaterial as at 31 December 2018.

(m) 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.

(n) Impairment

(I) Financial assets

Policy applicable from 1 January 2018

The Group has one type of financial assets that are subject to the expected credit loss model – trade and other accounts receivable. While short-term cash deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Contract assets are immaterial and therefore not presented separately in the consolidated financial statements and are not subject to impairment analysis as at 31 December 2018.

The Group measures ECL and recognises net impairment losses on financial assets at each reporting date. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Details about the Group's expected credit loss measurement are provided in Note 31. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- it is probable that the borrower will enter bankruptcy.

The Group does not have financial assets subsequently measured at FVOCI and at FVTPL as at 31 December 2018.

Policy applicable before 1 January 2018

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(i)
• Property, plant and equipment	Note 8
• Goodwill and intangible assets with indefinite lives	Note 11

(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.

(o) 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.

(p) 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.

(q) Trade accounts payable

Trade accounts payable are stated at their amortized cost.

(r) 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 2018, Ukrainian corporate income tax was levied at a rate of 18%. 20 subsidiaries of the Group are subject to CPT in Ukraine for the year ended 31 December 2018 (2017 – 21 subsidiaries).

In 2018, the tax rates in Cyprus were and the Netherlands were 12.5% and 25% (2017: 12,5% and 25%), respectively. For Switzerland subsidiary tax rate is 14,6% (2017: 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.

(s) 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.

(t) 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

In 2018 the biggest share of budget subsidies was allocated for livestock support: 1 500 UAH per cow head payment for corporate enterprises per one cow.

In 2017, the State Budget for agricultural support was 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 percent 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.

(u) Revenue

Policy applicable from 1 January 2018

Revenue is income arising in the course of the Group's ordinary activities. Revenue from sales of goods is recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from contracts with customers is recognised in the amount of transaction price net of discounts, returns and value added taxes, export duties, other similar mandatory payments. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Generally sales are made with a credit term, which is consistent with the market practice and consequently trade receivables are classified as current assets. A receivable is recognised when the goods are delivered or dispatched based on delivery terms as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due (Note 14). Contract assets are immaterial and therefore not presented separately in the consolidated financial statements.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. Contract liabilities are included in trade and other payables line item as advances from customers (Note 20).

Policy applicable before 1 January 2018

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.

(v) 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.

(w) Expenses

Expenses are accounted for on an accrual basis.

(x) Operating lease payments

Policy applicable from 1 January 2018

Leases are recognized, measured and presented in line with IFRS 16 Leases. For details please refer to Note 3(e).

Policy applicable before 1 January 2018

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.

(y) 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.

The Group doesn't apply IAS 23 Borrowing Costs to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset measured (will be measured) at fair value:

- biological asset within the scope of IAS 41 Agriculture;
- property, plant and equipment measured at fair value;
- inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

(z) 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 contr acts 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).

(aa) 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.

(ab) 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. Payments on lease liabilities – interest and principal part included to finance activity.

(ac) New and amended standards and interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effect of the adoption of new standards disclosed in Note 4 Changes in accounting policies.

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.

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

The Group has not adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2019:

	Effective for annual period beginning on or after
International Financial Reporting Standards ("IFRS")	
▪ 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 References to Conceptual Framework in IFRS Standards	1 January 2020
▪ Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
▪ Amendments to IFRS 3 – Definition of a business	1 January 2020
▪ Amendments to IAS 1 and IAS 8 – Definition of Material	1 January 2020
▪ Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	1 January 2019
▪ Amendments to IFRS 9 – Prepayment Features with Negative Compensation	1 January 2019
▪ IFRIC Interpretation 23 – Uncertainty over Income Tax Treatment	1 January 2019
▪ Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
▪ Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
▪ Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	1 January 2019

4. CHANGES IN ACCOUNTING POLICIES

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases from 1 January 2018:

- The Group elected the modified retrospective method in the result of applying of the IFRS 15 with no restatement of comparative information for prior period in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2018. The adoption of IFRS 15 did not have significant effect on Group's revenues measurement and recognition for the reporting period.

- The total impact of adoption of IFRS 9 and IFRS 16 on the Group's retained earnings as at 1 January 2018 is as follows:

(in thousands of Ukrainian hryvnias)	**As reported 31 December 2017**	**Effect of IFRS 9**	**Effect of IFRS 16**	**As adjusted 1 January 2018**
ASSETS	-			
Non-current assets				
Property, plant and equipment	7 332 799	-	-	7 332 799
Intangible assets	120 008	-	(86 972)	33 036
Biological assets	751 534	-	-	751 534
Value added tax	570 925	-	-	570 925
Financial instruments available-for-sale	2	-	-	2
Long-term receivables and prepayments	154 258	-	(112 480)	41 778
Land right-of-use asset	-	-	2 510 651	2 510 651
	8 929 526	**-**	**2 311 199**	**11 240 725**
Current assets				
Inventories	6 522 474	-	-	6 522 474
Biological assets	572 899	-	-	572 899
Trade accounts receivable	490 873	(27 572)	-	463 301
Other accounts receivable and prepayments	803 998	(429)	(62 420)	741 149
Current income tax	27 273	-	-	27 273
Short-term cash deposits	36 043	-	-	36 043
Cash and cash equivalents	479 990	-	-	479 990
	8 933 550	**(28 001)**	**(62 420)**	**8 843 129**
Total assets	**17 863 076**	**(28 001)**	**2 248 779**	**20 083 854**
EQUITY AND LIABILITIES				
Equity				
Share capital	1 663	-	-	1 663
Additional paid-in capital	369 798	-	-	369 798
Retained earnings	8 036 911	(28 001)	(84 522)	7 924 388
Revaluation surplus	2 842 286	-	-	2 842 286
Treasury shares	(95 934)	-	-	(95 934)
Currency translation reserve	495 066	-	-	495 066
Total equity attributable to equity holders of the parent company	**11 649 790**	**(28 001)**	**(84 522)**	**11 537 267**
Non-controlling interests in joint stock companies	-	-	-	-
Total equity	**11 649 790**	**(28 001)**	**(84 522)**	**11 537 267**
Non-current liabilities				
Loans and borrowings	1 499 141	-	-	1 499 141
Non-controlling interests in limited liability companies	112 307	-	-	112 307
Other long-term liabilities	17 430	-	-	17 430
Lease liability	-	-	1 839 511	1 839 511
Deferred tax liabilities	345 264	-	(2 450)	342 814
	1 974 142	**-**	**1 837 061**	**3 811 203**
Current liabilities				
Loans and borrowings	2 361 524	-	-	2 361 524
Current portion of long-term loans and borrowings	1 019 857	-	-	1 019 857
Trade accounts payable	235 654	-	(116)	235 538
Current portion of lease liability	-	-	496 356	496 356
Current income tax	28 849	-	-	28 849
Other liabilities and accounts payable	593 260	-	-	593 260
	4 239 144	**-**	**496 240**	**4 735 384**
Total equity and liabilities	**17 863 076**	**(28 001)**	**2 248 779**	**20 083 854**

(in thousands of Euros)	As reported 31 December 2017	Effect of IFRS 9	Effect of IFRS 16	As adjusted 1 January 2018
ASSETS				
Non-current assets				-
Property, plant and equipment	218 920	-	-	218 920
Intangible assets	3 582	-	(2 597)	985
Biological assets	22 437	-	-	22 437
Value added tax	17 045	-	-	17 045
Financial instruments available-for-sale	-	-	-	-
Long-term receivables and prepayments	4 605	-	(3 358)	1 247
Land right-of-use asset	-	-	74 956	74 956
	266 589	**-**	**69 001**	**335 590**
Current assets				
Inventories	194 727	-	-	194 727
Biological assets	17 104	-	-	17 104
Trade accounts receivable	14 655	(823)	-	13 832
Other accounts receivable and prepayments	24 002	(13)	(1 864)	22 125
Current income tax	814	-	-	814
Short-term cash deposits	1 076	-	-	1 076
Cash and cash equivalents	14 330	-	-	14 330
	266 708	**(836)**	**(1 864)**	**264 008**
Total assets	**533 297**	**(836)**	**67 137**	**599 598**
EQUITY AND LIABILITIES				
Equity				
Share capital	250	-	-	250
Additional paid-in capital	55 638	-	-	55 638
Retained earnings	468 135	(836)	(2 523)	464 776
Revaluation surplus	137 003	-	-	137 003
Treasury shares	(4 801)	-	-	(4 801)
Currency translation reserve	(308 425)	-	-	(308 425)
Total equity attributable to equity holders of the parent company	**347 800**	**(836)**	**(2 523)**	**344 441**
Non-controlling interests in joint stock companies	-	-	-	-
Total equity	**347 800**	**(836)**	**(2 523)**	**344 441**
Non-current liabilities				
Loans and borrowings	44 757	-	-	44 757
Non-controlling interests in limited liability companies	3 353	-	-	3 353
Other long-term liabilities	520	-	-	520
Lease liability	-	-	54 918	54 918
Deferred tax liabilities	10 308	-	(73)	10 235
	58 938	**-**	**54 845**	**113 783**
Current liabilities				
Loans and borrowings	70 503	-	-	70 503
Current portion of long-term loans and borrowings	30 448	-	-	30 448
Trade accounts payable	7 035	-	(3)	7 032
Current portion of lease liability	-	-	14 818	14 818
Current income tax	861	-	-	861
Other liabilities and accounts payable	17 712	-	-	17 712
	126 559	**-**	**14 815**	**141 374**
Total equity and liabilities	**533 297**	**(836)**	**67 137**	**599 598**

The Group adopted IFRS 9 Financial Instruments from 1 January 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions in IFRS 9, the Group elected not to restate comparative figures and recognised any adjustments to the carrying amount of financial assets in the opening retained earnings as of the date of initial application of the standard, 1 January 2018. The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in Note 3(h) above.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
	1 January 2018	**1 January 2018**
Closing retained earnings	11 649 790	347 800
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018	(28 001)	(836)
Opening retained earnings	**11 621 789**	**346 964**

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018:

			(in thousands of Ukrainian hryvnias)		*(in thousands of Euro)*	
			1 January 2018		**1 January 2018**	
	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying mount under IFRS 9	Original carrying amount under IAS 39	New carrying mount under IFRS 9
Financial assets						
Trade accounts receivable	Loans and receivables	Amortised cost	490 873	463 301	14 655	13 832
Other accounts receivable	Loans and receivables	Amortised cost	42 333	41 904	1 263	1 250
Short-term cash deposits	Loans and receivables	Amortised cost	36 043	36 043	1 076	1 076
Cash and cash equivalents	Loans and receivables	Amortised cost	479 990	479 990	14 330	14 330
Long-term receivables	Loans and receivables	Amortised cost	23 032	23 032	687	687
Total financial assets			**1 072 271**	**1 044 270**	**32 011**	**31 175**

(a) Trade and other receivables that were classified as loans and receivables measurement category under IAS 39 were reclassified to amortised cost measurement category under IFRS 9 at the adoption date of the standard. An increase of UAH 28,001 thousand (EUR 836 thousand) in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(b) All classes of cash and cash equivalents and short-term cash deposits were reclassified from loans and receivables measurement category under IAS 39 were reclassified to amortised cost measurement category under IFRS 9 at the adoption date of the standard. The change of measurement category does not have a significant effect on consolidated financial statements of the Group. The expected credit losses for cash and cash equivalents balances were insignificant.

At 31 December 2017, all of the Group's financial liabilities were carried at amortised cost. There were no changes to the classification and measurement of financial liabilities.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

IFRS 9 Financial Instruments

(in thousands of Ukrainian hryvnias)	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets				
Amortised cost				
Cash and cash equivalents:				
Brought forward: *Loans and receivables*	479 990			
Remeasurement		-	-	
Carried forward: *Amortised cost*				479 990
Trade accounts receivable				
Brought forward: *Loans and receivables*	490 873			
Remeasurement		-	(27 572)	
Carried forward: *Amortised cost*				463 301
Other accounts receivable				
Brought forward: *Loans and receivables*	42 333			
Remeasurement		-	(429)	
Carried forward: *Amortised cost*				41 904
Short-term cash deposits				
Brought forward: *Loans and receivables*	36 043			
Remeasurement		-	-	
Carried forward: *Amortised cost*				36 043
Long-term receivables				
Brought forward: *Loans and receivables*	23 032			
Remeasurement		-	-	
Carried forward: *Amortised cost*				23 032
Total amortised cost	**1 072 271**	**-**	**(28 001)**	**1 044 270**

(in thousands of Euros)	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets				
Amortised cost				
Cash and cash equivalents:				
Brought forward: *Loans and receivables*	14 330			
Remeasurement		-	-	
Carried forward: *Amortised cost*				14 330
Trade accounts receivable				
Brought forward: *Loans and receivables*	14 655			
Remeasurement		-	(823)	
Carried forward: *Amortised cost*				13 832
Other accounts receivable				
Brought forward: *Loans and receivables*	1 263			
Remeasurement		-	(13)	
Carried forward: *Amortised cost*				1 250
Short-term cash deposits				
Brought forward: *Loans and receivables*	1 076	-	-	
Remeasurement				
Carried forward: *Amortised cost*				1 076
Long-term receivables				
Brought forward: *Loans and receivables*	687			
Remeasurement		-	-	
Carried forward: *Amortised cost*				687
Total amortised cost	**32 011**	**-**	**(836)**	**31 175**

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows:

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Loss allowance at 31 December 2017 under IAS 39	**109 454**	**3 268**
Additional impairment recognised at 1 January 2018 on:		
Trade accounts receivable	27 572	823
Other accounts receivable	429	13
Loss allowance at 1 January 2018 under IFRS 9	**137 455**	**4 104**

IFRS 16 Leases

As indicated in Note 3(e) above, the Group has applied IFRS 16 Leases using the modified retrospective approach with the cumulative effect of initially applying IFRS 16 recognised in retained earnings at the date of initial application on 1 January 2018, as permitted under the specific transition provisions in the standard. Comparatives for the 2017 financial year have therefore not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2018.

On transition to IFRS 16 the Group recognized UAH 2,510,651 thousand or EUR 74,956 thousand of right-of-use assets and UAH 2,335,867 thousand or EUR 69,737 thousand of lease liabilities with no effect to retained earnings, except for land lease rights previously recognized applying IFRS 3 Business Combination as part of a business combination were derecognized as asset as at 1 January 2018 in amount UAH 86,972 thousand or EUR 2,597 thousand.

These liabilities were measured at the present value of the remaining lease payments, discounted using the borrowing rate as published by NBU as of 1 January 2018. The weighted average borrowing rate applied to the lease liabilities on 1 January was 16.61% for short-term borrowings and 18.96% for long-term borrowings.

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
	1 January 2018	**1 January 2018**
Operating lease commitments disclosed as at 31 December 2017	3 953 672	118 036
Discounted using the borrowing rate of 16.61% -18.96%	2 143 905	64 006
Add: adjustments as a result of a different treatment of liability and advances for land lease	40 162	1 199
Add: adjustments as a result of a different treatment of extension and termination options	11 847	354
Add: adjustments relating to new leases as at 1 January 2018	139 953	4 178
Lease liability recognised as at 1 January 2018	**2 335 867**	**69 737**

The associated rights-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2017.

Long-term receivables and prepayments reduced by UAH 112,480 thousand or EUR 3,358 thousand, other accounts receivable and prepayments reduced by UAH 62,420 thousand or EUR 1,864 thousand, trade payables by UAH 116 thousand or EUR 3 thousand.

Implementation of IFRS 16 resulted in the following changes in presentation of the consolidated income statement: 2017 year land lease expenses were included in Cost of Revenues (Note 22), in 2018 year land lease expenses were devided into two components - amortization charge in Cost of Revenues (Note 22) and Interest expense on lease liability (Note 27). Warehouse lease expenses in 2017 year were included in Selling and distribution expense (Note 25), in 2018 year were devided into two components - amortization charge in Selling and distribution expense (Note 25) and Interest expense on lease liability (Note 27). Office rent expenses were only in 2018 year and were devided into two components - amortization charge in General and administrative expense (Note 24) and Interest expense on lease liability (Note 27).

However, implementation of IFRS 16 resulted in the following changes in presentation of the consolidated statement of cash flows: 2017 year all lease expenses were included in Loss/Profit before tax and were not adjusting items for Cash flows provided by operating activities, in 2018 year lease expenses adjusted Cash flows provided by operating activities – part was added to Depreciation and amortization adjustment and remaining part to Interest expense on lease liability; in 2018 year payments of lease liabilities were included in Cash flows provided by (used in) financing activities, in 2017 year payments of lease liabilities were included in Cash flows provided by operating activities (working capital adjustments).

Adoption of IFRS 16 has no impact on the Group's finance leases. Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has chosen to present the right-of-use assets and the lease liabilities as separate lines in the consolidated statement of financial position. The related detailed information is provided in one single Note 9.

5. BUSINESS COMBINATIONS

Acquisition of new entities in 2018

During the reporting period the Group acquired 100% of LLC "Pochayna-Office" and LLC "Pochayna-Nerukhomist" which are non-listed companies located in Ukraine with the purpose to acquire office premises. Purchase of these entities is recognised as acquisition of a group of assets that doesn't constitute a business (Note 10).

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 receivables 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
Othe 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.

6. MATERIAL PARTLY-OWNED SUBSIDIARIES

The summarised financial information of the subsidiaries that have material non-controlling interests and proportion of equity interest held by non-controlling interests is provided below. All presented below subsidiaries are limited liability companies. 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(g) and 18).

Liability to non-controlling interests:

2018	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**39 218**	**1 237**
Non-controlling interests in other subsidiaries	**5 914**	**186**
Total non-controlling interests in limited liability companies	**45 132**	**1 423**

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	89 605	2 675
Non-controlling interests in other subsidiaries	22 702	678
Total non-controlling interests in limited liability companies	112 307	3 353

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

2018	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**1 755**	**49**
Non-controlling interests in other subsidiaries	**13 447**	**425**
Total non-controlling interests in limited liability companies	**15 202**	**474**

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	6 845	205
Non-controlling interests in other subsidiaries	25 592	850
Total non-controlling interests in limited liability companies	32 437	1 055

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

2018	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	**(78)**	**(2)**
Non-controlling interests in other subsidiaries	**1 606**	**50**
Total non-controlling interests in limited liability companies	**1 528**	**48**

2017	*(in thousands of Ukrainian hryvnias)*	*(in thousands of Euros)*
Non-controlling interests in subsidiaries for which detailed information is provided below	(150)	(4)
Non-controlling interests in other subsidiaries	(12 002)	(401)
Total non-controlling interests in limited liability companies	(12 151)	(405)

SUMMARISED STATEMENT OF FINANCIAL POSITION

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dovzhenko"*		*LLC "List-Ruchky"*		*LLC "Kobelyatskiy combined forage factory"*		*LLC "Zhytnytsya Podillya"*		*ALC "Novoivanivskiy sugar plant"*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-current assets	**1 746 135**	1 295 729	**21 996**	6 794	**37 193**	31 137	**162 239**	51 628	**248 421**	219 877
Current assets	**913 808**	1 786 097	**29 979**	36 923	**15 180**	20 209	**256 717**	221 039	**137 376**	111 358
Non-current liabilities	**343 799**	220 628	**12 030**	-	**6 350**	160	**83 170**	2 516	**44 846**	-
Current liabilities	**569 230**	310 890	**4 232**	7 443	**2 845**	17 276	**103 065**	122 875	**89 827**	102 023
Total net assets	**1 746 914**	2 550 308	**35 713**	36 274	**43 178**	33 910	**232 721**	147 276	**251 124**	229 212
Non-controlling interest, %	**0.50%**	2.47%	**25.02%**	25.02%	**1.41%**	1.43%	**3.02%**	3.02%	**5.51%**	5.51%
Attributable to:										
Non-controlling interest	**8 735**	62 993	**8 935**	9 076	**609**	485	**7 028**	4 448	**13 837**	12 630
Equity holders of parent	**1 738 179**	2 487 315	**26 778**	27 198	**42 569**	33 425	**225 693**	142 828	**237 287**	216 582

(in thousands of Euros)	*LLC "Agricultural company "Dovzhenko"*		*LLC "List-Ruchky"*		*LLC "Kobelyatskiy combined forage factory"*		*LLC "Zhytnytsya Podillya"*		*ALC "Novoivanivskiy sugar plant"*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-current assets	**55 059**	38 684	**694**	203	**1 173**	930	**5 116**	1 541	**7 833**	6 564
Current assets	**28 814**	53 324	**945**	1 102	**479**	603	**8 095**	6 599	**4 332**	3 325
Non-current liabilities	**10 841**	6 587	**379**	-	**200**	5	**2 622**	75	**1 414**	-
Current liabilities	**17 949**	9 282	**133**	222	**90**	516	**3 250**	3 668	**2 832**	3 046
Total net assets	**55 083**	76 139	**1 127**	1 083	**1 362**	1 012	**7 339**	4 397	**7 919**	6 843
Non-controlling interest, %	**0.50%**	2.47%	**25.02%**	25.02%	**1.41%**	1.43%	**3.02%**	3.02%	**5.51%**	5.51%
Attributable to:										
Non-controlling interest	**278**	1 880	**282**	271	**19**	14	**222**	133	**436**	377
Equity holders of parent	**54 808**	74 259	**845**	812	**1 343**	998	**7 117**	4 264	**7 483**	6 466

SUMMARISED INCOME STATEMENT

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dovzhenko"*		*LLC "List-Ruchky"*		*LLC "Kobelyatskiy combined forage factory"*		*LLC "Zhytnytsya Podillya"*		*ALC "Novoivanivskiy sugar plant"*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue	**800 816**	942 970	**22 280**	6 614	**13**	16	**59 900**	112 400	**56 130**	167 688
Cost of sales	**(584 709)**	(492 196)	**(17 053)**	(3 193)	**(13)**	(816)	**(46 451)**	(67 102)	**(46 973)**	(92 064)
Changes in fair value of biological assets and agricultiral produce	**174 773**	278 409	**3 976**	7 703	**828**	-	**81 073**	71 736	**41**	44
Gross profit	**390 880**	729 183	**9 203**	11 124	**828**	(800)	**94 522**	117 034	**9 198**	75 668
Other operating income	**16 457**	28 036	**36**	82	**252**	9	**1 642**	2 906	**5 633**	699
Administrative expenses	**(40 526)**	(42 969)	**(1 511)**	(1 203)	**(4 274)**	(3 068)	**(6 003)**	(6 984)	**(10 860)**	(14 163)
Selling and distribution expenses	**(48 325)**	(77 134)	**(4 278)**	(6 374)	**(51)**	(22)	**(73 240)**	(26 775)	**(9 746)**	(9 102)
Other operating expense	**(93 666)**	(95 149)	**(477)**	(405)	**(182)**	(73)	**(4 068)**	(6 076)	**(343)**	(14 238)
Profit from operations	**224 820**	541 967	**2 973**	3 224	**(3 427)**	(3 954)	**12 853**	80 105	**(6 118)**	38 864
Finance cost	**(120 900)**	(38 858)	**(3 113)**	(233)	**(671)**	(303)	**(27 905)**	(6 897)	**(10 683)**	(3 787)
Finance income	**404**	246	**66**	-	**6**	398	**214**	17	**6**	12
Other income	**(190 513)**	(55 292)	**80**	49	**(911)**	2	**3**	4	**6**	239
Profit before tax	**(86 189)**	448 063	**6**	3 040	**(5 003)**	(3 857)	**(14 835)**	73 229	**(16 789)**	35 328
Income tax	**-**	-	**-**	-	**206**	445	**-**	-	**2 166**	(5 157)
Profit for the year from continuing operation	**(86 189)**	448 063	**6**	3 040	**(4 797)**	(3 412)	**(14 835)**	73 229	**(14 623)**	30 171
Attributable to:	**0.50%**	2.47%	**25.02%**	25.02%	**1.41%**	1.43%	**3.02%**	3.02%	**5.51%**	5.51%
Non-controlling interest	**(431)**	11 065	**2**	761	**(68)**	(49)	**(448)**	2 212	**(806)**	1 662
Equity holders of parent	**(85 758)**	436 998	**4**	2 279	**(4 729)**	(3 363)	**(14 387)**	71 017	**(13 817)**	28 509
Other comprehensive income	**(107)**	(2 072)	**(154)**	(10)	**(59)**	(34)	**(153)**	(135)	**(611)**	(2 423)
Other comprehensive income attributable to:										
Non-controlling interest	**(1)**	(51)	**(39)**	(3)	**(1)**	-	**(5)**	(4)	**(34)**	(134)
Equity holders of parent	**(106)**	(2 021)	**(115)**	(7)	**(58)**	(34)	**(148)**	(131)	**(577)**	(2 289)

(in thousands of Euros)	LLC "Agricultural company "Dovzhenko"		LLC "List-Ruchky"		LLC "Kobelyatskiy combined forage factory"		LLC "Zhytnytsya Podillya"		ALC "Novoivanivskiy sugar plant"	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue	**24 921**	31 419	**693**	220	**-**	1	**1 996**	3 745	**1 747**	5 587
Cost of sales	**(18 196)**	(16 400)	**(531)**	(106)	**-**	(27)	**(1 548)**	(2 236)	**(1 462)**	(3 067)
Changes in fair value of biological assets and agricultiral produce	**5 439**	9 276	**124**	257	**26**	-	**2 701**	2 390	**1**	1
Gross profit	**12 164**	24 295	**286**	371	**26**	(26)	**3 149**	3 899	**286**	2 521
Other operating income	**512**	934	**1**	3	**8**	-	**51**	97	**175**	23
Administrative expenses	**(1 261)**	(1 432)	**(47)**	(40)	**(133)**	(102)	**(187)**	(233)	**(338)**	(472)
Selling and distribution expenses	**(1 504)**	(2 570)	**(133)**	(212)	**(2)**	(1)	**(2 279)**	(892)	**(303)**	(303)
Other operating expense	**(2 915)**	(3 170)	**(15)**	(13)	**(6)**	(2)	**(127)**	(202)	**(11)**	(474)
Profit from operations	**6 996**	18 057	**92**	109	**(107)**	(131)	**607**	2 669	**(191)**	1 295
Finance cost	**(3 762)**	(1 295)	**(97)**	(8)	**(21)**	(10)	**(868)**	(230)	**(332)**	(126)
Finance income	**13**	8	**2**	-	**-**	13	**7**	1	**-**	-
Other income	**(5 929)**	(1 842)	**2**	2	**(28)**	-	**-**	-	**-**	8
Profit before tax	**(2 682)**	14 928	**(1)**	103	**(156)**	(128)	**(254)**	2 440	**(523)**	1 177
Income tax	**-**	-	**-**	-	**6**	-	**-**	-	**67**	-
Profit for the year from continuing operation	**(2 682)**	14 928	**(1)**	103	**(150)**	(128)	**(254)**	2 440	**(456)**	1 177
Attributable to:	**0.50%**	2.47%	**25.02%**	25.02%	**1.41%**	1.43%	**3.02%**	3.02%	**5.51%**	5.51%
Non-controlling interest	**(13)**	369	**(-**	26	**(2)**	(2)	**(8)**	74	**(25)**	65
Equity holders of parent	**(2 669)**	14 559	**(1)**	77	**(148)**	(126)	**(246)**	2 366	**(431)**	1 112
Other comprehensive income	**(3)**	(69)	**(5)**	-	**(2)**	(1)	**(5)**	(4)	**(19)**	(81)
Other comprehensive income attributable to:										
Non-controlling interest	**-**	(2)	**(1)**	-	**-**	-	**-**	-	**(1)**	(4)
Equity holders of parent	**(3)**	(67)	**(4)**	-	**(2)**	(1)	**(5)**	(4)	**(18)**	(77)

SUMMARISED STATEMENT OF CASH FLOWS

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dovzhenko"*		*LLC "List-Ruchky"*		*LLC "Kobelyatskiy combined forage factory"*		*LLC "Zhytnytsya Podillya"*		*ALC "Novoivanivskiy sugar plant"*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Operating	**96 645**	202 428	**4 406**	6 443	**(1 064)**	(72)	**118**	4 811	**(4 378)**	11 181
Investing	**23 602**	(195 140)	**2 340**	(6 436)	**1 660**	90	**46 038**	(11 792)	**(12 330)**	(40 366)
Financing	**(123 152)**	(2 037)	**(5 238)**	-	**(455)**	(12)	**(38 621)**	6 960	**21 386**	29 324
Net increase/(decrease) in cash and cash equivalents	**(2 905)**	5 251	**1 508**	7	**141**	6	**7 535**	(21)	**4 678**	139

(in thousands of Euros)	*LLC "Agricultural company "Dovzhenko"*		*LLC "List-Ruchky"*		*LLC "Kobelyatskiy combined forage factory"*		*LLC "Zhytnytsya Podillya"*		*ALC "Novoivanivskiy sugar plant"*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Operating	**3 008**	6 745	**137**	510	**(33)**	298	**4**	5 583	**(136)**	1 223
Investing	**734**	(6 502)	**73**	(203)	**52**	720	**1 432**	740	**(384)**	(1 223)
Financing	**(3 832)**	(68)	**(163)**	(311)	**(15)**	(1 190)	**(1 202)**	(6 303)	**666**	(13)
Net increase/(decrease) in cash and cash equivalents	**(90)**	175	**47**	(4)	**4**	(172)	**234**	20	**146**	(13)

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

As at 31 December 2017, the Group had 49.99% ownership in LLC Agricultural company "Pokrovska", which was involved in agricultural activity, in 2018 year it was liquidated. 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" was 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".

The Group was unable 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.

8. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2018 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Constructions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2018	**1 992 129**	**1 396 618**	**4 066 478**	**120 988**	**86 033**	**820 129**	**8 482 375**
Additions	**-**	**-**	**-**	**-**	**-**	**1 620 253**	**1 620 253**
Disposals	**(20 727)**	**(11 990)**	**(71 546)**	**(1 388)**	**(2 994)**	**-**	**(108 645)**
Impairment	**(38 079)**	**(43 751)**	**(74 317)**	**-**	**-**	**-**	**(156 147)**
Elimination of depreciation	**(217 357)**	**(247 057)**	**(1 404 497)**	**-**	**-**	**-**	**(1 868 911)**
Fixed assets revaluation	**5 381**	**147 410**	**596 423**	**-**	**-**	**-**	**749 214**
Reversal of impairment of property, plant and equipment, net	**1 066**	**6 658**	**23 677**	**-**	**-**	**-**	**31 401**
Transfer from Uninstalled equipment	**397 401**	**702 642**	**587 887**	**20 603**	**78 660**	**(1 787 193)**	**-**
Transfer to Investment property (Note 10)	**(80 550)**	**-**	**-**	**-**	**-**	**-**	**(80 550)**
31 December 2018	**2 039 264**	**1 950 530**	**3 724 105**	**140 203**	**161 699**	**653 189**	**8 668 990**
Accumulated depreciation 1 January 2018	**116 346**	**148 968**	**777 959**	**49 880**	**56 423**	**-**	**1 149 576**
Depreciation charge	**107 733**	**100 770**	**659 262**	**17 754**	**22 588**		**908 107**
Disposals	**(4 245)**	**(2 681)**	**(32 724)**	**(1 378)**	**(2 827)**	**-**	**(43 855)**
Decrease due to revaluation	**(217 357)**	**(247 057)**	**(1 404 497)**	**-**	**-**	**-**	**(1 868 911)**
Decrease due to transfer to Investment property (Note 10)	**(2 477)**	**-**	**-**	**-**	**-**	**-**	**(2 477)**
31 December 2018	**-**	**-**	**-**	**66 256**	**76 184**	**-**	**142 440**
Net book value 31 December 2018	**2 039 264**	**1 950 530**	**3 724 105**	**73 947**	**85 515**	**653 189**	**8 526 550**

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2018	**59 473**	**41 697**	**121 404**	**3 612**	**2 569**	**24 485**	**253 240**
Additions	**-**	**-**	**-**	**-**	**-**	**50 421**	**50 421**
Disposals	**(645)**	**(373)**	**(2 226)**	**(43)**	**(93)**	**-**	**(3 380)**
Impairement	**(1 189)**	**(1 366)**	**(2 321)**	**-**	**-**	**-**	**(4 876)**
Elimination of depreciation	**(6 854)**	**(7 790)**	**(44 286)**	**-**	**-**	**-**	**(58 930)**
Fixed assets revaluation	**170**	**4 648**	**18 806**	**-**	**-**	**-**	**23 624**
Reversal of impairment of property, plant and equipment, net	**34**	**209**	**744**	**-**	**-**	**-**	**987**
Currency translation difference	**4 692**	**1 263**	**7 053**	**232**	**145**	**1 308**	**14 693**
Transfer from Uninstalled equipment	**11 051**	**23 215**	**18 253**	**620**	**2 478**	**(55 617)**	**-**
Transfer to Investment property (Note 10)	**(2 431)**	**-**	**-**	**-**	**-**	**-**	**(2 431)**
31 December 2018	**64 301**	**61 503**	**117 427**	**4 421**	**5 099**	**20 597**	**273 348**
Accumulated depreciation 1 January 2018	**3 474**	**4 447**	**23 226**	**1 489**	**1 684**	**-**	**34 320**
Depreciation charge	**3 324**	**3 169**	**20 514**	**549**	**705**	**-**	**28 261**
Disposals	**(132)**	**(83)**	**(1 018)**	**(43)**	**(88)**	**-**	**(1 364)**
Decrease due to revaluation	**(6 854)**	**(7 790)**	**(44 286)**	**-**	**-**	**-**	**(58 930)**
Decrease due to transfer to Investment property (Note 10)	**(74)**	**-**	**-**	**-**	**-**	**-**	**(74)**
Currency translation difference	**262**	**257**	**1 564**	**94**	**101**	**-**	**2 278**
31 December 2018	**-**	**-**	**-**	**2 089**	**2 402**	**-**	**4 491**
Net book value 31 December 2018	**64 301**	**61 503**	**117 427**	**2 332**	**2 697**	**20 597**	**268 857**

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 5)	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 5)	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

As at 31 December 2018 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 (http://www.ukrstat.gov.ua/), Eurostat (http://ec.europa.eu/eurostat) (for replacement costs of machinery and equipment) and Economist Intelligence Unit (EIU) (http://eiu.com);
- 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 2018) (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 2018, impairment test was performed by an independent appraiser, since impairment test is an integral part of valuation of property, plant and equipment.

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: 22.9% p.a. for five year period and 17.6% in the terminal period;
- Agricultural CGU: 23.1% p.a. for five year period and 17.8% in the terminal period;
- Soybean CGU: 22.9% p.a. for five year period and 17.6% in the terminal period;
- Cattle CGU: 23.1% p.a. for five year period and 17.8% 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 4,809 – UAH 7,580 per ton
- Corn – UAH 4,367– UAH 7,009 per ton
- Soybean – UAH 10,467 – UAH 14,121 per ton
- Milk – UAH 9,479 – UAH 12,587 per ton
- Sugar – UAH 10,198 – UAH 16,062 per ton

For each CGU, except for sugar and cattle farming, the identified recoverable amount exceeded its carrying value as at 31 December 2018. For sugar CGU due to forecasted prices for sugar decrease impairment loss was identified in amount of UAH 706,884 thousand or EUR 22,289 thousand. For cattle segment due to forecasted cost of cattle farming increase impairment loss was identified in amount of UAH 245,822 thousand or EUR 7,751 thousand. For agriculture segment significant headroom exists and no reasonable change in the key assumptions would cause the carrying value to exceed the value-in-use. For sugar, soybean and cattle segments, 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 additional impairment of property, plant and equipment in amount of UAH 194,219 thousand allocated to sugar CGU, UAH 67,121 thousand allocated to soybean CGU and UAH 57,999 thousand allocated to cattle farming CGU. Decrease in price by 1% in each period (including terminal) would lead to additional impairment in amount of UAH 226,432 thousand allocated to sugar CGU, UAH 146,294 thousand allocated to soybean CGU and UAH 72,542 thousand allocated to cattle farming CGU. Increase in cost by 1% in each period (including terminal) would lead to additional impairment in amount of UAH 130,946 thousand allocated to sugar CGU, UAH 7,237 thousand allocated to soybean CGU and UAH 56,948 thousand allocated to cattle farming CGU.

Impairment of individual items of property, plant and equipment

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. As a result of revaluation as at 31 December 2018, impairment loss of UAH 156,147 thousand (EUR 4,876 thousand) was recognized within other operating expenses (2017: UAH 52,011 thousand or EUR 1,707 thousand) (Note 26).

Reversal of impairment of property, plant and equipment in amount of UAH 31,401 thousand or EUR 987 thousand was recognized due to increase of market prices per certain items of property plant and equipment as at 31 December 2018.

Other matters

As at 31 December 2018, the carrying amount of property, plant and equipment 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 248,361 thousand or EUR 7,831 thousand (2017: UAH 523,183 thousand or EUR 15,622 thousand), machinery and equipment is UAH 1 289,044 thousand or EUR 40,646 thousand (2017: UAH 1 663,764 thousand or EUR 49,680 thousand) and construction is UAH 857,500 thousand or EUR 27,038 thousand (2017: UAH 494,049 thousand or EUR 14,752 thousand).

In 2018 revaluation surplus of UAH 432,571 thousand or EUR 19,031 thousand (2017: UAH 611,096 thousand or EUR 29,569 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 2018 and 2017 the Group have not capitalized any borrowing costs.

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

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. At 31 December 2018, the net book value of leased assets is UAH 87,782 thousand or EUR 2,768 thousand (2017: UAH 107,244 thousand; EUR 3,202 thousand).

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

(I) Amounts recognised in the consolidated statement of financial position

The balance sheet shows the following amounts relating to leases:

(in thousands of Ukrainian hryvnias)	31 December 2018	1 January 2018
Right-of-use assets		
Land	**2 415 616**	2 358 851
Office premises	**119 748**	139 953
Warehouse	**24 700**	11 847
	2 560 064	2 510 651
Lease liabilities		
Non-current	**1 873 145**	1 839 511
Current portion	**562 687**	496 356
	2 435 832	2 335 867

(in thousands of Euro)	31 December 2018	1 January 2018
Right-of-use assets		
Land	**76 168**	70 424
Office premises	**3 776**	4 178
Warehouse	**779**	354
	80 723	74 956
Lease liabilities		
Non-current	**59 063**	54 918
Current portion	**17 742**	14 819
	76 805	69 737

Movements for the right-of-use assets during the 2018 financial year were the following:

(in thousands of Ukrainian hryvnias)	Right-of-use asset: Land	Right-of-use asset: Office premises	Right-of-use asset: Warehouse	Total
Deemed cost as at 1 January 2018	**2 358 851**	**139 953**	**11 847**	**2 510 651**
Additions to the right-of-use assets	283 464	1 262	22 622	307 348
Capitalised expenses related to lease	101 672	-	-	101 672
Depreciation	(340 611)	(19 625)	(7 609)	(367 845)
Other changes	14 849	(1 842)	(2 160)	10 847
Disposals(1)	(2 609)	-	-	(2 609)
Cost of the right-of-use assets	*(25 734)*	-	-	*(25 734)*
Accumulated depreciation	*23 125*	-	-	*23 125*
Cost as at 31 December 2018	2 733 102	139 373	32 309	2 904 784
Accumulated depreciation	(317 486)	(19 625)	(7 609)	(344 720)
Net book value as at 31 December 2018	**2 415 616**	**119 748**	**24 700**	**2 560 064**

(in thousands of Euro)	Right-of-use asset: Land	Right-of-use asset: Office premises	Right-of-use asset: Warehouse	Total
Deemed cost as at 1 January 2018	**70 424**	**4 178**	**354**	**74 956**
Additions to the right-of-use assets	8 821	39	704	9 564
Capitalised expenses related to lease	3 164	-	-	3 164
Depreciation	(10 600)	(611)	(237)	(11 448)
Other changes	462	(57)	(67)	338
Currency translation differences	3 969	227	25	4 221
Disposal(1)	(72)	-	-	(72)
Cost of the right-of-use assets	*(801)*	-	-	(801)
Accumulated depreciation	*729*	-	-	729
Cost as at 31 December 2018	86 179	4 395	1 019	91 593
Accumulated depreciation	(10 011)	(619)	(240)	(10 870)
Net book value as at 31 December 2018	**76 168**	**3 776**	**779**	**80 723**

(1) For the year ended 31 December 2018 the line item Disposal presented result of cost and accumulated depreciation set off due to expiration or early termination of land lease agreement in 2018 year.

The consolidated income statement shows the following amounts relating to leases:

		(in thousands of Ukrainian hryvnias)		*(in thousands of Euro)*	
	Notes	**2018**	**2017**	**2018**	**2017**
Depreciation charge of right-of-use assets					
Land	*22*	340 611	-	10 600	-
Office premises	*24*	19 625	-	611	-
Warehouse	*25*	7 609	-	237	-
Interest expense on lease liabilities (included in finance cost)	*27*	497 072	-	15 484	-
Expenses relating to short-term leases (included in cost of revenues)	*22*	7 814	-	244	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities (included in cost of revenues)	*22*	395 237	-	12 544	-

The total cash outflow for leases for 2018 was UAH 800,035 thousand or EUR 24,897 thousand and are classified as finance activities in the consolidated statement of cash flows.

(III) The group's leasing activities and how these are accounted for

The Group leases land, office premises and warehouses for operating activities. Land lease contracts are typically made for fixed periods of 1 to 49 years. Lease contracts for office premises are made for 3 years, but management considers usage period for office premises of 7 years. Warehouse lease contracts are typically made for fixed periods less than 12 months, management considers usage period for some warehouses of 3 years, other premises are used by the Group for current storage of finished goods and the Group has no intentions to extend the lease. Lease payment associated with short-term lease are recognized as an expense as occurred. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group has applied the cost model to right-of-use assets. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of the following lease payments that are not paid as the commencement date:

- fixed payments (including in-substance fixed payments);
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using borrowing cost as published by National Bank of Ukraine on its official web-site (www.bank.gov.ua) as the interest rate implicit in the lease could not be determined.

The lease liability is measured subsequently at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's assessment of whether it will exercise extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and other assets that have a lease term of 12 months or less and leases of low-value assets. Payments associated with short-term leases of other assets are recognised on a straight-line basis as an expense in profit or loss.

(IV) Extension and termination options

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts.

In determining the land lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The majority of extension and termination options held are exercisable by Group or by the respective Lessor that's why they are not included in measurement of assets and liabilities arising from land lease. Extension option is considered exercisable by the Group and is included in measurement of assets and liabilities arising from warehouse and office premises lease, lease term for office premises considered as 7 years and for warehouses as 3 years.

10. INVESTMENT PROPERTY

The movements of investment property in 2018 are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Balance at 1 January	**-**	-	**-**	-
Reclassification from property, plant and equipment (Note 8)	**78 073**	-	**2 357**	-
Impairment loss	**(3 788)**	-	**(118)**	-
Currency translation difference	**-**	-	**103**	-
Balance at 31 December	**74 285**	-	**2 342**	-

The Group's investment property is measured at cost.

In 2018 impairment loss of UAH 3,788 thousand (EUR 118 thousand) was recognized within other operating expenses.

For the year ended 31 December 2018 there were no rental income from investment property and appropriate operating expenses.

As at 31 December 2018, fair value of investment property amounts to UAH 74,285 thousand (EUR 2,342 thousand).

11. 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 2018	**117 713**	**20 838**	**20 047**	**158 598**
Additions	**-**	**-**	**5 696**	**5 696**
Disposals	**-**	**-**	**(1 134)**	**(1 134)**
Adoption of IFRS 16 (Note 4)	**(117 713)**	**-**	**-**	**(117 713)**
31 December 2018	**-**	**20 838**	**24 609**	**45 447**
Accumulated amortization 1 January 2018	**30 742**	**-**	**7 848**	**38 590**
Amortization charge	**-**	**-**	**4 907**	**4 907**
Disposals	**-**	**-**	**(1 134)**	**(1 134)**
Adoption of IFRS 16 (Note 4)	**(30 742)**	**-**	**-**	**(30 742)**
31 December 2018	**-**	**-**	**11 621**	**11 621**
Net book value 31 December 2018	**-**	**20 838**	**12 988**	**33 826**

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2018	**3 514**	**622**	**598**	**4 734**
Additions	**-**	**-**	**177**	**177**
Disposals	**-**	**-**	**(35)**	**(35)**
Adoption of IFRS 16 (Note 4)	**(3 663)**	**-**	**-**	**(3 663)**
Currency translation differences	**149**	**35**	**36**	**220**
31 December 2018	**-**	**657**	**776**	**1 433**
Accumulated amortization 1 January 2018	**917**	**-**	**235**	**1 152**
Amortization charge	**-**	**-**	**153**	**153**
Disposals	**-**	**-**	**(35)**	**(35)**
Adoption of IFRS 16 (Note 4)	**(957)**	**-**	**-**	**(957)**
Currency translation differences	**40**	**-**	**13**	**53**
31 December 2018	**-**	**-**	**366**	**366**
Net book value 31 December 2018	**-**	**657**	**410**	**1 067**

The movement of intangible assets in 2017 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 5)	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 5)	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

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 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 23,1% for five years and 17,8% for the terminal period (2017: 19% and 13,8% in the terminal period). As at 31 December 2018 recoverable amount of agricultural CGU exceeds its carrying amount by UAH 1,527,919 thousand or EUR 48,177 thousand.

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 8.

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 for other intangible assets is allocated to General and administrative expense.

12. 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 (25.7%) (2017: 19%)
- Yields of crops (5.2 tons per hectare for winter wheat and 4.0 tons per hectare for winter rye) (2017: 5.5 tons per hectare for winter wheat, 4.1 tons per hectare for winter rye)
- Prices of crops (UAH 4,632 per ton for winter wheat and UAH 4,278 for winter rye) (2017: UAH 4,402 per ton for winter wheat, UAH 3,230 per ton for winter rye)

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

- Discount rate (24.1%) (2017: 19%)
- Milk prices (UAH 8.30 per litre) (2017: UAH 7.86 per litre)
- Meat prices (UAH 25.57 per kilogram) (2017: UAH 24.75 per kilogram)
- Milk yield per day (19,3 litres per day) (2017: 20,0 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 2018, the unrealized gain of biological assets comprised UAH 262,151 thousand or EUR 8,266 thousand (2017: UAH 621,309 thousand or EUR 18,549 thousand).

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	31 December 2018		31 December 2017	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**27 186**	**539 468**	26 618	749 337
Other livestock		**1 714**		2 197
		541 182		751 534
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**49 363**	**502 890**	52 266	568 846
Winter rye	**745**	**4 650**	1 421	4 053
	50 108	**507 540**	53 687	572 899
Total biological assets		**1 048 722**		1 324 433

(in thousands of Euros)	31 December 2018		31 December 2017	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**27 186**	**17 010**	26 618	22 371
Other livestock		**54**		66
		17 064		22 437
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**49 363**	**15 857**	52 266	16 983
Winter rye	**745**	**147**	1 421	121
	50 108	**16 004**	53 687	17 104
Total biological assets		**33 068**		39 541

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

(in tonns)	2018	2017
Milk	**105 648**	109 739
Winter wheat	**242 481**	237 111
Barley	**3 311**	5 030
Corn	**622 258**	339 298
Soy	**69 170**	62 936
Sunflower	**116 733**	72 663
Sugar beet	**1 814 364**	2 310 901

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 2017	432 310	390 503	822 813
Increase resulting from business acquisition	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**
Investments into livestock and future crops	**175 381**	**4 548 467**	**4 723 848**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(283 207)**	**1 606 627**	**1 323 420**
Sales	**(102 526)**	**-**	**(102 526)**
Decrease due to harvest	**-**	**(6 220 453)**	**(6 220 453)**
As at 31 December 2018	**541 182**	**507 540**	**1 048 722**

(in thousands of Euros)	Non-current livestock	Crops	Total
As at 1 January 2017	15 209	13 739	28 948
Increase resulting from business acquisition	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**
Investments into livestock and future crops	**5 458**	**141 546**	**147 004**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(8 989)**	**50 993**	**42 004**
Sales	**(3 191)**	**-**	**(3 191)**
Decrease due to harvest	**-**	**(193 578)**	**(193 578)**
Currency translation difference	**1 349**	**(61)**	**1 288**
As at 31 December 2018	**17 064**	**16 004**	**33 068**

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:

	2018			
	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	**194 388**	**6 129**	**8,0**	**0,25**
10% decrease in prices for milk	**(194 388)**	**(6 129)**	**(8,0)**	**(0,25)**
10% increase in price for meat	**17 219**	**543**	**0,7**	**0,02**
10% decrease in price for meat	**(17 219)**	**(543)**	**(0,7)**	**(0,02)**
10% increase in milk yield	**36 726**	**1 158**	**1,5**	**0,05**
10% decrease in milk yield	**(36 726)**	**(1 158)**	**(1,5)**	**(0,05)**
10% increase in prices for crops	**95 039**	**2 997**	**3,9**	**0,12**
10% decrease in prices for crops	**(95 039)**	**(2 997)**	**(3,9)**	**(0,12)**
10% increase in yield for crops	**95 039**	**2 997**	**3,9**	**0,12**
10% decrease in yield for crops	**(95 039)**	**(2 997)**	**(3,9)**	**(0,12)**
10% increase in production costs until harvest	**(44 285)**	**(1 396)**	**(1,8)**	**(0,06)**
10% decrease in production costs until harvest	**44 285**	**1 396**	**1,8**	**0,06**
5% increase in annual consumer price index	**261 071**	**8 232**	**10,7**	**0,34**
5% decrease in annual consumer price index	**(261 071)**	**(8 232)**	**(10,7)**	**(0,34)**
1% increase in discount rate	**(13 903)**	**(438)**	**(0,6)**	**(0,02)**
1% decrease in discount rate	**13 903**	**438**	**0,6**	**0,02**

	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

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 report.

13. INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Finished goods:				
Sugar products	**2 617 392**	2 261 262	**82 530**	67 510
Agricultural produce	**2 919 137**	2 348 637	**92 044**	70 118
Soybean processing	**244 661**	287 395	**7 715**	8 580
Cattle farming	**1 394**	1 824	**44**	54
	5 782 584	4 899 118	**182 333**	146 262
Raw materials and consumables for:				
Sugar production	**100 692**	129 016	**3 175**	3 852
Cattle farming	**170 332**	167 461	**5 371**	4 999
Agricultural produce	**319 314**	247 498	**10 069**	7 389
Other production	**17 711**	2 337	**558**	70
Consumables for joint utilization	**113 345**	277 635	**3 574**	8 288
	721 394	823 947	**22 747**	24 598
Investments into future crops	**946 953**	799 409	**29 859**	23 867
	7 450 931	6 522 474	**234 939**	194 727

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Goods in transit:				
Soybean processing	**113 135**	120 953	**3 567**	3 611
Agricultural produce	**107 023**	387 582	**3 375**	11 571
Consumables for joint utilization	**21 588**	1 560	**681**	47
Sugar products	**9 988**	66 789	**315**	1 994
	251 734	576 884	**7 938**	17 223

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.

During 2018 UAH 25 522 thousand (EUR 797 thousand) was recognized as an expense for inventories carried at net realizable value. This is recognized in other operating expenses.

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

14. TRADE AND OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Long-term receivables and prepayments				
Advances to suppliers	**48 814**	131 228	**1 540**	3 918
Other long-term receivables	**499**	23 032	**15**	687
	49 313	154 260	**1 555**	4 605
Current accounts receivable and prepayments				
Trade receivables	**791 995**	547 477	**24 973**	16 345
Less allowance	**(92 950)**	(56 604)	**(2 931)**	(1 690)
	699 045	490 873	**22 042**	14 655
Prepayments and other non-financial assets:				
VAT recoverable and prepaid	**1 527 062**	589 785	**48 151**	17 608
Advances to suppliers	**214 760**	206 170	**6 772**	6 155
Less allowance	**(65 083)**	(34 290)	**(2 052)**	(1 024)
	1 676 739	761 665	**52 871**	22 739
Other financial assets:				
Government bonds	**27 409**	-	**864**	-
Financial aid	**32**	1 271	**1**	38
Other receivables	**14 634**	59 622	**463**	1 779
Less allowance	**(8 276)**	(18 560)	**(262)**	(554)
	33 799	42 333	**1 066**	1 263
	1 710 538	803 998	**53 937**	24 002
	2 409 583	1 294 871	**75 979**	38 657

Long-term advances to suppliers relate to prepayments made for land lease which were not included in contract terms.

During the year ended 31 December 2018 the Group received VAT budget refund in cash amounting to UAH 809 870 thousand or EUR 25 198 thousand (2017: UAH 707 245 thousand or EUR 23 575 thousand).

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

Changes in allowances for trade and other accounts receivable during the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Balance at 1 January under IAS 39	**109 454**	69 299	**3 268**	2 438
Adjustment on initial application of IFRS 9 (Note 4)	**28 001**	-	**836**	-
Balance at 1 January under IFRS 9	**137 455**	69 299	**4 104**	2 438
Charge in income statement	**70 141**	54 790	**2 183**	1 804
Amounts written off	**(41 287)**	(14 635)	**(1 285)**	(605)
Currency translation difference	**-**	-	**243**	(369)
Balance as at 31 December	**166 309**	109 454	**5 245**	3 268

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

(in thousands of Ukrainian hryvnias)	**Gross 2018**	**Lifetime ECL 2018**	Gross 2017	Impairment 2017
Not past due	**476 595**	**(25 729)**	150 123	-
Past due 1-30 days	**249 759**	**(12 488)**	236 641	-
Past due 31-120 days	**12 240**	**(1 332)**	98 976	-
Past due 121-365 days	**1 022**	**(1 022)**	7 207	(3 092)
More than one year	**52 379**	**(52 379)**	54 530	(53 512)
	791 995	**(92 950)**	547 477	(56 604)

(in thousands of Euros)	**Gross 2018**	**Lifetime ECL 2018**	Gross 2017	Impairment 2017
Not past due	**15 028**	**(811)**	4 482	-
Past due 1-30 days	**7 875**	**(394)**	7 065	-
Past due 31-120 days	**386**	**(42)**	2 955	-
Past due 121-365 days	**32**	**(32)**	215	(92)
More than one year	**1 652**	**(1 652)**	1 628	(1 598)
	24 973	**(2 931)**	16 345	(1 690)

Trade receivables that are past due but not impaired relate 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 2018**	**Lifetime ECL 2018**	Gross 2017	Impairment 2017
Not past due	**4 658**	**(49)**	16 219	-
Past due 1-30 days	**948**	**(92)**	16 782	-
Past due 31-120 days	**887**	**(81)**	3 406	-
Past due 121-365 days	**821**	**(734)**	8 953	(5 578)
More than one year	**7 320**	**(7 320)**	15 533	(12 982)
	14 634	**(8 276)**	60 893	(18 560)

(in thousands of Euros)	**Gross 2018**	**Lifetime ECL 2018**	Gross 2017	Impairment 2017
Not past due	**148**	**(2)**	484	-
Past due 1-30 days	**30**	**(3)**	501	-
Past due 31-120 days	**28**	**(3)**	102	-
Past due 121-365 days	**26**	**(23)**	267	(167)
More than one year	**231**	**(231)**	463	(387)
	463	**(262)**	1 817	(554)

15. SHORT-TERM CASH DEPOSITS

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

			(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
			2018	**2017**	**2018**	**2017**
	Effective interest rate	**Nominal interest rate**	**Amount**	**Amount**	**Amount**	**Amount**
Short-term bank deposits in UAH	6,0%	6,0%	-	2 420	-	72
Short-term bank deposits in UAH	8,0%	8,0%	-	1 500	-	45
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	16,25%	16,25%	**2 000**	-	**63**	-
Short-term bank deposits in UAH	16,5%	16,5%	**4 013**	-	**126**	-
Short-term bank deposits in UAH	16,75%	16,75%	**1 000**	-	**32**	-
Short-term bank deposits in UAH	17,5%	17,5%	**2 000**	-	**63**	-
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
			9 013	36 043	**284**	1 076

For carrying value of deposits pledged to secure bank loans refer to Note 19. The early withdrawal of carrying value of deposits pledged to secure bank loans refer to Note 19.

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.

16. CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Cash in banks in USD	**308 808**	380 118	**9 738**	11 348
Cash in banks in UAH	**82 402**	95 185	**2 598**	2 842
Cash in banks in EUR	**22 903**	4 226	**722**	126
Cash in banks in PLN	**4 000**	-	**126**	-
Cash in banks in CHF	**164**	156	**5**	5
	418 277	479 685	**13 189**	14 321
Cash on hand in UAH	**605**	305	**19**	9
	418 882	479 990	**13 208**	14 330

As at 31 December 2018, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2018 and 31 December 2017, current accounts denominated in USD earned interest up to 0.50% p.a., in UAH – up to 14.00% p.a. depending on the amount deposited.

17. EQUITY

Share capital

ASTARTA Holding N.V. has one class of common shares with par value of EUR 0.01. All shares have equal voting rights. The number of authorized shares as at 31 December 2018 is 30,000 thousand (2017: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2017: 25,000 thousand).

Shareholders structure as at 31 December is as follows:

	2018	2017
Astarta Holding N.V.		
Viktor Ivanchyk	**36,26%**	36,26%
Fairfax Financial Holdings LTD with subsidiaries	**28,16%**	28,06%
Other shareholders	**35,58%**	35,68%
	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)*	
	2018	2017	2018	2017
Net loss/profit attributable to equity holders of the company	**(687 024)**	1 758 596	**(21 111)**	61 840
Weighted average basic and diluted shares outstanding (in thousands of shares)	**24 386**	24 405	**24 386**	24 405
Earnings per share attributable to shareholders of the company	**(28,17)**	72,06	**(0,87)**	2,53

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 2018, the gearing ratio was 45% compared to 27% a year before. The increase in gearing ratio is attributable to increase in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Total borrowings (Note 19, Note 9)	**9 798 044**	4 880 522	**308 948**	145 708
Less cash, cash equivalents and short-term deposits	**(427 895)**	(516 033)	**(13 492)**	(15 406)
Net debt	**9 370 149**	4 364 489	**295 456**	130 302
Total equity	**11 511 260**	11 649 790	**362 969**	347 800
Total capital	**20 881 409**	16 014 279	**658 425**	478 102
Gearing ratio	**45%**	27%	**45%**	27%

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

Additional paid-in capital

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

Revaluation surplus

In 2018 management engaged independent appraiser to revaluate the Group's buildings, constructions, machines and equipment as at 31 December 2018, the related revaluation surplus of UAH 662,443 thousand or EUR 20,889 thousand was recognized in equity. During the year ended 31 December 2018 the revaluation surplus was realized through impairment, depreciation and disposal of property and equipment in amount of UAH 432,571 thousand or EUR 19,031 thousand (2017: UAH UAH 959,507 thousand or EUR 46,427 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 2018 the Group's consolidated retained earnings as presented in these consolidated financial statements, amounted to UAH 7,667,485 thousand or EUR 462,622 thousand (2017: UAH 8,036,911 thousand or EUR 468,135), including the net loss for the year ended 31 December 2018. 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/losses.

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 2018.

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

In 2018 the Group has purchased 94,757 of own shares for UAH 23,326 thousand or EUR 726 thousand at average price of UAH 240 or EUR 8. As at 31 December 2018, the Group had 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand) (2017: 595,141 of treasury shares with total cost of UAH 95,934 thousand (EUR 4,801 thousand).

18. NON-CONTROLLING INTERESTS

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)*	
	2018	**2017**	**2018**	**2017**
Balance as at 1 January	**112 307**	252 086	**3 353**	8 869
Non-controlling interests of limited liability companies in profit (Note 27)	**15 199**	30 909	**473**	1 004
Acquisitions from non-controlling shareholders and other changes	**(83 905)**	(160 065)	**(2 611)**	(5 333)
Non-controlling interests acquired with new subsidiaries	**3**	1 528	**-**	51
Non-controlling interest in Revaluation surplus	**1 528**	(12 151)	**48**	(405)
Currency translation difference	**-**	-	**160**	(833)
Balance as at 31 December	**45 132**	112 307	**1 423**	3 353

Non-controlling interests acquired in 2018 relate to acquisition of LLC “Pochayna-Office” and LLC ”Pochayna-Nerukhomist” (effective share of purchased interest is 99,98% for both). During 2018 year LLC “Pochayna-Nerukhomist” was liquidated (refer to Note 2(c) for more information).

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 2018 year the Group has acquired an additional non-controlling interest of 5 subsidiaries (2017: 9 subsidiaries) with the following effect:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Consideration payable to non-controlling interests as at 31 December 2017	**34 133**	-	**1 170**	-
Carrying amount of non-controlling interests acquired	**83 905**	160 065	**2 611**	5 333
Consideration paid to non-controlling interests	**(56 541)**	(84 885)	**(1 760)**	(2 828)
Consideration payable to non-controlling interests as at 31 December 2018	**(35 520)**	(34 133)	**(1 120)**	(1 170)
Currency translation difference	**-**	-	**(94)**	-
Difference recognised in income statement	**25 977**	41 047	**807**	1 335

Consideration payable as at 31 December 2018 in amount of UAH 35,520 thousand (EUR 1,120 thousand) relates to contractual compensation attributable for acquisition of additional share of non-controlling interest in LLC “Agricultural company “Dovzhenko” and LLC “Agricultural company “Dobrobut” left unpaid as at reporting date.

19. LOANS AND BORROWINGS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Long-term loans and borrowings:				
Bank loans	**17 778**	1 315 295	**560**	39 268
Borrowings from non-financial institutions	**-**	145 669	**-**	4 349
Finance lease liabilities	**31 324**	49 523	**988**	1 479
Transaction costs	**(192)**	(11 346)	**(6)**	(339)
	48 910	1 499 141	**1 542**	44 757
Current portion of long-term loans and borrowings:				
Bank loans	**63 478**	1 010 119	**2 002**	30 157
Borrowings from non-financial institutions	**90 264**	-	**2 846**	-
Finance lease liabilities	**18 420**	19 630	**580**	586
Transaction costs	**(1 663)**	(9 892)	**(52)**	(295)
	170 499	1 019 857	**5 376**	30 448
Short-term loans and borrowings:				
Bank loans	**7 179 555**	2 365 970	**226 384**	70 636
Transaction costs	**(36 752)**	(4 446)	**(1 159)**	(133)
	7 142 803	2 361 524	**225 225**	70 503
	7 362 212	4 880 522	**232 143**	145 708

The following table summarises borrowings as of 31 December:

		(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Currency	**WAIR[1]**	**2018**	**2018**
Short-term loans and borrowings and on demand:			
EUR	**3,60%**	**11 047**	**348**
USD	**6,97%**	**6 603 401**	**208 217**
UAH	**20,45%**	**565 107**	**17 819**
Transaction costs		**(36 752)**	**(1 159)**
Total Short-term loans and borrowings		**7 142 803**	**225 225**
Long-term loans and current portion of long-term loans and borrowings:			
EUR	**4,91%**	**57 396**	**1 810**
USD	**4,98%**	**114 124**	**3 598**
Finance lease liabilities		**49 744**	**1 568**
Transaction costs		**(1 855)**	**(58)**
Total Long-term borrowings		**219 409**	**6 918**
		7 362 212	**232 143**

		(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

[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)	
	2018	**2017**	**2018**	**2017**
Total current portion repayble in one year or on demand	**7 243 033**	3 376 089	**228 386**	100 793
Transaction costs	**(38 415)**	(14 338)	**(1 211)**	(428)
Finance lease liabilities (Note 32 (b))	**18 420**	19 630	**580**	586
Borrowings from non-financial institutions	**90 264**	-	**2 846**	
	7 313 302	3 381 381	**230 601**	100 951
Due in the second year	**17 778**	444 937	**560**	13 283
Transaction costs	**(192)**	(7 078)	**(6)**	(211)
Finance lease liabilities (Note 32 (b))	**18 613**	18 241	**587**	545
Borrowings from non-financial	**-**	145 669	**-**	4 349
institutions	**36 199**	601 769	**1 141**	17 966
Due thereafter	**-**	870 358	**-**	25 984
Transaction costs	**-**	(4 268)	**-**	(127)
Finance lease liabilities (Note 32 (b))	**12 711**	31 282	**401**	934
	12 711	897 372	**401**	26 791
	7 362 212	4 880 522	**232 143**	145 708

As at 31 December 2018, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 90,264 thousand (2017: UAH 145,669 thousand) or EUR 2,846 thousand (2017: EUR 4,349 thousand) bearing an interest of 4,5% p.a.

At the reporting date the Group reclassified part of long-term loans due to deviation from certain financial covenants mostly due to lower prices for sugar and commodity prices. According to the terms of respective loan agreements, the lenders may at their option declare all or any portion of the loan and accrued interest payable on demand. As a consequence, borrowings of UAH 3,553,360 thousand or EUR 112,043 thousand were reclassified from non-current to short-term liabilities. After the reporting date the Group obtained waivers which identified that the lenders will not demand immediate repayment.

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

(in thousands of Ukrainian hryvnias)	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 31 December 2017	**4 665 700**	**145 669**	**69 153**	**4 880 522**
Changes from financing cash flows				
Cash flows	2 580 242	(51 596)	-	**2 528 646**
Transaction costs related to loans	(35 358)	-	-	**(35 358)**
Payments of finance lease	-	-	(19 409)	**(19 409)**
Total changes from financing cash flows	2 544 884	(51 596)	(19 409)	**2 473 879**
The effect of changes in foreign exchange rates	**(10 228)**	**(3 809)**	**-**	**(14 037)**
Other changes related to liability				
Other finance costs	21 848	-	-	**21 848**
New finance leases	-	-	-	**-**
Total liability-related other changes	21 848	-	-	**21 848**
Balance as at 31 December 2018	**7 222 204**	**90 264**	**49 744**	**7 362 212**

(in thousands of Euros)	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 31 December 2017	**139 294**	**4 349**	**2 065**	**145 708**
Changes from financing cash flows				
Cash flows	80 516	(1 610)	-	**78 906**
Transaction costs related to loans	(1 103)	-	-	**(1 103)**
Payments of finance lease	-	-	(606)	**(606)**
Total changes from financing cash flows	79 413	(1 610)	(606)	**77 197**
The effect of changes in foreign exchange rates	**(319)**	**(119)**	**-**	**(438)**
Other changes related to liability				
Other finance costs	682	-	-	**682**
New finance leases	-	-	-	**-**
Total liability-related other changes	682	-	-	**682**
Currency translation differences	8 659	226	109	**8 994**
Balance as at 31 December 2018	**227 729**	**2 846**	**1 568**	**232 143**

(in thousands of Ukrainian hryvnias)	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**

(in thousands of Euros)	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 1 January 2017	**150 269**	**5 730**	**2 314**	**158 313**
Changes from financing cash flows				
Cash flows	7 016	129	-	**7 145**
Transaction costs related to loans	(253)	-	-	**(253)**
Payments of finance lease	-	-	(658)	**(658)**
Total changes from financing cash flows	6 763	129	(658)	**6 234**
The effect of changes in foreign exchange rates	**5 635**	**(702)**	**-**	**4 933**
Other changes related to liability				
Other finance costs	754	-	-	**754**
New finance leases	-	-	-	**-**
Total liability-related other changes	754	-	-	**754**
Currency translation differences	(24 127)	(808)	409	**(24 526)**
Balance as at 31 December 2017	**139 294**	**4 349**	**2 065**	**145 708**

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	2017	2018	2017
Rights of claim on future cash proceeds from sale contracts	**434 912**	302 146	**13 714**	9 021
Inventories (Note 13)	**3 621 576**	2 580 488	**114 194**	77 040
Property, plant and equipment (Note 8)	**3 328 998**	2 823 087	**104 969**	84 283
Cash and cash equivalents (Note 16)	**98 763**	368 978	**3 114**	11 016
	7 484 249	6 074 699	**235 991**	181 360

20. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Other liabilities:				
Advances received from customers	**179 341**	129 687	**5 655**	3 872
VAT payable	**168 908**	55 808	**5 326**	1 666
	348 249	185 495	**10 981**	5 538
Other accounts payable:				
Accounts payable for property, plant and equipment	**18 349**	8 311	**579**	248
Accrual for unused vacations	**76 482**	80 917	**2 412**	2 416
Interest payable	**82 681**	50 438	**2 607**	1 506
Salaries payable	**50 058**	77 528	**1 578**	2 315
Social insurance payable	**11 790**	8 200	**372**	245
Settlements with land and fixed assets lessors	**36 549**	82 644	**1 152**	2 467
Payable to non-controlling interests	**35 520**	34 133	**1 120**	1 019
Other taxes and charges payable	**39 807**	39 220	**1 255**	1 171
Other payables	**35 186**	26 374	**1 109**	787
	386 422	407 765	**12 184**	12 174
	734 671	593 260	**23 165**	17 712

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

Advances from customers (contract liability) at the beginning of the reporting period were included in revenues for the reporting period.

21. REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Sugar and related sales:				
Sugar	**3 432 113**	5 641 029	**106 762**	188 597
Molasses	**196 604**	228 773	**6 116**	7 649
Pulp	**210 854**	129 188	**6 558**	4 319
	3 839 571	5 998 990	**119 436**	200 565
Crops	**4 075 141**	4 214 948	**126 764**	140 919
Soybean processing products	**2 388 226**	2 174 874	**74 290**	72 713
Cattle farming	**942 212**	951 008	**29 309**	31 795
Other sales	**720 815**	377 180	**22 423**	12 609
	8 126 394	7 718 010	**252 786**	258 036
	11 965 965	13 717 000	**372 222**	458 601

In 2018 and 2017, there were no sales settled through barter transactions. In 2018, 44% of revenue is generated from sales to customers in Ukraine (2017: 41%).

For the year ended 31 December 2018 the line item “Crops” includes revenue from trading operations amounting to UAH 287,654 thousand or EUR 8,948 thousand (2017: UAH 726,871 thousand or EUR 24,302 thousand).

22. COST OF REVENUES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Sugar and related sales:				
Sugar	**3 062 836**	3 699 676	**95 296**	123 368
Molasses	**153 967**	159 712	**4 790**	5 326
Pulp	**118 669**	68 340	**3 693**	2 279
	3 335 472	3 927 728	**103 779**	130 973
Crops	**3 592 370**	3 758 332	**111 772**	125 324
Soybean processing products	**2 077 859**	1 927 136	**64 650**	64 261
Cattle farming	**798 733**	700 394	**24 852**	23 355
Other sales	**605 156**	346 813	**18 829**	11 564
	7 074 118	6 732 675	**220 103**	224 504
	10 409 590	10 660 403	**323 882**	355 477

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Raw materials	**4 897 910**	5 561 691	**152 393**	185 458
Depreciation and amortization costs	**1 176 399**	1 025 561	**36 599**	34 198
Land lease expenses	**403 051**	954 979	**12 788**	31 844
Employee benefits expenses	**1 125 868**	957 709	**35 030**	31 935

23. OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Government subsidies relating to:				
Cattle farming	**17 425**	3 393	**548**	109
Reimbursement of the cost of construction	**-**	2 679	**-**	86
Crop production	**-**	78 988	**-**	2 548
Recovery of assets previously written off	**74 429**	48 975	**2 339**	1 580
Reversal of impairment of property, plant and equipment, net	**31 401**	-	**987**	-
Other operating income	**36 036**	17 970	**1 131**	581
	159 291	152 005	**5 005**	4 904

24. GENERAL AND ADMINISTRATIVE EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Salary and related charges	**519 344**	506 504	**16 243**	16 825
Depreciation	**70 342**	51 141	**2 200**	1 699
Professional services	**63 740**	69 165	**1 994**	2 298
Fuel and other materials	**23 735**	21 976	**742**	730
Rent	**14 392**	8 910	**450**	296
Taxes other than corporate income tax	**11 246**	22 860	**352**	759
Office expenses	**11 051**	8 556	**346**	284
Bank charges	**9 443**	9 704	**295**	322
Insurance	**5 904**	3 359	**185**	112
Communication	**5 337**	5 367	**167**	178
Maintenance	**1 971**	2 025	**62**	67
Transportation	**865**	356	**27**	12
Other	**37 821**	16 622	**1 182**	552
	775 191	726 545	**24 245**	24 134

25. SELLING AND DISTRIBUTION EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Transportation	**790 655**	617 761	**24 602**	20 460
Storage and logistics	**286 910**	143 182	**8 928**	4 742
Salary and related charges	**118 752**	140 824	**3 695**	4 664
Allowance for trade accounts receivable	**62 740**	18 260	**1 952**	605
Fuel and other materials	**33 824**	51 492	**1 052**	1 705
Depreciation	**23 033**	19 609	**717**	649
Professional services	**14 902**	12 902	**464**	427
Other	**45 254**	38 322	**1 408**	1 271
	1 376 070	1 042 352	**42 818**	34 523

26. OTHER OPERATING EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Impairment of property, plant and equipment and investment property	**159 935**	52 011	**4 995**	1 707
Write down of inventories	**102 421**	100 900	**3 198**	3 311
Charity and social expenses	**66 896**	65 881	**2 089**	2 162
Other salary and related charges	**28 357**	21 472	**886**	705
VAT written off	**23 872**	45 459	**745**	1 492
Penalties paid	**18 966**	2 285	**592**	75
Loss on disposal of property, plant and equipment	**15 251**	30 273	**476**	993
Depreciation	**11 085**	4 525	**346**	148
Allowance for other accounts receivable	**7 401**	36 530	**231**	1 199
Other	**55 235**	33 440	**1 726**	1 097
	489 419	392 776	**15 284**	12 889

27. FINANCE (COSTS) INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Finance costs				
Foreign currency exchange loss, net	**(40 038)**	(259 494)	**(1 515)**	(8 443)
Interest expense				
Bank loans	**(407 016)**	(230 878)	**(12 678)**	(7 512)
Finance lease liabilities	**(9 393)**	(9 898)	**(293)**	(323)
Borrowings from non-financial institutions	**(5 019)**	(39 102)	**(156)**	(1 272)
	(421 428)	(279 878)	**(13 127)**	(9 107)
Net loss attributable to non-controlling interests of limited liability company subsidiaries	**(15 202)**	(32 439)	**(474)**	(1 055)
Interest expense on land lease liability	**(497 072)**	-	**(15 484)**	-
Other finance costs	**(41 517)**	(29 027)	**(1 293)**	(944)
	(553 791)	(61 466)	**(17 251)**	(1 999)
	(1 015 257)	(600 838)	**(31 893)**	(19 549)
Finance income				
Interest income	**25 100**	12 771	**784**	416
Income from non-controlling interest acquisition	**25 977**	41 047	**807**	1 335
	51 077	53 818	**1 591**	1 751

28. INCOME TAX EXPENSE

In 2018, 21 subsidiaries elected to pay FAT in lieu of other taxes (2017: 20 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 2018 the Group has not recognised deferred tax asset of UAH 116,826 thousand or EUR 3,684 thousand (2017: UAH 129,514 thousand or EUR 3,867 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 2018 the Group did not recognize deferred tax asset relating to tax losses of UAH 184,061 thousand or EUR 5,804 thousand and in 2017 UAH 254,177 thousand or EUR 7,588 thousand originated at Astarta Holding N.V. since realization of this asset is uncertain.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Current tax expenses	(106 995)	(97 270)	(3 371)	(3 439)
Deferred tax benefit	(25 729)	74 027	(801)	2 586
	(132 724)	**(23 243)**	**(4 172)**	**(853)**

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Profit/(loss) before tax	**(554 300)**	1 781 839	**(16 939)**	62 693
including:				
Companies not subject to income tax	**(679 502)**	1 252 521	**(20 835)**	44 202
Companies subject to income tax	**125 202**	529 318	**3 896**	18 491
Netherlands				
Profit /(loss) before tax	**41 088**	(14 868)	**1 279**	(519)
Income tax expense at statutory rate of 25%	**10 272**	(3 717)	**320**	(130)
Non-deductible items at a rate of 25%	**3**	8	**-**	-
Non-taxable items at a rate of 25%	**-**	(5)	**-**	-
Previously unrecognised tax loss that is used to reduce tax expense	**(10 275)**	-	**(320)**	-
Unrecognised tax loss of current year	**-**	3 714	**-**	130
	-	-	-	-
Cyprus				
Profit before tax	**56 913**	27 212	**1 771**	951
Income tax expense at statutory rate of 12.5%	**7 114**	3 402	**221**	119
Non-deductible items at a rate of 12.5%	**882**	(475)	**27**	(17)
	7 996	2 927	**248**	102
Switzerland				
Profit before tax	**30 922**	8 170	**962**	285
Income tax expense at statutory rate of 14.6%	**4 514**	1 193	**140**	42
Non-deductible items at a rate of 14.6%	**98**	(11)	**3**	(1)
	4 612	1 182	**143**	41
Ukraine				
Profit/(loss) before tax	**(3 721)**	508 804	**(116)**	17 774
Income tax expense at statutory rate of 18%	**(670)**	91 585	**(21)**	3 199
Non-deductible items at a rate of 18%	**54 117**	3 877	**1 684**	141
Previously unrecognised tax loss that is used to reduce tax expense	**(77 864)**	(79 918)	**(2 380)**	(2 755)
Unrecognised tax loss of current year	**65 175**	14 270	**2 028**	498
Recognition/(Derecognition) of deferred tax liability due to changes in taxation status of subsidiary	**79 358**	(10 680)	**2 470**	(373)
	120 116	19 134	**3 781**	710
Income tax expense	**132 724**	23 243	**4 172**	853

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

(in thousands of Ukrainian hryvnias)	As at 31 December 2017	Recognized in OCI	Recognized in income statement	As at 31 December 2018
Deferred tax assets				
Tax loss recoverable	-	-	-	-
Inventories	-	-	6 212	**6 212**
Trade and other accounts receivable and prepayments	9 813	-	11 913	**21 726**
Trade and other accounts payable	-	-	-	**-**
Loans and borrowings	-	-	-	**-**
Set off of tax	(9 813)	-	(18 125)	**(27 938)**
Deferred tax liabilities				
Property, plant and equipment	(340 924)	(85 243)	(50 068)	**(476 235)**
Intangible assets	(2 450)	2 450	-	**-**
Inventories	(3 254)	-	3 254	**-**
Biological assets	-	-	-	**-**
Loans and borrowings	(8 449)	-	2 960	**(5 489)**
Trade and other accounts payable	-	-	-	**-**
Set off of tax	9 813	-	18 125	**27 938**
	(345 264)	**(82 793)**	**(25 729)**	**(453 786)**

(in thousands of Euros)	As at 31 December 2017	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2018
Deferred tax assets					
Tax loss recoverable	-	-	-	-	-
Inventories	-	-	193	3	196
Trade and other accounts receivable and prepayments	293	-	371	21	685
Trade and other accounts payable	-	-	-	-	-
Loans and borrowings	-	-	-	-	-
Set off of tax	(293)	-	(564)	(24)	(881)
Deferred tax liabilities					
Property, plant and equipment	(10 179)	(2 687)	(1 559)	(592)	(15 017)
Intangible assets	(73)	76	-	(3)	-
Inventories	(97)	-	102	(5)	-
Biological assets	-	-	-	-	-
Loans and borrowings	(252)	-	92	(13)	(173)
Trade and other accounts payable	-	-	-	-	-
Set off of tax	293	-	564	24	881
	(10 308)	(2 611)	(801)	(589)	(14 309)

(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	-	5 702	**9 813**
Trade and other accounts payable	-	-	-	**-**
Loans and borrowings	-	-	-	**-**
Set off of tax	(6 867)	-	(2 946)	**(9 813)**
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)	44	**(252)**
Trade and other accounts payable	-	-	-	-	**-**
Set off of tax	242	-	103	(52)	**293**
	(17 112)	**2 344**	**2 585**	**1 875**	**(10 308)**

29. 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 2018 and 2017, 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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Total revenues	**3 839 571**	5 998 990	**6 041 824**	6 562 313	**942 212**	951 008	**2 388 226**	2 174 874	**720 815**	377 180	**13 932 648**	16 064 365
Inter-segment revenues	**-**	-	**1 966 683**	2 347 365	**-**	-	**-**	-	**-**	-	**1 966 683**	2 347 365
Revenues from external customers	**3 839 571**	5 998 990	**4 075 141**	4 214 948	**942 212**	951 008	**2 388 226**	2 174 874	**720 815**	377 180	**11 965 965**	13 717 000
Total cost of revenues	**(3 335 472)**	(3 927 728)	**(5 559 053)**	(6 105 697)	**(798 733)**	(700 394)	**(2 077 859)**	(1 927 136)	**(605 156)**	(346 813)	**(12 376 273)**	(13 007 768)
Inter-segment cost of revenues	**-**	-	**(1 966 683)**	(2 347 365)	**-**	-	**-**	-	**-**	-	**(1 966 683)**	(2 347 365)
Cost of revenues	**(3 335 472)**	(3 927 728)	**(3 592 370)**	(3 758 332)	**(798 733)**	(700 394)	**(2 077 859)**	(1 927 136)	**(605 156)**	(346 813)	**(10 409 590)**	(10 660 403)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**1 606 627**	1 037 265	**(283 207)**	288 304	**-**	-	**-**	-	**1 323 420**	1 325 569
Gross profit	**504 099**	2 071 262	**2 089 398**	1 493 881	**(139 728)**	538 918	**310 367**	247 738	**115 659**	30 367	**2 879 795**	4 382 166
Other operating income	**33 258**	19 169	**55 129**	112 115	**20 768**	7 232	**5 511**	1 795	**44 625**	11 694	**159 291**	152 005
General and administrative expense	**(240 861)**	(200 761)	**(375 360)**	(376 053)	**(68 867)**	(78 106)	**(23 855)**	(19 158)	**(66 248)**	(52 467)	**(775 191)**	(726 545)
Selling and distribution expense	**(484 616)**	(384 629)	**(684 885)**	(541 300)	**(13 866)**	(14 716)	**(113 531)**	(73 283)	**(79 172)**	(28 424)	**(1 376 070)**	(1 042 352)
Other operating expense	**(107 246)**	(65 711)	**(170 995)**	(158 030)	**(11 398)**	(9 865)	**(25 986)**	(20 954)	**(173 794)**	(138 216)	**(489 419)**	(392 776)
Profit (loss) from operations	**(295 366)**	1 439 330	**913 287**	530 613	**(213 091)**	443 463	**152 506**	136 138	**(158 930)**	(177 046)	**398 406**	2 372 498
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(40 038)**	(259 494)	**(40 038)**	(259 494)
Interest expense	**(191 045)**	(121 618)	**(163 858)**	(100 005)	**(5)**	(19)	**(63 431)**	(54 048)	**(3 089)**	(4 188)	**(421 428)**	(279 878)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**25 100**	12 771	**25 100**	12 771
Other income (expense)	**-**	-	**-**	2 158	**-**	-	**-**	-	**(19 268)**	(13 500)	**(19 268)**	(11 342)
Impairment of goodwill	**-**	-	**-**	(52 716)	**-**	-	**-**	-	**-**	-	**-**	(52 716)
Interest expense on lease liability	**(29 149)**	-	**(441 794)**	-	**-**	-	**-**	-	**(26 129)**	-	**(497 072)**	-
Profit (loss) before tax	**(515 560)**	1 317 712	**307 635**	380 050	**(213 096)**	443 444	**89 075**	82 090	**(222 354)**	(441 457)	**(554 300)**	1 781 839
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(132 724)**	(23 243)	**(132 724)**	(23 243)
Net profit (loss)	**(515 560)**	1 317 712	**307 635**	380 050	**(213 096)**	443 444	**89 075**	82 090	**(355 078)**	(464 700)	**(687 024)**	1 758 596
Consolidated total assets	**6 187 421**	6 029 632	**12 831 417**	8 060 246	**1 116 465**	1 560 083	**1 244 617**	1 090 681	**1 431 937**	1 122 416	**22 811 857**	17 863 076
Consolidated total liabilities	**3 000 039**	2 352 498	**6 288 294**	2 088 237	**8 556**	31 267	**1 077 783**	1 139 813	**925 925**	601 471	**11 300 597**	6 213 286
Other segment information:												
Depreciation and amortisation	**276 459**	392 073	**895 381**	599 315	**49 523**	60 454	**37 099**	38 922	**22 397**	10 072	**1 280 859**	1 100 836
Impairment loss and reversal, net	**(11 784)**	(52 011)	**(58 492)**	-	**(54 326)**	-	**423**	-	**(4 355)**	-	**(128 534)**	(52 011)
Additions to non-current assets:												
Property, plant and equipment	**326 888**	380 760	**1 081 124**	1 115 451	**56 908**	82 448	**39 204**	7 498	**116 129**	69 437	**1 620 253**	1 655 594
Intangible assets	**828**	-	**2 532**	45 541	**213**	-	**154**	-	**1 969**	5 799	**5 696**	51 340
Biological non-current assets	**-**	-	**-**	-	**-**	5 060	**-**	-	**-**	-	**-**	5 060

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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Total revenues	**119 436**	200 565	**187 941**	219 398	**29 309**	31 795	**74 290**	72 713	**22 422**	12 610	**433 398**	537 081
Inter-segment revenues	**-**	-	**61 176**	78 480	**-**	-	**-**	-	**-**	-	**61 176**	78 480
Revenues from external customers	**119 436**	200 565	**126 765**	140 918	**29 309**	31 795	**74 290**	72 713	**22 422**	12 610	**372 222**	458 601
Total cost of revenues	**(103 779)**	(130 972)	**(172 948)**	(203 804)	**(24 852)**	(23 355)	**(64 650)**	(64 261)	**(18 829)**	(11 565)	**(385 058)**	(433 957)
Inter-segment cost of revenues	**-**	-	**(61 176)**	(78 480)	**-**	-	**-**	-	**-**	-	**(61 176)**	(78 480)
Cost of revenues	**(103 779)**	(130 972)	**(111 772)**	(125 324)	**(24 852)**	(23 355)	**(64 650)**	(64 261)	**(18 829)**	(11 565)	**(323 882)**	(355 477)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**50 993**	35 507	**(8 989)**	9 869	**-**	-	**-**	-	**42 004**	45 376
Gross profit	**15 657**	69 593	**65 986**	51 101	**(4 532)**	18 309	**9 640**	8 452	**3 593**	1 045	**90 344**	148 500
Other operating income	**1 045**	618	**1 732**	3 617	**653**	233	**173**	58	**1 402**	378	**5 005**	4 904
General and administrative expense	**(7 533)**	(6 669)	**(11 740)**	(12 492)	**(2 154)**	(2 595)	**(746)**	(636)	**(2 072)**	(1 742)	**(24 245)**	(24 134)
Selling and distribution expense	**(15 079)**	(12 739)	**(21 311)**	(17 928)	**(431)**	(487)	**(3 533)**	(2 427)	**(2 464)**	(942)	**(42 818)**	(34 523)
Other operating expense	**(3 349)**	(2 156)	**(5 340)**	(5 186)	**(356)**	(324)	**(812)**	(688)	**(5 427)**	(4 535)	**(15 284)**	(12 889)
Profit (loss) from operations	**(9 259)**	48 647	**29 327**	19 112	**(6 820)**	15 136	**4 722**	4 759	**(4 968)**	(5 796)	**13 002**	81 858
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(1 515)**	(8 443)	**(1 515)**	(8 443)
Interest expense	**(5 951)**	(3 957)	**(5 104)**	(3 254)	**-**	(1)	**(1 976)**	(1 759)	**(96)**	(135)	**(13 127)**	(9 106)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**782**	416	**782**	416
Other income (expense)	**-**	-	**-**	68	**-**	-	**-**	-	**(597)**	(440)	**(597)**	(372)
Impairment of goodwill	**-**	-	**-**	(1 660)	**-**	-	**-**	-	**-**	-	**-**	(1 660)
Interest expense on lease liability	**(908)**	-	**(13 762)**	-	**-**	-	**-**	-	**(814)**	-	**(15 484)**	-
Profit (loss) before tax	**(16 118)**	44 690	**10 461**	14 266	**(6 820)**	15 135	**2 746**	3 000	**(7 208)**	(14 398)	**(16 939)**	62 693
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(4 172)**	(853)	**(4 172)**	(853)
Net profit (loss)	**(16 118)**	44 690	**10 461**	14 266	**(6 820)**	15 135	**2 746**	3 000	**(11 380)**	(15 251)	**(21 111)**	61 840
Consolidated total assets	**195 100**	180 014	**404 596**	240 638	**35 204**	46 576	**39 245**	32 562	**45 151**	33 507	**719 296**	533 297
Consolidated total liabilities	**94 596**	70 233	**198 280**	62 344	**270**	933	**33 984**	34 029	**29 197**	17 958	**356 327**	185 497
Other segment information:												
Depreciation and amortisation	**8 603**	13 063	**27 864**	19 968	**1 541**	2014	**1 154**	1 297	**700**	335	**39 862**	36 677
Impairment loss and reversal, net	**(367)**	(1 707)	**(1 823)**	-	**(1 694)**	-	**13**	-	**(137)**	-	**(4 008)**	(1 707)
Additions to non-current assets:												
Property, plant and equipment	**10 173**	12 686	**33 644**	37 164	**1 771**	2 747	**1 220**	250	**2 424**	2 316	**49 232**	55 163
Intangible assets	**26**	-	**79**	1 440	**7**	-	**5**	-	**61**	183	**178**	1 623
Biological non-current assets	**-**	-	**-**	-	**-**	162	**-**	-	**-**	-	**-**	162

Geographic information:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2018	**2017**	**2018**	**2017**
Revenue from external customers				
Ukraine	**5 269 816**	5 654 101	**163 927**	189 033
Euroland	**3 846 604**	6 233 834	**119 655**	208 416
CIS	**933 569**	311 474	**29 040**	10 414
Asia	**1 915 976**	1 517 591	**59 600**	50 738
	11 965 965	13 717 000	**372 222**	458 601

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

Financial instruments as at 31 December 2018 are as follows:

(in thousands of Ukrainian hryvnias)	**Financial assets at amortised cost**
31 December 2018	
Financial assets as per statement of financial position	
Long-term receivables	**499**
Trade accounts receivable	**699 045**
Other accounts receivable	**33 799**
Short-term deposits	**9 013**
Cash and cash equivalents	**418 882**
	1 161 238

(in thousands of Ukrainian hryvnias)	**Liabilities at amortized cost**
Financial liabilities as per statement of financial position	
Loans and borrowings	**7 362 212**
Trade accounts payable	**216 354**
Non-controlling interests relating to limited liability companies	**45 132**
Other long-term liabilities	**2 411**
Other accounts payable	**555 330**
	8 181 439

(in thousands of Euros)	**Financial assets at amortised cost**
31 December 2018	
Financial assets as per statement of financial position	
Long-term receivables	**15**
Trade accounts receivable	**22 042**
Other accounts receivable	**1 066**
Short-term deposits	**284**
Cash and cash equivalents	**13 208**
	36 615

(in thousands of Euros)	**Liabilities at amortized cost**
Financial liabilities as per statement of financial position	
Loans and borrowings	**232 143**
Trade accounts payable	**6 824**
Non-controlling interests relating to limited liability companies	**1 423**
Other long-term liabilities	**76**
Other accounts payable	**17 510**
	257 976

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

31. FINANCIAL RISK MANAGEMENT

(a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

(b) Credit risk

Credit risk is the risk 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 lifetime expected credit losses in respect of trade and other receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are not adjusted to current and macroeconomic information on macroeconomic factors affecting the ability of the customers to settle the receivables because performance obigations are short-term in nature and affect from adjustments is immaterial.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- it is probable that the borrower will enter bankruptcy.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2018 and 2017 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)*	
	2018	**2017**	**2018**	**2017**
Counterparties without external credit rating				
Group A	**403 179**	137 697	**12 713**	4 111
Group B	**73 416**	12 426	**2 315**	371
Gross carrying amount	**476 595**	150 123	**15 028**	4 482
Loss allowance	**(25 756)**	-	**(812)**	-
Carrying amount - Counterparties without external credit rating	**450 839**	150 123	**14 216**	4 482
Past due trade receivables				
Gross carrying amount	**315 400**	397 354	**9 945**	11 863
Loss allowance	**(67 194)**	(56 604)	**(2 119)**	(1 690)
Carrying amount - Past due trade receivables	**248 206**	340 750	**7 826**	10 173
	699 045	490 873	**22 042**	14 655

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.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2018.

	Weighted-average loss rate	*(in thousands of Ukrainian hryvnias)*		*(in thousands of Euros)*	
		Gross	**Lifetime ECL**	**Gross**	**Lifetime ECL**
		2018	**2018**	**2018**	**2018**
Not past due	**(5%)**	**476 595**	**(25 729)**	**15 028**	**(811)**
Past due 1-30 days	**(5%)**	**249 759**	**(12 488)**	**7 875**	**(394)**
Past due 31-120 days	**(15%)**	**12 240**	**(1 332)**	**386**	**(42)**
Past due 121-365 days	**(100%)**	**1 022**	**(1 022)**	**32**	**(32)**
More than one year	**(100%)**	**52 379**	**(52 379)**	**1 652**	**(1 652)**
		791 995	**(92 950)**	**24 973**	**(2 931)**

The movement in the allowance for impairment in respect of trade receivables for 2018 was as follows:

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Balance at 1 January 2018 under IAS 39	**56 604**	**1 690**
Adjustment on initial application of IFRS 9 (Note 4)	**27 572**	**823**
Balance at 1 January 2018 under IFRS 9	**84 176**	**2 513**
Charge in income statement	**62 740**	**1 952**
Amounts written off	**(53 966)**	**(1 679)**
Currency translation difference	**-**	**145**
Balance as at 31 December 2018	**92 950**	**2 931**

In the year ended 31 December 2018 approximately 13% of revenues (2017: 15%) are derived from two customers. Advances received from these customers as at 31 December 2018 equal to UAH 48,317 thousand or EUR 1,524 thousand (2017: receivables of UAH 83,925 thousand or EUR 2,506 thousand).

The credit quality of cash deposits by external credit rating:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Banks with external credit rating (Moody's):				
Short-term deposits				
Aa3	**-**	7	**-**	-
B3	**3 000**	3 592	**95**	107
Baa3	**-**	5 200	**-**	155
Caa1	**2 000**	-	**63**	-
Ca	**-**	20 697	**-**	619
Banks without external credit rating:				
Group A	**4 013**	6 547	**126**	195
	9 013	36 043	**284**	1 076

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A1	**-**	385	**-**	12
A2	**23**	-	**1**	-
A3	**-**	4	**-**	-
Aa3	**129 999**	350 872	**4 099**	10 475
B3	**92 489**	239	**2 916**	7
Baa3	**-**	126 055	**-**	3 763
Caa1	**7 851**	1 838	**248**	55
Caa2	**-**	106	**-**	3
Banks without external credit rating:				
Group A	**183 932**	186	**5 799**	6
Group B	**3 983**	-	**126**	-
Cash on hand	**605**	305	**19**	9
	418 882	479 990	**13 208**	14 330

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 2018 the Group continued to work with the same banks as in 2017.

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Trade receivables neither past due nor impaired				
Ukraine	**201 199**	140 997	**6 344**	4 209
Switzerland	**12 000**	-	**378**	-
Asia	**220 144**	9 126	**6 942**	273
EU	**17 496**	-	**552**	-
Past due trade receivables	**248 206**	340 750	**7 826**	10 173
	699 045	490 873	**22 042**	14 655

(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 2018

(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	**7 312 468**	**7 351 075**	**4 419 918**	**814 692**	**2 116 465**
Lease liability	**2 435 832**	**5 622 746**	**603 584**	**611 805**	**4 407 357**
Finance lease liabilities	**49 744**	**49 744**	**18 420**	**18 613**	**12 711**
Interest payable	**82 681**	**1 265 982**	**420 600**	**227 435**	**617 947**
Trade and other accounts payable	**691 414**	**691 414**	**689 003**	**2 411**	**-**
Non-controlling interests in limited liability companies	**45 132**	**45 132**	**45 132**	**-**	**-**
	10 617 271	**15 026 093**	**6 196 657**	**1 674 956**	**7 154 480**

31 December 2018

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	**230 575**	**231 791**	**139 366**	**25 689**	**66 736**
Lease liability	**76 805**	**177 296**	**19 033**	**19 291**	**138 972**
Finance lease liabilities	**1 568**	**1 569**	**581**	**587**	**401**
Interest payable	**2 607**	**39 919**	**13 263**	**7 171**	**19 485**
Trade and other accounts payable	**21 803**	**21 803**	**21 727**	**76**	**-**
Non-controlling interests in limited liability companies	**1 423**	**1 423**	**1 423**	**-**	**-**
	334 781	**473 801**	**195 393**	**52 814**	**225 594**

(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)	2018		2017	
	EUR	USD	EUR	USD
Trade accounts receivable	**-**	**265 238**	12 123	154 673
Short-term deposits	**-**	**-**	-	17 756
Cash and cash equivalents	**22 903**	**308 808**	4 226	380 118
Bank loans	**(68 443)**	**(6 717 522)**	(162 592)	(4 016 331)
Trade accounts payable	**(23 893)**	**(5 372)**	(2 189)	(8 712)
Other liabilities and accounts payable	**(1 565)**	**(86 841)**	(1 794)	(46 738)
Net exposure	**(70 998)**	**(6 235 689)**	(150 226)	(3 519 234)

(in thousands of Euros)	2018		2017	
	EUR	USD	EUR	USD
Trade accounts receivable	**-**	**8 363**	362	4 618
Short-term deposits	**-**	**-**	-	530
Cash and cash equivalents	**722**	**9 738**	126	11 348
Bank loans	**(2 158)**	**(211 815)**	(4 854)	(119 908)
Trade accounts payable	**(753)**	**(169)**	(65)	(260)
Other liabilities and accounts payable	**(49)**	**(2 738)**	(54)	(1 395)
Net exposure	**(2 238)**	**(196 621)**	(4 485)	(105 067)

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)*	
	2018	2017	2018	2017
Weakening of UAH, %	**10%**	**10%**	**10%**	**10%**
EUR	**(7 100)**	(15 023)	(224)	(448)

pre-tax profit	*(Effect in thousands of Ukrainian hryvnias)*		*(Effect in thousands of Euros)*	
	2018	2017	2018	2017
Weakening of UAH, %	**10%**	**10%**	**10%**	**10%**
USD	**(623 569)**	(351 923)	(19 662)	(10 507)

As is stated under Note 2 (h) 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 2018 would have increased total equity presented in UAH by UAH 3,201 thousand. A weakening of the Ukrainian hryvnia against the USD by 10% as at 31 December 2018 would have decreased total equity presented in EUR by EUR 32,709 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 2018 the Ukrainian Hryvnia appreciated against the EUR and USD by 5.32% and 1.35% respectively (2017: depreciated against the EUR by 17.85% and 3.22% against the USD). As a result, during the year ended 31 December 2018 the Group recognized net foreign exchange losses in the amount of UAH 40,038 thousand (2017: foreign exchange losses in the amount of UAH 259,494 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)*	
	2018	**2017**	**2018**	**2017**
Fixed rate instruments				
Financial liabilities	**(6 148 693)**	(3 222 455)	**(193 879)**	(96 207)
Variable rate instruments				
Financial liabilities	**(1 213 519)**	(1 658 067)	**(38 264)**	(49 501)

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)*	
		2018	**2017**	**2018**	**2017**
Euribor	1,00%	**574**	1 626	**18**	49
Euribor	(1,00%)	**(574)**	(1 626)	**(18)**	(49)
Libor	1,00%	**11 561**	14 955	**365**	446
Libor	(1,00%)	**(11 561)**	(14 955)	**(365)**	(446)

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 2018 and 2017, the carrying value of the Group's financial instruments approximates their fair values, except for long-term loans. Fair value of loans is UAH 29,507 thousand (2017: UAH 50,358 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 2018 of 8,03% (2017: 8,41%) and is within level 2 of the fair value hierarchy.

32. COMMITMENTS

(a) Social commitments

The Group makes contributions to mandatory and voluntary social programs. Social assets, as well as local social programs, benefit the community at large and are not normally restricted to employees. 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) 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)*	
	2018	**2017**	**2018**	**2017**
Minimal lease payments:				
Less than one year	**20 045**	22 785	**632**	680
From one to five years	**29 314**	48 738	**924**	1 456
	49 359	71 523	**1 556**	2 136
Future finance charges on finance leases	**(7 905)**	(13 896)	**(249)**	(415)
Present value of minimal lease payments	**41 454**	57 627	**1 307**	1 721
Less than one year	**15 350**	16 358	**484**	488
From one to five years	**26 104**	41 269	**823**	1 233
	41 454	57 627	**1 307**	1 721

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Long-term finance lease liabilities:				
Present value of minimal lease payments	**26 104**	41 269	**823**	1 233
VAT liability under finance lease	**5 220**	8 254	**165**	246
	31 324	49 523	**988**	1 479
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**15 350**	16 358	**484**	488
VAT liability under finance lease	**3 070**	3 272	**96**	98
	18 420	19 630	**580**	586
	49 744	69 153	**1 568**	2 065

(c) Contractual commitments

As at 31 December, the Group has the following contractual commitments:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Sales commitments:				
Sugar and by-products	**468 126**	625 703	**14 761**	18 680
Soybean processing products	**184 484**	406 754	**5 817**	12 144
Agricultural produce	**1 146 886**	161 439	**36 163**	4 820
Other	**502**	4 000	**16**	119
	1 799 998	1 197 896	**56 757**	35 763
Purchase commitments:				
Materials	**38 559**	59 286	**1 216**	1 770
Property,plant and equipment	**153 038**	23 486	**4 826**	701
Professional services	**6 002**	6 298	**189**	188
Production services	**-**	-	**-**	-
Transportation	**-**	-	**-**	-
Other	**-**	7 593	**-**	227
	197 599	96 663	**6 231**	2 886
	1 997 597	1 294 559	**62 988**	38 649

33. 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 ad-justments 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 2018 Group's Ukrainian subsidiaries were involved in controversies and litigations with the tax authorities with the total exposure of UAH 153,752 thousand or EUR 4,561 thousand (2017: UAH 167,374 thousand or EUR 4,997). 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.

34. 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 2018 as well as balances with related parties as at 31 December 2018:

(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	**127**	**28 651**	**5 683**	**92 161**
	127	**28 651**	**5 683**	**92 161**

(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	**4**	**892**	**179**	**2 906**
	4	**892**	**179**	**2 906**

During the 2017 year 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 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.

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

Other transactions

As at 31 December 2018, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 90,264 thousand (2017: UAH 145,669 thousand) or EUR 2,846 thousand (2017: EUR 4,349 thousand) bearing an interest of 4.5% p.a.

The Company rents an office premises from related party and has accounted these lease agreements according IFRS 16. The respective lease liability and corresponding right-of-use asset are recognized in amount of UAH 139 953 thousand or EUR 4 178 thousand (Note 4). In 2018 the Company recognized depreciation charge of right-of-use asset in amount of UAH 19 625 thousand or EUR 614 thousand as General and administrative expenses (Note 9 and Note 24). Interest expense is charged in amount of UAH 25 949 thousand or EUR 808 thousand (Note 27).

Management remuneration

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2018	**2017**	**2018**	**2017**
Viktor Ivanchyk	**10 946**	22 487	**341**	711
Viktor Gladky	**18 341**	18 813	**571**	635
Marc van Campen	**1 286**	1 219	**40**	40
Howard Dahl	**2 613**	2 284	**75**	75
Gilles Mettetal	**1 258**	-	**40**	-
Wladyslaw Bartoszewski	**1 393**	1 219	**40**	40
	35 837	46 022	**1 107**	1 501

Remuneration of key management for the year ended 31 December 2018 is UAH 35,837 thousand or EUR 1,107 thousand (2017: UAH 46,022 thousand or EUR 1,501 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totalling five persons). Mr. Wladyslaw Bartoszewski was acting as Vice Chairman of the Board and Non-Executive Director until 25 May 2018. In 2018 bonuses accrued for Mr.Ivanchyk of EUR 360 thousand, all amount of which was allocated for charity and not included to the table above (2017: EUR 540 thousand, among of which amount of EUR 121 thousand was allocated for charity). Bonuses accrued for Mr. Gladkyi of EUR 300 thousand (2017: EUR 360 thousand) are included into the table above.

35. RECONCILIATION OF IFRS TO US GAAP

For for the year ended 31 December 2018 presented in this annual report, the main differences between IFRS and US GAAP for the Group relate to the following:

(in thousands of Ukrainian hryvnias)	**2018**	**2017**
Net profit attributable to the parent Company in accordance with IFRS	**(687 024)**	**1 758 596**
Reverse of IFRS revaluation of livestock	283 207	(288 304)
Depreciation charge for livestock in accordance with US GAAP	(59 393)	(63 689)
Reverse of depreciation related to revaluation of PPE	432 571	611 096
Correction of revaluation of growing crops and agricultural produce	75 467	(110 909)
Correction of related deferred income tax charges	25 728	(74 027)
Correction of lease accounting	222 267	-
Reversal of impairment of PPE	94 346	-
Net profit attributable to the parent Company in accordance with US GAAP	**387 169**	**1 832 763**

(in thousands of Euros)	**2018**	**2017**
Net profit attributable to the parent Company in accordance with IFRS	**(21 111)**	**61 840**
Reverse of IFRS revaluation of livestock	8 989	(9 869)
Depreciation charge for livestock in accordance with US GAAP	(1 844)	(2 122)
Reverse of depreciation related to revaluation of PPE	13 461	20 361
Correction of revaluation of growing crops and agricultural produce	2 266	(3 885)
Correction of related deferred income tax charges	801	(2 586)
Correction of lease accounting	6 917	-
Reversal of impairment of PPE	2 926	-
Net profit attributable to the parent Company in accordance with US GAAP	**12 405**	**63 739**

As at 31 December 2018 the main differences between IFRS and US GAAP for the Group relate to the following:

(in thousands of Ukrainian hryvnias)	2018	2017
Shareholders' equity in accordance with IFRS	**11 511 260**	**11 649 790**
Reverse of IFRS revaluation of livestock	(119 416)	(402 623)
Depreciation charge for livestock in accordance with US GAAP	(202 506)	(143 113)
Reverse of effect of revaluation of PPE	(5 237 948)	(4 575 505)
Reverse of depreciation related to revaluation of PPE	2 165 790	1 733 219
Correction of revaluation of growing crops and agricultural produce	(132 435)	(207 902)
Write-off of reversal of impairment of PPE	(76 374)	(44 973)
Reversal of impairment of PPE	125 747	-
Correction of lease accounting	222 267	-
Correction of related deferred income tax assets and liabilities	(151 148)	(176 876)
Shareholders' equity in accordance with US GAAP	**8 105 237**	**7 832017**

(in thousands of Euros)	2018	2017
Shareholders' equity in accordance with IFRS	**362 969**	**347 800**
Reverse of IFRS revaluation of livestock	(6 218)	(15 207)
Depreciation charge for livestock in accordance with US GAAP	(7 370)	(5 526)
Reverse of effect of revaluation of PPE	(258 707)	(237 818)
Reverse of depreciation related to revaluation of PPE	92 718	79 257
Correction of revaluation of growing crops and agricultural produce	(6 217)	(8 483)
Write-off of reversal of impairment of PPE	(2 568)	(1 581)
Reversal of impairment of PPE	3 913	-
Correction of lease accounting	6 917	-
Correction of related deferred income tax assets and liabilities	(8 427)	(9 228)
Effect of US GAAP correction on currency translation reserve	73 795	84 607
Shareholders' equity in accordance with US GAAP	**250 805**	**233 821**

Livestock

Under US GAAP livestock such as dairy cattle are accounted at historical cost and historical costs are depreciated over the animals' useful lives. Under IFRS livestock (primarly dairy cattle) are carried at their fair value less estimated costs to sell. Gain (loss) from changes in fair value of livestock is included in the income statement.

Property, plant and equipment

Under US GAAP property, plant and equipment are accounted at cost and depreciated over its useful lives. The Group uses revaluation model for buildings and constructions, machinery and equipment as permitted under IFRS.

Growing crops and agricultural produce

Under US GAAP growings crops are measured at the lower of cost and market and presented as inventory. Under IFRS growings crops are presented as biological assets and measured at fair value less estimated costs to sell. The fair value of growing crops is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate.

Agricultural produce are described as "harvested crops" under US GAAP and measured at sales price less costs of disposal with changes recognized in profit or loss. Under IFRS agricultural produce is carried at fair value less estimated costs to sell at the point of harvest. The fair value of agricultural produce is estimated by reference to quated prices in an active market. A gain or loss arising on initial recognition of agricultural produce is included in the separate line in the income statement line "Changes in fair value of biological assets and agricultural produce".

Lease accounting

Under US GAAP lease expense is recorded on a straight-line basis over the lease term by adding interest expense determined using the effective interest method to the amortization of the right-of-use asset. The amortization of the right-of-use asset is calculated as the difference between the straight-line expense and the interest expense on the lease liability for a given period.

Under IFRS assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of lease payments that are not paid as the commencement date. The lease liability is measured at amortised cost using the effective interest method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Impairment of property, plant and equipment

Under US GAAP impairment of assets is recognized for assets only due to their physical conditions. Under IFRS impairment test is performed annually based on value-in-use calculation using the cash flow projection not exceeding the five-period period and as an integral part of valuation of property, plant and equipment.

Under US GAAP reversal of impairment of property, plant and equipment is prohibited for all assets. Under IFRS 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 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.

36. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 20 March 2019 the Group acquired elevator assets in Krasyliv, Khmelnytskyi region for amount EUR 4.6 million or UAH 143 million.

COMPANY FINANCIAL STATEMENTS

as at and for the year ended
31 december 2018

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(before appropriation of the result)

(in thousands of Euros)		**2018**	**2017**
Assets			
Non-current assets			
Investments in subsidiaries	*3*	**358 163**	343 282
Accounts receivable from subsidiary		**124**	-
		358 287	343 282
Current assets			
Cash and cash equivalents	*4*	**1 092**	64
Loan granted to subsidiary	*5*	**3 226**	420
Other accounts receivable and prepayments		**403**	4 040
		4 721	4 524
Total assets		**363 008**	347 806
Shareholders' equity and liabilities			
Equity			
Share capital	*6*	**250**	250
Additional paid-in capital		**55 638**	55 638
Retained earnings		**435 607**	347 718
Revaluation of biological assets and agricultural produce		**42 599**	53 776
Revaluation of property, plant and equipment		**138 861**	137 003
Currency translation adjustment		**(288 875)**	(308 425)
Unallocated result for the year		**(21 111)**	61 840
Total equity		**362 969**	347 800
Current liabilities			
Other liabilities and accounts payable	*7*	**39**	6
		39	6
Total equity and liabilities		**363 008**	347 806

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 165 to 170.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Euros)	2018	2017
Royalty income	**1 406**	-
Interest income	**8**	1
Professional services	**(492)**	(462)
Bank commissions and charges	**(5)**	(6)
Net other operating income (expense)	**917**	(467)
Exchange differences	**(1)**	(27)
Net finance income/(expenses)	**(1)**	(27)
Net (loss)/profit from subsidiaries and associated companies	**(22 027)**	62 334
Net (loss)/profit	**(21 111)**	61 840

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 165 to 170.

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 2018 and 2017 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)	2018	2017
Balance as at 1 January	**343 282**	348 145
Incorporation of new subsidiary	-	18
Net (loss)/income	**(22 027)**	62 334
Increase in reserves	**17 358**	(16 453)
Other movements	-	422
Translation differences	**19 550**	(51 184)
Balance as at 31 December	**358 163**	343 282

As at 31 December 2018 Ancor Investments net asset value are EUR 357,505 thousand (31 December 2017: EUR 343,042 thousand). As at 31 December 2018 Astarta Trading GmbH net asset value are EUR 658 thousand (31 December 2017: EUR 240 thousand).

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

4. CASH

As at 31 December 2018, amount of cash is EUR 1,092 thousand (2017: EUR 64 thousand). There is no restricted cash.

5. LOAN GRANTED TO SUBSIDIARY

The terms and repayment schedule for loan granted as at 31 December 2018 are as follows:

(in thousands of Euros)	Nominal interest rate	Year of maturity	2018	2017
Loans granted to subsidiary in USD	2%	2018	**-**	420
Loans granted to subsidiary in USD	7%	2019	**2 185**	-
Loans granted to subsidiary in EUR	2%	2019	**1 041**	-
			3 226	420

As at 31 December 2018 the Company granted a loan to its subsidiaries of USD 2,500 thousand and EUR 1,040 thousand (2017: only USD 500 thousand). The loans are unsecured and bears interest of 2-7% p.a.

6. EQUITY

The authorized share capital as at 31 December 2018 and 2017 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 2018, 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:

	2018	2017
Astarta Holding N.V.		
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	**36,26%**	36,26%
Fairfax Financial Holdings LTD with subsidiaries	**28,16%**	28,06%
Other shareholders	**35,58%**	35,68%
	100,00%	100,00%

In 2018 and 2017 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 138,861 thousand (2017: EUR 137,003 thousand);
- the accumulated gain on revaluation of biological assets of EUR 42,599 thousand (2017: EUR 53,776 thousand);
- the accumulated loss from currency translation adjustment of EUR 288,875 thousand (2017: EUR 308,425 thousand).

In 2018 the Company has purchased 94,757 of own shares for EUR 653 thousand at average price per share of EUR 6.89. As at 31 December 2018, the Group had 689,898 of treasury shares with total cost of EUR 5,452 thousand (2017: 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)	2018	2017
Other payables	**39**	6
	39	6

8. ROYALTY INCOME

The Company has received a royalty income for granting a non-exclusive license to use a trade and services mark to its subsidiaries for 2018 in amount EUR 1,406 thousand (2017: nil).

9. INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 5.8 million as of 31 December 2018 (2017: EUR 7.5 million). In 2018 carried forward tax losses in amount of EUR 1.3 million are used against 2018 profit. In 2018 cumulative carried forward tax losses in amount EUR 506 thousand are expired for utilization (2017: EUR 750 thousand). No deferred tax asset has been recognized due to insufficient future taxable income.

10. FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	2018 Financial assets at amortised cost	2017 Loans and receivables
Financial assets as per balance sheet		
Accounts receivable from subsidiary	**376**	-
Loan granted to subsidiary	**3 226**	420
Other accounts receivable	**124**	4 019
Cash and cash equivalents	**1 092**	64
	4 818	4 503

(in thousands of Euros)	2018 Liabilities at amortized cost	2017 Liabilities at amortized cost
Financial liabilities as per balance sheet		
Other liabilities and accounts payable	**39**	6
	39	6

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)	2018	2017
Accounts receivable from subsidiary	**376**	-
Loan granted to subsidiary	**3 226**	420
Other accounts receivable	**124**	4 019
Cash and cash equivalents	**1 092**	64
	4 818	4 503

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 2018					
Other accounts payable	**39**	**39**	**39**	**-**	**-**
	39	**39**	**39**	**-**	**-**

(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	-	-

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 2018 the Company does not have outstanding guarantees. The fair values of financial instruments approximate their carrying amount.

11. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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

12. COMMITMENTS

As at 31 December 2018 and as at 31 December 2017 there were no pledged shares.

As at December 2018 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 220 million (2017: EUR 116 million).

The Company’s subsidiaries commitments details are disclosed in the Note 32 of the consolidated financial statements.

13. DIRECTORS

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

Viktor Ivanchyk	Chief Executive Officer
Victor Gladkyi	Chief Financial Officer
Marc van Campen	Chief Corporate Officer
Howard Dahl	Chairman of the Board, Non-Executive Director
Gilles Mettetal	Vice Chairman of the Board, Non-Executive Director

During 2018, 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)	**2018**	2017
Viktor Ivanchyk	**341**	711
Viktor Gladkyi	**571**	635
Marc van Campen	**40**	40
Howard Dahl	**75**	75
Gilles Mettetal	**40**	-
Wladyslaw Bartoszewski	**40**	40
	1 107	1 501

In 2018 bonuses accrued for Mr.Ivanchyk of EUR 360 thousand, all amount of which was allocated for charity and not included to the table above (2017: EUR 540 thousand, among of which amount of EUR 121 thousand was allocated for charity and not included to the table above). Bonuses accrued for Mr. Gladkyi of EUR 300 thousand (2017: EUR 360) are included into the table above.

The amount due from the Company's Directors as at 31 December 2018 is nil (31 December 2017 is nil).

13. AUDIT FEES

Fees of the Group's auditor are EUR 115 thousand for 2018 (2017: EUR 137 thousand). Out of this, EUR 47 thousand relates to "Baker Tilly (Netherlands)" N.V. and EUR 68 thousand relate to "Baker Tilly Ukraine" LLP (2017: EUR 51 thousand relates to "Baker Tilly (Netherlands)" N.V. and EUR 86 thousand relate to "Baker Tilly Ukraine" LLP).

Audit fees include the fees of EUR 115 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 2018, the Group received and paid to "Baker Tilly" for non-audit services in amount of EUR 5 thousand (2017: EUR 7 thousand).

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 loss of EUR 21,111 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.

8 April 2019

Amsterdam, the Netherlands

The Board of Directors

Mr V. Ivanchyk	*(Signed)*
Mr H.Dahl	*(Signed)*
Mr V.Gladkyi	*(Signed)*
Mr M.M.L.J. van Campen	*(Signed)*
Mr G. Mettetal	*(Signed)*

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Reg.no.: 24425560

The Shareholders and the Board of Directors of
ASTARTA Holding N.V.

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2018 included in the annual report

Our opinion
We have audited the financial statements 2018 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, 2018, and of its result and its cash flows for 2018 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, 2018, and of its result for 2018 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, 2018;
2. the following statements for 2018:
   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 balance sheet as at December 31, 2018;
2. the company income statement for 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

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
Based on our professional judgement we determined the materiality for the financial statements as a whole at UAH 119 million / EUR 3.72 million. The materiality is based on 1% of revenues. 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 5.95 million / EUR 0.19 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 11 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 21 reporting units.

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 judgement, 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 of 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, 2018 includes the property, plant and equipment balance of UAH 8,526,550,000 / EUR 268,857,000. 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. Vehicles and other items of property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any.
The company applies a revaluation model for accounting of property, plant and equipment. The last revaluation is performed as at December 31, 2018.

The fair value estimate was significant for our audit, since the valuation 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, operational margins and capital expenditures level.

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 8 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 valuation of property, plant and equipment in note 8 to the financial statements.

Biological Assets Valuation
The Consolidated Statement of financial position as at December 31, 2018 includes Biological assets for a total amount of UAH 1,048,722,000 / EUR 33,068,000 as at December 31, 2018. We refer to note 12 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.

Valuation of Right-of-use Asset and Lease liability
The Consolidated Statement of financial position as at December 31, 2018 includes the Right-of-use asset balance of UAH 2,560,064,000 / EUR 80,723,000 and the Lease liability balance of UAH 2,435,832,000 / EUR 76,805,000 as a results of the early adoption of IFRS 16 Leases.

The right-of-use assets are initially measured at cost. It comprises the amount of the initial measurement of the lease liability among others. Lease liability is initially measured at the present value of the lease payments that are not paid at commencement date.

The key assumptions used in the calculation of lease liability are:

- significant change in payment pattern or change in the lease term leads to remeasurement of the lease liability by discounting the revised lease payments based on the revised lease term using the revised discount rate;

- change in lease rate or in normative monetary valuation of land used for payments are accounted as modification using unchanged discount rate;
- liability for the prior periods is accounted at amortized cost as current liability on demand;
- the same assumptions as for land lease agreements are used in accounting of contracts for the right of long-term use of agricultural purposes land (emphyteusis), except for the fact that such liabilities are settled in advance in full for the whole lease period of such agreements;
- the lease payments are discounted using the borrowing cost as published by National Bank of Ukraine on its official web-site (www.bank.gov.ua) as at the date of lease agreement origination or modification date since the interest rate implicit in the lease could not be determined.

We focused on this area as a key audit matter due to the size of estimates involved being material to the Consolidated financial statements.

Our procedures included amongst others:
- reconciliation of inputs used in calculations with those stated in land lease agreements (lease period, rate);
- reconciliation of discount rate used vs borrowing cost rate as published by National Bank of Ukraine as at the date of lease agreement origination or modification date;
- disclosure completeness review.

(Management of) the company provides details regarding the IFRS 16 Leases implementation in note 4 to the financial statements.

VAT reimbursement
As at December 31, 2018 the Group classified and disclosed VAT assets in note 14 of the financial statements for a total amount of UAH 1,527,062,000 / EUR 48,151,000. Management believes that the group is able to fully reimburse or utilize VAT assets during 2019-2020.

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 investigated 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:
- History of the group
- Company's mission and values
- CEO statement
- Chairmen statement
- Essential information
- 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
- Fulfilling plans for 2018 and outlook
- GRI Content Index

- CORPORATE GOVERNANCE REPORT
- Representations of the Board of directors
- 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;
- 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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the other information as mentioned above in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by 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, as of the audit for the year 2015 and we have operated as statutory auditor ever since that financial year

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 other information as mentioned above 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 in the financial statements.

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 engagement 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.

Misstatements can arise from fraud or error and are 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.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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.

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 the 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 information or specific items.

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, April 8, 2019

Baker Tilly (Netherlands) N.V.

signed by

J.H.J. Spiekker RA
Partner

bakertilly

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INDEPENDENT AUDITOR'S LIMITED 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 2018.

Limitations of the engagement

Our engagement was limited to the information listed above. We have not assessed the following information disclosed in the Annual Report:

- All information contained in other sections of the Annual Report for the year ended 31 December 2018.
- 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 2018, 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.
- Site visit for interviewing of personnel in regard of gathering and preparation of sustainability information in Annual Report;
- 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 2018 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 independent limited assurance engagement on the sustainability information has been performed for purposes of the Company and is solely intended to inform the Company about the results of the engagement. 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

2 April 2019
Kyiv, Ukraine

ASTARTA
Holding N.V.

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