2019 ANNUAL REPORT

for the year ended
31 December 2019

ASTARTA Holding N.V.

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

CONTENT

LETTER TO SHAREHOLDERS

Dear shareholders,

Entering the new 2020 season, I would like to recap the 2019 results. Looking back, I must confess that last year was not easy, but at the same time, very motivating - our business had a clear task to mobilize internal resources, and the Company today is a more resilient business than a year ago.

Bespoke system for the efficiency improvement (Lean-based) and further implementation of new IT-solutions in agribusiness management delivered us cost and resource savings. All these changes are dictated by today's globalized environment, so we will continue to focus on the optimization of business processes through their simplification, transparency, automation, eliminating bureaucracy and increasing the speed of decision making.

We are all aware that 2019 was very volatile as economic sentiment, political and climate risks continue to give rise to uncertainties in agricultural commodity markets. The local sugar market did not improve much in 2019: despite significant contraction of the sugar beet growing area in Ukraine, the prices remained subdued. However, we do expect tighter market conditions in the following years as the fundamentals of the industry are robust.

In 2019 we successfully launched our storage and handling services for third parties in addition to keeping all of our harvest in the 550kt network of newly built grain and oilseeds storage facilities. This allows us to increase efficiency by lowering costs and preserving the quality of crops.

In 2019 our revenues totaled EUR448m (+20% y-o-y) and EBITDA - EUR78m (+15% y-o-y). Capital discipline along with continued focus on productivity and costs resulted in the reduction of Net Debt (including lease liabilities) to EUR276m (-15% y-o-y) bringing Net Debt to EBITDA ratio to 3.5x from 4.8x in 2018.

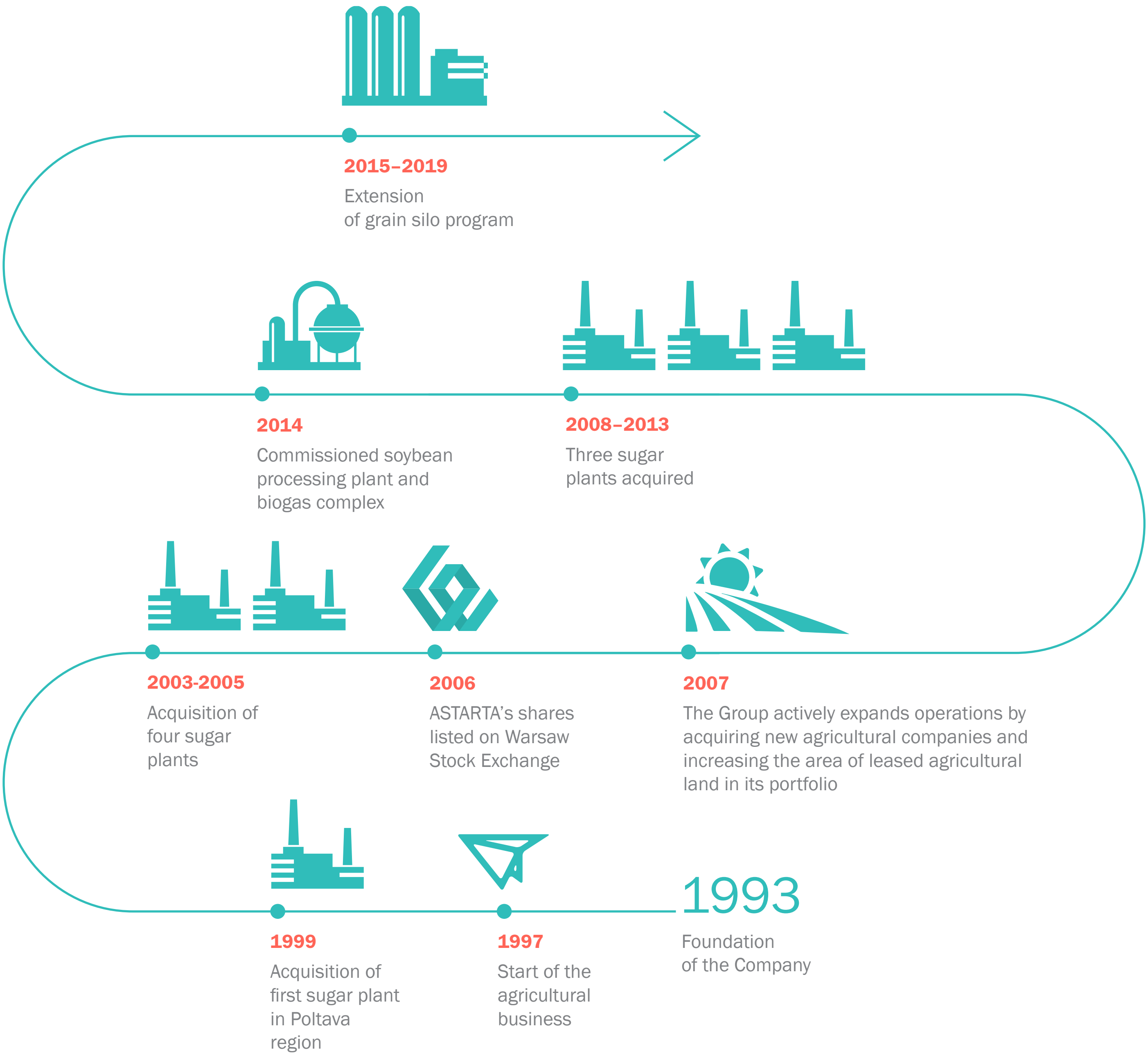
ASTARTA develops its business guided by the UN Global Sustainable Development Goals. What does it mean? It is an adherence to sustainable development principles in order to enjoy a competitive edge in the markets. It is important for the Company to stay at the forefront of business sustainability practices. In 2020, we continue to develop our vision in three priority areas: operational improvements, digitization and ESG compliance. I believe that these initiatives will find support from all our stakeholders and lay down solid fundamentals for our joint success.

Sincerely yours,

Viktor Ivanchyk
Founder and CEO

ASTARTA's HISTORY

ASTARTA is one of the largest vertically-integrated agro-industrial holdings in Ukraine. Since its foundation in 1993 the Company made significant progress in developing its key business segments as well as started new businesses. Today ASTARTA's main activities include grain and oilseeds production, sugar production from sugar beet, soybean crushing, milk production, as well as grain and oilseeds storage and handling services.



ASTARTA's MAP OF OPERATIONS

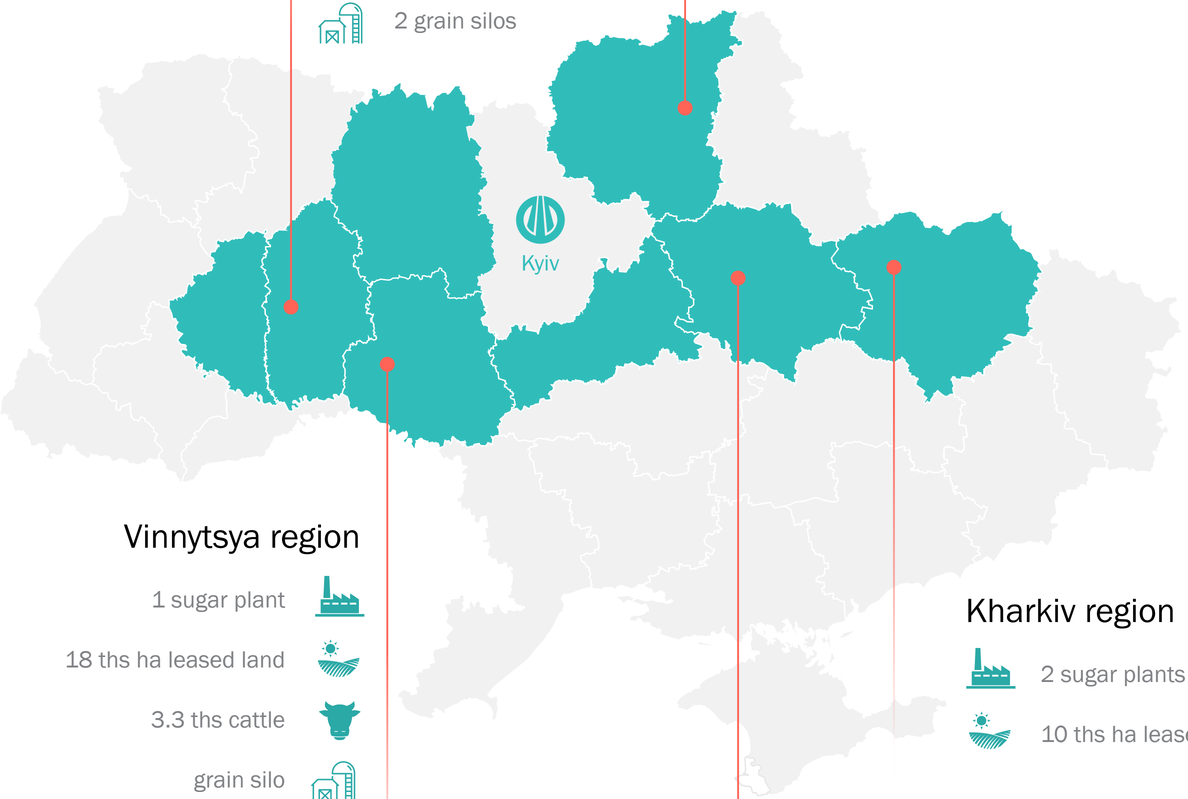
ASTARTA operates in several regions of Ukraine. Key assets are in he Poltava, Kharkiv, Khmelnitsky and Vinnytsya regions.

Khmelnytskyi region

- 1 sugar plant
- 45 ths ha leased land
- 3.7 ths cattle
- 2 grain silos

Chernigiv region

- 5 ths ha leased land



Vinnytsya region

- 1 sugar plant
- 18 ths ha leased land
- 3.3 ths cattle
- grain silo

Kharkiv region

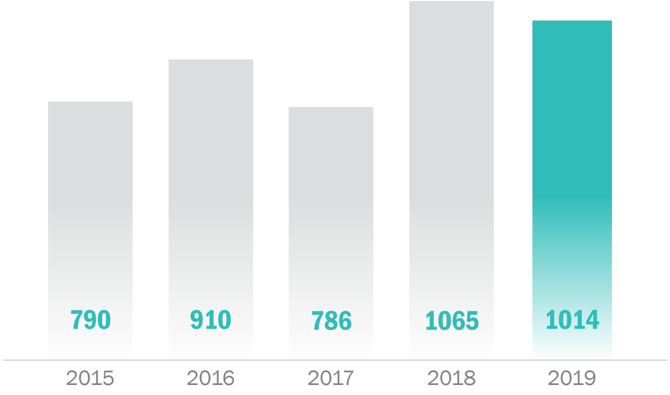
- 2 sugar plants
- 10 ths ha leased land

Poltava region

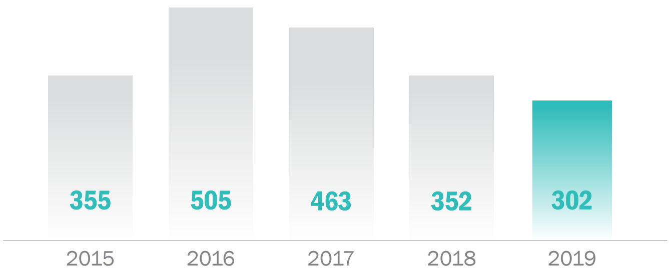
- 4 sugar plants
- Soybean processing plant
- Bioenergy plant
- 132 ths ha leased land
- 16.9 ths cattle
- 4 grain silos

KEY OPERATIONAL RESULTS

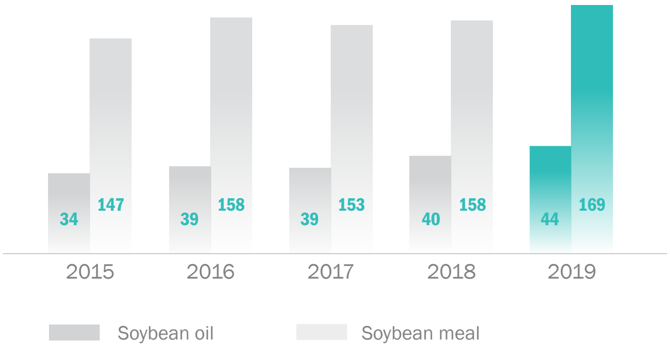
GRAIN AND OILSEEDS PRODUCTION, kt



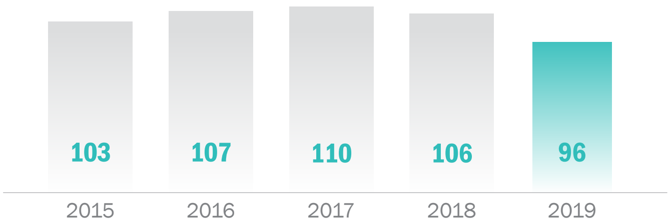
SUGAR PRODUCTION, kt



SOYBEAN OIL AND MEAL PRODUCTION, kt

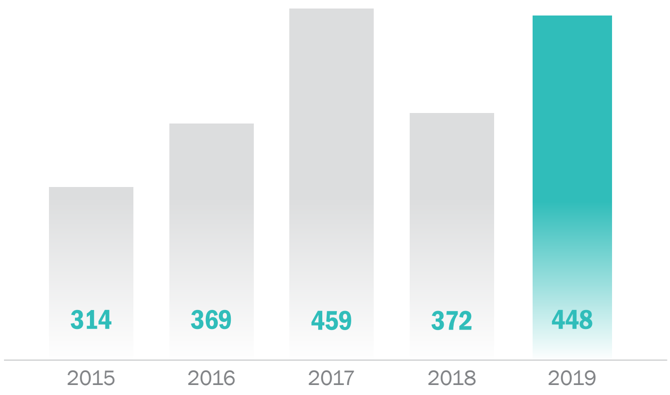


MILK PRODUCTION, kt

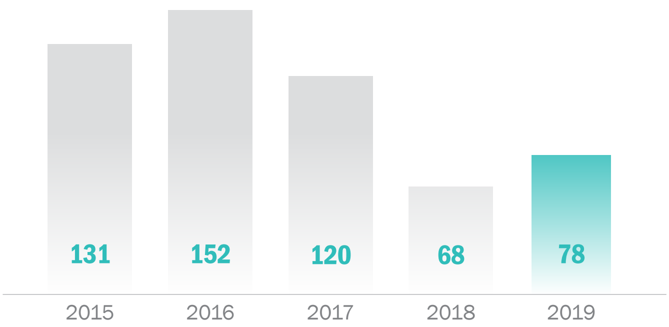


KEY FINANCIAL RESULTS

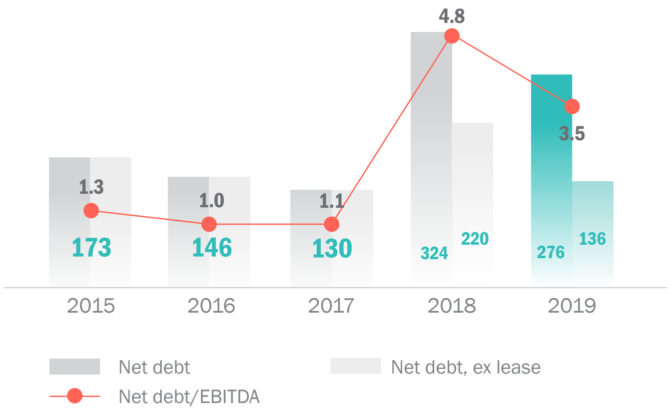
REVENUES, EURm



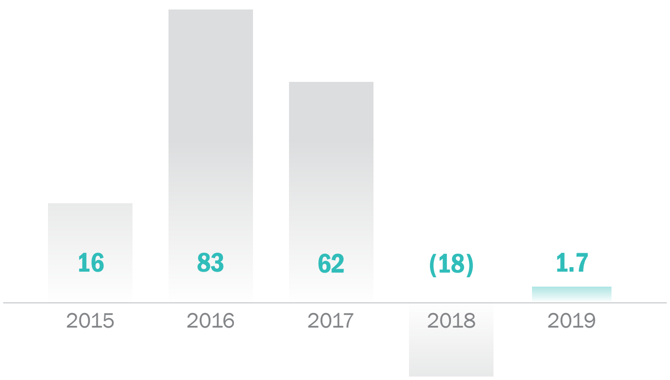
EBITDA, EURm



NET DEBT, EURm, NET DEBT TO EBITDA, x



NET PROFIT, EURm



SELECTED FINANCIAL INDICATORS AND RATIOS

SUMMARY P&L

EURk	2018	2019
Revenues, including	**372 222**	**448 006**
Agriculture	126 764	205 712
Sugar	119 436	116 893
Soybean	74 290	82 718
Dairy	29 309	34 603
Cost of sales, including	(323 882)	(399 751)
Effect of AP remeasurement	(36 845)	(55 283)
Changes in FV of BA and AP*	46 909	43 208
Gross profit	**95 249**	**91 463**
Gross profit margin	*26%*	*20%*
EBIT	**18 355**	**14 796**
Depreciation & Amortisation	45 669	62 571
EBITDA, including	**68 024**	**77 923**
Agriculture	70 147	53 335
Sugar	(286)	2 314
Soybean	5 865	7 385
Dairy	(3 577)	15 610
EBITDA margin	*18%*	*17%*
Financial costs	(12 926)	(16 639)
Interest on lease liabilities	(19 832)	(22 635)
Forex gain/(loss)	(1 515)	24 899
Net profit (loss)	**(18 261)**	**1 691**
Net profit (loss) margin	*(5%)*	*0.4%*

SUMMARY BALANCE SHEET

EURk	2018	2019
Right-of-use asset (mainly land)	110 396	142 035
Biological assets (non-current)	17 064	30 011
PP&E and other	276 701	300 193
Inventories, including RMI	234 939	193 681
Biological assets (current)	16 004	16 109
AR and other	76 290	64 206
Cash and equivalents	13 492	13 033
Total Assets	**744 886**	**759 268**
Equity	**365 822**	**438 755**
Long-term loans	554	591
Lease liability (mainly land)	79 004	103 391
Other	13 795	10 930
Non-current liabilities	**93 353**	**114 912**
ST debt and similar	232 627	148 811
Current lease liability (mainly land)	25 245	36 073
Other	27 839	20 717
Current liabilities	**285 711**	**205 601**
Total equity and liabilities	**744 886**	**759 268**
EBITDA	68 024	77 923
Lease liability (mainly land)	104 249	139 464
Readily Marketable Inventories — RMI	182 333	142 500
Net debt (incl. lease liabilities)	**323 938**	**275 833**
ND total/EBITDA (x)	*4.8*	*3.5*
Adjusted net debt = (ND-RMI)	**141 605**	**133 333**
Adj ND /EBITDA (x)	*2.1*	*1.7*

SELECTED FINANCIAL INDICATORS AND RATIOS

SUMMARY CASH FLOWS

EURk	2018	2019
Pre-tax income	(15 599)	822
D&A	45 669	62 571
Financial interest expenses, net	13 086	16 940
Interest on lease liability	19 832	22 635
Changes in FV of BA and AP	(46 909)	(43 208)
Forex gain/loss	1 515	(24 899)
Income taxes paid	(2 236)	(1 491)
Working Capital changes	(8 517)	137 977
Other	9 053	1 242
Operating Cash Flows	**15 894**	**172 589**
Agricultural capex (incl. silo)	(33 723)	(21 284)
Other capex	(11 957)	(682)
Investing Cash Flows	**(45 680)**	**(21 966)**
Debt proceeds	190 070	81 169
Debt repayment	(114 651)	(180 905)
Finance interest paid	(11 143)	(17 101)
Land lease repayment	(33 937)	(36 278)
Other	(2 486)	(776)
Financing Cash Flows	**27 853**	**(153 891)**

In 2019 ASTARTA's revenues increased to EUR 448m, up by 20% y-o-y, on strong volume sales growth in the Agricultural segment which generated nearly half of total revenues.

The Sugar segment registered sales of EUR117m (down by 2% y-o-y) on slightly lower volumes of sugar sold compared to 2018, only partially offset by higher prices.

The Soybean processing and Dairy segments generated EUR83m and EUR35m of revenues, correspondingly, demonstrating 11% and 18% growth y-o-y.

Exports contributed EUR253m, or 56% of the Company's revenues of which sales to the EU markets totaled EUR152m.

The Gross profit went down by 4% y-o-y to EUR91m corresponding to Gross profit margin of 20% (vs 26% in 2018) due to cost of sales affected by the local currency appreciation and lower contribution of the remeasurement of agricultural produce on lower yields due to adverse weather.

EBITDA increased from EUR68m to EUR78m on higher contribution from cattle farming and soybean processing compared to 2018.

ASTARTA focused on maximizing Operating Cash Flows through release of working capital and sale of inventories from EUR16m in 2018 to EUR173m in 2019.

Capex was reduced to maintenance levels apart from finalizing the EUR61m 5-year investment project of completing 550kt silo storage facilities in 2019.

This allowed the Company to repay EUR100m of finance debt on a net basis as part of Financing Cash Flows resulting in EUR83m debt reduction on the Balance Sheet and leading to Net debt/EBITDA improvement from 4.8x to 3.5x at YE19.

As at YE19 the breach of covenants was still in place, but the management believes that the banks will not accelerate repayment of the loans.

In 2019 the Company changed its approach to measurement of lease assets and liabilities to provide more reliable and relevant information. The change was made retrospectively and comparatives had been restated accordingly. Please see notes to the Consolidated Financial Statements for 2019 for more information.

REPORT ON OPERATIONS

AGRICULTURE

SHARE IN CONSOLIDATED REVENUES: **46%**

SEGMENT REVENUES: **EUR 206 MILLION**

EXPORT SALES OF GRAINS (BY VALUE): **80%**

Revenues increased by 62% y-o-y to EUR 206m as ASTARTA accelerated sales of corn by 99% y-o-y to 714kt on strong 2018 and 2019 harvests. Exports accounted for 80% of the Agricultural segment revenues in 2019 vs 72% in 2018.

Gross profit margin halved from 56% to 25% on lower gain in fair value of biological assets and agricultural produce and higher costs due to local currency appreciation (including land leases). This translated into a similar trend at the EBITDA level.

The Company focused on reducing overhead costs amid worsening market environment: G&A expenses reduced to 7% of revenues in 2019 versus 9% in 2018, S&D – from 16% to 13% on change of delivery terms.

SALES VOLUMES OF KEY CROPS AND REALIZED PRICES

EURk	2018	2018	2019*	2019
	kt	**EUR/t**	**kt**	**EUR/t**
Wheat	270	163	266	151
Corn	358	148	714	154
Sunseeds	78	289	103	294

** Number of contracts were classified as contracts with reverse commodity purchase/sale and thus zero economic effect, sales under such contracts are excluded.*

EURk	2018	2019
Revenues	126 765	205 712
Cost of revenues	(111 772)	(188 847)
incl land lease depreciation	*(15 199)*	*(19 929)*
Changes in FV of BA and AP	55 898	34 259
Gross profit	**70 891**	**51 124**
Gross profit margin	*56%*	*25%*
G&A expenses	(11 740)	(13 965)
S&D expenses	(20 755)	(27 626)
Other operating income/expense	(3 740)	(1 016)
EBIT	34 656	8 517
EBITDA	**70 147**	**53 335**
EBITDA margin	*55%*	*26%*
Interest on lease liability	(18 110)	(21 682)
CAPEX	(33 723)	(21 284)

PRODUCTION OF KEY CROPS

kt	2018	2019
Corn	622	581
Wheat	242	256
Sunseeds	117	90
Soybeans	69	81
Sugar beets	1 814	1657

ASTARTA YIELDS VS AVERAGE UKRAINIAN

t/ha	2018		2019	
	ASTARTA	Ukraine	**ASTARTA**	Ukraine
Corn	**9.8**	7.8	**8.7**	7.1
Wheat	**4.7**	3.7	**5.1**	4.2
Sunseeds	**2.9**	2.3	**2.9**	2.5
Soybeans	**2.9**	2.6	**2.5**	2.4
Sugar beet	**46**	49	**47**	45

Source: Company data, Ukragroconsult, State Statistics Service

In 2019, ASTARTA maintained the last year's record production level and produced more than one million tons of grains and oilseeds – 1014mt, a slight reduction of 4% y-o-y.

Corn was the key contributor of the total harvest result with 581kt, a 7% y-o-y reduction due to 11% y-o-y lower yield (8.7 t/ha). Wheat production stood at 256kt (up by 5% y-o-y) with yield up by 11% to 5.1t/ha. Production of oilseeds totaled almost 172kt with sunflower and soybean yields at 2.9 t/ha (flat y-o-y) and 2.5 t/ha (down by 14% y-o-y), correspondingly. Production of sugar beet constituted 1657kt (down 9% y-o-y) with yield up by 2% y-o-y to 47 t/ha.

Ukrainian agricultural producers keep growing their output and strengthening the country's position as a major food supplier in the international markets. According to the State Statistic Service production of key grains and oilseeds reached a new record of 97mt in 2019, up by 6%, compared to 2018, thereby continuing the trend of the previous years. Since 2010 grains and oilseeds production doubled from 49mt to 97mt on productivity improvements and area expansion. At the same time, Ukrainian agricultural businesses face certain challenges on way to increase their farming efficiency.

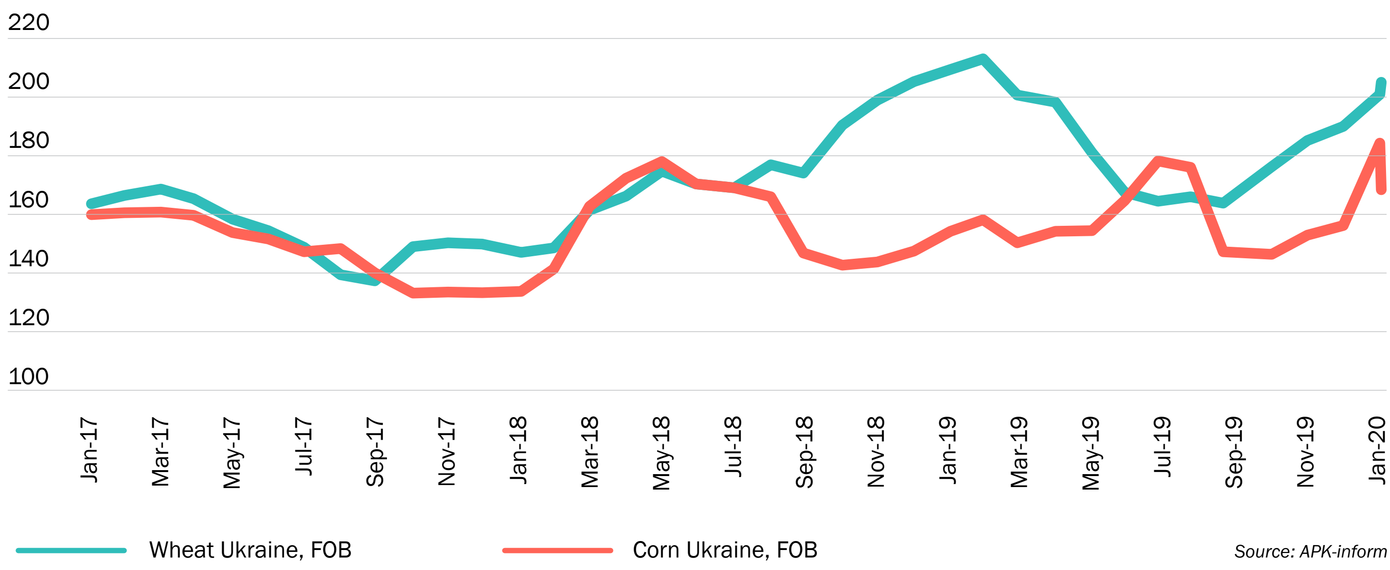
One of such challenges is the limited grain storage and transportation infrastructure in Ukraine. In response to it the Company purchased 200 grain hoppers and completed construction of own network of grain and oilseeds storage and handling capacities totaling 550kt.

Meeting the demand of the customers for organic produce the Company has successfully passed the last out of three annual inspections under the Ukrainian Organic Standards. Consequently, the Company expects to obtain the status of a certified producer of organic crops for one of its farms and start pilot exports of organic produce in 2020.

ASTARTA focuses on further improvements in its crop growing technologies and enhancing management control through an inhouse integrated IT solution – AgriChain - allowing for automated land, farming and logistics management.

The Company continued to apply wide ranging cost cutting measures to steer through the highly volatile crop pricing environment. During 2019 the price performance of key grain crops was mixed driven by changing global supply and demand estimates as well as trade disputes between USA and China, African Swine Fever and tax regimes by one of the top soft commodity exporters (Argentina).

GRAINS PRICE PERFORMANCE, EUR/T



Source: APK-inform

SUGAR

SHARE IN CONSOLIDATED REVENUES: **26%**

SEGMENT REVENUES: **EUR 117 MILLION**

EXPORT SALES OF SUGAR AND BY-PRODUCTS (BY VALUE): **13%**

Revenues amounted to EUR117m (down by 2% y-o-y) on decline in sugar sales volumes by 8% to 301kt in 2019 amid negative development of local and global sugar prices for the two consecutive years.

In 2019 ASTARTA exported 20kt of sugar (compared to 131kt in 2018) as global prices remained subdued

Gross margin compressed from 13% in 2018 to 8% in 2019 on cost of sales growth outstripping moderate sugar price increases. EBITDA amounted to EUR2m in 2019 versus negative EUR0.3m in 2018 as the Company focused on reducing SG&A costs from 19% of revenues in 2018 to 15% in 2019.

In response to continued unfavorable market environment investments were reduced to maintenance capex in 2019.

In 2019 the Company responded to the sugar market challenges by the following:

SALES VOLUMES OF SUGAR AND SUGAR PRODUCTS AND REALIZED PRICES

EURk	2018	2019
Sugar, kt	325	301
Sugar-by products, kt	133	127
Sugar prices, EUR/t	328	345

EURm	2018	2019
Revenues	119 436	116 893
Cost of revenues	(103 779)	(107 637)
Gross profit	**15 657**	**9 256**
Gross profit margin	*13%*	*8%*
G&A expenses	(7 533)	(6 349)
S&D expenses	(15 225)	(11 707)
Other operating income/expense	(2 157)	(594)
EBIT	(9 258)	(9 394)
EBITDA	**(288)**	**2 314**
EBITDA margin	*(0.2%)*	*2%*
CAPEX	(10 199)	(1 184)

1) decreased area planted under sugar beets to 35 kha (12% less y-o-y);

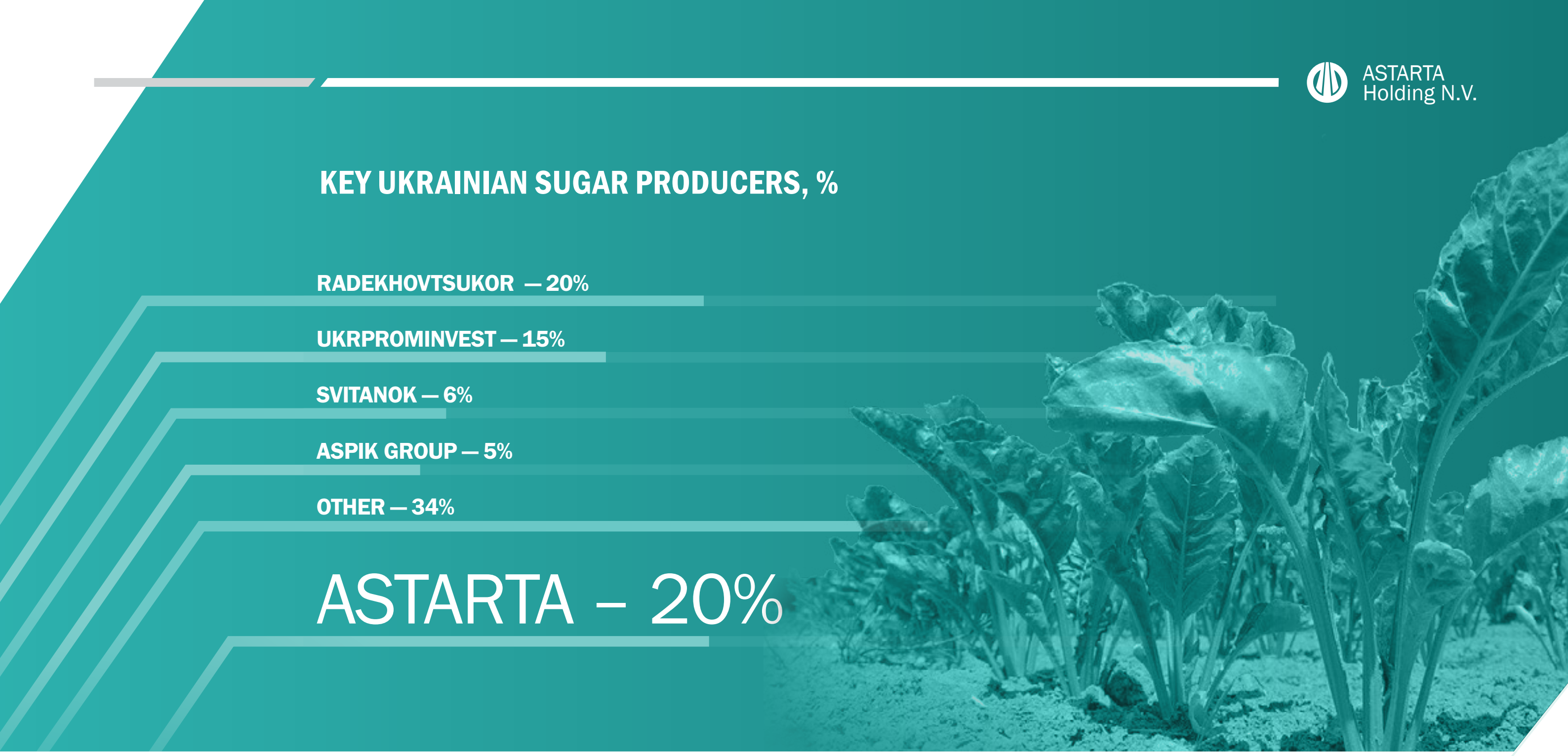
2) reduced number of running sugar plants to 6 from 7;

3) lowered production volumes by 14% to 302kt and kept c.20% share in the local sugar market;

4) increased production of extra quality sugar by 38% to 76kt;

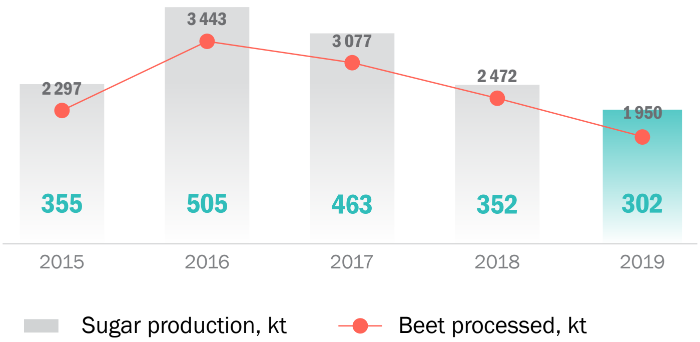
5) continued cost reduction measures including cutting gas consumption by 3.5% y-o-y to 22.6 m3 per ton of sugar beet processed;

6) reduced investments to maintenance capex levels.



Source: Ukrsugar

ASTARTA SUGAR BEETS PROCESSED AND SUGAR OUTPUT

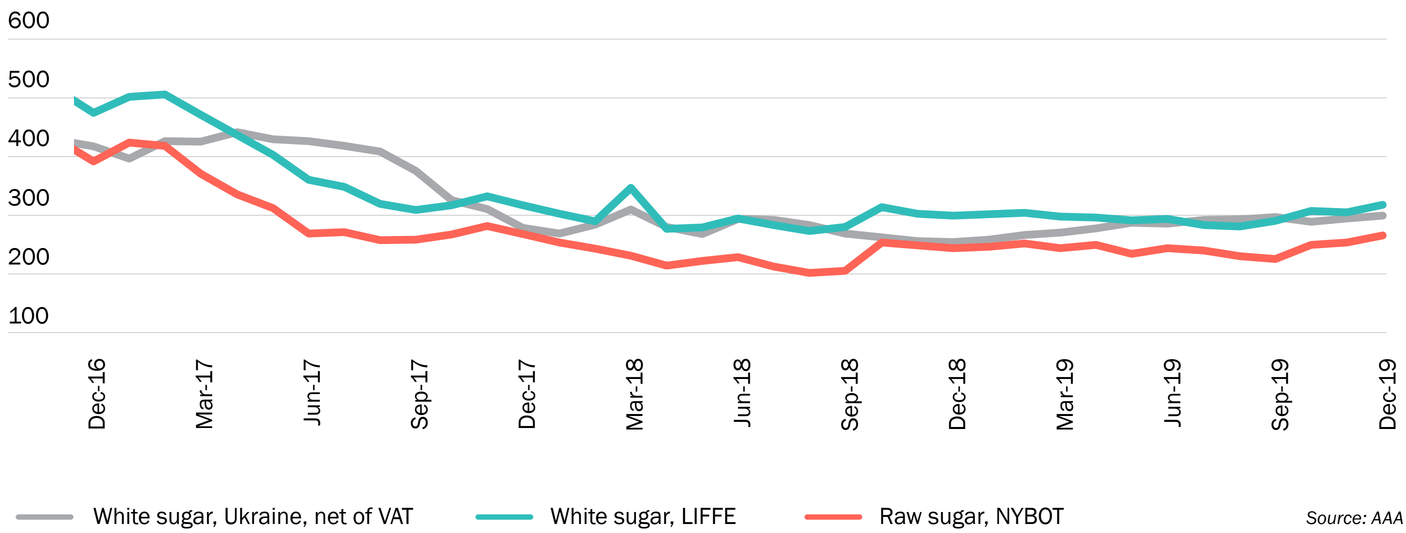


Thirty one Ukrainian sugar plants completed 2019 production season with 1.5mt sugar output (down by 19% y-o-y) amid reduction in the sugar beet growing area from 279kha to 220kha and lower sugar beet yields. High summer temperatures and lack of precipitation have reduced beet yields to 45t/ha (gross basis) from 49t/ha in 2018 according to the State Statistics Service.

Sugar exports from Ukraine plummeted on unfavorable global market environment to 0.2mt during 2019 (60% less y-o-y). Despite a recent uptick, global prices remain at their historical lows for several years, putting pressure on the Ukrainian sugar market. Slow global price recovery yet to translate into sugar price increases in the Ukrainian market. The average local sugar price improved marginally by 3% y-o-y to EUR284 in 2019.

Due to abundant supplies global sugar prices have demonstrated only minor growth in 2019. White sugar price averaged EUR298 compared to EUR296 in 2018, raw sugar price stood at EUR244 compared to EUR228, correspondingly.

SUGAR PRICE PERFORMANCE, EUR/T



Source: AAA

SOYBEAN PROCESSING

SHARE IN CONSOLIDATED REVENUES: **18%**

SEGMENT REVENUES: **EUR 83 MILLION**

EXPORT SALES OF SOYBEAN PRODUCTS (BY VALUE): **89%**

In 2019 the soybean processing reached revenues of EUR83m (+11% y-o-y) on stronger sales volumes.

The Company had a market share of 14% in local soybean processing volumes with 231kt of soybeans crushed, up by 7% y-o-y. Exports contributed 89% of revenues in 2019 in value terms.

Gross margin improved form 13% in 2018 to 16% in 2019 leading to EBITDA growth from EUR5.9m to EUR7.4m.

Ukraine's soybean plantings reduced by 7% y-o-y to 1.6mha leading to 19% lower harvest of 3.7mt. However, high ending stocks ensured sufficient supplies for processors. As a result, the local price for soybeans averaged EUR 314/t (13% less y-o-y). Potential return of VAT refunds on soybean exports in 2020 may encourage expansion of area under soybeans by the farmers.

SALES VOLUMES OF SOYBEAN PRODUCTS AND REALIZED PRICES

	2018	2018	2019	2019
	kt	**EUR/t**	**kt**	**EUR/t**
Soybean meal	141	341	167	323
Soybean oil	42	598	46	598

EURk	2018	2019
Revenues	74 290	82 718
Cost of revenues	(64 650)	(69 536)
Gross profit	**9 640**	**13 182**
Gross profit margin	*13%*	*16%*
G&A expenses	(746)	(564)
S&D expenses	(3 534)	(6 185)
Other operating income/expense	(636)	(577)
EBIT	4 724	5 856
EBITDA	**5 865**	**7 385**
EBITDA margin	*8%*	*9%*
CAPEX	(1 225)	(496)

According to USDA global soybean exports lowered by 3% y-o-y to 149mt in 2018/19 due to ongoing US-China trade conflict and demand drop from the key consumer – China because of African swine fever. Nevertheless, the market of soymeal held steady and meal exports increased by 4% to 67mt and is likely to reach record of 68mt in 2019/20.

KEY UKRAINIAN SOYBEAN CRUSHERS IN 2019

MHP — 16%

VIKTOR AND K — 13%

ATK — 12%

POLOGIVSKIY MEZ — 9%

VIOIL — 6%

THEGRA UKRAINE — 3%

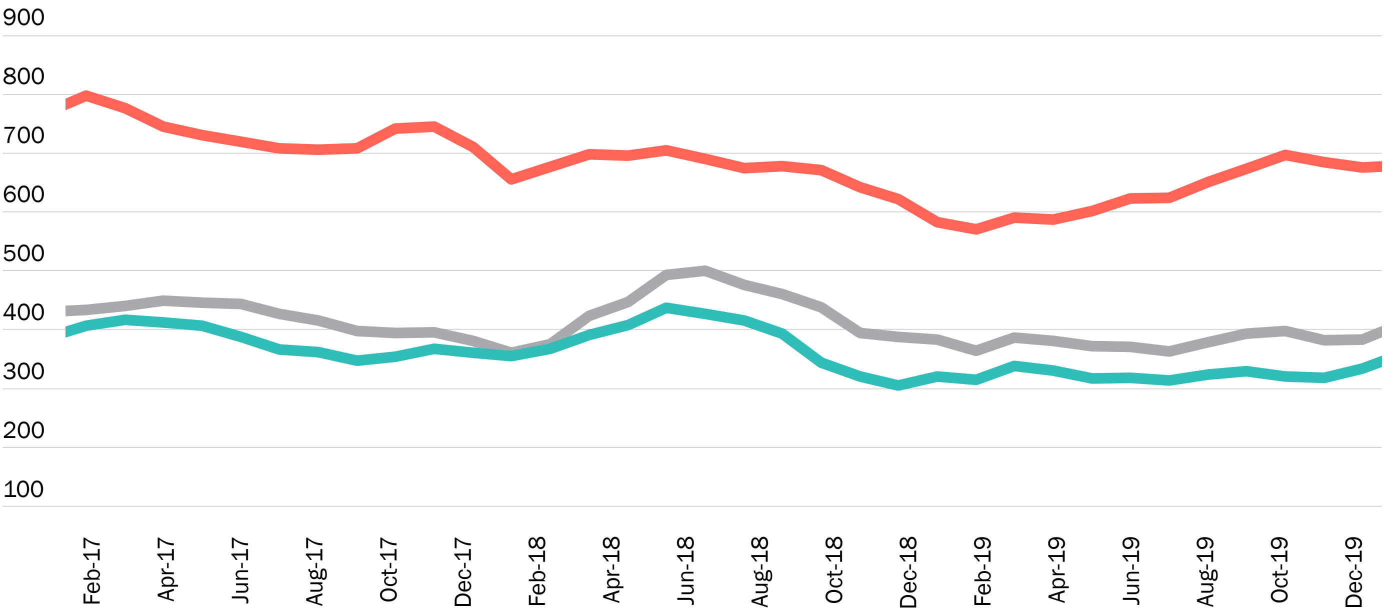
PROMTEHAGROTORG — 3%

OTHER — 24%

ASTARTA – 14%

Source: Agrochart

UKRAINIAN PRICES FOR SOYBEAN PRODUCTS AND SOYBEAN, EUR/T



Soybean oil, EUR/t — Soybean meal, EUR/t — Soybean, EUR/t

Source: APK-inform

DAIRY

SHARE IN CONSOLIDATED REVENUES: **8%**

SEGMENT REVENUES: **EUR 35 MILLION**

DOMESTIC SALES: **100%**

Higher revenues of EUR35m in 2019 versus EUR29m in 2018 supported by higher product prices offsetting 10% milk output reduction in 2019.

	2018	2019
Milk production, kt	106	96
Herd, k heads	27	24
Milk yield, kg/day	19.3	20.1
Milk sales, kt	103	94
Milk price, EUR/t	258	326

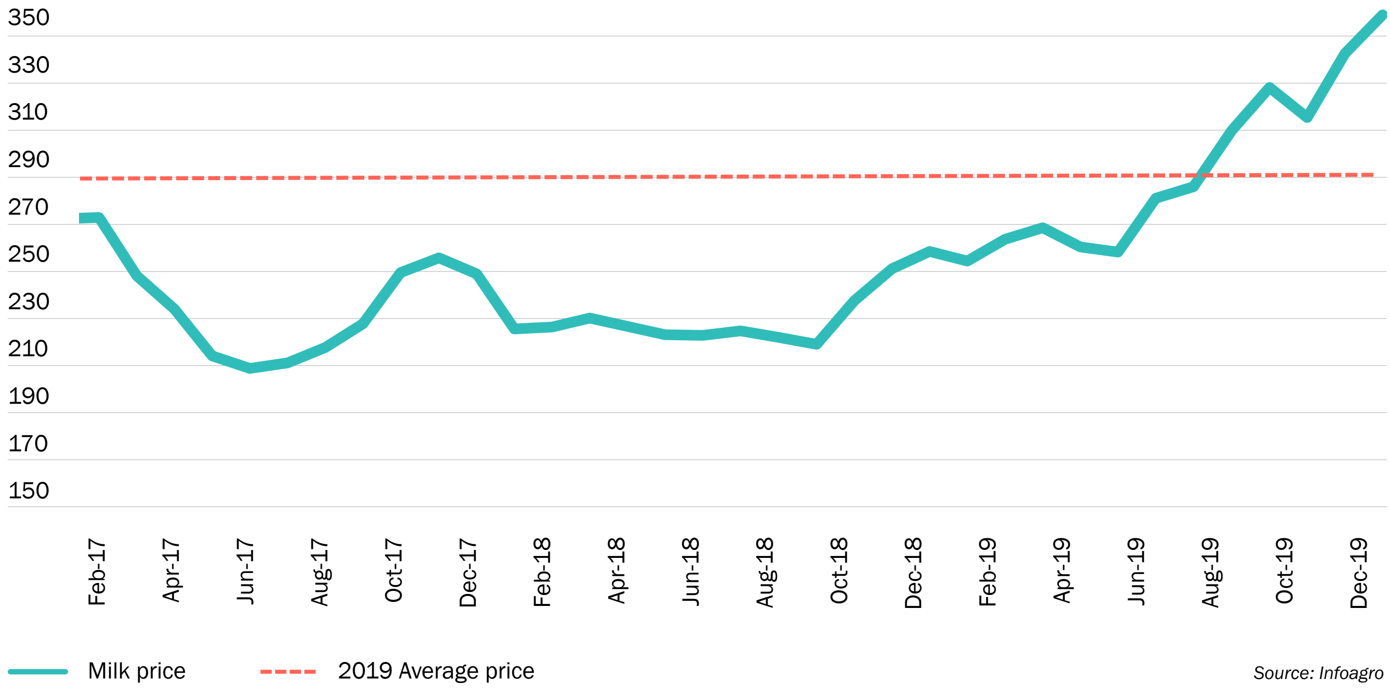
EURk	2018	2019
Revenues	29 309	34 603
Cost of revenues	(24 852)	(27 692)
BA revaluation	(8 989)	8 949
Gross profit	**(4 532)**	**15 860**
Gross profit margin	*(15%)*	*46%*
G&A expenses	(2 154)	(1 511)
S&D expenses	(432)	(655)
Other operating income/expense	310	304
EBIT	(6 808)	13 998
EBITDA	**(3 577)**	**15 610**
EBITDA margin	*(12%)*	*45%*
CAPEX	(1 778)	(354)

Tight cost control with SG&A costs down from 9% to 6% of revenues also contributed to EBITDA turnaround from negative EUR3.6m to EUR15.6m in 2019.

Productivity increased to 20kg per day per cow in 2019 thanks to technological changes in animal feeding and improved animal housing conditions. Milk quality improved with fat and protein content increasing from 3.7% to 3.9% and 3.2% to 3.4%, correspondingly, and share of extra class milk in total output grew from 12% to 60%.

According to the State Statistics Service Ukraine's cows headcount continued to decline to 1.8m heads (down 5% y-o-y) in 2019, resulting in milk production reduction to 9.7mt (down 4% y-o-y). This supported growth in annual average price for high quality milk by 21% y-o-y to EUR289 per ton.

UKRAINIAN PRICE FOR PREMIUM QUALITY MILK, EUR/T



Source: Infoagro

SHAREHOLDERS AND SHARE PRICE PERFORMANCE

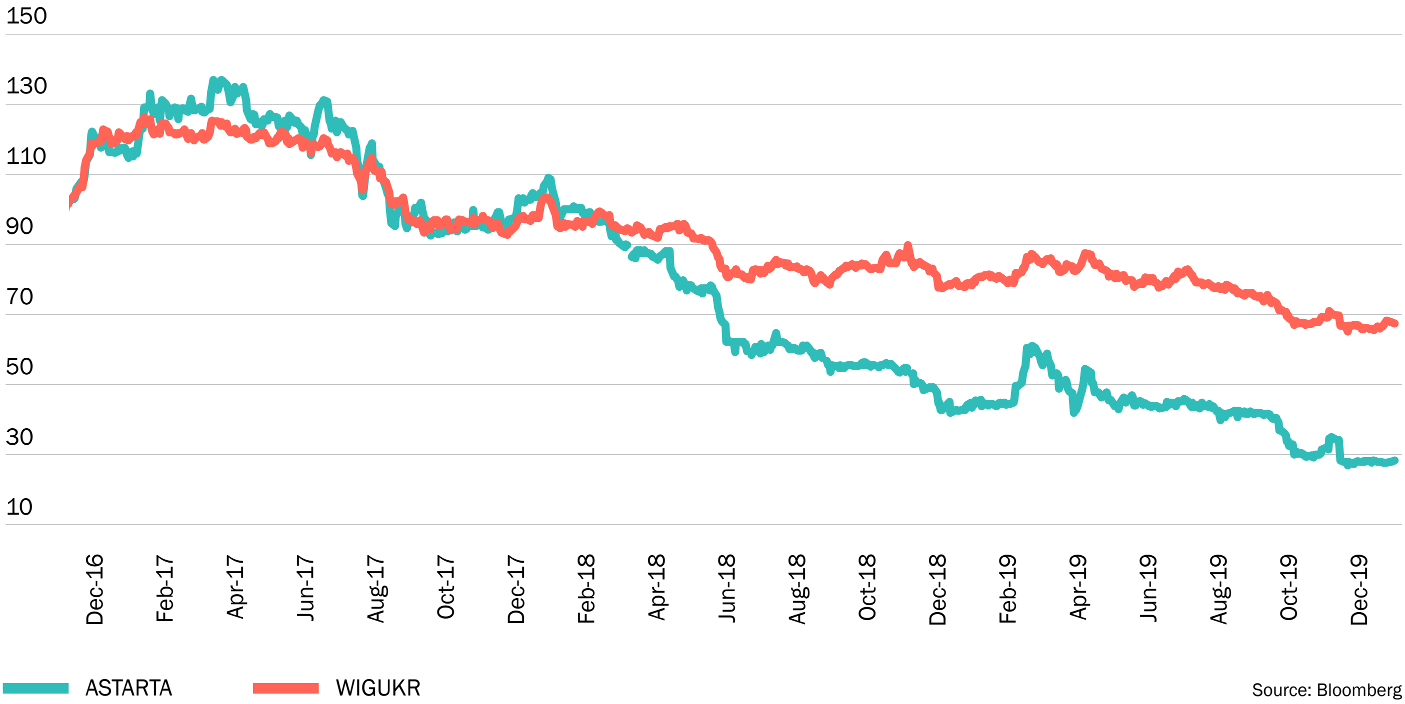
ASTARTA is a public company which shares were admitted for trading on the Warsaw Stock Exchange since August 17, 2006.

As of the end of 2019 there were two main shareholders: Viktor Ivanchyk (the CEO), who owned 38% of total shares outstanding through Albacon Ventures Limited, and Fairfax Financial Holdings Ltd which owned 29%. The rest of the outstanding shares are owned mainly by Polish pension funds and EU and US investment companies.

Following unfavorable international and local sugar market environment, the market capitalization of the Company decreased from EUR134m as of the end of 2018 to EUR94m as of the end of 2019.

Data/Year	2015	2016	2017	2018	2019
Opening price (PLN per share)	20	35	55	52	24
Highest trading price (PLN per share)	39	55	72	58	33
Lowest trading price (PLN per share)	20	28	46	23	15
Closing price (PLN per share)	35	54	51	23	16
Closing price (EUR)	8	12	12	5	4
Year price change	73%	57%	(6%)	(56%)	(51%)
Market capitalization as of 31 December, PLNk	862 500	1 351 250	1 287 250	575 000	400 000
Market capitalization as of 31 December, EURk	202 394	305 436	308 626	133 721	94 025

ASTARTA AND WIG-UKR PERFORMANCE IN 2017-2019
(factor = 100 as of 01 January 2017)

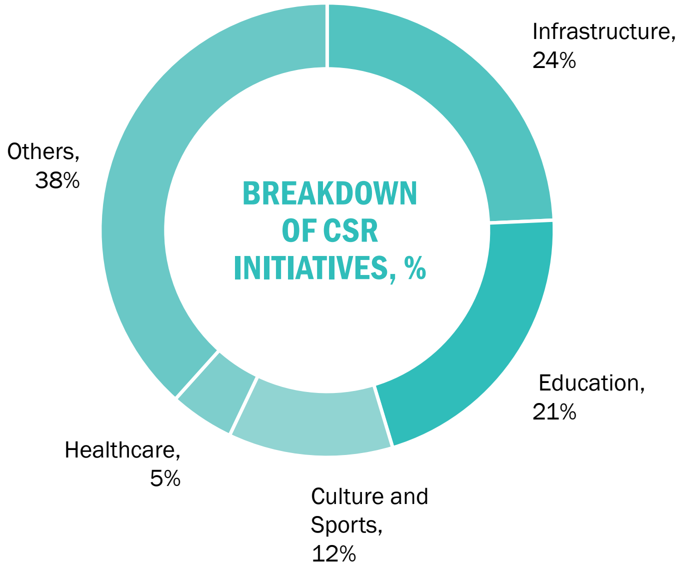


Source: Bloomberg

CORPORATE SOCIAL RESPONSIBILITY

ASTARTA has a remarkable history of community involvement because of open and transparent communication with local communities being one of the priorities of the Company's development. Transparent engagement with these stakeholders supports the Company in identification of the most important issues in order to generate opportunities, understand and manage risks. In 2019 the Company has invested about UAH 33m (EUR1.2m) in local community initiatives.

CSR activities of the Company are guided by the General stakeholders' engagement plan. Moreover, there are detailed stakeholder engagement plans for each production subsidiary of the Company, outlining schedules and frequency of CSR events, communication channels for engagement with local communities in each region. In 2019, 2995 CSR-nature events were conducted in the regions of the Company's presence. The key achievements of the CSR program of the Company in the reporting period include:



EDUCATIONAL PROGRAMS

"MY FUTURE IN AGRO". ASTARTA started implementation of the project "My Future in Agro" in 2018 in order to involve students to the world of modern agriculture and to demonstrate its potential. The purpose of the project is to familiarize students with the opportunities and prospects in agriculture in Ukraine, provide practical experience in project management and communication skills. In 2019, the project covered three schools and 126 pupils and, in 2019, it was extended to 12 schools and 420 pupils in 7-9th grades. Schools involved in the project are equipped with greenhouses where the children acquire practical experience. As a part of the project, children collect "vitamin baskets" with vegetables grown in greenhouses and bring them to elderly people in their communities.

"HUMAN PEDAGOGY". Since 2016 ASTARTA has become an ambassador of "Human pedagogy" project having implemented it in its schools of the Poltava, Khmelnytsky and Vinnytsia regions. The project is based on the teachings of Shalva and Paata Amonashvili, great humanists of modern pedagogy breaking down stereotypes about school education. In 2019, the "Humane Pedagogy project" covered 32 schools, 203 teachers and 4000 children. The project includes regular workshops and seminars for teachers, regional trainings from the representatives of the All-Ukrainian Cultural and Educational Association for the Human Pedagogy as well as the exhibition of sculptures by an artist Alexei Leonov. More than 3000 people attended regional seminars and exhibitions in 2019.

EDUCATIONAL PROGRAMS

"IT EDUCATION". The project for the promotion of IT education in rural areas has been running for the third year in a row. Currently it covers 33 locations in five regions of Ukraine with participation of 519 adults and 750 students. According to the survey, 97% of the adult target group of participants noted the effectiveness of their acquired skills, 93% of participants in the children's target group have a desire to link their profession with IT technologies and innovations in the future.

"THE RISE! PROJECT". The project started in 2018 in partnership with the International Women's Club, the UN Global Compact in Ukraine, charitable foundation "Trust in Yourself", the Ukrainian Academy of Leadership (UAL) with a mission to activate rural youth for participation in the life of their communities by development of leadership and project management skills. In 2019, the project brought together more than 200 young people from the Vinnytsya, Khmelnytsky, Ternopil, Zhytomyr, Poltava, Kharkiv, Chernihiv regions. 144 hours of educational sessions of project management - lectures, practices and workshops were held under motto «Belief in Every Idea». 29 social projects are the result of "Rise!" in 2019, which brought together state, civic organizations and businesses and enabled young people to "raise" communities in order to create better, more comfortable living environments.

"RID: DEVELOP. INTEGRATE. ACT". The project was launched by ASTARTA in partnership with the charity foundation "Trust in Yourself" and Fulbright Ukraine. In 2019 the focus of the project was on the inclusiveness, creation of a comfortable, modern society with equal opportunities for all citizens. Under the project, the pupils of Zhdanivka school (in the Poltava region) opened an inclusive room for children with disabilities.

"FREE ONLINE CORPORATE RESPONSIBILITY EDUCATIONAL SOCIAL COURSE". During 27-years history of development of ASTARTA, the Company has gained considerable experience in the field of corporate social responsibility and decided to share it with other companies. In cooperation with CSR Development Center, companies "1+1", "Deloitte", "DTEK" and "Energoatom" and ASTARTA launched a free online corporate social responsibility (CSR) education course in September 2019. The educational course is available on the "Impactorium" platform for all those interested in the topic of sustainable development. The course is free for registered users and consists of 14 topics covering theoretical and practical cases.

ECOLOGICAL PROGRAMS

As a part of the celebration of the Environment day in 2019 over 48ha of land was cleaned, 3572 trees were planted, 49 environmental campaigns, flash mobs, landscaping works were conducted with participation of over 3420 people.

“CLEAN ENVIRONMENT” PROJECT. In partnership with the NGO “Ukraine without Garbage”, lectures were given to students and teachers, explaining the processes of sorting the garbage. Now the project covers educational establishments in the Vinnytsia and Zhytomyr regions, where ASTARTA has organized separate garbage collection. As a part of the project, separate tanks for sorting paper, lids, batteries, plastic, glass and metal were installed in schools and a monthly collection stations of sorted wastes were organized. In 2019, over 650 students and 200 teachers were involved in the project. The money the schools received for recycling are used for purchasing teaching materials and sports equipment.

CORPORATE VOLUNTEERING

“CHARITY RACE”. 20 subsidiaries of the Company and 1041 employees of ASTARTA in cooperation with the citizens of the local communities participated in the corporate volunteering initiative “Charity race” in 2019. Representatives of the Company supported children in rehabilitation centers, orphanages and aged people in nursing homes, purchased clothes for the homeless people and victims of violence, repaired children playgrounds, equipped park recreation area, donated funds for the treatment of ill children, held charity fairs.

CSR ACHIEVEMENTS 2019. Total budget — EUR 1.2m

HEALTHCARE

Repaired and equipped:

- 20 paramedic and obstetric stations
- 2 healthcare projects completed

EDUCATION

Repaired and equipped:

- 83 schools
- 27 kindergartens
- 3 414children were provided with fee meals
- 3 533 participated in educational projects

CHARITY

- 55 organizations were granted with financial aid for the realization of the initiatives
- 552 people received a non-refundable financial aid for treatment

CULTURE

Repaired and equipped:

- 41 cultural buildings and two libraries
- 15 monuments
- 242 participants of creative groups received support
- 305 cultural events supported

SPORT

- 80 teams and 345 participants received support during the preparation for various tournaments
- 12 sports grounds were installed
- 16 competitions were supported
- 4 realized projects on sport development

INFRASTRUCTURE AND IMPROVEMENT

Repaired and equipped:

- 64 km of roads within villages
- 41.7km of public roads repaired
- 27 streets were lit
- 19 water pipes/wells installed and repaired
- 8 public buildings were renovated

HUMAN RIGHTS

ASTARTA respects human rights and prevent discrimination from politics, religions, national, gender and other motives. The Company is guided by the adopted Human Rights Policy, which is based on best international practices defined in the Global Declaration of Human Rights and UN Global Compact. The policy is available and promoted at all production units of the Company via information boards and HR departments. The Code of Corporate Ethics also defines the basic principles of a Company's culture: openness, tolerance, respect of the individual.

In 2019, the Company's Human Right Policy was introduced to 5136 employees, 66 employees have undergone in-depth specialized training program on human rights protection and non-discrimination. Educational resources on the topic have also been distributed through the corporate knowledge base, including recommendations on preventing and counteraction of discrimination, links to video courses and training materials were published at the corporate resources.

ASTARTA considers the use of forced and child labor as unacceptable. Ukrainian law prohibits the use of child and forced labor. No person under the age of 18 works at the production units and there are no cases of forced labor. The Company treats these issues as a matter of principle and strictly adhere to the rules of the law.

The opinion of stakeholders is important and ASTARTA values an open and honest communication. When making economic decisions, the Company always takes into account and assess the potential risks to human rights and do not allow them to be violated. Potential cases of human rights violations can be reported to local management team via hotline systems. The procedure for handling complaints and appeals is described in the Stakeholder Engagement Plan with the indication of contact details for potential complains.

Internal audits were conducted to verify compliance with the Human Rights Policy. The results of the internal audit of 2019 confirmed that there were no violations of human rights at the Company's business units, with internal audit covered 100% of subsidiaries.

The policy is also shared by contractors and subcontractors who work with the Company. Contracts with contractors are binding on human rights clauses. In 2019, 361 contracts were concluded with those binding clauses.

ANTICORRUPTION POLICY

Compliance with relevant anti-corruption laws is an important element of Company's business activity. ASTARTA is committed to conduct all activities with integrity and do not tolerate breach of anti-bribery and anticorruption procedures. ASTARTA's approach to governance is based on the Security Policy adopted in 2018. The Policy specifies a common vision and approach to security, anti-corruption, fraud, abuse and other unlawful acts based on principles of complexity, timeliness, continuity.

In 2019, about 2044 counterparties were analyzed in terms of the risk exposure to anti-corruption activities procedures by the Security Department. Employees of security department studied anticorruption practices under the framework of the Security conference.

WHISTLEBLOWING

ASTARTA runs an in-house whistleblowing facility which enables all stakeholders to report concerns about conduct that is contrary to Company's values and business ethics.

During 2019, 115 alerts were received via hotline system, covering a broad spectrum of concerns, including land lease agreements, lease payments, offers for potential cooperation, reports on possible misconducts, violation of ethics issues. All issues were carefully considered, resolved, and the complaining parties were provided with comprehensive responses.

RESPONDING TO CLIMATE CHANGES

ASTARTA develops its business driven by principles of sustainable development in order to use resources and raw materials efficiently and responsibly. ASTARTA is striving to reduce the environmental footprint as the climate change impact becomes more and more perceivable nowadays. According to FAO estimates, climate changes have different effects on agricultural business including changes in precipitation levels, drought and flooding as well as geographical redistribution of pests and diseases.

ASTARTA is continuously studying and implementing world best practices in the area of environment protection, assessing compliance of production processes with state environmental requirements and initiate modernization programs at the production assets. The Company's experts have developed special environmental corporate standards, including corporate Standard on Energy consumption planning; corporate Standard Waste Management; corporate Standard on Monitoring for environment effect. Under the framework of Montreal Protocol, the Company has also developed and completed "R 22 freon replacement program" aimed at reduction of utilization of substances that lead to ozone depletion. Following the adoption of the "Best available technologies program" the Company is setting annual targets of energy efficiency improvements, water usage and other practices for environmental protection.

ENERGY CONSUMPTION

Processing of agricultural crops such as sugar beets and soybeans is energy-intensive process, having direct impact on environment. Management targets reduction of gas and electricity consumption as an important element of business sustainability. In 2019, ASTARTA implemented several measures to reduce energy consumption in accordance with the "Energy-efficiency program (ISO 50001)". The Company reduced natural gas consumption by 4% y-o-y to 22.6m3 and electricity consumption by 0.5% to 22.3kWt in the reporting period. In 2019, sugar plants of the Company consumed 23% y-o-y less natural gas (53mm^3) resulting from energy efficiency measures and reduction in sugar beet processing volumes.

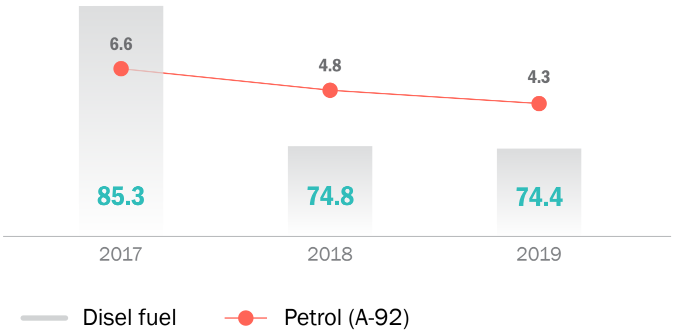
In the reporting period ASTARTA finalized construction of grain and oilseeds storage and handling facilities and reached the total storage capacity of 550kt. Increase in storage assets as well as full utilization of silos commissioned in 2018 resulted in considerable 3.3x growth of silo electricity consumption to 9.5mkWt in the reporting period.

The table below presents production facilities that consume the most significant volumes of electricity.

The Agriculture segment is the main consumer of diesel and petrol. In 2019, agriculture consumed 93% of total diesel fuel and 83% of total petrol consumed by the Company. Due to implementation of new technologies as well as organizational improvements, consumption of diesel fuel in the Agriculture segment decreased from 74.8kg/ha to 74.4kg/ha and petrol consumption from 4.8kg to 4.3kg.

In 2019, total energy consumption by the key business segments of the Company (according to national technical standards) totaled 3665 thousand GJ out of which 175 thousand GJ was the renewable energy from ASTARTA's bioenergy facility and 170 thousand GJ was purchased from outside sources.

FUEL CONSUMPTION IN THE AGRICULTURE SEGMENT, KG PER HA



ELECTRICITY CONSUMPTION AND EXPENSES IN 2017-2019

Electricity expenses		2017	2018	2019
Sugar production	kUAH	16 632	23 243	20 390
Agriculture	kUAH	51 044	51 968	58 185
Soybean processing	kUAH	15 462	18 716	20 021
Other	kUAH	2 541	2 742	2 477
Grain storage	kUAH	-	6 478	11 007

Electricity consumption				
Sugar production	kkWt/h	74 259	70 987	52 756
Per ton of sugar beet processed	kWt/h	24	22	22
Agriculture	kkWt/h	25 915	24 403	25 636
Soybean processing	kkWt/h	10 617	11 369	11 466
Other	kkWt/h	1 351	1 253	1 099
Grain storage	kkWt/h		2 846	9 504

EFFLUENTS AND WASTE

The policy of ASTARTA aims minimizing the waste we generate as well as reusing of materials providing for additional value. We also developed and implemented the internal waste management program based on the requirements of International Organization for Standardization.

The Company mainly generates non-hazardous wastes such as pulp, molasses, defecate, limestone screening, slaked lime and quicklime, coke screening, sugar rolls. Hazardous waste is negligible and mainly include fluorescent lamps, battery packs, used oils, residuals from the use of pesticides and agricultural machinery service etc. To dispose the hazardous waste, ASTARTA cooperates with companies that are reputable, legitimate, and licensed by local authorities. Production units of ASTARTA receive regular updates from the state authorities regarding the list of licensees, paying particular attention to waste disposal.

Significant part of non-hazardous waste is generated by the Sugar segment (83% of total generated waste). 67% of waste generated by the Sugar segment can be potentially recycled into valuable by-product that is used in animal feeding. The main waste in sugar production is sugar beet pulp – a residual after sugar beet processing (64% from total generated waste). In 2019, 46% of sugar beet pulp was recycled into a valuable product for further sale. The rest was used in animal feeding as well as a raw material for the Company's bioenergy plant.

Agricultural, soybean processing segments generate mostly non-hazardous waste (17% from the total generated waste). Main waste elements of these segments are crop residue and manure, which are reused in the form of feedstock and in the farming fields.

WASTE BY DISPOSAL METHODS

kt	2017	2018	2019
Reuse	2 010	1 652	1 260
Recycling	704	680	610
Landfill	7.1	10.5	3.4
Other	1.7	1.7	0.9
Hazardous wastes*	0.3	0.2	0.2

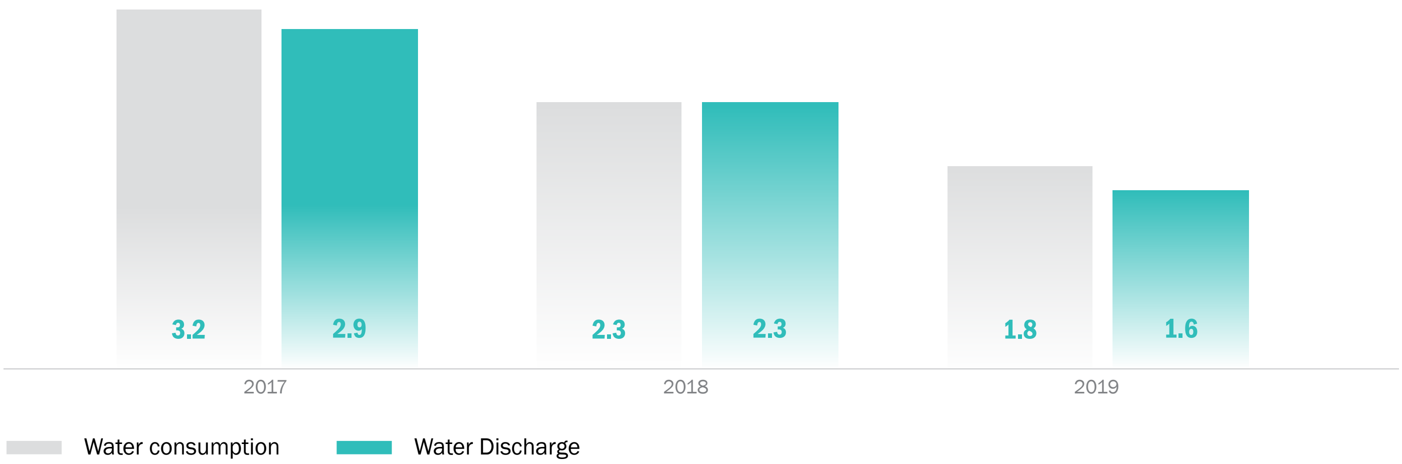
** Hazardous waste is utilized by companies licensed by corresponding regulatory bodies*

WATER DISCHARGE

Being one of the biggest consumers of water, the Sugar segment discharges significant volumes of water. At the same time, the Company is doing its best to reduce volumes of water discharge, and set water use efficiency targets in "BAT (best available technologies) program".

As a result of modernization measures and lower sugar beet processing volumes, consumption of water reduced from 2.3mm³ to 1.8mm³ in 2019. Volumes of water consumption are monitored by water meters. The metering data is logged into a special record book.

WATER CONSUMPTION AND DISCHARGE LEVELS AT THE SUGAR PLANTS (MM³)



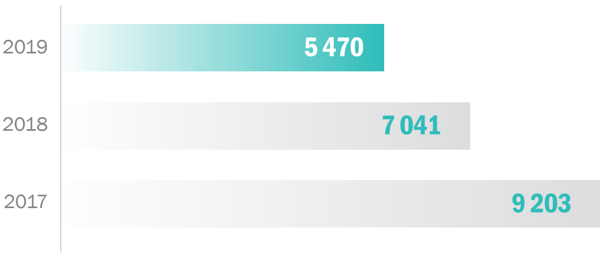
PERSONNEL

ASTARTA fulfills its mission based on the values of perfect business reputation, corporate social responsibility, respect for human dignity and synergistic partnership. The brand of ASTARTA as the employer includes internal and external dimensions, the success of the Company depends on the motivation and involvement of each employee as well as on the loyalty of all stakeholders. The Company is guided by the HR and Social policies aimed to guarantee equal opportunities and support long-term strategy of the Company. Gender diversity is important, but so is age, ethnicity and all other forms of diversity. Employees are strictly hired and promoted according to their qualifications and performance.

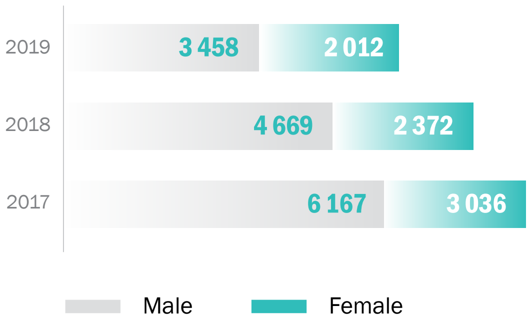
Corporate culture of ASTARTA is created by the thousands of professionals from different regions of Ukraine. As of the end of 2019, ASTARTA employed 5470 employees, 22% less y-o-y. About 99.7% of employees were part of the collective agreement. Major share of employees of the Company are aged 30-50 years – 55% of the total number. The Agriculture segment has the largest share of personnel – 2524 people in 2019, or over 46% of the total. Female personnel accounted for 37% of total employees, an increase over 34% a year ago. The ratio of the basic salary and remuneration of women to men improved to 90:100 compared to 80:100 in 2018. The gender gap is due to the involvement of men in more intensive types of work, providing for higher salaries.

According to the Social policy of the Group, ASTARTA provides financial assistance to its employees for medical treatments, child birth and marriage. Employees who received the status of participants in the Joint Forces Operations, received financial assistance from the Company. Different cultural events including excursions to song festivals, theaters and cities of Ukraine were organized in the reporting period.

NUMBER OF EMPLOYEES AS OF YE



PERSONNEL GENDER STRUCTURE



PROJECT MY FUTURE IN AGRO: NEW IT OPPORTUNITIES

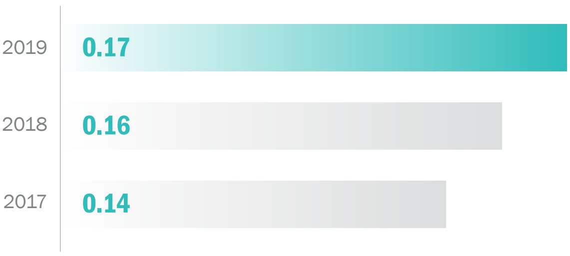
The purpose of the project is to increase the interest of the participants to the agriculture business providing innovations, career growth and creativity. The Project is designed for school students facing the choice of a future profession and seeking to improve their skills in the IT area. The project is also aimed at adult employees of the Company who wish to advance their knowledge in IT.

Implementation period: The project started in 2017, scaled up annually and currently operates in 43 locations in seven regions of Ukraine. 1170 children and 519 adults attended the project.

TRAININGS

ASTARTA focuses on training people to get the skills that will help them to adapt more quickly to the rapidly changing environment. The Company creates in-house learning system using best-in-class global and local practices. Mentoring programs of the Company play an important role in the formation and retention of the teams (seniors share experience with younger participants while juniors help seniors to deal with digital technologies), staff reserve, training and integration activities, involvement of the employees in the strategic projects.

TRAINING EXPENDITURES, EURm



In 2019, 4489 employees (compared to 5852 employees in 2018) were trained, representing 56% of the average annual number of employees in the following areas:

- professional trainings — 2430 employees participated (professional trainings covered all areas of activity of the Company: sugar production, crop production, cattle farming, dairy production, maintenance of agricultural machinery, storage of grain crops, production of biofuels, etc.);
- development of personal and managerial competencies - 688 employees;
- labor protection — 976 employees;
- product quality assurance — 249 employees;
- environmental protection — 80 employees;
- prevention of discrimination and human rights abuses - 66 employees.

Annual average number of hours of training per employee in 2019 was 11.7 hours, including: managers - 13 hours; specialists – 11.1 hours; workers – 11.2 hours. Total spending for trainings were flat y-o-y and amounted EUR 0.2m in 2019.

OCCUPATIONAL SAFETY

The priority of ASTARTA is to safeguard the safety working conditions of all employees and counterparties. All business units of the Company are operating in full accordance with the local legislation on occupational safety. Regretfully, two fatal incidents took place in 2019. ASTARTA's teams have worked hard to understand the events leading to these incidents and how similar situations can be prevented in the future. The Company continues to minimize any harm to employees.

WORK PLACE SAFETY DATA

	2017	2018	2019
Fatal-injury frequency rate (FIFR)	0.1	-	0.1
Lost time injury frequency rate (LTIFR)	0.4	0.5	0.4
Lost day rate	63.7	54.8	55.3

Within the framework of Corporate Integrated Management System in the field of quality, food safety, labor protection, industrial safety, environmental protection and energy management, the Company is guided by 43 corporate standards, in particular 25 of them are aimed to ensure safe working conditions for employees of the Company and contracting organizations.

The program of improvement of Health and Safety system and reduction of occupational accidents and injuries at production units of the Company was developed in 2019 and replaced the former program "5 steps to safety". The main objectives of this program are to increase personal responsibility of employees for their safety in the workplace, elimination of risks and hazardous working conditions and reduce industrial injuries. Additionally, the Company introduced a special instrument "Traffic light" to follow up and prevent Health & Safety risks on a daily basis.

Specialists from Health, Safety and Certification developed a new standard "Hazardous chemicals management», that includes the requirements for all departments that are involved in this process to provide risk assessment, emergency response plan procedures, concerning using chemicals at production units. The interactive training was developed and shared among all employees of the Company.

MATERIAL RISK FACTORS AND THREATS

	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**	Unfavorable 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.	• Several social projects initiated by the Company are intended to encourage young people to choose 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	• Modernization 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 • Own railway fleet
	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 risk of productivity loss	• In-house control systems • Improvement of the existing production processes and technologies • R&D solutions
	Land assets risk	Liberalization of farmland circulation can motivate certain land owners to sell their land plots instead of rolling over land lease agreements	• Increase the share of long-term land lease agreements (up to 49 years) • Monitoring of legislation for possible changes in Country's farmland circulation model • Prompt response on possible changes in to the Farmland Legislation

	RISK	IMPACT	MITIGATIONS
MARKET RISK	**Volatility of global prices**	Volatility of global prices for grains, oilseeds, sugar, milk 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 diversified supplier base • 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 • Regular analysis, verification and monitoring 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 from set targets
	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	High volatility of the Ukrainian hryvnia and exchange rate fluctuations may negatively affect the business.	• Focus on export sales • Timing of export sales with the purchase of inputs denominated in foreign currencies • Locking in purchasing prices in the national currency
	Investment risk	The Company's inability to proceed and finish planned investment programs due to lack of financial resources	• Prioritization of investment projects • Search for alternative sources of financial resources
CORRUPTION RISK	**Corruption risk**	The inability of the Company to manage the corruption risk may damage Company's reputation and impact financial results	• Strict adherence to the Anticorruption policy • Robust internal audit to identify any discrepancies in the application of the Anticorruption policy in business processes

Specific risks related to Covid-19 are analysed in Outlook section.

OUTLOOK AND KEY CHALLENGES

COVID impact assessment to-date

As of 10 April 2020, ASTARTA informs that its operations have not been materially affected by the COVID pandemic. However, it does remain exposed to operational and market risks associated with the pandemic that are not quantifiable at the present time.

Ukraine macro situation

- COVID cases are still in low digit numbers (10 deaths and 2203 infected as of 10 April 2020).
- Strict quarantine measures introduced early on and, then, extended until 24 April 2020.
- Emergency legislation introduced to waive many taxes and red tape regulations for business.
- The Ukrainian government is in discussion of setting up a UAH200bn COVID relief fund.
- The National Bank of Ukraine continues an accommodative monetary policy with base local currency rate reduction to 10% and intervening in the currency market to smooth the pace of Hryvnia devaluation (over 10% against USD since beginning of 2020).
- The Ministry of Finance continues borrowing in the markets to enhance cushion for servicing short term debt until Ukraine is can secure financing from the IMF and other international donors (such as World Bank).
- In discussion with the IMF on meeting key conditionalities of the existing EFF programme and working on doubling the amount of financing from USD5.5bn to USD10bn to tap into the COVID emergency fund available to low-income countries.
- Ukraine's largest corporations are uniting with the government to form a powerful response to COVID spread by donating emergency medical to local hospitals.

Industry trends

- Strict quarantine measures introduced on a country-wide basis exclude the agricultural industry as a key sector to continue running on full capacity during the COVID pandemic.
- The domestic demand is standing firm for sugar and milk, but pricing might be affected by further devaluation of the local currency.
- There is a potential risk of slowdown in international demand leading to volatility for soft commodity prices, especially those that are interlinked with crude oil prices via bioethanol. Since beginning of 2020, USD corn prices went down by 10% and wheat by 3%.
- Cargo transportation and transhipment has not been disrupted with quarantine measures covering human traffic (domestic and international) however the agricultural industry relies significantly on the services of the state-run rail network operator "Ukrzalysnytsya".
- Current version of the farmland law limiting ownership to 100ha and to private individuals until 2024, is not expected to affect large-scale industrial farming which rely on land leases for their operations.

The Company

ASTARTA adopted multiple measures to mitigate the impact from the COVID pandemic in line with the guidelines issued by the government of Ukraine to guarantee the safety of its employees and to preserve continuity of its operations, ensuring the supply of agricultural products to meet its contractual obligations:

Enhanced business risk monitoring

- Updated the business Risk Matrix and set up a regular Risk Committee to formally consider risks as they arise and the way to address them from February 2020.
- Daily Management Committee meetings to conduct daily assessment of the operations, preventive measures, risk-minimisation actions and to coordinate the execution of action plans from March 2020.
- Daily monitoring and management of the financial liquidity position.

Personnel

- Intensive communication and education campaign on COVID to promote prevention among employees.
- Mandating working from home for office-based employees and providing them with all necessary remote working tools and equipment.
- Active promotion of personal hygiene and distribution of cleaning and sanitizing for sanitation all employees, equipment and common areas.

- Escalation of hygiene practices in workplaces where remote work is not possible such as agricultural field operations, cattle farming, soybean and sugar beet processing and storage facilities.
- Suspension of all training programs, corporate events, internal and external meetings except with the assistance of remote IT-based technologies via telephone, applications or videoconferencing.
- Limiting travel between the Company's subsidiaries and visits by customers, suppliers and contractors to an absolute minimum required.
- Extensive reporting and monitoring of absenteeism at the workplace due to illness or self-isolation (current share of sick leave absences correspond to normal seasonal 2%).
- Flexible human resourcing in response to potential personnel constraints: many Ukrainian labourers returning to their home country from Europe and can be recruited if necessary.
- Scaling up cross training to allow filling skills which are close technologically and to perform essential tasks even if key staff members are absent.

Operations

- ASTARTA's assets are located across eight Ukrainian regions providing diversification against the risk of production stops for all agricultural activities, sugar and milk production.
- The Company has tendered and contracted inputs (including seeds, plant protection substances and fuel) for spring field operations before the outbreak of the virus. All inputs and newly purchased machinery, including for start of the planting has been delivered by the vendors per agreed contractual terms.
- All preparation and planning for the new planting season were done through an online IT management system Agrichain and the field works commenced on the 27 March 2020 as per agreed schedules. Recent investments in the agricultural segment are generally aimed at higher automation and replacing the old machinery with the one which requires fewer human resources.
- Sugar plants are preparing for the launch of production in the autumn and currently carrying out maintenance and repair works.
- Grain storage facilities, the soybean processing plant and dairy farms operate under normal regime save for additional sanitary and preventive measures for personnel.
- The Company is self-sufficient in storage capacities which enables it to store produce (grains and sugar) for considerable amount of time, if needed.
- In-house automotive and rail car fleet allows for uninterrupted supplies to ports for exports.

Supplier and Customer relationships

- ASTARTA has contracted volumes and prices for the entire 2019 harvest of grains and oilseeds and continues to deliver outstanding volumes on the CPT basis according to the committed schedules.
- External and internal trade logistics is intact to-date.
- The Company regularly reviews its supply chains and locations for wider diversification of deliveries in the future.

Finances

- ASTARTA accumulated significant financial resources up until the end of the planting season (i.e. until June 2020).
- The Company keeps close contact with its lending banks, with majority of them having financed its business for many years.
- Enhanced financial monitoring of suppliers and off-takers and a more frequent review of counterparty limits.
- Investments are limited to maintenance capex only since 2019.
- The EBRD, one of ASTARTA's long standing financing partners, approved a COVID-related support facility to help its clients through the current crisis. ASTARTA is eligible to participate in the program, should additional liquidity be needed.

Community relationship

- Constant communication with authorities to assess disease severity (i.e., number of people who are sick, hospitalization and death rates) in the community where the business is located.
- Purchasing and donating emergency medical supplies such as protective clothing, COVID diagnosis tests and resuscitation equipment to local hospitals (UAH23m or EUR0.8m was spent on purchases for 36 hospitals).
- Financial assistance to employee families and affected communities in the areas of the company's operations.
- ASTARTA reinforces its commitment to protecting people and to transparency and will keep its shareholders, investors and the general market duly informed in the event of a material change in its business operations and impacts from COVID-19.

Board of Directors of ASTARTA Holding N.V.

10 April 2020

Amsterdam, the Netherlands

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

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

ASTARTA
Holding N.V.

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.

ASTARTA is pleased to present the corporate governance report of the Company for the 2019 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 six members: two Executive Directors A, one Executive Director B, and three Non-Executive Directors C.

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 two of Non-Executive Directors – Mr. Dahl and Mr.Mettetal, are 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 42-47.

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, Mr. Gilles Mettetal and Mr. Huseyin Arslan as the Non-Executive Directors.

On 17 May 2019, 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 17, 2020, 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 2019 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 2019 the Board of Directors several times authorized Mr. Viktor Gladkyi, acting individually to conclude agreements and to determine their conditions after general approval of transactions by the Board of Directors.

On 17 May 2019 the General Meeting of Shareholders resolved to appoint Mr. Valeriy Sokolenko, the Executive Director of LLC Firm “Astarta-Kyiv” 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 2019 there were no any cases of absence or inability to act of all Directors.

C) The Directors

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

On 17 May 2019 the General Meeting of Shareholders of the Company decided to add a new member to the Board of Directors and resolved to appoint Mr. Huseyin Arslan 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 in 1993, he worked for the Kyiv Aviation Industrial Association (KiAPO) and then served at the State service. In 1993 he founded ASTARTA, 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 completed a Senior Executive MBA Programme from the International Management Institute (IMI Kyiv).

Shares owned in the Company (as of 31 December 2019): 9 597 294 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 organizations, such as, 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 and, The Trinity Forum, Washington DC, Stoneridge Software, LongWater Opportunities, and the 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 M.A..

Shares owned in the Company (as of 31 December 2019): 6 717

VIKTOR GLADKYI
(born in 1963, male)

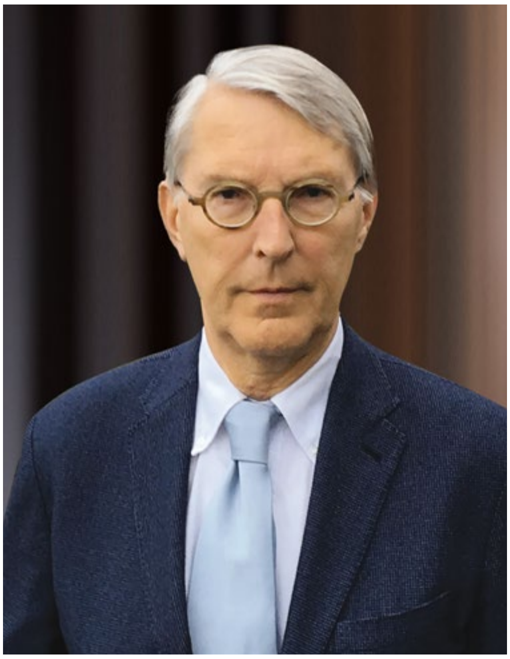
Executive Director A, Chief Financial Officer, Ukrainian national

Mr.Viktor Gladkyi joined ASTARTA in 2012, serves as an Executive Director A with the Company since 2014.

Prior to joining ASTARTA, 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 (Ukraine).

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

Shares owned in the Company (as of 31 December 2019): 7 474.



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 ASTARTA, Mr. Van Campen served in several positions with Océ Van der Grinten N.V. and, 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: Salvatore Ferragamo SpA and International Internet Investments Coöperatief U.A.

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

Shares owned in the Company (as of 31 December 2019): 0.

GILLES METTETAL
(born in 1961, male)

Non-Executive Director C, French national

Mr.Gilles Mettetal has 30 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.

Until June 2017 Mr. Mettetal was Director of the Agribusiness and Property and Tourism teams at the European Bank for Reconstruction and Development. 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. Today, he is also member of the Supervisory Board of Nibulon and of the Investment Committee of Diligent Capital Partners. He also serves as senior agribusiness expert for the United Nations Food and Agriculture Organization of the African and the Asian Development Banks. He has knowledge of English, French and Spanish languages.

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

Shares owned in the Company (as of 31 December 2019): 0.

HUSEYIN ARSLAN
(born in 1962, male)

Non-Executive Director C, Canadian citizen

Mr.Huseyin Arslan has 30 years of international experience global pulses and staple foods business. He presided as the President of AGT's Arbel Group subsidiaries in Turkey for the last 16 years. Mr. Arslan was one of the founding shareholders of Saskcan providing the raw materials for AGT, where he has served as a director or trustee since 2008 and Executive Chairman of the Board since 2009. He also serves as a director of AGT subsidiary, Durum Gida Sanayi ve Ticaret A.Ş. ("Durum") and other companies in Turkey.

Mr. Arslan holds a Bachelor of Science in Electronics Engineering from Middle East Technical University in Turkey.

In 2015, Mr. Arslan was a President of the Global Pulse Confederation, as well as held positions in the Mersin Trade Commodity Exchange Council.

Shares owned in the Company (as of 31 December 2019): 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
HUSEYIN ARSLAN	May 2019	May/June 2023	May/June 2031

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 2019 was 9 611 485 amounting to approximately 38.44% 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 17 May 2019 authorized 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 17 May 2019. 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 2019 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 2019.

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.

From 31 December 2018 Mrs. Liliia 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 the Company's 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 the financial statements, the 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 to the meetings as well as external professionals for consultations.

Within 2019 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 2019 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 the 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 the Board of Directors can be viewed on the Company's website (www.astartaholding.com).

5. SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2019

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 2019 year were decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes were sent in advance to the Directors. The Chairman of the Board of Directors took all steps to ensure that the necessary time is allowed for an effective discussion of the items on the agenda during the meetings, and to take point of view from every Director who wanted to share. In order to make the meeting more effective the Company invited persons directly responsible for the areas related to the Board agenda.

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

The annual General Meetings of Shareholders of the Company were held in Amsterdam, the Netherlands on 17 May 2019.

Within the financial year 2019, the Board of Directors held:

- four meetings in Amsterdam, the Netherlands, on 05 April 2019, 16 May 2019 and two meetings on 17 May 2019,
- two meetings via conference call, on 13 August 2019 and, 07 November 2019;

Within the financial year 2019, the Audit Committee was held in Amsterdam, the Netherlands on 05 April 2019.

Within the financial year 2019, the Remuneration Committee was held in Amsterdam, the Netherlands on 17 May 2019.

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".

C) Application of the Corporate Governance Codes

The Company intends to comply with the Corporate Governance Codes inter alia by approval of the corporate governance documents. The above-mentioned set of corporate governance documents includes:

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

All these documents are available on ASTARTA's 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 2019. 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 2019. 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 the 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 business 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

The internal risk management and control systems have two principal organizational forms:

(i) a structural and functional form, including regulations for functional collaboration of departments both horizontally (job descriptions, charters of subsidiaries, rules of agreements, adjustment, 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. This has become more effective in the context of functional processes in 2019.

The Budget Committee 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 the subsidiaries as well as cooperating with the 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 provides for effective and productive operational results.

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

5) Control over investment decisions

ASTARTA has been developing procedures for formalizing investment decisions. The Investment Committee functions to improve efficiency of the investment-making process and to minimize risks associated with wrong investment decisions. Regulations of investment processes are being improved to decrease risks when implementing projects. The Company's internal control system encompasses thorough due diligence of companies, which it regards as a potential investment candidate.

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 exercises 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 subsidiaries. The Company has created a monitoring system for preventing conflicts of interest and fraud. ASTARTA has also improved regulations of IT security.

8) Whistleblowing facility

In accordance with recommendations of an external consulting company, ASTARTA maintains a whistleblowing facility. Everyone who works in the Company or with ASTARTA can communicate with the Security Department by telephone, post, e-mail, or the Company's website and leave information about suspected fraud or other violations. This information may be left anonymously if the contacting person decides so.

9) Compliance Committee

In November 2018, the Compliance committee was established on the level of LLC Firm "Astarata-Kyiv" and consists of five members, in particular:

- Director on legal affairs (Chairman);
- Security Director;
- Chief financial officer;
- Executive director.
- HR Director.

The Compliance committee supports the Board of Directors with its responsibility in assuring and managing compliance. Under the scope of the compliance committee mainly fall the following fields of expertise such as (i) competition law, (ii) anti-bribery, (iii) fraud, (iv) environmental protection, (v) data protection, (vi) human rights and (vii) governmental relations. The compliance committee systematically identifies material compliance risks in the abovementioned fields, assists in assurance of compliance with laws and regulations, monitors compliance and report findings and recommendations to the Board of Directors. In 2019, the key focus area were competition law, human rights protection and data protection. In this respect, the numerous trainings were provided on compliance related topics to the dedicated audiences.

10) The focus on the risk of fraud

The primary responsibility for the prevention and detection of fraud lies with the Board of Directors.

As a part of process of identifying fraud risks, the Company evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Forensic specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

At the same time, in order to prevent abuse in prices formation for the sale of products in the Company, there is a pricing committee, which analyzes the trends of price changes in world markets and compares them with the prices used by the Company in the sale of products.

The Company also has an electronic procurement system that ensures competitive procedures while selecting product suppliers. All procurements starting from 5 thousand dollars total price shall be processed by this electronic procurement system and adopted by the decision of the tender committee.

In addition, the Company performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for ASTARTA. The Company identified provisions of those laws and regulations, generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements, such as the financial reporting framework and tax and pension laws and regulations.

As in all of audits, the Company addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. The audit procedures to respond to the assessed risks include, amongst others, that the Company evaluated the design and the implementation of internal controls that mitigate fraud risks, retrospective review of the previous year's estimates and incorporated elements of unpredictability in audit. In addition, the Company assessed matters reported on the ASTARTA's whistleblowing procedures and management's investigation of such matters.

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

The department of accounting and taxes develops uniform accounting policies for all ASTARTA's subsidiaries, exercises control over the 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 its activities are designed to add value and improve the operations of ASTARTA and 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 function aims to enhance and defend the Company's organizational value by providing risk-based and objective assurance, advice, and insight.

In connection with the abovementioned, ASTARTA is aware that some functions of its internal risk management and control systems need to be reviewed, evaluated, and improved. The Company believes that it takes adequate and appropriate steps to strengthen internal risk management and control systems regularly.

Deficiencies

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

The first group of issues is related to the IT system and control improvement, including issues of usage of the system as well as a means of control. ASTARTA strengthened its IT department in order to use IT as a measure of control for efficiency improvement and a cooperation tool 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, ASTARTA initiated the analysis to enable:

(i) standardization and improvement of the 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, ASTARTA can also verify and improve system of internal control over financial reports. The Company's external auditors are obligated to consider internal control over financial reporting as a basis for designing their auditing procedures for the purpose of expressing their opinion on the consolidated financial statements. In addition, ASTARTA has discussed own assessment of control and risk management framework with external auditors.

The Board of Directors believes that the Company's internal risk management and control systems have not led to any major problems or material errors in the 2019 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 2019. The Board of Directors has the data and opinion that the Company's 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 three 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 three 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 three Non-Executive Directors out of six Directors; three 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 Mr. Dahl and Mr. Mettetal are independent non-executive directors, three 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 are two independent Non-Executive Directors 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. At this stage, there are no shareholders holding more than fifty per cent (50%), however the Company has two independent Non-Executive Directors. 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 report.

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

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

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

REPORT ON OPERATIONS
CORPORATE GOVERNANCE REPORT
CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS

III. General Meeting, Shareholder Relations

III.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

This remuneration report was drawn up in accordance with requirements of the engagement EU Directive on the encouragement of long-term shareholder engagement (SRD II) and Art. 2:135b of the Dutch Civil Code.

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 result of Astarta Holding Group (hereinafter Group) and of course individual achievements, namely contribution of each Director in development of the Company.

In 2019 the Group increased its revenue to EUR 448m or up by 20% y-o-y due to growth in agricultural, soybean processing and dairy segments. Nevertheless, gross profit went down by 4% y-o-y to EUR 91m due to cost of sales affected by the local currency appreciation and lower contribution of the remeasurement of agricultural produce on lower yields due to adverse weather. EBITDA increased from EUR 68m to EUR 78m on higher contribution from cattle farming and soybean processing segments.

In 2019 the Group focused on maximizing its operating cash flows through release of working capital and sale of inventories leading to operating cash flows growth from EUR 16m in 2018 to EUR 173m. During 2019 the Group completed its EUR 61m silo project increasing the total volume of grain and oilseeds capacities to 550kt which will make it fully self-sufficient in storage for those goods. This was ongoing project after completion of which the Group is intended to decrease its CAPEX to minimum maintenance level. This allowed the Group to repay EUR 100m of finance debt on a net basis as part of financing cash flows resulting in EUR 83m y-o-y debt reduction on and leading to Net debt/EBITDA improvement from 4.8x to 3.5x.

The remuneration of the Directors of the Company is also influenced by market trends. During 2019, agricultural commodities such as grains were affected by changes in estimates for global corn supply and demand. Uncertainty over planting campaign in the world's biggest corn producing country (the USA) amid the spread of the swine flu in the world's biggest corn consuming country (China) caused high volatility in global feed grain prices.

The Ukrainian sugar market has become fully integrated into global sugar trade flows, however global pricing trends were flat. Global sugar prices remained at their average historical lows of 244 EUR/t for raw sugar and 298 EUR/t for white sugar for several years, putting additional pressure on the Ukrainian sugar market with local sugar prices oscillating around 284 EUR/t (net of VAT) – average for 2019. According to the National sugar association, in 2019 the Ukrainian farmers planted sugar beet on the area of 220kha which is 26% lower y-o-y. The Group also responded to the adverse market environment by reducing the sugar beet planting area to 35 thousand hectares (by 12% y-o-y) and running six out of its eight sugar producing plants to reduce sugar production from 350kt in 2018 to 302kt in 2019.

During 2018 and 2019 financial years there were changes in the composition of the Directors of the Company. Mr. Wladyslaw Bartoszewski was acting as Vice Chairman of the Board and Non-Executive Director until 25 May 2018. Mr. Arslan Huseyin was acting as Non-Executive Director from 17 May 2019.

The Directors of the Company are remunerated according to the Remuneration Policy adopted on 18 June 2015. 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.

As it was mentioned in the previous reports the Company is a holding company with all production assets situated in Ukraine. Taking this into account the Executive Directors A shall be involved in operational process in Ukraine, so the operational management of the Company is carried out at 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 (the Executive Directors B and the Non-Executive Directors), and (ii) for directors who take part in the operational management (the Executive Directors A)..

Total remuneration

Remuneration policy seeks to enable members of the Board of Directors to receive market competitive levels of remuneration. To this end, the Company uses principles regarding total remuneration that are competitive, comparable to and consistent with the practice in the agri industry on a comparable market, as well as reasonable relation to the Company’s operating results.

Members of the Board of Directors who do not take part in a day to day operational activity of the company can receive remuneration in the form of annual fixed remuneration and are not entitled to any variable performance related remuneration.

Those members of the Board of Directors (Executive Directors A) who take part in a day to day operational activity of the Company, can receive remuneration package consisting of annual fixed remuneration and annual bonus which depends on performance level. The Remuneration Committee performs scenario analyses to assess the impact that different performance levels will have on the total remuneration of the Executive Directors A in amount of annual bonus.

Annual fixed remuneration

Annual fixed remuneration is set in the Remuneration Policy range by the Board of Directors upon proposal of the Remuneration Committee. Annual fixed remuneration is usually reviewed annually, without any commitment to increase them, after adoption of the annual accounts.

On 17 May 2019, 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 2019.

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 2019: Mr. Ivanchyk – equivalent of about EUR 352,000 and Mr. Gladkyi – equivalent of about EUR 277,000 for the year 2019.

Based on the recommendation of the Company, LLC Firm “Astarta-Kyiv” approved the remuneration of Mr. Ivanchyk and Mr. Gladkyi for financial year 2019. Mr. Ivanchyk and Mr. Gladkyi obtained their remuneration on the monthly based period in UAH.

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 2018 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee’s proposals dated 17 May 2019.

Remuneration of the Executive and Non-Executive Directors for reported financial years

all in ths EUR

Director's name	Position	Financial year	Fixed remuneration		Variable remuneration	Total remuneration	Proportion of fixed and variable remuneration
			Base salary	Reimbursable expenses	One-year variable remuneration*		
Viktor Ivanchyk	Executive Director A (Chief Executive Officer)	2019	352	-	-	352	100% / 0%
		2018	341	-	360**	701	49% / 0%
Viktor Gladkyi	Executive Director A (Chief Financial Officer)	2019	277	-	-	277	100% / 0%
		2018	271	-	300	571	47% / 53%
Marc van Campen	Executive Director B (Chief Corporate Officer)	2019	40	-	-	40	100% / 0%
		2018	40	4	-	44	100% / 0%
Howard Dahl	Non-Executive Director (Chairman of the Board of Directors)	2019	75	5	-	80	100% / 0%
		2018	75	15	-	90	100% / 0%
Wladyslaw Bartoszewski	Non-Executive Director (Vice Chairman of the Board of Directors)	2019	-	-	-	-	-
		2018	40	11	-	51	100% / 0%
Gilles Mettetal	Non-Executive Director	2019	40	4	-	44	100% / 0%
		2018	40	5	-	45	100% / 0%
Arslan Huseyin	Non-Executive Director	2019	40	-	-	40	100% / 0%
		2018	-	-	-	-	-

* *The one-year variable remuneration consists of the annual bonus which is recognized as an expense in the year that the Board of Directors decides that the bonus will be paid based on the performance in the previous financial year.*

** *Mr. Ivanchyk decided to refuse from the annual bonus in favor of charity.*

Annual bonus

As the Company is public, it is essential that the Company can attract and retain qualified officers to the Board of Directors. Equally, their performance should be focused on achieving those strategic aims which promotes ASTARTA, safeguard it and create sustainable long-term value. Therefore annual remuneration of the Executive Directors A who take part in a day to day operational activity of the Company should reflect performance of the Group. For this purpose the Company includes a variable part in the form of an annual bonus into the annual remuneration of Executive Directors A.

The Board of Directors upon proposal of the Remuneration Committee decides 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 regards to achieved long-term objectives of the Company. In accordance with Remuneration Policy the Executive Directors A may be granted a cash bonus of up to 150%[1] of their fixed annual remuneration for the year.

The decision whether a bonus shall be paid and what the amount of the bonus shall be based on performance of the Executive Directors A including KPI in a form of financial metrics. Through these financial metrics the remuneration of the Executive Directors A contributes to long-term performance of the Company in the reported financial year. In determining the outcome of the respective financial metrics the Remuneration Committee applies a reasonability test to critically assess the actual level of the performance in light of the assumptions made at the beginning of the year. The test also includes an assessment of the progress made with the strategic objectives under prevailing market conditions. Correlation of performance criteria and annual bonus of the Executive Directors A in reported financial year is presented in the table below. According to resolution dated 17 May 2019 regarding remuneration in 2019 there were no bonuses over 2018 financial year accrued for Executive Directors A.

Performance of the Executive Directors A in reported financial year

		Information on performance targets, in ths EUR				
Director's name	**Position**	**Metric**	**Relative Weighing**	**a) Minimum target/ Threshold b) Corresponding award**	**a) Maximum target/ Threshold b) Corresponding award**	**a) Measured performance b) Actual award outcome**
Viktor Ivanchyk	Executive Director (Chief Executive Officer)	Net profit	50%	a) EUR7 000 b) 0%	a) EUR21 000 b) 150%	a) EUR1 691 b) 0%
		EBITDA	50%	a) EUR80 000 b) 0%	a) EUR100 000 b) 150%	a) EUR77 923 b) 0%
Viktor Gladkyi	Executive Director (Chief Financial Officer)	Net profit	50%	a) EUR7 000 b) 0%	a) EUR21 000 b) 150%	a) EUR1 691 b) 0%
		EBITDA	50%	a) EUR80 000 b) 0%	a) EUR100 000 b) 150%	a) EUR77 923 b) 0%

[1] *In accordance with the Policy.*

Comparative information of remuneration and company performance over last five financial years

In compliance with point (b), paragraph 1 of Article 9b of the EU Directive on long-term shareholder engagement and Art. 2:135b of the Dutch Civil Code we present below: the annual change of remuneration of Executive Directors A, the performance of the company and the average remuneration on a full-time equivalent basis of company employees over at least the five most recent financial years.

Annual change	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	Information regarding 2019, ths EUR
Total remuneration of Executive Directors A						
Viktor Ivanchyk, Chief Executive Officer	21%	46%	31%	-1%	-50%	352
Viktor Gladkyi, Chief Financial Officer	105%	32%	43%	-10%	-51%	277
Total remuneration of Executive Director B						
Marc van Campen, Chief Corporate Officer	0%	0%	14%	9%	-8%	40
Total remuneration of Non - Executive Directors						
Howard Dahl, Chairman of the Board of Directors*	n.a.	n.a.	n.a.	7%	-11%	80
Valery Korotkov, Chairman of the Board of Directors*	251%	-87%	n.a.	n.a.	n.a.	n.a.
Wladyslaw Bartoszewski, Vice Chairman of the Board of Directors	3%	-10%	14%	27%	n.a.	n.a.
Gilles Mettetal, Non-Executive Director	n.a	n.a	n.a	n.a	-3%	44
Arslan Huseyin, Non-Executive Director	n.a	n.a	n.a	n.a	n.a	40
Company performance						
Net profit	123%	418%	-25%	-134%	120%	1 691
EBITDA	9%	16%	-21%	-53%	38%	77 923
Average remuneration on a full-time equivalent basis of employees						
Employees of the Company**	0%	0%	0%	0%	0%	-
Employees of the Group	-15%	12%	42%	12%	60%	8

* *Mr. Valery Korotkov was acting as Non-Executive Director and Chairman of the Board until 17 March 2017*

** *Employees of the Company are only Directors*

Pay ratio

The pay ratio compares the total remuneration of the CEO against the average remuneration of the Comany's employees, calculated as an average of all employees as of December 31, 2019. In respect of 2019, the ratio is 43.4 (2018: 138.4 and adjusted ratio without bonus allocated to charity amounting to 67.3). The pay ratio change in the reported financial year was caused by growth of average remuneration of full-time employees from EUR 5 thousand per year to EUR 8 thousand per year or by 60%. At the same time annual fixed remuneration of the CEO increased by 3% only. Also no bonus were accrued in 2019 that considerably reduced the total remuneration of the CEO in the reporting financial year.

Loans and guarantees

The Company does not grant loans, advance payments or guarantees to members of the Board of Directors or any family member of such persons.

Remuneration Policy for the next financial year

The Board of Directors has evaluated the remuneration policy. We have considered input from stakeholders and the requirements of the engagement EU Directive on the encouragement of long-term shareholder engagement (SRD II) and in accordance with Art. 2:135b of the Dutch Civil Code. As a result, new policy was prepared for the Board of Directors, to be submitted for approval at the AGM in May 2020.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Dahl, Mr. Mettetal and Mr. Arslan have performed the following actions and duties in their role as Non-Executive Directors in 2019.

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. Mettetal is the member of the Remuneration Committee and the Chairman of the Audit Committee.

In the 2019 financial year Mr. Dahl and Mr. Mettetal held meetings during which the main items discussed were – the remuneration of the members of the Board of Directors, payment of bonuses and the 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 2019 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 2019 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 2019 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2019 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2019, 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 PricewaterhouseCoopers Accountants N.V. which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2019, 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 2019, 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 the Company 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 2019.

Board of Directors of ASTARTA Holding N.V.

10 April 2020

Amsterdam, the Netherlands

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(in thousands of Ukrainian hryvnias)	*Notes*	**31 December 2019**	**31 December 2018 (restated)**	**31 December 2017**
ASSETS				
Non-current assets				
Property, plant and equipment	*5*	**7 779 761**	8 438 768	7 332 799
Right-of-use assets	*6*	**3 752 857**	3 501 109	-
Investment property		**70 690**	74 285	-
Intangible assets		**35 378**	33 826	120 008
Biological assets	*7*	**792 939**	541 182	751 534
Value added tax		**-**	221 811	570 925
Long-term receivables and prepayments	*9*	**20 767**	6 621	154 260
Deferred tax assets	20	**25 095**	-	-
Total non-current assets		**12 477 487**	12 817 602	8 929 526
Current assets				
Inventories	*8*	**5 117 473**	7 450 931	6 522 474
Biological assets	*7*	**425 624**	507 540	572 899
Trade accounts receivable	*9*	**607 870**	699 045	490 873
Other accounts receivable and prepayments	*9*	**1 032 787**	1 711 526	803 998
Current income tax		**12 551**	8 877	27 273
Short-term cash deposits		**18 318**	9 013	36 043
Cash and cash equivalents	*10*	**326 046**	418 882	479 990
Non-current assets held for sale		**43 283**	-	-
Total current assets		**7 583 952**	10 805 814	8 933 550
Total assets		**20 061 439**	23 623 416	17 863 076
EQUITY AND LIABILITIES				
Equity	*11*			
Share capital		**1 663**	1 663	1 663
Additional paid-in capital		**369 798**	369 798	369 798
Retained earnings		**8 349 380**	7 757 949	8 036 911
Revaluation surplus		**2 482 363**	3 072 159	2 842 286
Treasury shares		**(119 260)**	(119 260)	(95 934)
Currency translation reserve		**508 868**	519 416	495 066
Total equity		**11 592 812**	11 601 725	11 649 790
Non-current liabilities				
Loans and borrowings	*12*	**15 608**	17 586	1 499 141
Net assets attributable to non-controlling participants		**24 909**	41 967	112 307
Other long-term liabilities		**4 093**	2 410	17 430
Lease liability	*6*	**2 731 803**	2 505 532	-
Deferred tax liabilities	*20*	**259 791**	393 118	345 264
Total non-current liabilities		**3 036 204**	2 960 613	1 974 142
Current liabilities				
Loans and borrowings	*12*	**3 874 935**	7 217 528	2 361 524
Current portion of long-term loans and borrowings	*12*	**56 943**	160 035	1 019 857
Trade accounts payable		**158 145**	216 354	235 654
Current portion of lease liability	*6*	**953 127**	800 629	-
Current income tax		**45 886**	50 199	28 849
Other liabilities and accounts payable	*13*	**343 387**	616 333	593 260
Total current liabilities		**5 432 423**	9 061 078	4 239 144
Total equity and liabilities		**20 061 439**	23 623 416	17 863 076

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(in thousands of Euros)	*Notes*	31 December 2019	31 December 2018 (restated)	31 December 2017
ASSETS				
Non-current assets				
Property, plant and equipment	5	**294 442**	266 089	218 920
Right-of-use assets	6	**142 035**	110 396	-
Investment property		**2 675**	2 342	-
Intangible assets		**1 340**	1 067	3 582
Biological assets	7	**30 011**	17 064	22 437
Value added tax		**-**	6 994	17 045
Long-term receivables and prepayments	9	**786**	209	4 605
Deferred tax assets	20	**950**	-	-
Total non-current assets		**472 239**	404 161	266 589
Current assets				
Inventories	8	**193 681**	234 939	194 727
Biological assets	7	**16 109**	16 004	17 104
Trade accounts receivable	9	**23 007**	22 042	14 655
Other accounts receivable and prepayments	9	**39 086**	53 968	24 002
Current income tax		**475**	280	814
Short-term cash deposits		**693**	284	1 076
Cash and cash equivalents	10	**12 340**	13 208	14 330
Non-current assets held for sale		**1 638**	-	-
Total current assets		**287 029**	340 725	266 708
Total assets		**759 268**	744 886	533 297
EQUITY AND LIABILITIES				
Equity	11			
Share capital		**250**	250	250
Additional paid-in capital		**55 638**	55 638	55 638
Retained earnings		**492 290**	465 473	468 135
Revaluation surplus		**112 451**	138 861	137 003
Treasury shares		**(5 527)**	(5 527)	(4 801)
Currency translation reserve		**(216 347)**	(288 885)	(308 425)
Total equity		**438 755**	365 822	347 800
Non-current liabilities				
Loans and borrowings	12	**591**	554	44 757
Net assets attributable to non-controlling participants		**943**	1 323	3 353
Other long-term liabilities		**155**	76	520
Lease liability	6	**103 391**	79 004	-
Deferred tax liabilities	20	**9 832**	12 396	10 308
Total non-current liabilities		**114 912**	93 353	58 938
Current liabilities				
Loans and borrowings	12	**146 656**	227 581	70 503
Current portion of long-term loans and borrowings	12	**2 155**	5 046	30 448
Trade accounts payable		**5 985**	6 823	7 035
Current portion of lease liability	6	**36 073**	25 245	-
Current income tax		**1 736**	1 583	861
Other liabilities and accounts payable	13	**12 996**	19 433	17 712
Total current liabilities		**205 601**	285 711	126 559
Total equity and liabilities		**759 268**	744 886	533 297

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Ukrainian hryvnias)	*Notes*	**2019**	**2018** **(restated)**
Revenues	*14*	**12 980 155**	11 965 965
Cost of revenues	*15*	**(11 588 237)**	(10 409 590)
Changes in fair value of biological assets and agricultural produce	*7*	**1 227 501**	1 479 934
Gross profit		**2 619 419**	3 036 309
Other operating income		**67 603**	89 210
General and administrative expense	*16*	**(681 180)**	(775 191)
Selling and distribution expense	*17*	**(1 344 480)**	(1 313 330)
Other operating expense	*18*	**(225 506)**	(339 732)
Impairment of property, plant and equipment	*5*	**(16 096)**	(128 534)
Profit from operations		**419 760**	568 732
Interest expense on lease liability	*19*	**(655 074)**	(636 231)
Other finance costs	*19*	**(519 650)**	(448 537)
Foreign currency exchange gain/(loss)		**717 862**	(40 038)
Finance income	*19*	**34 914**	33 909
Other income		**10 015**	10 112
Profit/(Loss) before tax		**7 827**	(512 053)
Income tax credit/(expense)	*20*	**27 709**	(84 507)
Net profit/(loss)		**35 536**	(596 560)
Net profit/(loss) attributable to:			
Equity holders of the parent company		**35 536**	(596 560)
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 310**	24 386
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Ukrainian hryvnias)		**1,46**	(24,46)

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Euros)	*Notes*	**2019**	**2018 (restated)**
Revenues	*14*	**448 006**	372 222
Cost of revenues	*15*	**(399 751)**	(323 882)
Changes in fair value of biological assets and agricultural produce	*7*	**43 208**	46 909
Gross profit		**91 463**	95 249
Other operating income		**2 235**	2 809
General and administrative expense	*16*	**(23 617)**	(24 245)
Selling and distribution expense	*17*	**(47 021)**	(40 866)
Other operating expense	*18*	**(7 708)**	(10 592)
Impairment of property, plant and equipment	*5*	**(556)**	(4 000)
Profit from operations		**14 796**	18 355
Interest expense on lease liability	*19*	**(22 635)**	(19 832)
Other finance costs	*19*	**(17 837)**	(13 982)
Foreign currency exchange gain/(loss)		**24 899**	(1 515)
Finance income	*19*	**1 198**	1 056
Other income		**401**	319
Profit/(Loss) before tax		**822**	(15 599)
Income tax credit/(expense)	*20*	**869**	(2 662)
Net profit/(loss)		**1 691**	(18 261)
Net profit/(loss) attributable to:			
Equity holders of the parent company		**1 691**	(18 261)
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 310**	24 386
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Euros)		**0,07**	(0,75)

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

REPORT ON OPERATIONS

CORPORATE GOVERNANCE REPORT

CONSOLIDATED FINANCIAL STATEMENTS

COMPANY FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Ukrainian hryvnias)	**2019**	**2018 (restated)**
Profit/(Loss) for the period	**35 536**	(596 560)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation difference	**(10 548)**	24 350
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(10 548)**	24 350
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Decrease of revaluation reserve	**(41 343)**	747 351
Income tax effect	**7 442**	(84 907)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(33 901)**	662 444
Total other comprehensive (loss)/income	**(44 449)**	686 794
Total comprehensive (loss)/income	**(8 913)**	90 234
Attributable to:		
Equity holders of the parent	**(8 913)**	90 234
Total comprehensive (loss)/income for the year	**(8 913)**	90 234

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Euros)	2019	2018 (restated)
Profit/(Loss) for the period	**1 691**	(18 261)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation difference	**72 526**	19 552
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**72 526**	19 552
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Decrease of revaluation reserve	**(1 565)**	23 567
Income tax effect	**281**	(2 678)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(1 284)**	20 889
Total other comprehensive income	**71 242**	40 441
Total comprehensive income	**72 933**	22 180
Attributable to:		
Equity holders of the parent	**72 933**	22 180
Total comprehensive income for the year	**72 933**	22 180

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Ukrainian hryvnias)	*Notes*	**2019**	**2018 (restated)**
Operating activities			
Profit/(Loss) before tax		**7 827**	(512 053)
Adjustments for:			
Depreciation and amortization	5,6	**1 810 848**	1 438 315
Allowance for trade and other accounts receivable	9	**-**	50 742
(Gain)/loss on disposal of property, plant and equipment		**(3 059)**	46 652
Write down of inventories	18	**38 615**	50 379
VAT written off	18	**25 061**	23 872
Interest income	19	**(24 518)**	(25 100)
Other finance income	19	**(10 396)**	(8 809)
Interest expense	19	**487 371**	412 150
Other finance costs	19	**41 049**	41 517
Interest expense on lease liability	6	**655 074**	636 231
Impairment of property, plant and equipment		**16 096**	128 534
Changes in fair value of biological assets and agricultural produce		**(1 227 501)**	(1 479 934)
Recovery of assets previously written off		**(32 828)**	(4 351)
Net profit attributable to non-controlling participants in limited liability company subsidiaries	19	**(8 770)**	(5 130)
Foreign exchange (gain)/loss on loans and borrowings, deposits		**(717 862)**	40 038
Working capital adjustments:			
Decrease in inventories		**3 357 353**	656 221
Decrease/(Increase) in trade and other receivables		**1 087 557**	(865 321)
Increase in biological assets due to other changes		**58 321**	124 939
Increase in trade and other payables		**(510 141)**	(189 617)
Income taxes paid		**(43 137)**	(71 864)
Cash flows provided by operating activities		**5 006 960**	487 411
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(691 143)**	(1 521 889)
Proceeds from disposal of property, plant and equipment		**40 023**	1 859
Interest received	19	**24 518**	25 100
Cash deposits placement		**(16 694)**	(26 921)
Cash deposits withdrawal		**7 765**	53 951
Cash flows used in investing activities		**(635 531)**	(1 467 900)
Financing activities			
Proceeds from loans and borrowings	12	**2 349 066**	6 107 708
Repayment of loans and borrowings	12	**(5 235 503)**	(3 684 199)
Purchase of treasury shares		**-**	(23 326)
Payment of lease liabilities	6	**(394 836)**	(457 073)
Payment of interest on lease liabilities	6	**(655 074)**	(633 476)
Acquisition of the share attributable to non-controlling participants		**(22 451)**	(56 541)
Interest paid		**(494 919)**	(358 062)
Cash flows (used in)/ provided by financing activities		**(4 453 717)**	895 031
Net decrease in cash and cash equivalents		**(82 288)**	(85 458)
Cash and cash equivalents as at 1 January		**418 882**	479 990
Currency translation difference		**(10 548)**	24 350
Cash and cash equivalents as at 31 December		**326 046**	418 882

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Euros)	*Notes*	**2019**	**2018 (restated)**
Operating activities			
Profit/(Loss) before tax		**822**	(15 599)
Adjustments for:			
Depreciation and amortization	*5,6*	**62 571**	45 669
Allowance for trade and other accounts receivable	*9*	**-**	1 582
(Gain)/loss on disposal of property, plant and equipment		**(105)**	1 455
Write down of inventories	*18*	**1 320**	1 569
VAT written off	*18*	**857**	744
Interest income	*19*	**(841)**	(782)
Other finance income	*19*	**(357)**	(274)
Interest expense	*19*	**16 729**	12 847
Other finance costs	*19*	**1 409**	1 295
Interest expense on lease liability	*6*	**22 635**	19 832
Impairment of property, plant and equipment		**556**	4 000
Changes in fair value of biological assets and agricultural produce		**(43 208)**	(46 909)
Recovery of assets previously written off		**(1 085)**	(137)
Net profit attributable to non-controlling participants in limited liability company subsidiaries	*19*	**(301)**	(160)
Foreign exchange (gain)/loss on loans and borrowings, deposits		**(24 899)**	1 515
Working capital adjustments:			
Decrease in inventories		**116 009**	20 421
Decrease/(Increase) in trade and other receivables		**37 579**	(26 927)
Increase in biological assets due to other changes		**2 015**	3 888
Increase in trade and other payables		**(17 626)**	(5 899)
Income taxes paid		**(1 491)**	(2 236)
Cash flows provided by operating activities		**172 589**	15 894
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(23 881)**	(47 361)
Proceeds from disposal of property, plant and equipment		**1 383**	58
Interest received	*19*	**841**	782
Cash deposits placement		**(577)**	(838)
Cash deposits withdrawal		**268**	1 679
Cash flows used in investing activities		**(21 966)**	(45 680)
Financing activities			
Proceeds from loans and borrowings	*12*	**81 169**	190 070
Repayment of loans and borrowings	*12*	**(180 905)**	(114 651)
Purchase of treasury shares		**-**	(726)
Payment of lease liabilities	*6*	**(13 643)**	(14 105)
Payment of interest on lease liabilities	*6*	**(22 635)**	(19 832)
Acquisition of the share attributable to non-controlling participants		**(776)**	(1 760)
Interest paid		**(17 101)**	(11 143)
Cash flows (used in)/ provided by financing activities		**(153 891)**	27 853
Net decrease in cash and cash equivalents		**(3 268)**	(1 944)
Cash and cash equivalents as at 1 January		**13 208**	14 330
Currency translation difference		**2 400**	822
Cash and cash equivalents as at 31 December		**12 340**	13 208

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to equity holders of the parent company

(in thousands of Ukrainian hryvnias)	*Notes*	Share capital	Additional paid-in capital	Retained earnings (restated)
As at 31 December 2017		1 663	369 798	8 036 911
Adjustments on adoption of IFRS 9	*4*	-	-	(28 001)
Adjustments on adoption of IFRS 16	*4*	-	-	(86 972)
Net loss		-	-	(596 560)
Revaluation reserve, net of tax		-	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax		-	-	-
Translation difference		-	-	-
Total other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	-	(596 560)
Purchase of own shares		-	-	-
Realisation of revaluation surplus, net of tax		-	-	432 571
Adjusted as at 31 December 2018		**1 663**	**369 798**	**7 757 949**
Net profit		-	-	**35 536**
Decrease of revaluation reserve, net of tax		-	-	
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax		-	-	-
Translation difference		-	-	-
Total other comprehensive loss, net of tax		-	-	-
Total comprehensive income/(loss)		-	-	**35 536**
Realisation of revaluation surplus, net of tax		-	-	**555 895**
As at 31 December 2019		**1 663**	**369 798**	**8 349 380**

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

Revaluation surplus	Treasury shares	Currency translation reserve	Total equity (restated)
2 842 286	(95 934)	495 066	11 649 790
-	-	-	(28 001)
-	-	-	(86 972)
-	-	-	(596 560)
663 971	-	-	663 971
(1 527)	-	-	(1 527)
-	-	24 350	24 350
662 444	-	24 350	686 794
662 444	-	24 350	90 234
-	(23 326)	-	(23 326)
(432 571)	-	-	-
3 072 159	**(119 260)**	**519 416**	**11 601 725**
-	**-**	**-**	**35 536**
(33 943)	**-**	**-**	**(33 943)**
42	**-**	**-**	**42**
-	**-**	**(10 548)**	**(10 548)**
(33 901)	**-**	**(10 548)**	**(44 449)**
(33 901)	**-**	**(10 548)**	**(8 913)**
(555 895)	**-**	**-**	**-**
2 482 363	**(119 260)**	**508 868**	**11 592 812**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to equity holders of the parent company

(in thousands of Euros)	*Notes*	**Share capital**	**Additional paid-in capital**	**Retained earnings (restated)**
As at 31 December 2017		250	55 638	468 135
Adjustments on adoption of IFRS 9	*4*	-	-	(836)
Adjustments on adoption of IFRS 16	*4*	-	-	(2 596)
Net loss		-	-	(18 261)
Revaluation reserve, net of tax		-	-	-
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax		-	-	-
Exchange difference on translation		-	-	-
Total other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	-	(18 261)
Purchase of own shares		-	-	-
Realisation of revaluation surplus, net of tax		-	-	19 031
Adjusted as at 31 December 2018		**250**	**55 638**	**465 473**
Net profit		**-**	**-**	**1 691**
Decrease of revaluation reserve, net of tax		**-**	**-**	**-**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax		**-**	**-**	**-**
Exchange difference on translation		**-**	**-**	**-**
Total other comprehensive income/(loss), net of tax		**-**	**-**	**-**
Total comprehensive income/(loss)		**-**	**-**	**1 691**
Realisation of revaluation surplus, net of tax		**-**	**-**	**25 126**
As at 31 December 2019		**250**	**55 638**	**492 290**

The notes on pages 80 to 152 are an integral part of these consolidated financial statements.

Revaluation surplus	Treasury shares	Currency translation reserve	Total equity (restated)
137 003	(4 801)	(308 425)	347 800
-	-	-	(836)
-	-	-	(2 596)
-	-	-	(18 261)
20 937	-	-	20 937
(48)	-	-	(48)
-	-	19 552	19 552
20 889	-	19 552	40 441
20 889	-	19 552	22 180
-	(726)	-	(726)
(19 031)	-	-	-
138 861	**(5 527)**	**(288 873)**	**365 822**
-	**-**	**-**	**1 691**
(1 285)	**-**	**-**	**(1 285)**
1	**-**	**-**	**1**
-	**-**	**72 526**	**72 526**
(1 284)	**-**	**72 526**	**71 242**
(1 284)	**-**	**72 526**	**72 933**
(25 126)	**-**	**-**	**-**
112 451	**(5 527)**	**(216 347)**	**438 755**

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 98.99% 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:

	2019	2018
operating personnel	**3 986**	**5 132**
administrative personnel	**1 119**	**1 324**
sales personnel	**325**	**535**
non-operating personnel	**40**	**50**
Total number of employees	**5 470**	**7 041**

The Group is in process of optimising staff structure therefore during 2019 number of employees decreased significantly.

(a) Ukrainian business environment

In 2019 year, the Ukrainian economy was showing signs of stabilisation after years of political and economic tensions and demonstrated sound real GDP growth of around 4% (2018: 3%), modest annual inflation of 5% (2018: 10%), and strengthening of national currency by 5% to USD and 10% to EUR compared to previous year averages. However, in late February-March 2020 national currency weakened its position and at the date of issue of these consolidated financial statements, the exchange rate was 27.26 UAH per USD.

Sound fiscal and monetary management, including efforts to keep current public expenditures under control, are helping reduce inflation in 2019. Strong remittances and inflows of foreign capital into the domestic bond market have helped reduce the current account deficit and support international reserves.

Ukraine remains vulnerable to external shocks and commodity price cycles due to its reliance on commodity exports.

Starting from April 2019, the National Bank of Ukraine ("NBU") launched the cycle of easing of the monetary policy and a gradual decrease of its discount rate for the first time in the last two years from 18% in April 2019 to 10% in March 2020, which is justified by a sustainable trend of inflation deceleration.

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"). The IMF announced a new three-year USD 5.5 billion arrangement to the country, which should cement financial stability 2020 year.

IMF programme's approval significantly increased the chance of Ukraine to meet foreign currency obligations in 2019, and thus has supported the financial and macroeconomic stability of the country. Continuation of cooperation with the IMF depends on Ukraine's success in implementing policies and reforms that underpin a new IMF-supported programme.

In 2020, Ukraine faces major public debt repayments, which will require mobilising substantial domestic and external financing in an increasingly challenging financing environment for emerging markets. The events which led to annexation of Crimea by the Russian Federation in February 2014 and the conflict in the east of Ukraine which started in spring 2014 has not been resolved to date. The relationships between Ukraine and the Russian Federation have remained strained.

Ukraine had presidential elections in March-April 2019, and then early parliamentary elections in July 2019. Later, in August 2019 new Cabinet of Minsters was formed, which, however, was disbanded and replaced with a new one in March 2020. Amid these political changes, the degree of uncertainty including in respect of the future direction of the reforms in 2020 remains very high. Despite certain improvements in 2019, the final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy and the Company's business.

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-EU) 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 9 April 2020.

(b) Going Concern

These 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.

The Group operates diversified business model that ensure ability to switch from sugar beet growing to other crops with positive impact on the performance of the Group. The Group continues to pursue programs of costs cutting by withdrawing from operation excessive processing capacities and boosting efficiency through commissioned infrastructure projects. The Group maintains its outstanding reputation that enable it to cooperate with predictable and reputable partners.

For the year ended 31 December 2019 the Group's net profit comprised UAH 35,536 thousand (EUR 1,691 thousand; 2018: Net loss UAH 596,560 thousand (EUR 18,261 thousand) and the Group achieved strong cash flows from operating activities of UAH 5,006,960 thousand (EUR 172,589 thousand; 2018: UAH 487,411 thousand, (EUR 15,894 thousand), which increased significantly compared to prior year. As at 31 December 2019 the Group significantly improved liquidity position and as at the reporting date its current assets exceed its current liabilities by UAH 2,151,529 thousand (EUR 81,428 thousand). This along with the other factors improved the Group's ability to service its loan portfolio.

A number of financial and non-financial covenants are attached to the Group's loans and borrowings. As at 31 December 2019 and 31 December 2018 the Group was in breach of certain financial covenants mostly due to continued downturn on sugar markets caused by decreased sugar prices. Management notified all banks about expected non-compliance during 2019 however according to the banks' internal procedures some of them do not provide waivers for expected future non-compliances and the Group was not able to obtain waivers from all the banks before year end. As at 31 December 2019 for the loans and borrowings of UAH 1,779,841 thousand (EUR 67,367 thousand) the Banks waived the right to require compliance with the breached covenants (31 December 2018: UAH 3,134,388 thousand and EUR 98,845 thousand). Considering some waivers were received after 31 December 2019 and existing cross-default provisions in the loan agreements, loans and borrowings of UAH 1,960,931 thousand (EUR 74,216), 31 December 2018: UAH 2,890,549 thousand and EUR 91,156 thousand) covenants for which were breached are classified as current liabilities. Such classification coursed in breach of other financial covenants (cross-breaching) (refer to Note 12).

The banks provided the Group with comfort letters confirming their awareness of expected non-compliance for the period ended 31 December 2019 and intention to continue with the Group as the borrower. Based on the received comfort letters and the Group's plans for 2020, the management believes that the banks will not demand accelerated repayment of the loans because of breaches of covenants in 2020. 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 2020. Because lenders preserve the right to withdraw the borrowings in the next 12 months, Astarta remain dependent on their good will for the financing. The management reached out to the market and explored the opportunities to get refinancings.

Management expects a sugar deficit on the global market after three years of surplus and a decrease in the overall sugar beets planting area in Ukraine in 2020, which will also lead to a deficit at the local market. Also, management expects increase in sugar prices both at global and local markets that will positively affect 2020 financial results given the current stock of sugar.

The Group plan to retain flat sowing areas under the sugar beets, reduce orders to third parties for sugar beets growing for the Group to decrease pressure of overproduction at the local market. The Group optimised its sugar beets processing by reallocating processing volumes between the plants and reduced utilisation or period of utilisation of some of processing plants to achieve maximum efficiency and plan to continue taking those measures going forward alone with temporarily suspension of operations of two sugar processing plants until the market recovery. Also, the Group plans change crop rotation in the next season focusing on those crops where higher margins are expected. The Group also further plans to optimise its CAPEX investments and increase utilisation of its storage facilities to strengthen its revenues from the third parties. Based on these and other steps the Group is taking management concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

As explained in Note 25, the COVID-19 affects the macroeconomic uncertainty and causes disruption to economic activity and it is unknown what the longer term impact on the Group's business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact the Group's business.

The plans and measures that management has taken or will take to deal with the events/circumstances and uncertainties described above in order to deal with the impact of the current conditions and circumstances are summaries below:

- Operations: The Group operates in relatively less affected sectors - agriculture and food processing and preventive measures allows to operate as usual. The Group has started spring sowing season and as at the moment does not see any obstacles that may prevent sowing as all employees engaged in sowing are working at open air conditions, have limited contact with other employees and are not closely connected to others given that major operations in spring are performed at the fresh air;

- Supply chain: The Group has tendered and contracted inputs for spring field operations before the outbreak of the virus and keep necessary inputs for spring field operations on its warehouses. Up to 83% of seeds and up to 70% of crop protection inputs for spring operations have already been delivered to warehouses of the Group as of the date of these financial statements;

- Revenues and profitability: the Group does not experience decrease of demand and expected sales volumes and prices are contracted. There is potential risk of slow-down in demand leading to volatility for soft commodity prices. Prices for agricultural commodities have been volatile since outbreak of COVID-19. Depending on news on spread of virus and/or restrictive measures prices make differently directed movement (up and down) almost every day. Current prices indications are within estimations set in the budget of the Group;

- Impairments: The Group does not have assets are specifically subject to impairment risk;

- Government assistance: The government assistance received by the Group is not significant and therefore will not lead to material adverse effect in case it is not prolonged;

- Financing and liquidity: The Group has accumulated sufficient liquidity to support sowing campaign and does not expect to default its payment contractual obligations;

The situation continues to evolve and its consequences are currently highly uncertain. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects. Whilst uncertain, the management of the Group do not believe, however, that the impact of the COVD-19 virus would have a material adverse effect on the Group's financial condition or liquidity.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- 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 2019 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 2019	31 December 2018
Name	**Activity**	**Place of business**	% of ownership	% of ownership
Subsidiaries:				
Ancor Investments Ltd	Trade and investment activities	Cyprus, Nicosia	100,00%	100,00%
LLC Firm “Astarta-Kyiv”	Asset management	Ukraine, Kyiv	99,99%	99,98%
LLC “APO “Tsukrovyk Poltavshchyny”	Sugar production	Ukraine, Shyshaky region	99,73%	99,72%
LLC “Agricultural company “Dovzhenko”	Agricultural	Ukraine, Shyshaky region	99,99%	99,50%
LLC “Shyshaki combined forage factory”	Fodder production	Ukraine, Shyshaky region	90,57%	90,56%
LLC “Agricultural company “Dobrobut”	Agricultural	Ukraine, Kozelschyna region	99,99%	99,98%
LLC “Agricultural company “Musievske”	Agricultural	Ukraine, Khorol region	99,99%	99,98%
LLC “Globinskiy processing factory”	Soybean processing	Ukraine, Globyne	99,99%	99,98%
LLC “Dobrobut”(Novo-Sanzharskiy region) **	Agricultural	Ukraine, Novo-Sanzharskiy region	0,00%	99,88%
LLC “Investment company “Poltavazernoproduct”	Agricultural	Ukraine, Globyne	99,99%	99,98%
LLC “List-Ruchky”	Agricultural	Ukraine, Hadiach region	74,99%	74,99%
LLC “Agropromgaz”	Trade	Ukraine, Kyiv	99,97%	99,95%
LLC “Khmilnitske”	Agricultural	Ukraine, Khmilnyk region	99,99%	99,98%
LLC “Volochysk-Agro”	Agricultural	Ukraine, Volochysk region	99,99%	99,98%
LLC “Agricultural company “Mirgorodska” *	Agricultural	Ukraine, Myrgorod region	0,00%	99,98%
LLC “Kobelyatskiy combined forage factory”	Fodder production	Ukraine, Kobeliaky region	98,60%	98,59%
LLC “Agricultural company “Astarta Prykhorollia” ***	Agricultural	Ukraine, Khorol region	99,99%	99,98%
LLC “Agricultural company “Lan” **	Agricultural	Ukraine, Kobeliaky region	99,99%	99,98%
LLC “Nika”	Agricultural	Ukraine, Chutove region	99,99%	99,98%
LLC “Zhytnytsya Podillya”	Agricultural	Ukraine, Krasyliv region	97,00%	96,98%
LLC “Astarta-Selektsiya”	Research and development	Ukraine, Shyshaky region	99,99%	99,98%
LLC “Agrosvit Savyntsi”	Agricultural	Ukraine, Balakliia region	99,99%	99,98%
ALC “Novoivanivskiy sugar plant”	Sugar production	Ukraine, Kolomak region	95,10%	94,49%
LLC “Investpromgaz”	Trade	Ukraine, Kyiv	99,99%	99,98%
LLC "Tsukragromprom"	Trade	Ukraine, Kyiv	99,99%	99,98%
LLC "Zerno-Agrotrade"	Trade	Ukraine, Kyiv	99,99%	99,98%
LLC "Novoorzhytskiy sugar plant"	Sugar production	Ukraine, Orzhytsia region	99,99%	99,98%
LLC "APK Savynska"	Sugar production	Ukraine, Balakliia region	99,99%	99,98%
LLC "Kochubeyivske"	Trade	Ukraine, Dykanka region	59,71%	59,71%
LLC "Globinskiy bioenergetichniy complex"	Sugar production	Ukraine, Globyne	99,99%	99,98%
LLC "Savynci agro" *	Agricultural	Ukraine, Balakliia region	0,00%	99,98%
PE "TMG"	Agricultural	Ukraine, Valky region	99,99%	99,98%
LLC "Eco Energy"	Agricultural	Ukraine, Chernihiv region	99,99%	99,98%
ALLC "Lyaschivka"	Agricultural	Ukraine, Chornobai region	99,99%	99,98%
PLC "Agrotechnika Kobelyaki" ****	Agricultural	Ukraine, Kobeliaky region	0,00%	51,64%
LLC "Agri Chain"	Research and development	Ukraine, Kyiv	99,99%	99,98%
ALC “Narkevitskiy sugar plant”	Sugar production	Ukraine, Volochysk region	99,99%	99,98%
PJSC "Ukrainian Agro-Insurance Company"	Insurance	Ukraine, Cherkasy	99,99%	99,98%
Astarta Trading GmbH	Trade	Switzerland, Zug	100,00%	100,00%
LLC "Pochayna-Office"	Asset management	Ukraine, Kyiv	99,99%	99,98%

** In March 2019, LLC “Savynci agro” was merged with LLC “Agrosvit Savyntsi”. In April 2019, LLC “Agricultural company “Mirgorodska” was merged with LLC “Agricultural company “Astarta Prykhorollia”.*

*** LLC “Dobrobut” (Novo-Sanzharskiy region) as at 31 December 2019 was liquidated. LLC “Agricultural company “Lan” as at 31 December 2019 was in the liquidation. In June 2019, the Group obtained control over LLC “Agricultural company “Yaroslavska”. Upon acquisition the company had only land area under lease of 300 hectares and consideration was not significant. As at 31 December 2019 LLC “Agricultural company “Yaroslavska” was liquidated and their assets were transferred to LLC “Zhytnytsya Podillya ”.*

**** In February 2019, LLC “Agricultural company “Khorolska” changed its legal name to LLC “Astarta Prykhorollia”.*

***** During year ended 31 December 2019 the Group disposed of PLC “Agrotechnika Kobelyaki”. Net assets of the company and respective consideration was close to nil.*

All subsidiaries, 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.

(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 accounted under revaluation model, biological assets at fair value less estimated costs to sell and agricultural produce stated at cost which is determined as fair value less estimated costs to sell at the point of harvest.

(g) Net assets attributable to non-controlling participants in limited liability companies

Substantially all of the Group'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 later 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.

(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 Switzerland and Cypriot subsidiaries is Euro (EUR). The operating subsidiaries registered in Ukraine have the Ukrainian hryvnia (UAH) as their functional currency.

The consolidated financial statements are presented in UAH, which is primary presentation currency, 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 are translated from UAH to EUR using the official closing rates at each reporting date. Income and expense items are translated at the average exchange rates for the quarter, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Disclosure line items are translated using annual weighted average official exchange rate. For translation of UAH figures into EUR figures for the cash flow statement the Group uses average UAH/EUR exchange rate. For the purposes of presenting financial information in UAH, assets and liabilities of the subsidiaries for which functional currency in EUR are translated from EUR to UAH using the official closing rates at each reporting date and income and expenses are translated at the official spot rates at the date of transaction.

Translation differences arising, if any, are recognized in other comprehensive income and accumulated in Currency translation reserve.

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	
	2019	2018	31 December 2019	31 December 2018
EUR	28.94	32.13	26.42	31.71
USD	25.83	27.20	23.69	27.69

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 presented as a separate line in the Consolidated Income Statement.

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

The preparation of the consolidated financial statements requires management to make judgements, 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. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

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

- Capital risk management — Note 11
- Sensitivity analyses disclosures
  - related to fair value of biological assets — Note 7
  - impairment of property, plant and equipment — Note 5

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.

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

Impairment of property, plant and equipment

The Group and its subsidiaries are required to perform impairment tests for their assets or cash-generating units when there is indication that an asset or a cash-generating unit ("CGU") may be impaired. As at 31 December 2019 impairment test was performed.

For the purpose of impairment testing, the Group identified four cash-generating units (CGUs): sugar CGU, agricultural CGU, soybean processing CGU and cattle CGU. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. Within the Group's identified cash-generating units a significant proportion of their output is input to another cash-generating unit. Therefore, judgement is needed in determining a cash-generating unit.

Impairment testing is 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 next year budget approved by the Group's Budget Committee, comprising CFO, CEO, COO, Commercial Director and Production Director of the Group and for the subsequent years - on the extrapolated forecasts based on the consumer price index and sugar price forecasts of World Bank.

The most recent detailed calculations of impairment for all segments were performed as of 31 December 2019, key assumptions made and reasonably possible changes in these assumptions are disclosed in Note 5. Judgement is required to determine principal assumptions made and the impact on the aggregate value-in-use calculation.

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 based on WACC with asset specific adjustments. The fair value of biological assets is determined by the Group's own agricultural, sales and financial reporting experts based on production technological cards for each type of biological assets, next year budget approved by the Group's Budget Committee and future market prices and economic outlooks. Key estimates and assumptions involved in valuation apart of discount rate are yield, prices for output to be harvested and remaining production costs for crops and milk yield, milk and meat prices for cows of and their sensitivities are disclosed in Note 7. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement.

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. The Group continuously monitors forecasts and is taking necessary actions to minimise impact. Sensitivity of assumptions affected by this estimate such as crops yield and costs is disclosed in Note 7.

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. A 10% increase or decrease in crops prices at 31 December 2019 would result in an increase or decrease in agriculture produce of UAH 144,663 thousand (EUR 5,475 thousand), (31 December 2018: UAH 283,817 thousand (EUR 8,950 thousand). Potential increase or decrease in crops price determined at the point of harvest for crops sold during the year does not impact the Group's operating profit.

Lease liabilities

Management uses some estimates for land lease liabilities calculation:

- lease rate;
- discount rate;
- lease term.

The Group includes into lease payments used in measurement of land lease liability total amount of actual variable lease payments that comprise lease rate that vary to reflect changes in market rent rates. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use assets. A 10% increase or decrease in lease payments at 31 December 2019 would result in an increase or decrease in lease liabilities of UAH 368,493 thousand (EUR 13,946 thousand), (31 December 2018: UAH 330,616 thousand (EUR 10,425 thousand).

The lease payments are discounted using the incremental borrowing rate since the interest rate implicit in the lease could not be determined. A 10% increase or decrease in discount rate at 31 December 2019 would result in a decrease or increase in lease liabilities of UAH 205,177 thousand (EUR 7,765 thousand), (31 December 2018: UAH 88,222 thousand (EUR 2,782 thousand).

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. Extension option is considered exercisable by the Group and is included in measurement of assets and liabilities arising from warehouse and office premises lease and lease term for office premises considered as 7 years as at 31 December 2018 and 15 years 31 December 2019 and for warehouses as 3 years as at each reporting date for land lease the Group considered extention option as not exercisable given long-term period of contracts best reperesents reasonably certain period of lease supported by the past history of termination of the lease agreements and expected pattern of use for the land leases.

During the year ended 31 December 2019, the Group modified approach to measurement of lease assets and liabilities, originating on land lease from lessors -individuals. For details please refer to Note 4 (a).

Depreciation

Management estimates are necessary to identify the useful lives of property, plant and equipment. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2019 would be to increase it by UAH 123,682 thousand UAH (EUR 4,274 thousand), (31 December 2018: UAH 99,357 thousand (EUR 3,092 thousand) or decrease it by UAH 108,722 thousand (EUR 3,757 thousand), (31 December 2018: UAH 81,819 thousand (EUR 2,546 thousand).

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

Buildings and constructions, machinery and equipment are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. 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.

A revaluation increase on property is recognized directly in other comprehensive income, except to the extent that it reverses a previous impairment recognized in the income statement. An impairment of 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.

Not installed 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 the 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.

(ii) 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.

(iii) 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.

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

The estimated initial 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.

(e) Leases

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

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

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

The Group recognizes assets and liabilities for all leases applying exceptions listed in the standard from 1 January 2018 (Note 4). 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.

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.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

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. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	1 to 49
Buildings	1 to 15
Machinery	1 to 5
Motor vehicles	1 to 3

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.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate 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.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- 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 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 and when there is a change in the Group's assessment of whether it will exercise extension or termination option.

Each lease payment is allocated between the liability and interest expense on lease liability. Interest expense on lease liability 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 assets 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 assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease payments exclude variable elements which are dependent on internal and external factors such as e.g. energy usage, motor-hours limits etc. Such variable lease payments are not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and other lease that have a 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.

(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 cost equal to fair value at the point of harvest less cost to sell, 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

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.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified as:

- Amortised cost (AC);
- 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 expected credit loss ("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 does not have financial assets subsequently measured at FVOCI and at FVTPL as at 31 December 2019 and 31 December 2018.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(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

Cash and cash equivalents comprise cash balances and deposits with an original maturity date of three months or less and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses. For details refer to Note 3(h).

(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.

(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

(iv) Financial assets

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 receivables. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 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;
- it is probable that the borrower will enter bankruptcy.

(v) Non-financial assets

The carrying amounts of non-financial assets, other than inventories, carried at cost less accumulated depreciation 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.

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 5

(vi) 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) 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.

(q) 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.

(r) 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 using effective interest rate method.

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.

(s) Trade accounts payable

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

(t) 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 in other comprehensive income is recognised in the statement of other comprehensive income 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 2019, 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 2019 (2018 – 20 subsidiaries).

In 2019, the tax rates in Cyprus and the Netherlands were 12.5% and 25% (2018: 12,5% and 25%), respectively. For Switzerland subsidiary tax rate is 14,6% (2018: 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, 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, 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.

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 for the preceding year.

Fixed agricultural tax 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 fixed agricultural tax payable is calculated as a percentage of the deemed value of all land plots (determined by the state) leased or owned by a taxpayer. Fixed agricultural tax is expensed as incurred.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

(u) 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 2018-2019 the biggest share of budget subsidies was allocated for livestock support: 1 500 UAH per cow head payment for corporate enterprises per one cow.

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.

(v) Revenue

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 9).

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 13).

(w) 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 gross carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

(x) Expenses

Expenses are accounted for on an accrual basis.

(y) Finance cost and income

Finance costs comprise interest expenses on loans and borrowings and foreign exchange difference. All interest and other costs incurred in connection with borrowings are expensed using the effective interest method.

Finance income comprises mostly interest income on bank deposits. Interest income is recognized using the effective interest rate method.

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 Group does not 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;

- inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

(z) 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.

(aa) 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 are included to finance activity.

(ab) New and amended standards and interpretations adopted

The following amended standards became effective from 1 January 2019, but did not have any material impact on the Group:

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

Also IFRS16 "Leases" became applicable on 1 January 2019 but that the Group decided to early adopt on 1 January 2018.

(ac) 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 in EU
International Financial Reporting Standards ("IFRS")	
▪ IFRS 17 Insurance Contracts	not yet endorsed
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	not endorsed
▪ Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
▪ Amendments to IFRS 9, IAS 39 and IFRS 7 -Interest rate benchmark reform	1 January 2020
▪ Amendments to IFRS 3 – Definition of a business	not yet endorsed
▪ Amendments to IAS 1 and IAS 8 – Definition of Material	1 January 2020
▪ Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022)	not yet endorsed

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

4 RESTATEMENT AND RECLASSIFICATION

a) Restatement related to measurement of right-of-use assets and lease liabilities

As indicated in Note 3(e) above, the Group has adopted 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.

During 2019, the Group modified its approach to measurement of lease assets and liabilities related to land lease from individuals and applied modified approach retrospectively.

Initial approach to measurement of lease assets and liabilities, originating on land lease from lessors -individuals

- The lease liability is initially measured at the present value of the lease payments that are not paid at that date. In applying IFRS 16, the Group treated contractual lease payments as fixed payments.
- The prepayments made to lessors-individuals related to lease payments were presented within long-term receivables and pre-payments and other accounts receivable and prepayments in the consolidated statement of financial position of the Group. The land lease payments due were presented within other liabilities and accounts payable in the consolidated statement of financial position of the Group.
- The change in land lease payments to lessors-individuals due to a change in index or rate resulted in remeasurement of the lease liability by discounting the revised lease payments using the revised discount rate.

Modified approach to measurement of lease assets and liabilities, originating on land lease from lessors -individuals

- In line with the industry practice developments in 2019 by agricultural companies in Ukraine it appeared that payments made by the Group for land lease from lessors-individuals are variable payments that depend on index or rate. The change in approach impacted measurement of lease liability and right-of-use assets accordingly. Judgement is applied to determine whether payments are variable and tend to fluctuate in line with market rates changes. Upon modification of the approach, the Group includes into lease payments for measurement of land lease liability all variable lease payments that vary to reflect changes in market rent rates.
- As stated in Note 3(e) and above, the lease liability is initially measured at the present value of the lease payments that are not paid at that date. Thus, after the amendment of the approach, the prepayments made to lessors-individuals are included to measurement of right-of-use assets. After modification of the approach, the Group presents land lease payments due within current portion of lease liability in the consolidated statement of financial position.
- The change in land lease payments to lessors-individuals due to a change in index or rate resulted in remeasurement of lease liability by discounting the revised lease payments using the initial discount rate.

Change in classification of finance lease

As at 31 December 2018 and 1 January 2018, the Group reclassified right-of-use assets, lease liabilities and interest expenses in relation to leases which had previously been classified as 'finance leases' under the principles of IAS 17 Leases within the consolidated statement of financial position and the consolidated income statement. As a result, right-of-use assets in amount of UAH 87,782 thousand (EUR: 2,768 thousand) was reclassified from property, plant and equipment, non-current lease liability in amount of UAH 31,324 thousand (EUR: 988 thousand) was reclassified from non-current loans and borrowings and current portion of lease liability in amount of UAH 18,420 thousand (EUR: 581 thousand) was reclassified from current portion of long-term loans and borrowings in the consolidated statement of financial position and interest expense on lease liability in amount of UAH 9,278 thousand (EUR: 280 thousand) was reclassified from finance costs in the consolidated income statement. For the details please refer to the restated consolidated statement of financial position as at 1 January 2018 and 31 December 2018 and the consolidated income statement for the year then ended below.

The Group believes that the changes as described above provide reliable and more relevant information. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

b) Reclassifications for presentation purposes — change in classification of interest payable

As at 31 December 2018 and 1 January 2018, the Group reclassified accrued interest payable incurred on loans and borrowings from other liabilities and accounts payable to current portion of loans and borrowings. The reclassification was made within current liabilities with nil net effect on total current liabilities. For the details please refer to the restated consolidated statement of financial position as at 31 December 2018 and 1 January 2018 below.

The total impact of adoption of IFRS 9 and IFRS 16 (adjusted for changes disclosed in Note 4 (a) and (b)) on the Group's retained earnings as at 1 January 2018 is as follows:

(in thousands of Ukrainian hryvnias)	As reported 1 January 2018	Effect of IFRS 16 correction	Change in classification of interest payable	As adjusted 1 January 2018
ASSETS				
Non-current assets				
Property, plant and equipment	7 332 799	(107 244)	-	7 225 555
Intangible assets	33 036	-	-	33 036
Biological assets	751 534	-	-	751 534
Value added tax	570 925	-	-	570 925
Long-term receivables and prepayments	41 780	(18 628)	-	23 152
Right-of-use assets	2 510 651	567 255	-	3 077 906
	11 240 725	**441 383**	**-**	**11 682 108**
Current assets				
Inventories	6 522 474	-	-	6 522 474
Biological assets	572 899	-	-	572 899
Trade accounts receivable	463 301	-	-	463 301
Other accounts receivable and prepayments	741 149	(5 753)	-	735 396
Current income tax	27 273	-	-	27 273
Short-term cash deposits	36 043	-	-	36 043
Cash and cash equivalents	479 990	-	-	479 990
	8 843 129	**(5 753)**	**-**	**8 837 376**
Total assets	**20 083 854**	**435 630**	**-**	**20 519 484**
EQUITY AND LIABILITIES				
Equity				
Share capital	1 663	-	-	1 663
Additional paid-in capital	369 798	-	-	369 798
Retained earnings	7 921 938	-	-	7 921 938
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	**11 534 817**	**-**	**-**	**11 534 817**
Total equity	**11 534 817**	**-**	**-**	**11 534 817**
Non-current liabilities				
Loans and borrowings	1 499 141	(49 523)	-	1 449 618
Net assets attributable to non-controlling participants in limited liability companies	112 307	-	-	112 307
Other long-term liabilities	17 430	-	-	17 430
Lease liability	1 839 511	327 936	-	2 167 447
Deferred tax liabilities	345 264	-	-	345 264
	3 813 653	**278 413**	**-**	**4 092 066**
Current liabilities				
Loans and borrowings	2 361 524	-	50 348	2 411 872
Current portion of long-term loans and borrowings	1 019 857	(19 631)	-	1 000 226
Trade accounts payable	235 538	(1)	-	235 537
Current portion of lease liability	496 356	257 209	-	753 565
Current income tax	28 849	-	-	28 849
Other liabilities and accounts payable	593 260	(80 360)	(50 348)	462 552
	4 735 384	**157 217**	**-**	**4 892 601**
Total equity and liabilities	**20 083 854**	**435 630**	**-**	**20 519 484**

(in thousands of Euros)	As reported 1 January 2018	Effect of IFRS 16 correction	Change in classification of interest payable	As adjusted 1 January 2018
ASSETS				
Non-current assets				
Property, plant and equipment	218 920	(3 202)	-	215 718
Intangible assets	985	-	-	985
Biological assets	22 437	-	-	22 437
Value added tax	17 045	-	-	17 045
Long-term receivables and prepayments	1 247	(556)	-	691
Right-of-use assets	74 956	16 935	-	91 891
	335 590	**13 177**	**-**	**348 767**
Current assets				
Inventories	194 727	-	-	194 727
Biological assets	17 104	-	-	17 104
Trade accounts receivable	13 832	-	-	13 832
Other accounts receivable and prepayments	22 125	(171)	-	21 954
Current income tax	814	-	-	814
Short-term cash deposits	1 076	-	-	1 076
Cash and cash equivalents	14 330	-	-	14 330
	264 008	**(171)**	**-**	**263 837**
Total assets	**599 598**	**13 006**	**-**	**612 604**
EQUITY AND LIABILITIES				
Equity				
Share capital	250	-	-	250
Additional paid-in capital	55 638	-	-	55 638
Retained earnings	464 702	-	-	464 702
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	**344 367**	**-**	**-**	**344 367**
Total equity	**344 367**	**-**	**-**	**344 367**
Non-current liabilities				
Loans and borrowings	44 757	(1 479)	-	43 278
Net assets attributable to non-controlling participants in limited liability companies	3 353	-	-	3 353
Other long-term liabilities	520	-	-	520
Lease liability	54 918	9 791	-	64 709
Deferred tax liabilities	10 308	-	-	10 308
	113 856	**8 312**	**-**	**122 168**
Current liabilities				
Loans and borrowings	70 503	-	1 506	72 009
Current portion of long-term loans and borrowings	30 448	(586)	-	29 862
Trade accounts payable	7 032	-	-	7 032
Current portion of lease liability	14 818	7 680	-	22 498
Current income tax	861	-	-	861
Other liabilities and accounts payable	17 713	(2 400)	(1 506)	13 807
	141 375	**4 694**	**-**	**146 069**
Total equity and liabilities	**599 598**	**13 006**	**-**	**612 604**

The weighted average borrowing rate applied to the lease liabilities on 1 January was 18.96% for long-term borrowings.

A reconciliation of the operating lease commitments to the recognised liability as previously disclosed and as adjusted is as follows:

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euro)*
	1 January 2018	**1 January 2018**
	(restated)	**(restated)**
Operating lease commitments disclosed as at 31 December 2017	3 953 672	118 036
Discounted using the borrowing rate of 18.96%	2 283 858	68 184
Add: adjustments as a result of a different treatment of variable payments to lessors-physical persons	556 154	16 604
Add: finance lease liabilities recognised as at 1 January 2018	69 153	2 065
Add: adjustments as a result of a different treatment of extension and termination options	11 847	354
Lease liability recognised as at 1 January 2018	**2 921 012**	**87 207**

Effects of the changes disclosed in Note 4 (a) and (b) on the consolidated statement of financial position as at 31 December 2018 are presented below:

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of IFRS 16 correction	Change in classification of interest payable	As restated
ASSETS				
Non-current assets				
Property, plant and equipment	8 526 550	(87 782)	-	8 438 768
Right-of-use assets	2 560 064	941 045	-	3 501 109
Investment property	74 285	-	-	74 285
Intangible assets	33 826	-	-	33 826
Biological assets	541 182	-	-	541 182
Value added tax	221 811	-	-	221 811
Long-term receivables and prepayments	49 313	(42 692)	-	6 621
	12 007 031	**810 571**	**-**	**12 817 602**
Current assets				
Inventories	7 450 931	-	-	7 450 931
Biological assets	507 540	-	-	507 540
Trade accounts receivable	699 045	-	-	699 045
Other accounts receivable and prepayments	1 710 538	988	-	1 711 526
Current income tax	8 877	-	-	8 877
Short-term cash deposits	9 013	-	-	9 013
Cash and cash equivalents	418 882	-	-	418 882
	10 804 826	**988**	**-**	**10 805 814**
Total assets	**22 811 857**	**811 559**	**-**	**23 623 416**
EQUITY AND LIABILITIES				
Equity				
Share capital	1 663	-	-	1 663
Additional paid-in capital	369 798	-	-	369 798
Retained earnings	7 667 485	90 464	-	7 757 949
Revaluation surplus	3 072 158	1	-	3 072 159
Treasury shares	(119 260)	-	-	(119 260)
Currency translation reserve	519 416	-	-	519 416
Total equity	**11 511 260**	**90 465**	**-**	**11 601 725**
Non-current liabilities				
Loans and borrowings	48 910	(31 324)	-	17 586
Net assets attributable to non-controlling participants in limited liability companies	45 132	(3 165)	-	41 967
Other long-term liabilities	2 411	(1)	-	2 410
Lease liability	1 873 145	632 387	-	2 505 532
Deferred tax liabilities	453 786	(60 668)	-	393 118
	2 423 384	**537 229**	**-**	**2 960 613**
Current liabilities				
Loans and borrowings	7 142 803	-	74 725	7 217 528
Current portion of long-term loans and borrowings	170 499	(18 420)	7 956	160 035
Trade accounts payable	216 354	-	-	216 354
Current portion of lease liability	562 687	237 942	-	800 629
Current income tax	50 199	-	-	50 199
Other liabilities and accounts payable	734 671	(35 657)	(82 681)	616 333
	8 877 213	**183 865**	**-**	**9 061 078**
Total equity and liabilities	**22 811 857**	**811 559**	**-**	**23 623 416**

(in thousands of Euros)	As previously reported	Effect of IFRS 16 correction	Change in classification of interest payable	As restated
ASSETS				
Non-current assets				
Property, plant and equipment	268 857	(2 768)	-	266 089
Intangible assets	80 723	29 673	-	110 396
Biological assets	2 342	-	-	2 342
Value added tax	1 067	-	-	1 067
Financial instruments available-for-sale	17 064	-	-	17 064
Long-term receivables and prepayments	6 994	-	-	6 994
Land right-of-use assets	1 555	(1 346)	-	209
	378 602	**25 559**	**-**	**404 161**
Current assets				
Inventories	234 939	-	-	234 939
Biological assets	16 004	-	-	16 004
Trade accounts receivable	22 042	-	-	22 042
Other accounts receivable and prepayments	53 937	31	-	53 968
Current income tax	280	-	-	280
Short-term cash deposits	284	-	-	284
Cash and cash equivalents	13 208	-	-	13 208
	340 694	**31**	**-**	**340 725**
Total assets	**719 296**	**25 590**	**-**	**744 886**
EQUITY AND LIABILITIES				
Equity				
Share capital	250	-	-	250
Additional paid-in capital	55 638	-	-	55 638
Retained earnings	462 622	2 851	-	465 473
Revaluation surplus	138 861	-	-	138 861
Treasury shares	(5 527)	-	-	(5 527)
Currency translation reserve	(288 875)	2	-	(288 873)
Total equity	**362 969**	**2 853**	**-**	**365 822**
Non-current liabilities				
Loans and borrowings	1 542	(988)	-	554
Net assets attributable to non-controlling participants in limited liability companies	1 423	(100)	-	1 323
Other long-term liabilities	76	-	-	76
Lease liability	59 063	19 941	-	79 004
Deferred tax liabilities	14 309	(1 913)	-	12 396
	76 413	**16 940**	**-**	**93 353**
Current liabilities				
Loans and borrowings	225 225	-	2 356	227 581
Current portion of long-term loans and borrowings	5 376	(581)	251	5 046
Trade accounts payable	6 823	-	-	6 823
Current portion of lease liability	17 742	7 503	-	25 245
Current income tax	1 583	-	-	1 583
Other liabilities and accounts payable	23 165	(1 125)	(2 607)	19 433
	279 914	**5 797**	**-**	**285 711**
Total equity and liabilities	**719 296**	**25 590**	**-**	**744 886**

Effects of the changes disclosed in Note 4 (a) and (b) on the consolidated income statement for the year ended 31 December 2018:

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of IFRS 16 correction	Change in classification of other operating income and expenses	As restated
Revenues	11 965 965	-	-	11 965 965
Cost of revenues	(10 409 590)	-	-	(10 409 590)
Changes in fair value of biological assets and agricultural produce	1 323 420	156 514	-	1 479 934
Gross profit	**2 879 795**	**156 514**	**-**	**3 036 309**
Other operating income	159 291	-	(70 081)	89 210
General and administrative expense	(775 191)	-	-	(775 191)
Selling and distribution expense	(1 376 070)	-	62 740	(1 313 330)
Other operating expense	(489 419)	-	149 687	(339 732)
Impairment of property, plant and equipment	-	-	(128 534)	(128 534)
Profit from operations	**398 406**	**156 514**	**13 812**	**568 732**
Other finance costs	(478 147)	9 278	20 332	(448 537)
Interest expense on lease liability	(497 072)	(139 158)	-	(636 231)
Foreign currency exchange loss	(40 038)	-	-	(40 038)
Finance income	51 077	-	(17 168)	33 909
Other income	11 474	-	(1 362)	10 112
Loss/Profit before tax	**(554 300)**	**26 633**	**15 614**	**(512 053)**
Income tax expense	(132 724)	48 217	-	(84 507)
Net loss/profit	**(687 024)**	**74 850**	**15 614**	**(596 560)**
Basic and diluted earnings per share	(28,17)	3,07	0,64	(24,46)

(in thousands of Euros)	As previously reported	Effect of IFRS 16 correction	Change in classification of other operating income and expenses	As restated
Revenues	372 222	-	-	372 222
Cost of revenues	(323 882)	-	-	(323 882)
Changes in fair value of biological assets and agricultural produce	42 004	4 905	-	46 909
Gross profit	**90 344**	**4 905**	**-**	**95 249**
Other operating income	5 005	-	(2 196)	2 809
General and administrative expense	(24 245)	-	-	(24 245)
Selling and distribution expense	(42 818)	-	1 952	(40 866)
Other operating expense	(15 284)	-	4 692	(10 592)
Impairment of property, plant and equipment	-	-	(4 000)	(4 000)
Profit from operations	**13 002**	**4 905**	**448**	**18 355**
Other finance costs	(14 894)	286	626	(13 982)
Interest expense on lease liability	(15 484)	(4 348)	-	(19 832)
Foreign currency exchange loss	(1 515)	-	-	(1 515)
Finance income	1 591	-	(535)	1 056
Other income	361	-	(42)	319
Loss/Profit before tax	**(16 939)**	**843**	**497**	**(15 599)**
Income tax expense	(4 172)	1 510	-	(2 662)
Net loss/profit	**(21 111)**	**2 353**	**497**	**(18 261)**
Basic and diluted earnings per share	(0,87)	0,10	0,02	(0,75)

Effects of the changes disclosed in Note 4 (a) and (b) on the consolidated cash flow statement for the year ended 31 December 2018:

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of IFRS 16 correction	Change in classification of other operating income and expenses	As restated
Operating activities				
Loss/Profit before tax	(554 300)	26 634	15 613	(512 053)
Adjustments for:				
Depreciation and amortization	1 280 859	157 456	-	1 438 315
Allowance for impairment of trade and other accounts receivable	70 141	-	(19 399)	50 742
Loss on disposal of property, plant and equipment	15 251	-	31 401	46 652
Write down of inventories	102 421	-	(52 042)	50 379
Other finance income	(25 977)	-	17 168	(8 809)
Interest expense	421 428	(9 278)	-	412 150
Interest expense on lease liability	497 072	139 159	-	636 231
Impairment of property, plant and equipment and investment property	159 935	-	(31 401)	128 534
Changes in fair value of biological assets and agricultural produce	(1 323 420)	(156 514)	-	(1 479 934)
Reversal of impairment of property, plant and equipment, net	(31 401)	-	31 401	-
Recovery of assets previously written off	(74 429)	-	70 078	(4 351)
Net assets attributable to non-controlling participants in limited liability companies	15 202	(20 332)	-	(5 130)
Working capital adjustments:				
Decrease in inventories	499 704	156 517	-	656 221
Increase in trade and other receivables	(908 385)	43 064	-	(865 321)
Decrease (increase) in trade and other payables	2 871	(192 488)	-	(189 617)
Cash flows provided by operating activities	**280 374**	**144 218**	**62 819**	**487 411**
Investing activities				
Purchase of property, plant and equipment, intangible assets and other non-current assets	(1 578 270)	-	56 381	(1 521 889)
Cash flows used in investing activities	**(1 524 281)**	**-**	**56 381**	**(1 467 900)**
Financing activities				
Proceeds from loans and borrowings	6 143 066	(35 358)	-	6 107 708
Repayment of loans and borrowings	(3 738 966)	54 767	-	(3 684 199)
Payment of lease liabilities	(800 035)	342 962	-	(457 073)
Payment of interest on lease liabilities	-	(633 476)	-	(633 476)
Interest paid	(365 749)	7 687	-	(358 062)
Cash flows provided by (used in) financing activities	**1 158 449**	**(263 418)**	**-**	**895 031**
Cash and cash equivalents as at 31 December	**418 882**	**-**	**-**	**418 882**

(in thousands of Euros)	As previously reported	Effect of IFRS 16 correction	Change in classification of other operating income and expenses	As restated
Operating activities				
Loss/Profit before tax	(16 939)	850	490	(15 599)
Adjustments for:				
Depreciation and amortization	39 862	5 807	-	45 669
Allowance for impairment of trade and other accounts receivable	2 183	-	(601)	1 582
Loss on disposal of property, plant and equipment	476	-	979	1 455
Write down of inventories	3 196	-	(1 627)	1 569
Other finance income	(807)	-	533	(274)
Interest expense	13 127	(280)	-	12 847
Interest expense on lease liability	15 484	4 348	-	19 832
Impairment of property, plant and equipment and investment property	4 995	-	(995)	4 000
Changes in fair value of biological assets and agricultural produce	(42 004)	(4 905)	-	(46 909)
Reversal of impairment of property, plant and equipment, net	(987)	-	987	-
Recovery of assets previously written off	(2 339)	-	2 202	(137)
Net assets attributable to non-controlling participants in limited liability companies	474	(634)	-	(160)
Working capital adjustments:				
Decrease in inventories	15 551	4 870	-	20 421
Increase in trade and other receivables	(28 269)	1 342	-	(26 927)
Decrease (increase) in trade and other payables	89	(5 988)	-	(5 899)
Cash flows provided by operating activities	**8 519**	**5 408**	**1 967**	**15 894**
Investing activities				
Purchase of property, plant and equipment, intangible assets and other non-current assets	(49 115)	-	1 754	(47 361)
Cash flows used in investing activities	**(47 434)**	**-**	**1 754**	**(45 680)**
Financing activities				
Proceeds from loans and borrowings	191 170	(1 100)	-	190 070
Repayment of loans and borrowings	(116 355)	1 704	-	(114 651)
Payment of lease liabilities	(24 897)	10 792	-	(14 105)
Payment of interest on lease liabilities	-	(19 832)	-	(19 832)
Interest paid	(11 382)	239	-	(11 143)
Cash flows provided by (used in) financing activities	**36 050**	**(8 197)**	**-**	**27 853**
Cash and cash equivalents as at 31 December	**13 208**	**-**	**-**	**13 208**

5 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment in 2019 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2019	**1 868 098**	**2 057 083**	**3 723 336**	**133 337**	**161 659**	**634 105**	**8 577 618**
Additions	-	-	-	-	-	682 562	682 562
Disposals	(9 199)	(11 314)	(50 015)	(3 070)	(3 847)	-	(77 445)
Impairment	(1 257)	(6 114)	(8 627)	-	(98)	-	(16 096)
Decrease in revaluation reserve	(11 700)	(12 319)	(17 324)	-	-	-	(41 343)
Elimination of depreciation	(1 000)	(14 927)	(13 443)	(277)	(615)	-	(30 262)
Transfer from not installed equipment	56 720	591 251	502 678	6 028	11 204	(1 167 881)	-
Transfer to non-current assets held for sale	(8 806)	(14 797)	(19 591)	-	(90)	-	(43 284)
Transfer to/from lease	-	-	-	3 204	-	-	3 204
31 December 2019	**1 892 856**	**2 588 863**	**4 117 014**	**139 222**	**168 213**	**148 786**	**9 054 954**
Accumulated depreciation 1 January 2019	-	-	-	62 691	76 159	-	138 850
Depreciation charge	131 244	187 735	818 640	17 292	27 057		1 181 968
Disposals	(1 479)	(928)	(8 584)	(2 609)	(3 452)	-	(17 052)
Decrease due to elimination of depreciation	(1 000)	(14 927)	(13 443)	(277)	(615)	-	(30 262)
Change due to transfer to/from lease	-	-	-	1 689	-	-	1 689
31 December 2019	**128 765**	**171 880**	**796 613**	**78 786**	**99 149**	**-**	**1 275 193**
Net book value 31 December 2019	**1 764 091**	**2 416 983**	**3 320 401**	**60 436**	**69 064**	**148 786**	**7 779 761**

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of valuation 1 January 2019	**58 904**	**64 863**	**117 403**	**4 204**	**5 097**	**19 997**	**270 468**
Additions	**-**	**-**	**-**	**-**	**-**	**23 584**	**23 584**
Disposals	**(318)**	**(391)**	**(1 728)**	**(106)**	**(133)**	**-**	**(2 676)**
Impairment	**(48)**	**(231)**	**(273)**	**-**	**(4)**	**-**	**(556)**
Decrease in revaluation reserve	**(443)**	**(466)**	**(656)**	**-**	**-**	**-**	**(1 565)**
Elimination of depreciation	**(38)**	**(565)**	**(509)**	**(10)**	**(23)**	**-**	**(1 145)**
Transfer from not installed equipment	**1 960**	**20 430**	**17 369**	**208**	**387**	**(40 354)**	**-**
Transfer to non-current assets held for sale	**(333)**	**(560)**	**(741)**	**-**	**(3)**	**-**	**(1 637)**
Transfer to/from lease	**-**	**-**	**-**	**111**	**-**	**-**	**111**
Currency translation difference	**11 955**	**14 901**	**24 953**	**862**	**1 045**	**2 405**	**56 121**
31 December 2019	**71 639**	**97 981**	**155 818**	**5 269**	**6 366**	**5 632**	**342 705**
Accumulated depreciation 1 January 2019	**-**	**-**	**-**	**1 978**	**2 401**	**-**	**4 379**
Depreciation charge	**4 535**	**6 487**	**28 287**	**597**	**935**	**-**	**40 841**
Disposals	**(51)**	**(32)**	**(297)**	**(90)**	**(119)**	**-**	**(589)**
Decrease due to elimination of depreciation	**(38)**	**(565)**	**(509)**	**(10)**	**(23)**	**-**	**(1 145)**
Change due to transfer to/from lease	**-**	**-**	**-**	**58**	**-**	**-**	**58**
Currency translation difference	**427**	**615**	**2 669**	**449**	**559**	**-**	**4 719**
31 December 2019	**4 873**	**6 505**	**30 150**	**2 982**	**3 753**	**-**	**48 263**
Net book value 31 December 2019	**66 766**	**91 476**	**125 668**	**2 287**	**2 613**	**5 632**	**294 442**

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

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of 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 not installed equipment	226 235	809 195	652 500	20 603	78 660	(1 787 193)	-
Transfer to/from lease	-	-	(65 382)	(6 866)	(40)	(19 084)	(91 372)
Transfer to Investment property	(80 550)	-	-	-	-	-	(80 550)
31 December 2018	1 868 098	2 057 083	3 723 336	133 337	161 659	634 105	8 577 618
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/from lease	-	-	-	(3 565)	(25)	-	(3 590)
Decrease due to transfer to Investment property	(2 477)	-	-	-	-	-	(2 477)
31 December 2018	-	-	-	62 691	76 159	-	138 850
Net book value 31 December 2018	1 868 098	2 057 083	3 723 336	70 646	85 500	634 105	8 438 768

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Not installed equipment	Total
Cost of 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)
Impairment	(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	3 306	2 656	6 928	199	174	1 278	14 541
Transfer from not installed equipment	7 040	25 182	20 306	641	2 448	(55 617)	-
Transfer to/from lease	-	-	(1 952)	(205)	(1)	(570)	(2 728)
Transfer to Investment property	(2 431)	-	-	-	-	-	(2 431)
31 December 2018	58 904	64 863	117 403	4 204	5 097	19 997	270 468
Accumulated depreciation 1 January 2018	3 474	4 447	23 226	1 489	1 684	-	34 320
Depreciation charge	3 353	3 136	20 516	553	703	-	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/from lease	-	-	-	(106)	(1)	-	(107)
Decrease due to transfer to Investment property	(74)	-	-	-	-	-	(74)
Currency translation difference	233	290	1 562	85	103	-	2 273
31 December 2018	-	-	-	1 978	2 401	-	4 379
Net book value 31 December 2018	58 904	64 863	117 403	2 226	2 696	19 997	266 089

Impairment test – Assumptions and their sensitivity

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

- Sugar CGU: 18.4% p.a. for five year period and 13.6% in the terminal period;
- Agricultural CGU: 19.8% p.a. for five year period and 15.0% in the terminal period;
- Soybean processing CGU: 18.4% p.a. for five year period and 13.6% in the terminal period;
- Cattle CGU: 19.8% p.a. for five year period and 15.0% in the terminal period.

The discount rates in the terminal period are real discount rates (i.e. excluding the impact of inflation).

Production volume was estimated based on current production level according to the annual budget approved by senior management. Potential increase in land, crop yields, number of cows or milk yields is not taken into account. Cost of production was estimated based on budgeted costs for next year inflated by expected level of inflation, taking into account higher or lower inflation levels for costs directly or indirectly pegged to USD or specific indexes. 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 4,150 – UAH 4,813 per ton (EUR 142 – EUR 147)
- Corn – UAH 3,525– UAH 4,206 per ton (EUR 120 – EUR 129)
- Soybean – UAH 7,997 – UAH 9,744 per ton (EUR 273 – EUR 298)
- Soybean oil - UAH 18,538 – UAH 24,760 per ton (EUR 633 – EUR 757)
- Milk – UAH 10,000 – UAH 13,062 per ton (EUR 341 – EUR 400)
- Sugar – UAH 10,690 – UAH 13,669 per ton (EUR 375 – EUR 428)

For each CGU the identified recoverable determined with value-in-use model amount exceeded its carrying value as at 31 December 2019. The sensitivity analysis disclosed below consider impact reasonably possible changes in key assumptions on carrying value of property, plant and equipment at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change on carrying value of property, plant and equipment of as it is unlikely that changes in assumptions would occur in isolation of one another. For soybean processing possible changes in the key assumptions as described above do not cause the carrying value to exceed the value-in-use.

Decrease in carrying value of property, plant and equipment and respective impairment and/or decrease of revaluation reverse:

	Sugar	Agriculture	Dairy	Sugar	Agriculture	Dairy
	(in thousands of Ukrainian hryvnias)			*(in thousands of Euros)*		
Increase in discount rate by 1%	308 596	-	-	11 680	-	-
Decrease in price by 10%	1 434 570	1 272 688	358 049	54 299	48 171	13 552
Increase in cost by 10%	549 824	-	358 049	20 811	-	13 552

Impairment test conducted as at 31 December 2019 indicated that in sugar segment recoverable amount is UAH 4,698,257 thousand or EUR 177,830 thousand and exceeds its total carrying amount by UAH 269,945 thousand or EUR 10,217 thousand and in cattle segment recoverable amount is UAH 1,429,668 thousand or EUR 45,086 thousand and exceeds its total carrying amount by UAH 269,945 thousand or EUR 10,217 thousand and agricultural and soy-processing segments have significant headroom.

Impairment of individual items of property, plant and equipment

As a result of individual impairment as at 31 December 2019 impairment loss of UAH 57,439 thousand (EUR 2,121 thousand) was recognised out of which UAH 16,096 thousand (EUR 556 thousand) was recognized in statement of profit and loss and UAH 41,343 thousand (EUR 1,565 thousand) in other comprehensive income.

Other matters

As at 31 December 2019, 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 841,978 thousand or EUR 31,867 thousand (2018: UAH 248,361 thousand or EUR 7,831 thousand), machinery and equipment is UAH 2,265,119 thousand or EUR 85,729 thousand (2018: UAH 1,289,044 thousand or EUR 40,646 thousand) and construction is UAH 1,878,804 thousand or EUR 71,108 thousand (2018: UAH 857,500 thousand or EUR 27,038 thousand).

In 2019 revaluation surplus of UAH 586,568 thousand or EUR 26,513 thousand (2018: UAH 432,571 thousand or EUR 19,031 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.

The most recent valuation of the Group's buildings, constructions, machinery and equipment was performed as at 31 December 2018 by an independent appraiser in accordance with International Valuation Standards. Most buildings and some machinery and equipment were valued using the market approach, which is within level 3 of the fair value hierarchy. Other items of buildings, machinery and equipment and constructions were valued using depreciated replacement cost approach, which is within level 3 of the fair value hierarchy.

For carrying values of property, plant and equipment pledged to secure bank loans refer to Note 12.

6 RIGHT-OF-USE ASSETS 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 2019	31 December 2018 (restated)	1 January 2018 (restated)
Right-of-use assets			
Land	**3 488 418**	3 268 879	2 818 862
Office premises	**170 447**	119 748	139 953
Agriculture equipment	**81 159**	87 782	107 244
Warehouse	**12 833**	24 700	11 847
	3 752 857	3 501 109	3 077 906
Lease liabilities			
Non-current	**2 731 803**	2 505 532	2 167 447
Current portion	**953 127**	800 629	753 565
	3 684 930	3 306 161	2 921 012

(in thousands of Euros)	31 December 2019	31 December 2018 (restated)	1 January 2018 (restated)
Right-of-use assets			
Land	**132 027**	103 073	84 157
Office premises	**6 451**	3 776	4 178
Agriculture equipment	**3 072**	2 768	3 202
Warehouse	**485**	779	354
	142 035	110 396	91 891
Lease liabilities			
Non-current	**103 391**	79 004	64 709
Current portion	**36 073**	25 245	22 498
	139 464	104 249	87 207

Movements for the right-of-use assets during the 2019 financial year were the following:

(in thousands of Ukrainian hryvnias)	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2018 (restated)	3 714 501	139 373	91 372	32 309	3 977 555
Accumulated depreciation (restated)	(445 622)	(19 625)	(3 590)	(7 609)	(476 446)
Net book value as at 31 December 2018 (restated)	**3 268 879**	**119 748**	**87 782**	**24 700**	**3 501 109**
Additions to the right-of-use assets	802 854	70 553	5 842	3 396	882 645
Depreciation	(576 767)	(19 854)	(11 493)	(11 092)	(619 206)
Other changes	(262)	-	(972)	7 076	5 842
Disposals [1]	(6 286)	-	-	(11 247)	(17 533)
Cost of the right-of-use assets	*(64 951)*	-	*(3 214)*	*(11 012)*	*(79 177)*
Accumulated depreciation	*58 665*	-	*3 214*	*(235)*	*61 644*
Cost as at 31 December 2019	4 452 345	172 377	94 000	15 046	4 733 768
Accumulated depreciation	(963 927)	(1 930)	(12 841)	(2 213)	(980 911)
Net book value as at 31 December 2019	**3 488 418**	**170 447**	**81 159**	**12 833**	**3 752 857**

(in thousands of Euros)	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 31 December 2018 (restated)	117 124	4 395	2 881	1 019	125 419
Accumulated depreciation (restated)	(14 051)	(619)	(113)	(240)	(15 023)
Net book value as at 31 December 2018 (restated)	**103 073**	**3 776**	**2 768**	**779**	**110 396**
Additions to the right-of-use assets	27 741	2 438	202	117	30 498
Depreciation	(19 929)	(686)	(397)	(383)	(21 395)
Other changes	(9)	-	(34)	245	202
Currency translation differences	21 368	923	533	116	22 940
Disposals[1]	(217)	-	-	(389)	(606)
Cost of the right-of-use assets	*(2 244)*	-	*(111)*	*(381)*	*(2 736)*
Accumulated depreciation	*2 027*	-	*111*	*(8)*	*2 130*
Cost as at 31 December 2019	168 509	6 524	3 558	569	179 160
Accumulated depreciation	(36 482)	(73)	(486)	(84)	(37 125)
Net book value as at 31 December 2019	**132 027**	**6 451**	**3 072**	**485**	**142 035**

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

(in thousands of Ukrainian hryvnias)	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 1 January 2018	2 819 902	139 953	119 298	11 847	3 091 000
Accumulated depreciation	(1 040)	-	(12 054)	-	(13 094)
Net book value as at 1 January 2018	**2 818 862**	**139 953**	**107 244**	**11 847**	**3 077 906**
Additions to the right-of-use assets	973 993	1 261	-	22 622	997 876
Depreciation	(488 412)	(19 625)	(9 655)	(7 609)	(525 301)
Other changes	600	(1 841)	(9 807)	(2 160)	(13 208)
Disposals[1]	(36 164)	-	-	-	(36 164)
Cost of the right-of-use assets	*(75 942)*	-	-	-	*(75 942)*
Accumulated depreciation	*39 778*	-	-	-	*39 778*
Cost as at 31 December 2018	3 714 501	139 373	91 372	32 309	3 977 555
Accumulated depreciation	(445 622)	(19 625)	(3 590)	(7 609)	(476 446)
Net book value as at 31 December 2018	**3 268 879**	**119 748**	**87 782**	**24 700**	**3 501 109**

(in thousands of Euros)	Right-of-use assets: Land	Right-of-use assets: Office premises	Right-of-use assets: Agriculture equipment	Right-of-use assets: Warehouse	Total
Cost as at 1 January 2018	84 188	4 178	3 562	354	92 282
Accumulated depreciation	(31)	-	(360)	-	(391)
Net book value as at 1 January 2018	**84 157**	**4 178**	**3 202**	**354**	**91 891**
Additions to the right-of-use assets	30 310	39	-	704	31 053
Depreciation	(15 199)	(611)	(300)	(237)	(16 347)
Other changes	19	(57)	(305)	(67)	(410)
Currency translation differences	4 911	227	171	25	5 334
Disposals [1]	(1 125)	-	-	-	(1 125)
Cost of the right-of-use assets	(2 363)	-	-	-	(2 363)
Accumulated depreciation	1 238	-	-	-	1 238
Cost as at 31 December 2018	117 124	4 395	2 881	1 019	125 419
Accumulated depreciation	(14 051)	(619)	(113)	(240)	(15 023)
Net book value as at 31 December 2018	**103 073**	**3 776**	**2 768**	**779**	**110 396**

[1] *For the year ended 31 December 2019 and 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 2019 and 2018 respectively.*

Movements for the lease liabilities during the 2019 financial year were the following:

(in thousands of Ukrainian hryvnias)	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2018 (restated)	2 350 870	108 341	31 282	15 039	2 505 532
Current portion of lease liabilities at 31 December 2018 (restated)	737 868	31 826	18 462	12 473	800 629
Total liabilities as at 31 December 2018 (restated)	**3 088 738**	**140 167**	**49 744**	**27 512**	**3 306 161**
Additions to the lease liabilities	729 511	59 742	-	3 396	792 649
Interest expense on lease liability	640 157	4 896	5 905	4 116	655 074
Payment of lease liabilities	(338 844)	(27 188)	(18 839)	(9 965)	(394 836)
Payment of interest on lease liabilities	(640 157)	(4 896)	(5 905)	(4 116)	(655 074)
Disposals	(13 132)	-	-	(4 739)	(17 871)
Other changes	(340)	(554)	-	(279)	(1 173)
Non-current lease liabilities at 31 December 2019	2 569 703	144 903	12 775	4 422	2 731 803
Current portion of lease liabilities at 31 December 2019	896 230	27 264	18 130	11 503	953 127
Total liabilities as at 31 December 2019	**3 465 933**	**172 167**	**30 905**	**15 925**	**3 684 930**

(in thousands of Euros)	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 31 December 2018 (restated)	74 128	3 416	986	474	79 004
Current portion of lease liabilities at 31 December 2018 (restated)	23 266	1 004	582	393	25 245
Total liabilities as at 31 December 2018 (restated)	**97 394**	**4 420**	**1 568**	**867**	**104 249**
Additions to the lease liabilities	25 207	2 064	-	117	27 388
Interest expense on lease liability	22 120	169	204	142	22 635
Payment of lease liabilities	(11 708)	(939)	(651)	(344)	(13 642)
Payment of interest on lease liabilities	(22 120)	(169)	(204)	(142)	(22 635)
Disposals	(454)	-	-	(164)	(618)
Other changes	(12)	(19)	-	(10)	(41)
Currency translation differences	20 750	990	252	136	22 128
Non-current lease liabilities at 31 December 2019	97 257	5 484	483	167	103 391
Current portion of lease liabilities at 31 December 2019	33 920	1 032	686	435	36 073
Total liabilities as at 31 December 2019	**131 177**	**6 516**	**1 169**	**602**	**139 464**

Movements for the lease liabilities during the 2018 financial year (restated) were the following:

(in thousands of Ukrainian hryvnias)	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 1 January 2018	1 994 170	116 724	49 524	7 029	2 167 447
Current portion of lease liabilities at 1 January 2018	705 772	23 229	19 629	4 935	753 565
Total liabilities as at 1 January 2018	**2 699 942**	**139 953**	**69 153**	**11 964**	**2 921 012**
Additions to the lease liabilities	864 387	1 261	-	22 622	888 270
Interest expense on lease liability	596 958	25 949	9 393	3 931	636 231
Payment of lease liabilities	(433 019)	-	(19 256)	(4 798)	(457 073)
Payment of interest on lease liabilities	(596 958)	(23 194)	(9 393)	(3 931)	(633 476)
Disposals	(40 402)	-	-	-	(40 402)
Other changes	(2 170)	(3 802)	(153)	(2 276)	(8 401)
Non-current lease liabilities at 31 December 2018	2 350 870	108 341	31 282	15 039	2 505 532
Current portion of lease liabilities at 31 December 2018	737 868	31 826	18 462	12 473	800 629
Total liabilities as at 31 December 2018	**3 088 738**	**140 167**	**49 744**	**27 512**	**3 306 161**

(in thousands of Euros)	Lease liabilities: Land	Lease liabilities: Office premises	Lease liabilities: Agriculture equipment	Lease liabilities: Warehouse	Total
Non-current lease liabilities at 1 January 2018	59 535	3 485	1 479	210	64 709
Current portion of lease liabilities at 1 January 2018	21 072	693	586	147	22 498
Total liabilities as at 1 January 2018	**80 607**	**4 178**	**2 065**	**357**	**87 207**
Additions to the lease liabilities	26 899	39	-	704	27 642
Interest expense on lease liability	18 577	808	292	122	19 799
Payment of lease liabilities	(13 475)	-	(599)	(149)	(14 223)
Payment of interest on lease liabilities	(18 577)	(722)	(292)	(122)	(19 713)
Disposals	(1 257)	-	-	-	(1 257)
Other changes	(68)	(118)	(5)	(71)	(262)
Currency translation differences	4 688	235	107	26	5 056
Non-current lease liabilities at 31 December 2018	74 128	3 416	986	474	79 004
Current portion of lease liabilities at 31 December 2018	23 266	1 004	582	393	25 245
Total liabilities as at 31 December 2018	**97 394**	**4 420**	**1 568**	**867**	**104 249**

(ii) Amounts recognised in the consolidated income statement

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

		(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	Notes	**2019**	**2018 (restated)**	**2019**	**2018 (restated)**
Depreciation charge of right-of-use assets					
Land	15	576 767	488 412	19 929	15 199
Office premises	16	19 854	19 625	686	611
Agriculture equipment	15	11 493	9 655	397	300
Warehouse	17	11 092	7 609	383	237
Interest expense on lease liabilities (cost of disposal included)	19	655 074	636 231	22 635	19 832
Expenses relating to short-term leases (included in operating expense)	18	11 023	37 442	388	1 187
Expenses relating to variable lease payments not included in the measurement of lease liabilities (included in operating expenses)	18	36 719	50 790	1 293	1 610

The total cash outflow for leases for 2019 was UAH 1,049,910 thousand or EUR 36,278 thousand (2018 (restated): UAH 1,090,549 thousand or EUR 33,937 thousand) and are classified as finance activities in the consolidated statement of cash flows.

(iii) The group's leasing activities

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. 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 and leased assets may not be used as security for borrowing purposes.

7 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 inputs used in the fair value measurement of the crops are as follows:

- Discount rate (18.6%) (2018: 25.7%)
- Yields of crops on average (5.4 tons per hectare for winter wheat) (2018: 5.2 tons per hectare for winter wheat, 4.1 tons per hectare for winter rye)
- Prices of crops (UAH 4,056 per ton for winter wheat) (2018: UAH 4,632 per ton for winter wheat, UAH 4,278 per ton for winter rye)

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

- Discount rate (20%) (2018: 24.1%)
- Milk prices (UAH 9.45 per litre) (2018: UAH 8.30 per litre)
- Meat prices (UAH 24.20 per kilogram) (2018: UAH 25.57 per kilogram)
- Milk yield per day (20,3 litres per day) (2018: 19,3 litres per day)

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

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	31 December 2019		31 December 2018	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**23 266**	**792 603**	27 186	539 468
Other livestock		**336**		1 714
		792 939		541 182
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**47 678**	**425 624**	49 363	502 890
Winter rye	-	-	745	4 650
	47 678	**425 624**	50 108	507 540
Total biological assets		**1 218 563**		1 048 722

(in thousands of Euros)	31 December 2019		31 December 2018	
	Units	**Amount**	**Units**	**Amount**
Non-current biological assets:				
Cattle	**23 266**	**29 998**	27 186	17 010
Other livestock		**13**		54
		30 011		17 064
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**47 678**	**16 109**	49 363	15 857
Winter rye	-	-	745	147
	47 678	**16 109**	50 108	16 004
Total biological assets		**46 120**		33 068

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

(in tons)	2019	2018
Milk	**96 416**	105 648
Winter wheat	**256 324**	242 481
Barley	**4 820**	3 311
Corn	**581 480**	622 258
Soy	**81 489**	69 170
Sunflower	**90 068**	116 733
Sugar beet	**1 656 981**	1 814 364

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 2018	751 534	572 899	1 324 433
Investments into livestock and future crops	175 381	4 391 953	4 567 334
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(283 207)	1 763 141	1 479 934
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**
Investments into livestock and future crops	**231 795**	**3 973 373**	**4 205 168**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**254 247**	**973 254**	**1 227 501**
Sales	**(234 285)**	**-**	**(234 285)**
Decrease due to harvest	**-**	**(5 028 543)**	**(5 028 543)**
As at 31 December 2019	**792 939**	**425 624**	**1 218 563**

(in thousands of Euros)	Non-current livestock	Crops	Total
As at 1 January 2018	22 437	17 104	39 541
Investments into livestock and future crops	5 458	136 641	142 099
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(8 989)	55 898	46 909
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**
Investments into livestock and future crops	**7 996**	**137 067**	**145 063**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**8 949**	**34 259**	**43 208**
Sales	**(8 082)**	**-**	**(8 082)**
Decrease due to harvest	**-**	**(173 466)**	**(173 466)**
Currency translation difference	**4 084**	**2 245**	**6 329**
As at 31 December 2019	**30 011**	**16 109**	**46 120**

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:

	2019			
	Biological assets		*Earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(Ukrainian hryvnias)*	*(Euros)*
10% increase in price for milk	**194 909**	**7 377**	**8,0**	**0,30**
10% decrease in prices for milk	**(194 909)**	**(7 377)**	**(8,0)**	**(0,30)**
10% increase in price for meat	**15 444**	**585**	**0,6**	**0,02**
10% decrease in price for meat	**(15 444)**	**(585)**	**(0,6)**	**(0,02)**
10% increase in milk yield	**64 522**	**2 442**	**2,6**	**0,10**
10% decrease in milk yield	**(64 522)**	**(2 442)**	**(2,6)**	**(0,10)**
10% increase in prices for crops	**81 994**	**3 103**	**3,4**	**0,13**
10% decrease in prices for crops	**(81 994)**	**(3 103)**	**(3,4)**	**(0,13)**
10% increase in yield for crops	**81 994**	**3 103**	**3,4**	**0,13**
10% decrease in yield for crops	**(81 994)**	**(3 103)**	**(3,4)**	**(0,13)**
10% increase in production costs until harvest	**(43 198)**	**(1 635)**	**(1,8)**	**(0,07)**
10% decrease in production costs until harvest	**43 198**	**1 635**	**1,8**	**0,07**
5% increase in annual consumer price index	**257 766**	**9 756**	**10,6**	**0,40**
5% decrease in annual consumer price index	**(232 453)**	**(8 798)**	**(9,5)**	**(0,36)**
1% increase in discount rate	**(17 566)**	**(665)**	**(0,7)**	**(0,03)**
1% decrease in discount rate	**18 026**	**682**	**0,7**	**0,03**

	2018			
	Biological assets		*Earnings per share*	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(Ukrainian hryvnias)*	*(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

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

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

8 INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)			*(in thousands of Euros)*
	2019	**2018**	**2019**	**2018**
Finished goods:				
Sugar products	**2 091 348**	2 617 392	**79 152**	82 530
Agricultural produce	**1 529 653**	2 919 137	**57 893**	92 044
Soybean processing	**142 602**	244 661	**5 397**	7 715
Cattle farming	**1 525**	1 394	**58**	44
	3 765 128	5 782 584	**142 500**	182 333
Raw materials and consumables for:				
Agricultural produce	**149 113**	319 314	**5 644**	10 069
Cattle farming	**148 442**	170 332	**5 618**	5 371
Sugar production	**49 275**	100 692	**1 865**	3 175
Other production	**14 322**	17 711	**542**	558
Consumables for joint utilization	**90 998**	113 345	**3 444**	3 574
	452 150	721 394	**17 113**	22 747
Investments into future crops	**900 195**	946 953	**34 068**	29 859
	5 117 473	7 450 931	**193 681**	234 939

All inventories are stated at historical cost, except of agricultural produce, which is measured at cost which is 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 2019 UAH 38,615 thousand (EUR 1,320 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 12.

9 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)*	
	2019	**2018**	**2019**	**2018**
Long-term receivables and prepayments				
Advances to suppliers	**7 089**	6 122	**268**	193
Other long-term receivables	**13 678**	499	**518**	16
	20 767	6 621	**786**	209
Current accounts receivable and prepayments				
Trade receivables	**678 744**	791 995	**25 689**	24 973
Less credit loss allowance	**(70 874)**	(92 950)	**(2 682)**	(2 931)
	607 870	699 045	**23 007**	22 042
Prepayments and other non-financial assets:				
VAT recoverable and prepaid	**922 433**	1 527 062	**34 912**	48 151
Advances to suppliers	**146 954**	214 760	**5 562**	6 772
Less allowance	**(65 695)**	(65 083)	**(2 486)**	(2 052)
	1 003 692	1 676 739	**37 988**	52 871
Other financial assets:				
Government bonds	**12 827**	27 409	**485**	864
Other receivables	**18 386**	15 654	**694**	495
Less credit loss allowance	**(2 118)**	(8 276)	**(80)**	(262)
	29 095	34 787	**1 099**	1 097
	1 032 787	1 711 526	**39 087**	53 968
	1 640 657	2 410 571	**62 094**	76 010

During the year ended 31 December 2019 the Group received VAT budget refund in cash amounting to UAH 1,657,741 thousand or EUR 57,281 thousand (2018: UAH 809,870 thousand or EUR 25,198 thousand).

As at 31 December 2019 other long-term receivables relate to long-term government bonds at amortised cost amounting to UAH 13,542 thousand or EUR 513 thousand (2018: UAH nil thousand or EUR nil thousand).

For carrying value of trade accounts receivable pledged to secure bank loans refer to Note 12.

Changes in credit loss 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)*	
	2019	**2018**	**2019**	**2018**
Balance as at 1 January under IFRS 9	**101 226**	103 165	**3 193**	3 080
Charge in income statement	**(28 234)**	18 971	**(976)**	591
Amounts written off	**-**	(20 910)	**-**	(651)
Currency translation difference	**-**	-	**545**	173
Balance as at 31 December	**72 992**	101 226	**2 762**	3 193

Changes in allowances for advances to suppliers during the year ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2 019**	**2 018**
Balance as at 1 January	**65 083**	34 290	**2 052**	1 024
Charge in income statement	**612**	31 771	**21**	989
Amounts written off	-	(978)	-	(30)
Currency translation difference	-	-	**413**	69
Balance as at 31 December	**65 695**	65 083	**2 486**	2 052

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

(in thousands of Ukrainian hryvnias)	**Gross 2019**	**Lifetime ECL 2019**	**Gross 2018**	**Lifetime ECL 2018**
Not past due	**477 842**	**(20 955)**	476 595	(25 756)
Past due 1-30 days	**114 215**	**(1 169)**	249 759	(12 488)
Past due 31-120 days	**35 316**	**(428)**	12 240	(1 332)
Past due 121-365 days	**3 264**	**(215)**	1 022	(1 022)
More than one year	**48 107**	**(48 107)**	52 379	(52 352)
Total trade receivables	**678 744**	**(70 874)**	791 995	(92 950)

(in thousands of Euros)	**Gross 2019**	**Lifetime ECL 2019**	**Gross 2018**	**Lifetime ECL 2018**
Not past due	**18 084**	**(793)**	15 028	(812)
Past due 1-30 days	**4 323**	**(44)**	7 875	(394)
Past due 31-120 days	**1 337**	**(16)**	386	(42)
Past due 121-365 days	**124**	**(8)**	32	(32)
More than one year	**1 821**	**(1 821)**	1 652	(1 651)
Total trade receivables	**25 689**	**(2 682)**	24 973	(2 931)

Trade receivables that are past due 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 2019**	**Lifetime ECL 2019**	**Gross 2018**	**Lifetime ECL 2018**
Not past due	**15 582**	**(23)**	5 678	(49)
Past due 1-30 days	**87**	**(77)**	948	(92)
Past due 31-120 days	**441**	**(12)**	887	(81)
Past due 121-365 days	**369**	**(81)**	821	(734)
More than one year	**1 907**	**(1 925)**	7 320	(7 320)
	18 386	**(2 118)**	15 654	(8 276)

(in thousands of Euros)	**Gross 2019**	**Lifetime ECL 2019**	**Gross 2018**	**Lifetime ECL 2018**
Not past due	**588**	**(1)**	180	(2)
Past due 1-30 days	**3**	**(3)**	30	(3)
Past due 31-120 days	**17**	-	28	(3)
Past due 121-365 days	**14**	**(3)**	26	(23)
More than one year	**72**	**(73)**	231	(231)
	694	**(80)**	495	(262)

10 CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Cash in banks in USD	**166 368**	308 808	**6 297**	9 738
Cash in banks in UAH	**145 091**	82 402	**5 491**	2 598
Cash in banks in EUR	**8 795**	22 903	**333**	722
Cash in banks in PLN	**3 171**	4 000	**120**	126
Cash in banks in CHF	**684**	164	**26**	5
Total cash in banks	**324 109**	418 277	**12 267**	13 189
Cash in transit in USD	**1 324**	-	**50**	-
Cash on hand in UAH	**613**	605	**23**	19
Total cash and equivalents	**326 046**	418 882	**12 340**	13 208

As at 31 December 2019 and 31 December 2018, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2019 weighted average interest of current accounts and overnight deposits denominated in USD is 0.12% p.a., in UAH – up to 11.16% p.a.

The identified impairment loss arising on short-term cash deposits and cash and cash equivalents was immaterial as at 31 December 2019 and 31 December 2018.

11 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 2019 is 30,000 thousand (2018: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2018: 25,000 thousand).

Shareholders structure as at 31 December is as follows:

	2019	**2018**
Astarta Holding N.V.		
Ivanchyk family	**38,39%**	36,26%
Fairfax Financial Holdings LTD and its subsidiaries	**28,98%**	28,06%
Other shareholders	**32,63%**	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)*	
	2019	**2018**	**2019**	**2018**
Net (loss)/profit attributable to equity holders of the company	**35 536**	(596 560)	**1 691**	(18 261)
Weighted average basic and diluted shares outstanding (in thousands of shares)	**24 310**	24 386	**24 310**	24 386
Earnings per share attributable to shareholders of the company	**1,46**	(24,46)	**0,07**	(0,75)

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 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 and lease liabilities (including current and non-current portion 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 2019, the gearing ratio was 39% compared to 47% a year before. The decrease in gearing ratio is attributable to decrease in net debt. The gearing ratios at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Total borrowings (Notes 6, 12)	**7 632 416**	10 701 310	**288 866**	337 430
Less cash, cash equivalents and short-term deposits	**(344 364)**	(427 895)	**(13 033)**	(13 492)
Net debt	**7 288 052**	10 273 415	**275 833**	323 938
Total equity	**11 592 812**	11 601 725	**438 755**	365 822
Total capital	**18 880 864**	21 875 140	**714 588**	689 760
Gearing ratio	**39%**	47%	**39%**	47%

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

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 2019.

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 2019, the Group had 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand) (2018: 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand).

12 LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 22 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)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Long-term loans and borrowings:				
Bank loans	**15 608**	17 778	**591**	560
Transaction costs	**-**	(192)	**-**	(6)
	15 608	17 586	**591**	554
Current portion of long-term loans and borrowings:				
Bank loans	**14 939**	70 405	**565**	2 219
Borrowings from non-financial institutions	**42 161**	91 293	**1 596**	2 879
Transaction costs	**(157)**	(1 663)	**(6)**	(52)
	56 943	160 035	**2 155**	5 046
Short-term loans and borrowings:				
Bank loans	**3 893 957**	7 254 280	**147 376**	228 740
Transaction costs	**(19 022)**	(36 752)	**(720)**	(1 159)
	3 874 935	7 217 528	**146 656**	227 581
	3 947 486	7 395 149	**149 402**	233 181

The following table summarises borrowings as of 31 December:

Currency	**WAIR[1]**	*(in thousands of Ukrainian hryvnias)* **2019**	*(in thousands of Euros)* **2019**
Short-term loans and borrowings and on demand:			
USD	**7,18%**	**3 618 588**	**136 954**
UAH	**16,92%**	**218 838**	**8 282**
Interest payable		**56 531**	**2 140**
Transaction costs		**(19 022)**	**(720)**
Total short-term loans and borrowings		**3 874 935**	**146 656**
Long-term loans and current portion of long-term loans and borrowings:			
EUR	**4,83%**	**14 809**	**560**
USD	**4,92%**	**57 295**	**2 169**
Interest payable		**604**	**23**
Transaction costs		**(157)**	**(6)**
Total long-term borrowings		**72 551**	**2 746**
Total loans and borrowings		**3 947 486**	**149 402**

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

Currency	WAIR[1]	(in thousands of Ukrainian hryvnias) 2018 (restated)	(in thousands of Euros) 2018 (restated)
Short-term loans and borrowings:			
EUR	3,60%	11 047	348
USD	6,97%	6 603 401	208 217
UAH	20,45%	565 107	17 819
Interest payable		74 725	2 356
Transaction costs		(36 752)	(1 159)
Total short-term loans and borrowings		7 217 528	227 581
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
Interest payable		7 956	250
Transaction costs		(1 855)	(58)
Total long-term borrowings		177 621	5 600
		7 395 149	233 181

[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)	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Total current portion repayable in one year or on demand	**3 908 896**	7 324 685	**147 941**	230 959
Transaction costs	**(19 179)**	(38 415)	**(726)**	(1 211)
Borrowings from non-financial institutions	**42 161**	91 293	**1 596**	2 879
	3 931 878	7 377 563	**148 811**	232 627
Due in the second year	**843**	17 778	**32**	560
Transaction costs	**-**	(192)	**-**	(6)
	843	17 586	**32**	554
Due thereafter	**14 765**	-	**559**	-
Transaction costs	**-**	-	**-**	-
	14 765	-	**559**	-
	3 947 486	7 395 149	**149 402**	233 181

As at 31 December 2019, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 42,161 thousand (2018: UAH 91,293 thousand) or EUR 1,596 thousand (2018: EUR 2,879 thousand) bearing an interest of 4,5% p.a.

At the reporting date the Group classified 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, long-term borrowings of UAH 2,762,108 thousand (EUR 104,538 thousand), including current portion of long-term borrowings amounting to UAH 801,177 thousand (EUR 30,322 thousand), were reclassified to short-term borrowings.

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

(in thousands of Ukrainian hryvnias)	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2018 (restated)	**7 303 856**	**91 293**	**7 395 149**
Changes from financing cash flows			
Proceeds from loans and borrowings	2 349 066	-	**2 349 066**
Repayment of loans and borrowings	(5 193 971)	(41 532)	**(5 235 503)**
Interest paid	(491 826)	(3 093)	**(494 919)**
Total changes from financing cash flows	**(3 336 731)**	**(44 625)**	**(3 381 356)**
The effect of changes in foreign exchange rates	**(546 634)**	**(7 044)**	**(553 678)**
Other changes related to liability			
Interest expense	484 834	2 537	**487 371**
Total liability-related other changes	**484 834**	**2 537**	**487 371**
Balance as at 31 December 2019	**3 905 325**	**42 161**	**3 947 486**

(in thousands of Euros)	Bank loans	Borrowings from non-financial institutions	Total
Balance as at 31 December 2018 (restated)	**230 302**	**2 879**	**233 181**
Changes from financing cash flows			
Proceeds from loans and borrowings	81 169	-	**81 169**
Repayment of loans and borrowings	(179 470)	(1 435)	**(180 905)**
Interest paid	(16 994)	(107)	**(17 101)**
Total changes from financing cash flows	**(115 295)**	**(1 542)**	**(116 837)**
The effect of changes in foreign exchange rates	**(18 960)**	**(244)**	**(19 204)**
Other changes related to liability			
Interest expense	16 642	87	**16 729**
Total liability-related other changes	**16 642**	**87**	**16 729**
Currency translation differences	**35 117**	**416**	**35 533**
Balance as at 31 December 2019	**147 806**	**1 596**	**149 402**

(in thousands of Ukrainian hryvnias)	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 1 January 2018	**4 665 700**	**145 669**	**69 153**	**4 880 522**
Adjustment due to IFRS 16	48 600	1 838	(69 153)	**(18 715)**
Adjusted balance as at 1 January 2018	**4 714 300**	**147 507**	**-**	**4 861 807**
Changes from financing cash flows				
Proceeds from loans and borrowings	6 107 708	-	-	**6 107 708**
Repayment of loans and borrowings	(3 630 029)	(54 170)	-	**(3 684 199)**
Interest paid	(352 234)	(5 828)	-	**(358 062)**
Total changes from financing cash flows	**2 125 445**	**(59 998)**	**-**	**2 065 447**
The effect of changes in foreign exchange rates	**56 980**	**(1 235)**		**55 745**
Other changes related to liability				
Interest expense	407 131	5 019	-	**412 150**
Total liability-related other changes	**407 131**	**5 019**	**-**	**412 150**
Balance as at 31 December 2018 (restated)	**7 303 856**	**91 293**	**-**	**7 395 149**

(in thousands of Euros)	Bank loans	Borrowings from non-financial institutions	Finance lease liabilities	Total
Balance as at 1 January 2018	**139 294**	**4 349**	**2 065**	**145 708**
Adjustment due to IFRS 16	1 451	55	(2 065)	**(559)**
Adjusted balance as at 1 January 2018	**140 745**	**4 404**	**-**	**145 149**
Changes from financing cash flows				
Proceeds from loans and borrowings	190 070	-	-	**190 070**
Repayment of loans and borrowings	(112 965)	(1 686)	-	**(114 651)**
Interest paid	(10 962)	(181)	-	**(11 143)**
Total changes from financing cash flows	**66 143**	**(1 867)**	**-**	**64 276**
The effect of changes in foreign exchange rates	**2 156**	**(47)**	**-**	**2 109**
Other changes related to liability				
Interest expense	12 691	156	-	**12 847**
Total liability-related other changes	**12 691**	**156**	**-**	**12 847**
Currency translation differences	8 567	233	-	**8 800**
Balance as at 31 December 2018 (restated)	**230 302**	**2 879**	**-**	**233 181**

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2019	**2018**	**2019**	**2018**
Property, plant and equipment (Note 5)	**3 909 463**	3 328 998	**147 962**	104 969
Inventories (Note 8)	**2 078 392**	3 621 576	**78 661**	114 194
Rights of claim on future cash proceeds from sale contracts	**286 801**	434 912	**10 855**	13 714
Cash and cash equivalents (note 10)	**-**	98 763	**-**	3 114
	6 274 656	7 484 249	**237 478**	235 991

13 OTHER LIABILITIES AND ACCOUNTS PAYABLE

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Other liabilities:				
Advances received from customers	**117 587**	179 341	**4 450**	5 655
VAT payable	**63 777**	168 908	**2 414**	5 326
	181 364	348 249	**6 864**	10 981
Other accounts payable:				
Accrual for unused vacations	**56 185**	76 482	**2 126**	2 412
Other taxes and charges payable	**37 636**	39 807	**1 424**	1 255
Salaries payable	**21 112**	50 058	**799**	1 578
Payable to non-controlling participants	**13 069**	35 520	**495**	1 120
Social insurance payable	**9 777**	11 790	**370**	372
Accounts payable for property, plant and equipment	**2 698**	18 349	**102**	579
Other payables	**21 546**	36 078	**816**	1 136
	162 023	268 084	**6 132**	8 452
	343 387	616 333	**12 996**	19 433

14 REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2019	**2018**	**2019**	**2018**
Sugar and related sales:				
Sugar	**3 002 457**	3 432 113	**103 629**	106 762
Molasses	**160 045**	196 604	**5 524**	6 116
Pulp	**224 253**	210 854	**7 740**	6 558
	3 386 755	3 839 571	**116 893**	119 436
Crops	**5 960 118**	4 075 141	**205 712**	126 764
Soybean processing products	**2 396 606**	2 388 226	**82 718**	74 290
Cattle farming	**1 002 562**	942 212	**34 603**	29 309
Other sales	**234 114**	720 815	**8 080**	22 423
	9 593 400	8 126 394	**331 113**	252 786
	12 980 155	11 965 965	**448 006**	372 222

In 2019, 44% of revenue is generated from sales to customers in Ukraine (2018: 44%).

15 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)*	
	2019	**2018**	**2019**	**2018**
Sugar and related sales:				
Sugar	**2 867 516**	3 062 836	**98 919**	95 296
Molasses	**138 818**	153 967	**4 789**	4 790
Pulp	**113 905**	118 669	**3 929**	3 693
	3 120 239	3 335 472	**107 637**	103 779
Crops	**5 474 417**	3 592 370	**188 847**	111 772
Soybean processing products	**2 015 762**	2 077 859	**69 536**	64 650
Cattle farming	**802 760**	798 733	**27 692**	24 852
Other sales	**175 059**	605 156	**6 039**	18 829
	8 467 998	7 074 118	**292 114**	220 103
	11 588 237	10 409 590	**399 751**	323 882

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Raw materials	**6 563 934**	6 228 300	**226 431**	197 759
Depreciation and amortization costs	**1 607 150**	996 376	**55 441**	31 637
Employee benefits expenses	**1 021 821**	1 125 868	**35 249**	35 030
Gain from agriculture produce remeasurement	**1 602 567**	1 162 439	**55 283**	36 845

16 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)*	
	2019	**2018**	**2019**	**2018**
Salary and related charges	**434 299**	519 344	**15 057**	16 243
Depreciation	**99 627**	70 342	**3 454**	2 200
Professional services	**73 145**	63 740	**2 536**	1 994
Fuel and other materials	**19 323**	23 735	**670**	742
Other	**54 786**	98 030	**1 900**	3 066
	681 180	775 191	**23 617**	24 245

17 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)*	
	2019	**2018**	**2019**	**2018**
Transportation	**833 956**	790 655	**29 166**	24 602
Storage and logistics	**268 361**	286 910	**9 385**	8 928
Salary and related charges	**103 713**	118 752	**3 627**	3 695
Depreciation	**50 647**	23 033	**1 771**	717
Fuel and other materials	**29 797**	33 824	**1 042**	1 052
Professional services	**23 824**	14 902	**835**	464
Other	**34 182**	45 254	**1 195**	1 408
	1 344 480	1 313 330	**47 021**	40 866

18 OTHER OPERATING EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Depreciation	**53 424**	11 085	**1 826**	346
Charity and social expenses	**44 520**	66 896	**1 522**	2 086
Write down of inventories	**38 615**	50 379	**1 320**	1 569
Other salary and related charges	**29 713**	28 357	**1 016**	884
VAT written off	**25 061**	23 872	**857**	744
Allowance for other accounts receivable	**-**	50 742	**-**	1 582
Other	**34 173**	108 401	**1 167**	3 381
	225 506	339 732	**7 708**	10 592

19 FINANCE COSTS AND INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Finance costs				
Interest expense				
Bank loans	**(484 834)**	(407 131)	**(16 642)**	(12 691)
Borrowings from non-financial institutions	**(2 537)**	(5 019)	**(87)**	(156)
Net profit attributable to non-controlling interests of limited liability company subsidiaries	**8 770**	5 130	**301**	160
Interest expense on lease liability	**(655 074)**	(636 231)	**(22 635)**	(19 832)
Other finance costs	**(41 049)**	(41 517)	**(1 409)**	(1 295)
Total finance costs	**(1 174 724)**	(1 084 768)	**(40 472)**	(33 814)
Finance income				
Interest income	**24 518**	25 100	**841**	782
Other finance income	**10 396**	8 809	**357**	274
Total finance income	**34 914**	33 909	**1 198**	1 056

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20 INCOME TAX EXPENSE

In 2019, 13 subsidiaries elected to pay fixed agricultural tax in lieu of other taxes (2018: 21 companies). Fixed agricultural tax 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 11%.

As at 31 December 2019 the Group has not recognised deferred tax asset of UAH 162,819 thousand or EUR 6,162 thousand (2018: UAH 116,826 thousand or EUR 3,684 thousand) in respect of tax losses carried forward originating on Ukrainian subsidiaries because realization of this asset is uncertain. There is no expiration period for these tax losses.

As at 31 December 2019 the Group did not recognize deferred tax asset relating to tax losses of UAH 129,560 thousand or EUR 4,904 thousand and in 2018 UAH 195,562 thousand or EUR 6,166 thousand originated at Astarta Holding N.V. since realization of this asset is uncertain. Tax losses are available for 9 year period according to Dutch tax law and expire thereafter. In 2019 cumulative carried forward tax losses in amount UAH 9,627 thousand or EUR 364 thousand are expired for utilization (2018: UAH 16,047 thousand or EUR 506 thousand).

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Current tax expenses	**(130 713)**	(119 446)	**(4 607)**	(3 750)
Deferred tax benefit	**158 422**	34 939	**5 476**	1 088
	27 709	(84 507)	**869**	(2 662)

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Profit before tax	**7 827**	(512 053)	**822**	(15 599)
including:				
Profit attributable to companies not subject to income tax	**161 932**	206 265	**6 147**	6 755
Profit attributable to companies subject to income tax	**(154 105)**	(718 318)	**(5 325)**	(22 354)
Profit before tax	**(154 105)**	(718 318)	**(5 325)**	(22 354)
Income tax benefit/(expense) at statutory rate of 18%	**27 739**	129 297	**958**	4 024
Effects of different tax rates in other countries	**(17 925)**	(61 392)	**(619)**	(1 911)
Non-taxable income	**20 154**	-	**608**	-
Non-deductible expense	**-**	(171 527)	**-**	(5 370)
Previously unrecognised tax loss that is used to reduce tax expense	**26 893**	77 864	**929**	2 423
Unrecognised tax loss of current year	**(29 152)**	(65 175)	**(1 007)**	(2 028)
Recognition/(Derecognition) of deferred tax liability due to changes in taxation status of subsidiary	**-**	6 426	**-**	200
Income tax benefit/(expense)	**27 709**	(84 507)	**869**	(2 662)

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

(in thousands of Ukrainian hryvnias)	As at 31 December 2018 (restated)	Recognized in OCI	Recognized in income statement	As at 31 December 2019
Deferred tax assets				
Property, plant and equipment	-	-	9 499	**9 499**
Inventories	6 212	-	537	**6 749**
Trade and other accounts receivable and prepayments	21 726	-	8 357	**30 083**
Offset of deferred tax assets and deferred tax liabilities	(27 938)	-	6 702	**(21 236)**
Total deferred tax assets	**-**	**-**	**25 095**	**25 095**
Deferred tax liabilities				
Property, plant and equipment	(415 567)	-	142 469	**(273 098)**
Intangible assets	-	-	(945)	**(945)**
Loans and borrowings	(5 489)	-	(920)	**(6 409)**
Trade and other accounts payable	-	-	(575)	**(575)**
Offset of deferred tax assets and deferred tax liabilities	27 938	-	(6 702)	**21 236**
Total deferred tax liabilities	**(393 118)**	**-**	**133 327**	**(259 791)**

(in thousands of Euros)	As at 31 December 2018 (restated)	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2019
Deferred tax assets					
Property, plant and equipment	-	-	328	31	**359**
Inventories	196	-	19	40	**255**
Trade and other accounts receivable and prepayments	685	-	289	165	**1 139**
Offset of deferred tax assets and deferred tax liabilities	(881)	-	232	(154)	**(803)**
Total deferred tax assets	**-**	-	868	82	**950**
Deferred tax liabilities					
Property, plant and equipment	(13 104)	-	4 925	(2 155)	**(10 334)**
Intangible assets	-	-	(33)	(3)	**(36)**
Loans and borrowings	(173)	-	(32)	(38)	**(243)**
Trade and other accounts payable	-	-	(20)	(2)	**(22)**
Offset of deferred tax assets and deferred tax liabilities	881	-	(232)	154	**803**
Total deferred tax liabilities	**(12 396)**	**-**	**4 608**	**(2 044)**	**(9 832)**

(in thousands of Ukrainian hryvnias)	As at 31 December 2017	Recognized in OCI	Recognized in income statement	As at 31 December 2018 (restated)
Deferred tax assets				
Inventories	-	-	6 212	**6 212**
Trade and other accounts receivable and prepayments	9 813	-	11 913	**21 726**
Offset of deferred tax assets and deferred tax liabilities	(9 813)	-	(18 125)	**(27 938)**
Total deferred tax assets	-	-	-	-
Deferred tax liabilities				
Property, plant and equipment	(340 924)	(85 243)	10 600	**(415 567)**
Intangible assets	(2 450)	2 450	-	-
Inventories	(3 254)	-	3 254	-
Loans and borrowings	(8 449)	-	2 960	**(5 489)**
Offset of deferred tax assets and deferred tax liabilities	9 813	-	18 125	**27 938**
Total deferred tax liabilities	**(345 264)**	**(82 793)**	**34 939**	**(393 118)**

(in thousands of Euros)	As at 31 December 2017	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2018 (restated)
Deferred tax assets					
Inventories	-	-	193	3	196
Trade and other accounts receivable and prepayments	293	-	371	21	685
Offset of deferred tax assets and deferred tax liabilities	(293)	-	(564)	(24)	(881)
Total deferred tax assets	-	-	-	-	-
Property, plant and equipment	(10 179)	(2 687)	330	(568)	(13 104)
Intangible assets	(73)	76	-	(3)	-
Inventories	(97)	-	102	(5)	-
Loans and borrowings	(252)	-	92	(13)	(173)
Offset of deferred tax assets and deferred tax liabilities	293	-	564	24	881
Total deferred tax liabilities	**(10 308)**	**(2 611)**	**1088**	**(565)**	**(12 396)**

21 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 2019 and 2018, 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, grains storage services. Neither of these constitutes a separately reportable operating 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 Board of Directors. Operating profit and net profit are main measures of segment profit or loss that Group uses to evaluate performance and make decisions about the allocation of resources. The reported measures are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the financial statements.

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. 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	
	2019	**2018**	**2019**	**2018**
Revenues from external customers	**3 386 755**	3 839 571	**5 960 118**	4 075 141
Inter-segment revenues	**-**	-	**2 169 531**	2 500 388
Cost of revenues	**(3 120 239)**	(3 335 472)	**(5 474 417)**	(3 592 370)
Inter-segment cost of revenues	**(1 275 312)**	(1 440 880)	**-**	-
Changes in fair value of biological assets and agricultural produce	**-**	-	**973 254**	1 763 141
Gross profit	**266 516**	504 099	**1 458 955**	2 245 912
Other operating income	**2 158**	15 478	**38 546**	11 137
General and administrative expense	**(183 111)**	(240 861)	**(402 788)**	(375 360)
Selling and distribution expense	**(334 730)**	(489 286)	**(789 903)**	(667 023)
Other operating expense	**(19 466)**	(73 011)	**(66 997)**	(72 821)
Impairment of property, plant and equipment	**-**	(11 784)	**-**	(58 492)
Profit from operations	**(268 633)**	(295 365)	**237 813**	1 083 353
Interest expense on lease liability	**(22 355)**	(29 149)	**(627 493)**	(580 953)
Foreign currency exchange gain/(loss)	**283 177**	(19 290)	**339 690**	(73 533)
Interest expense	**(208 870)**	(191 045)	**(218 136)**	(154 580)
Interest income	**-**	-	**-**	-
Other income	**-**	-	**-**	-
Profit/(loss) before tax	**(216 681)**	(534 849)	**(268 126)**	274 287
Income tax credit/(expense)	**-**	-	**-**	-
Net profit/(loss)	**(216 681)**	(534 849)	**(268 126)**	274 287
Consolidated total assets	**4 828 890**	6 187 421	**11 735 736**	13 642 976
Consolidated total liabilities	**1 707 638**	3 000 039	**5 740 737**	7 070 056
Other segment information:				
Depreciation and amortisation	**338 833**	276 459	**1 297 046**	1 052 837
Impairment loss and reversal, net	**-**	(11 784)	**-**	(58 492)
Additions to non-current assets:				
Property, plant and equipment	**33 940**	326 888	**615 278**	1 081 124
Intangible assets	**326**	828	**687**	2 532
Right-of-use assets	**18 080**	68 042	**793 693**	928 573

Cattle farming		Soybean processing		Unallocated		Total	
2019	2018	2019	2018	2019	2018	2019	2018
1 002 562	942 212	**2 396 606**	2 388 226	**234 114**	720 815	**12 980 155**	11 965 965
-	-	**-**	-	**-**	-	**2 169 531**	2 500 388
(802 760)	(798 733)	**(2 015 762)**	(2 077 859)	**(175 059)**	(605 156)	**(11 588 237)**	(10 409 590)
(446 813)	(525 803)	**(447 406)**	(533 705)	**-**	-	**(2 169 531)**	(2 500 388)
254 247	(283 207)	**-**	-	**-**	-	**1 227 501**	1 479 934
454 049	(139 728)	**380 844**	310 367	**59 055**	115 659	**2 619 419**	3 036 309
14 820	17 813	**198**	2 369	**11 881**	42 413	**67 603**	89 210
(43 585)	(68 867)	**(16 278)**	(23 855)	**(35 418)**	(66 248)	**(681 180)**	(775 191)
(18 739)	(13 872)	**(176 845)**	(113 574)	**(24 263)**	(29 575)	**(1 344 480)**	(1 313 330)
(5 446)	46 144	**(17 092)**	(23 224)	**(116 505)**	(216 820)	**(225 506)**	(339 732)
-	(54 326)	**-**	423	**(16 096)**	(4 355)	**(16 096)**	(128 534)
401 099	(212 836)	**170 827**	152 506	**(121 346)**	(158 926)	**419 760**	568 732
-	-	**-**	-	**(5 226)**	(26 129)	**(655 074)**	(636 231)
-	-	**93 355**	11 889	**1 640**	40 896	**717 862**	(40 038)
-	(5)	**(55 309)**	(63 431)	**(5 056)**	(3 089)	**(487 371)**	(412 150)
-	-	**-**	-	**24 518**	25 100	**24 518**	25 100
-	-	**-**	-	**(11 868)**	(17 466)	**(11 868)**	(17 466)
401 099	(212 841)	**208 873**	100 964	**(117 338)**	(139 614)	**7 827**	(512 053)
-	-	**-**	-	**27 709**	(84 507)	**27 709**	(84 507)
401 099	(212 841)	**208 873**	100 964	**(89 629)**	(224 121)	**35 536**	(596 560)
1 353 041	1 116 465	**1 092 885**	1 244 617	**1 050 887**	1 431 937	**20 061 439**	23 623 416
1 600	8 556	**450 774**	1 077 783	**567 878**	865 257	**8 468 627**	12 021 691
46 658	49 523	**44 245**	37 099	**84 066**	22 397	**1 810 848**	1 438 315
-	(54 326)	**-**	423	**(16 096)**	(4 355)	**(16 096)**	(128 534)
10 218	56 908	**14 063**	39 204	**12 267**	116 129	**685 766**	1 620 253
20	213	**279**	154	**6 549**	1 969	**7 861**	5 696
-	-	**-**	-	**70 872**	1 261	**882 645**	997 876

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

(in thousands of Euros)	Sugar production		Agriculture	
	2019	**2018**	**2019**	**2018**
Revenues from external customers	**116 893**	119 436	**205 712**	126 765
Inter-segment revenues	**-**	-	**74 880**	77 778
Cost of revenues	**(107 637)**	(103 779)	**(188 847)**	(111 772)
Inter-segment cost of revenues	**(44 016)**	(44 820)	**-**	-
Changes in fair value of biological assets and agricultural produce	**-**	-	**34 259**	55 898
Gross profit	**9 256**	15 657	**51 124**	70 891
Other operating income	**71**	487	**1 274**	351
General and administrative expense	**(6 349)**	(7 533)	**(13 965)**	(11 740)
Selling and distribution expense	**(11 707)**	(15 225)	**(27 626)**	(20 755)
Other operating expense	**(665)**	(2 277)	**(2 290)**	(2 271)
Impairment of property, plant and equipment	**-**	(367)	**-**	(1 820)
Profit from operations	**(9 394)**	(9 258)	**8 517**	34 656
Interest expense on lease liability	**(772)**	(908)	**(21 682)**	(18 110)
Foreign currency exchange gain/(loss)	**9 822**	(730)	**11 782**	(2 782)
Interest expense	**(7 169)**	(5 951)	**(7 488)**	(4 824)
Interest income	**-**	-	**-**	-
Other income	**-**	-	**-**	-
Profit/(loss) before tax	**(7 513)**	(16 847)	**(8 871)**	8 940
Income tax credit/(expense)	**-**	-	**-**	-
Net profit/(loss)	**(7 513)**	(16 847)	**(8 871)**	8 940
Consolidated total assets	**182 760**	195 100	**444 165**	430 186
Consolidated total liabilities	**64 629**	94 596	**217 271**	222 930
Other segment information:				
Depreciation and amortisation	**11 708**	8 603	**44 818**	33 671
Impairment loss and reversal, net	**-**	(367)	**-**	(1 820)
Additions to non-current assets:				
Property, plant and equipment	**1 173**	10 173	**21 260**	33 644
Intangible assets	**11**	26	**24**	79
Right-of-use assets	**625**	2 117	**27 425**	28 897

Cattle farming		Soybean processing		Unallocated		Total	
2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	2018
34 603	29 309	**82 718**	74 290	**8 080**	22 422	**448 006**	372 222
-	-	**-**	-	**-**	-	**74 880**	77 778
(27 692)	(24 852)	**(69 536)**	(64 650)	**(6 039)**	(18 829)	**(399 751)**	(323 882)
(15 422)	(16 356)	**(15 442)**	(16 602)	**-**	-	**(74 880)**	(77 778)
8 949	(8 989)	**-**	-	**-**	-	**43 208**	46 909
15 860	(4 532)	**13 182**	9 640	**2 041**	3 593	**91 463**	95 249
490	561	**7**	75	**393**	1 335	**2 235**	2 809
(1 511)	(2 154)	**(564)**	(746)	**(1 228)**	(2 072)	**(23 617)**	(24 245)
(655)	(432)	**(6 185)**	(3 534)	**(848)**	(920)	**(47 021)**	(40 866)
(186)	1 439	**(584)**	(724)	**(3 983)**	(6 759)	**(7 708)**	(10 592)
-	(1 690)	**-**	13	**(556)**	(136)	**(556)**	(4 000)
13 998	(6 808)	**5 856**	4 724	**(4 181)**	(4 959)	**14 796**	18 355
-	-	**-**	-	**(181)**	(814)	**(22 635)**	(19 832)
-	-	**3 238**	450	**57**	1 547	**24 899**	(1 515)
-	-	**(1 898)**	(1 976)	**(174)**	(96)	**(16 729)**	(12 847)
-	-	**-**	-	**841**	782	**841**	782
-	-	**-**	-	**(350)**	(542)	**(350)**	(542)
13 998	(6 808)	**7 196**	3 198	**(3 988)**	(4 082)	**822**	(15 599)
-	-	**-**	-	**869**	(2 662)	**869**	(2 662)
13 998	(6 808)	**7 196**	3 198	**(3 119)**	(6 744)	**1 691**	(18 261)
51 209	35 204	**41 363**	39 245	**39 771**	45 151	**759 268**	744 886
61	270	**17 061**	33 984	**21 491**	27 284	**320 513**	379 064
1 612	1 541	**1 529**	1 154	**2 904**	700	**62 571**	45 669
-	(1 690)	**-**	13	**(556)**	(136)	**(556)**	(4 000)
353	1 771	**486**	1 220	**423**	3 613	**23 695**	50 421
1	7	**10**	5	**226**	61	**272**	178
-	-	**-**	-	**2 448**	39	**30 498**	31 053

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Geographic information:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2019	**2018**	**2019**	**2018**
Revenue from external customers				
Ukraine	**5 654 680**	5 269 816	**195 170**	163 927
Euroland	**4 402 024**	3 846 604	**151 934**	119 655
incl. Switzerland	2 364 803	1 836 222	81 620	57 119
Asia	**2 126 718**	1 915 976	**73 403**	59 600
Australia and Oceania	**520 213**	-	**17 955**	-
CIS	**252 846**	933 569	**8 727**	29 040
Other	**23 674**	-	**817**	-
	12 980 155	11 965 965	**448 006**	372 222

22 FINANCIAL RISK MANAGEMENT

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 analyse 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.

(a) 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.

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 analysed 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 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to current and macroeconomic information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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 2019 and 2018 no guarantees are outstanding.

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 receivables is analysed based on provision matrix or 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)*	
	2019	**2018**	**2019**	**2018**
Counterparties without external credit rating				
Group A	**350 697**	403 179	**13 273**	12 713
Group B	**127 145**	73 416	**4 812**	2 315
Gross carrying amount	**477 842**	476 595	**18 085**	15 028
Less credit loss allowance	**(20 955)**	(25 756)	**(793)**	(812)
Carrying amount - Counterparties without external credit rating	**456 887**	450 839	**17 292**	14 216
Past due trade receivables				
Gross carrying amount	**200 902**	315 400	**7 604**	9 945
Less credit loss allowance	**(49 919)**	(67 194)	**(1 889)**	(2 119)
Carrying amount - Past due trade receivables	**150 983**	248 206	**5 715**	7 826
	607 870	699 045	**23 007**	22 042

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 information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2019 provided in Note 9.

In the year ended 31 December 2019 approximately 12% of revenues (2018: 13%) are derived from two customers. Trade receivables from these customers as at 31 December 2019 equal to UAH 39 thousand or EUR 1 thousand (2018: advances received of UAH 48,317 thousand or EUR 1,524 thousand).

The credit quality of cash deposits by external credit rating:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Short-term deposits				
Banks with external credit rating (Moody's):				
NP	**9 818**	5 000	**372**	158
Banks without external credit rating:				
Group A	**8 500**	4 013	**321**	126
	18 318	9 013	**693**	284

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
P-1	**157 059**	130 022	**5 944**	4 100
NP	**27 936**	100 340	**1 057**	3 164
Banks without external credit rating:				
Group A	**135 942**	183 932	**5 146**	5 799
Group B	**3 172**	3 983	**120**	126
Cash in transit	**1 324**	-	**50**	-
Cash on hand	**613**	605	**23**	19
	326 046	418 882	**12 340**	13 208

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 2019 the Group continued to work with the same banks as in 2018.

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Trade receivables neither past due nor impaired				
Ukraine	**247 865**	201 199	**9 381**	6 344
Switzerland	**32 459**	12 000	**1 228**	378
Asia	**35 745**	220 144	**1 353**	6 942
EU	**140 818**	17 496	**5 330**	552
Past due trade receivables	**150 983**	248 206	**5 715**	7 826
	607 870	699 045	**23 007**	22 042

(b) 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 2019

(in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	**3 947 486**	**4 423 567**	**4 147 861**	**120 879**	**152 858**	**1 969**
Lease liability	**3 684 930**	**8 222 421**	**926 827**	**947 806**	**2 587 466**	**3 760 322**
Trade and other accounts payable	**388 038**	**388 038**	**383 945**	**2 164**	**1 929**	**-**
Net assets attributable to non-controlling participants in limited liability companies	**24 909**	**24 909**	**-**	**24 909**	**-**	**-**
	8 045 363	**13 058 935**	**5 458 633**	**1 095 758**	**2 742 253**	**3 762 291**

31 December 2019

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	**149 402**	**167 420**	**156 985**	**4 575**	**5 785**	**75**
Lease liability	**139 464**	**311 195**	**35 078**	**35 871**	**97 928**	**142 318**
Trade and other accounts payable	**14 686**	**14 686**	**14 531**	**82**	**73**	**-**
Net assets attributable to non-controlling participants in limited liability companies	**943**	**943**	**-**	**943**	**-**	**-**
	304 495	**494 244**	**206 594**	**41 471**	**103 786**	**142 393**

31 December 2018

(in thousands of Ukrainian hryvnias)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	7 395 149	8 617 057	7 753 896	245 213	487 327	130 621
Lease liability	3 306 161	7 153 265	822 149	853 673	2 360 519	3 116 924
Trade and other accounts payable	655 756	655 756	653 346	2 410	-	-
Net assets attributable to non-controlling participants in limited liability companies	41 967	41 967	-	41 967	-	-
	11 399 033	16 468 045	9 229 391	1 143 263	2 847 846	3 247 545

31 December 2018

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	From two to five years	More than five years
Bank loans	233 181	271 710	244 493	7 732	15 366	4 119
Lease liability	104 249	225 556	25 925	26 918	74 431	98 282
Trade and other accounts payable	20 677	20 677	20 601	76	-	-
Net assets attributable to non-controlling participants in limited liability companies	1 323	1 323	-	1 323	-	-
	359 430	519 266	291 019	36 049	89 797	102 401

(c) Market risk

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

Currency risk

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

The exposure to foreign currency risk is as follows:

(in thousands of Ukrainian hryvnias)	2019		2018 (restated)	
	EUR	**USD**	**EUR**	**USD**
Trade accounts receivable	**2 750**	**241 891**	-	265 238
Short-term deposits	**166**	**2 652**	-	-
Cash and cash equivalents	**8 795**	**167 693**	22 903	308 808
Bank loans	**(14 845)**	**(3 731 228)**	(68 603)	(6 794 231)
Trade accounts payable	**(71)**	**(53 090)**	(23 893)	(5 372)
Other liabilities and accounts payable	**(2 117)**	**(2 009)**	(1 405)	(10 132)
Net exposure	**(5 322)**	**(3 374 091)**	(70 998)	(6 235 689)

(in thousands of Euros)	2019		2018 (restated)	
	EUR	**USD**	**EUR**	**USD**
Trade accounts receivable	**104**	**9 155**	-	8 363
Short-term deposits	**6**	**100**	-	-
Cash and cash equivalents	**333**	**6 347**	722	9 737
Bank loans	**(562)**	**(141 217)**	(2 163)	(214 234)
Trade accounts payable	**(3)**	**(2 009)**	(753)	(169)
Other liabilities and accounts payable	**(80)**	**(76)**	(44)	(319)
Net exposure	**(202)**	**(127 700)**	(2 238)	(196 622)

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)*	
	2019	**2018**	**2019**	**2018**
Weakening of UAH, %	**10%**	**10%**	**10%**	**10%**
EUR	**(532)**	(7 100)	**(20)**	(224)

pre-tax profit	*(Effect in thousands of Ukrainian hryvnias)*		*(Effect in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Weakening of UAH, %	**10%**	**10%**	**10%**	**10%**
USD	**(337 409)**	(623 569)	**(12 770)**	(19 662)

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 2019 would have decreased total equity by UAH 436 thousand or EUR 17 thousand (31 December 2018: UAH 5,822 thousand or EUR 184 thousand). A weakening of the Ukrainian hryvnia against the USD by 10% as at 31 December 2019 would have decreased total equity by UAH 276,675 thousand or EUR 10,471 thousand (31 December 2018: UAH 511,326 thousand or EUR 16,123 thousand).

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 2019 the Ukrainian Hryvnia appreciated against the EUR and USD by 16.69% and 14.45% respectively (2018: depreciated against the EUR by 5.32% and 1.35% against the USD). As a result, during the year ended 31 December 2019 the

Group recognized net foreign exchange gain in the amount of UAH 717,862 thousand (2018: foreign exchange losses in the amount of UAH 40,038 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)*	
	2019	**2018 (restated)**	**2019**	**2018 (restated)**
Fixed rate instruments				
Financial liabilities	**(3 440 148)**	(6 195 437)	**(130 196)**	(96 207)
Variable rate instruments				
Financial liabilities	**(507 338)**	(1 199 712)	**(19 201)**	(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)*	
		2019	**2018**	**2019**	**2018**
Euribor	1,00%	**148**	574	**6**	18
Euribor	-1,00%	**(148)**	(574)	**(6)**	(18)
Libor	1,00%	**4 925**	12 571	**186**	396
Libor	-1,00%	**(4 925)**	(12 571)	**(186)**	(396)

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.

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 unfavourable 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.

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 2019 and 2018, the carrying value of the Group's financial instruments approximates their fair values.

23 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 have significant controlled operations which are governed by transfer pricing rules. Such operations include export trade operations of agricultural products, as well as interest expenses and royalty. Specified operations are conducted both with related parties - non-residents, and third parties from low-taxing jurisdiction. In connection with absence of common methodology of transfer pricing in Ukraine, as well as judiciary practice in the sphere of the transfer pricing, there are risks that the approaches of tax authorities in the valuation of controlled operations will be different from approaches applied by the companies of the Group. If the tax authorities establish failure to comply with these rules, they may demand transfer pricing adjustments. If substantial transfer pricing adjustments were upheld by the relevant Ukrainian authorities or courts and implemented, the Group's financial results could be adversely affected; however, the potential amount could not be estimated reliably. Given risks can be implemented during seven years from the date of submission of the appropriate income tax returns.

According to Ukrainian legislation land lease agreements should be registered by state authorities. As at 31 December 2019 and 31 December 2018 the Group has a number of land lease agreements in respect of which registration procedure was not finalised. This includes both lease agreements that are not temporarily registered due to lengthy procedure of registration and which will not be registered at all. Therefore in respect of these agreements the risk of collusion by rivals and/or lessors to cancel the right of the Group to lease the land plots area according to these agreements exists. Total area leased according to not registered agreements as at 31 December 2019 comprised 19 thousand hectares which approximate 8% of total land lease area of the Group and right-of-use assets and lease liability recognised in respect of these agreements as at 31 December 2019 comprised UAH 120,281 thousand and UAH 124,408 thousand respectively (31 December 2018: UAH 96,830 thousand and UAH 96,471 thousand).

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.

24 RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties in the ordinary course of business. Related parties comprise the Group's 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 market basis.

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2019 as well as balances with related parties as at 31 December 2019:

(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 control of one of the shareholders with significant influence over the Group	**4 845**	**44 123**	**6 442**	**46 255**
	4 845	**44 123**	**6 442**	**46 255**

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	**167**	**1 525**	**244**	**1 751**
	167	**1 525**	**244**	**1 751**

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 control of one of the shareholders with significant influence over the Group	127	61 720	6 881	96 946
	127	61 720	6 881	96 946

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under control of one of the shareholders with significant influence over the Group	4	1 921	217	3 057
	4	1 921	217	3 057

Other transactions

As at 31 December 2019, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 42,161 thousand (2018: UAH 91,293 thousand) or EUR 1,596 thousand (2018: EUR 2,879 thousand) bearing an interest of 4.5% p.a.

The Group rents an office premises from related party under control of the shareholder with significant influence over the Group and has accounted these lease agreements according IFRS 16. As at 31 December 2019, the Group had the lease liability in amount of UAH 172 167 thousand or EUR 6 516 thousand and respective right-of-use asset in amount of UAH 170 447 thousand or EUR 6 451 thousand (2018: UAH 140 167 thousand or EUR 4 420 thousand and UAH 119 748 thousand or EUR 3 776 thousand respectively) (Note 6). In 2019 the Group recognized depreciation charge of right-of-use asset in amount of UAH 19 854 thousand or EUR 686 thousand as General and administrative expenses (2018: UAH 19 625 thousand or EUR 611 thousand) (Note 6 and Note 16). In 2019 the interest expense is charged in amount of UAH 4 896 thousand or EUR 169 thousand (2018: UAH 25 949 thousand or EUR 808 thousand) (Note 6 and Note 19).

Management remuneration

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Viktor Ivanchyk	**10 185**	10 946	**352**	341
Viktor Gladkyi	**8 024**	18 341	**277**	571
Marc van Campen	**1 191**	1 286	**40**	40
Howard Dahl	**2 213**	2 613	**75**	75
Gilles Mettetal	**1 191**	1 258	**40**	40
Arslan Huseyin	**1 116**	-	**40**	-
Wladyslaw Bartoszewski	**-**	1 393	**-**	40
	23 920	35 837	**824**	1 107

Remuneration of key management for the year ended 31 December 2019 is UAH 23,920 thousand or EUR 824 thousand (2018: UAH 35,837 thousand or EUR 1,107 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. Mr. Arslan Huseyin was acting as Non-Executive Director from 17 May 2019. In 2019 no bonuses were accrued for Mr.Ivanchyk (2018: EUR 360 thousand, all amount of which was allocated for charity and not included to the table above). In 2019 no bonuses were accrued for Mr. Gladkyi (2018: EUR 300 thousand are included into the table above).

25 EVENTS SUBSEQUENT TO THE REPORTING DATE

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments and by the Ukrainian Government in particular to contain the virus have affected economic activity. The management of the Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures for our people (like social distancing and working from home) and secure the supply of materials that are essential to the Group's crops growing, sugar beet growing and its further processing and cattle farming. At this stage, the impact on the Group's business and results is limited. Management will continue to follow the various national institutes' policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people. The Group also set aside a cash to mitigate negative consequences of current downturn. At the point in time the turnover growth in its normal way and there are no liquidity issues as of the date of reporting. We also refer to Note 2(b) about the entity's ability to continue as a going concern.

In March 2020, before the disruptions caused by COVID-19, Ukrainian hryvnia started to devaluate and ex-rate to USD reached 27.26 compared to 23.62 UAH per 1 USD as at the reporting date. The government demonstrated an understanding and supporting position towards business and is taken actions to relief companies from certain regulatory and tax obligations. As at the moment some tax reliefs, regulatory, compliance matters are being discussed and already implemented for segments and individuals most effected.

In April 2020, the Group has obtained a new loan facility from DEG in the amount of $10 million.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of the result)

(in thousands of Ukrainian hryvnias)		31 December 2019	31 December 2018 (restated)
Assets			
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	*3*	**11 439 708**	11 449 318
Accounts receivable from subsidiary		**4 681**	3 923
		11 444 389	11 453 241
Current assets			
Receivables			
Loan granted to subsidiary	*4*	**139 176**	102 309
Other accounts receivable and prepayments		**566**	12 777
Cash and cash equivalents	*5*	**10 231**	34 641
		149 973	149 727
Total assets		**11 594 362**	11 602 968
Equity and liabilities			
Equity			
Called-up share capital	*6*	**1 663**	1 663
Share premium		**369 798**	369 798
Revaluation reserve		**2 950 868**	3 334 310
Other reserve		**482 892**	519 416
Retained earnings		**7 726 037**	7 943 658
Unappropriated profits		**61 554**	(567 120)
Total equity		**11 592 812**	11 601 725
Current liabilities			
Other liabilities	*7*	**1 550**	1 243
		1 550	1 243
Total equity and liabilities		**11 594 362**	11 602 968

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 159 to 165.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of the result)

(in thousands of Euros)		31 December 2019	31 December 2018 (restated)
Assets			
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	*3*	**432 960**	361 016
Accounts receivable from subsidiary		**177**	124
		433 138	361 140
Current assets			
Receivables			
Loan granted to subsidiary	*4*	**5 267**	3 226
Other accounts receivable and prepayments		**22**	403
Cash and cash equivalents	*5*	**387**	1 092
		5 676	4 721
Total assets		**438 814**	365 861
Equity and liabilities			
Equity			
Called-up share capital	*6*	**250**	250
Share premium		**55 638**	55 638
Revaluation reserve		**162 180**	181 460
Other reserve		**(217 245)**	(288 873)
Retained earnings		**435 342**	434 692
Unappropriated profits		**2 590**	(17 345)
Total equity		**438 755**	365 822
Current liabilities			
Other liabilities	*7*	**59**	39
		59	39
Total equity and liabilities		**438 814**	365 861

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 159 to 165.

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousands of Ukrainian hryvnias)		2019	2018 (restated)
Dividend income		-	-
Interest income related parties	*8*	**8 885**	245
Royalty income	*9*	**28 854**	45 170
Operating income		**37 739**	45 415
Impairment on participations		**-**	-
Interest expense related parties		**-**	-
Other operating expense		**(13 978)**	(15 927)
Operating expense		**(13 978)**	(15 927)
Operating profit / (loss)		**23 761**	29 488
Other finance income and expense		**2 257**	(48)
Profit / (loss) before taxation		**26 018**	29 440
Income tax expense		**-**	-
Share in profit/loss of participations		**35 536**	(596 560)
Profit / (loss) after taxation		**61 554**	(567 120)

(in thousands of Euros)		2019	2018 (restated)
Dividend income		-	-
Interest income related parties	*8*	**307**	8
Royalty income	*9*	**997**	1 406
Operating income		**1 304**	1 414
Impairment on participations		**-**	-
Interest expense related parties		**-**	-
Other operating expense		**(483)**	(497)
Operating expense		**(483)**	(497)
Operating profit / (loss)		**821**	917
Other finance income and expense		**78**	(1)
Profit / (loss) before taxation		**899**	916
Income tax expense		**-**	-
Share in profit/loss of participations		**1 691**	(18 261)
Profit / (loss) after taxation		**2 590**	(17 345)

The balance sheet is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 159 to 165.

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, registered with the Chamber of Commerce of the Netherlands number 34.24.88.91. 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 22 of the consolidated 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.

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 2019 and 2018 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 Ukrainian hryvnias)	2019	2018 (restated)
Balance as at 1 January	**11 449 318**	11 198 977
Incorporation of new subsidiary	**-**	-
Net (loss)/income	**35 536**	(596 560)
Increase/(decrease) in reserves	**(8 622)**	822 551
Other movements	**-**	-
Translation differences	**(36 524)**	24 350
Balance as at 31 December	**11 439 708**	11 449 318

(in thousands of Euros)	2019	2018 (restated)
Balance as at 1 January	**361 016**	343 282
Incorporation of new subsidiary	**-**	-
Net (loss)/income	**1 691**	(18 261)
Increase/(decrease) in reserves	**(1 375)**	16 445
Other movements	**-**	-
Translation differences	**71 628**	19 550
Balance as at 31 December	**432 960**	361 016

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

4. LOAN GRANTED TO SUBSIDIARY

The terms and repayment schedule for loan granted are as follows:

(in thousands of Ukrainian hryvnias)	Nominal interest rate	Year of maturity	31 December 2019	31 December 2018
Loans granted to subsidiary in USD	2%	2020	**12 591**	-
Loans granted to subsidiary in USD	5%	2020	**126 585**	-
Loans granted to subsidiary in USD	7%	2019	**-**	69 310
Loans granted to subsidiary in EUR	2%	2019	**-**	32 999
			139 176	102 309

(in thousands of Euros)	Nominal interest rate	Year of maturity	2019	2018 (restated)
Loans granted to subsidiary in USD	2%	2020	**477**	-
Loans granted to subsidiary in USD	5%	2020	**4 791**	-
Loans granted to subsidiary in USD	7%	2019	**-**	2 185
Loans granted to subsidiary in EUR	2%	2019	**-**	1 041
			5 267	3 226

As at 31 December 2019 the Company granted a loan to its subsidiaries of UAH 130,985 thousand (USD 5,530 thousand) (2018: UAH 69,221 thousand and UAH 32,983 thousand or USD 2,500 thousand and EUR 1,040 thousand correspondingly). The loans are unsecured and bears interest of 2-5% p.a.

5. CASH

As at 31 December 2019, amount of cash is UAH 10,231 thousand (EUR 387 thousand) (2018: UAH 34,641 thousand or EUR 1,092 thousand). There is no restricted cash.

6. EQUITY

The authorized share capital as at 31 December 2019 and 2018 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 2019, 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:

	2019	2018
Astarta Holding N.V.		
Ivanchyk familly	**38,39%**	36,26%
Fairfax Financial Holdings LTD with subsidiaries	**28,98%**	28,06%
Other shareholders	**32,63%**	35,68%
	100,00%	100,00%

In 2019 and 2018 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 UAH 2,482,363 thousand (EUR 112,451 thousand) (2018: UAH 3,072,159 thousand or EUR 138,861 thousand) presented within revaluation reserve caption in the balance sheet;
- the accumulated gain on revaluation of biological assets of UAH 468,505 thousand (EUR 49,729 thousand) (2018: UAH 262,151 thousand or EUR 42,599 thousand) presented within revaluation reserve caption in the balance sheet;
- the accumulated gain from currency translation adjustment of UAH 482,892 thousand (loss of EUR 217,245 thousand) (2018: gain of 519,416 thousand or loss of EUR 288,875 thousand) presented within other reserve caption in the balance sheet.

In 2018 the Company has purchased 94,757 of own shares for UAH 23,326 thousand (EUR 726 thousand) at average price per share of UAH 240 or EUR 8. As at 31 December 2019, the Group had 689,898 of treasury shares with total cost of UAH 119,260 thousand (EUR 5,527 thousand) (2018: 689,898 of treasury shares with total cost of UAH 119,260 thousand or EUR 5,527 thousand). Par value of each share is EUR 0.01.

In the balance sheet the treasury shares are presented as a deduction from the retained earnings.

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of UAH 61,554 thousand (EUR 2,590 thousand) to retained earnings.

The movements in shareholders' equity are as follows:

(in thousands of Ukrainian hryvnias)	Issued share capital		Share premium	Revaluation reserve	Other reserves	Retained earnings	Unappropriated profits	Total
	Ordinary shares	Preference shares						
At 1 January 2019	**1 663**	**-**	**369 798**	**3 334 310**	**519 416**	**7 943 658**	**(567 120)**	**11 601 725**
Net result for the year	-	-	-	-	-	-	**61 554**	**61 554**
Exchange rate differences	-	-	-	-	**(36 524)**	-	-	**(36 524)**
Remeasurements	-	-	-	**(33 943)**	-	-	-	**(33 943)**
Reclassification to profit or loss	-	-	-	**(349 499)**	-	**349 499**	-	-
	-	-	-	**(383 442)**	**(36 524)**	**349 499**	**61 554**	**(8 913)**
Transactions with shareholders								
Appropriation of the result of preceding year	-	-	-	-	-	**(567 120)**	**567 120**	-
Total movements	-	-	-	**(383 442)**	**(36 524)**	**(217 621)**	**628 674**	**(8 913)**
At 31 December 2019	**1 663**	**-**	**369 798**	**2 950 868**	**482 892**	**7 726 037**	**61 554**	**11 592 812**

(in thousands of Euros)	Issued share capital		Share premium	Revaluation reserve	Other reserves	Retained earnings	Unappropriated profits	Total
	Ordinary shares	Preference shares						
At 1 January 2019	**250**	**-**	**55 638**	**181 460**	**(288 873)**	**434 692**	**(17 345)**	**365 822**
Net result for the year	-	-	-	-	-	-	**2 590**	**2 590**
Exchange rate differences	-	-	-	-	**71 628**	-	-	**71 628**
Remeasurements	-	-	-	**(1 285)**	-	-	-	**(1 285)**
Reclassification to profit or loss	-	-	-	**(17 995)**	-	**17 995**	-	-
	-	-	-	**(19 280)**	**71 628**	**17 995**	**2 590**	**72 933**
Transactions with shareholders								
Appropriation of the result of preceding year	-	-	-	-	-	**(17 345)**	**17 345**	-
Total movements	-	-	-	**(19 280)**	**71 628**	**650**	**19 935**	**72 933**
At 31 December 2019	**250**	**-**	**55 638**	**162 180**	**(217 245)**	**435 342**	**2 590**	**438 755**

7. OTHER LIABILITIES

Other liabilities as at 31 December are as follows:

(in thousands of Ukrainian hryvnias)	31 December 2019	31 December 2018
Other liabilities	**1 550**	1 243
	1 550	1 243

(in thousands of Euros)	31 December 2018	31 December 2018
Other liabilities	**59**	39
	59	39

8. INTEREST INCOME RELATED PARTIES

The Company's interest income is presented by interest income received for loans granted to subsidiaries for 2019 in amount of UAH 8,885 thousand (EUR 307 thousand) (2018: UAH 245 thousand or EUR 8 thousand).

9. ROYALTY INCOME

The Company's royalty income is presented by a royalty income received for granting a non-exclusive license to use a trade and services mark to its subsidiaries for 2019 in amount UAH 28,854 thousand (EUR 997 thousand) (2018: UAH 45,170 thousand or EUR 1,406 thousand).

10. INCOME TAXES

The Company is subject to Dutch corporate income tax at 25% rate. The effective tax rate is nil.

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are UAH 130 million (EUR 4.9 million) as of 31 December 2019 (2018: UAH 196 million or EUR 6.2 million). In 2019 UAH 26 million (EUR 0.9 million) is used against 2019 profit (2018: UAH 42 million or EUR 1.3 million is used against 2018 profit). In 2019 cumulative carried forward tax losses in amount UAH 10 million (EUR 364 thousand) are expired for utilization (2018: UAH 16 million or EUR 506 thousand). No deferred tax asset has been recognized due to insufficient future taxable income.

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 2019 and as at 31 December 2018 there were no pledged shares.

As at December 2019 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 UAH 8,152 million (EUR 309 million) (2018: UAH 6,977 million or EUR 220 million).

12. DIRECTORS

The Company is managed by the Board of Directors which consists of six members: three Executive Directors and three 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	Non-Executive Director
Arslan Huseyin	Non-Executive Director

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 Ukrainian hryvnias)		*(in thousands of Euros)*	
	2019	**2018**	**2019**	**2018**
Remuneration of executive Board members				
Viktor Ivanchyk	**10 185**	10 946	**352**	341
Viktor Gladkyi	**8 024**	18 341	**277**	571
Marc van Campen	**1 191**	1 286	**40**	40
Total remuneration of executive Board members	**19 400**	30 573	**669**	952
Remuneration of non-executive Board members				
Howard Dahl	**2 213**	2 613	**75**	75
Gilles Mettetal	**1 191**	1 258	**40**	40
Arslan Huseyin	**1 116**	-	**40**	-
Wladyslaw Bartoszewski	**-**	1 393	**-**	40
Total remuneration of non-executive Board members	**4 520**	5 264	**155**	155
Total remuneration of Board members	**23 920**	35 837	**824**	1 107

Remuneration of the Company's Directors for the year ended 31 December 2019 is UAH 23,920 thousand or EUR 824 thousand (2018: UAH 35,837 thousand or EUR 1,107 thousand). Mr. Wladyslaw Bartoszewski was acting as Vice Chairman of the Board and Non-Executive Director until 25 May 2018. Mr. Arslan Huseyin was acting as Non-Executive Director from 17 May 2019. In 2019 no bonuses were accrued for Mr.Ivanchyk (2018: EUR 360 thousand, all amount of which was allocated for charity and not included to the table above). In 2019 no bonuses were accrued for Mr. Gladkyi (2018: EUR 300 thousand are included into the table above).

The amount due from the Company's Directors as at 31 December 2019 is nil (31 December 2018 is nil).

13. AUDIT FEES

The following audit fees relate to the audit of 2019 and 2018 financial statements, regardless of whether the work was performed during the financial year.

2019	*(in thousands of Ukrainian hryvnias)*			*(in thousands of Euros)*		
	PWC - Ukraine	**PWC - Netherlands**	**Total Networks**	**PWC - Ukraine**	**PWC - Netherlands**	**Total Networks**
Audit of the financial statements	**5 664**	**2 677**	**8 341**	**196**	**93**	**289**
Other audit services	**3 545**	**-**	**3 545**	**122**	**-**	**122**
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	9 209	**2 677**	**11 886**	**318**	**93**	**411**

2018	*(in thousands of Ukrainian hryvnias)*			*(in thousands of Euros)*		
	PWC - Ukraine	**PWC - Netherlands**	**Total Networks**	**PWC - Ukraine**	**PWC - Netherlands**	**Total Networks**
Audit of the financial statements	-	-	-	-	-	-
Other audit services	-	-	-	-	-	-
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
	-	-	-	-	-	-

15. CHANGE IN PRESENTATION

The Company amended presentation of certain captions within balance sheet and income statement as at 31 December 2019 and for the year then ended. Starting from this year the Company also presents financial statements in UAH. The Company believes that these changes provide reliable and more relevant information. In accordance with IAS 8, the change in presentation has been made retrospectively.

16. EVENTS SUBSEQUENT TO THE REPORTING DATE

For events subsequent to the reporting date refer to note 25 of the consolidated financial statements.

Board of Directors of ASTARTA Holding N.V.

10 April 2020

Amsterdam, the Netherlands

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

OTHER INFORMATION

Profit allocation and distribution in accordance with articles of association

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

Article 24

1. The profits shall be at the disposal of the General Meeting.

2. The Company can only make profit distributions to the extent its equity exceeds the paid and called up capital plus reserves which must be maintained pursuant to the law.

3. Dividend payments may be made only after adoption of the annual accounts which show that such payments are permitted. Dividends shall be payable immediately after they have been declared, unless the General Meeting should fix a different date when adopting the relevant resolution. Shareholders' claims vis-à-vis the Company in respect of the payment of a dividend shall lapse after a period of five years from the point at which they are made payable.

4. With due observance of the provisions of paragraph 2 and provided that the requirements of paragraph 2 are fulfilled as evidenced by the interim balance sheet as mentioned in article 2:105, paragraph 4 Dutch Civil Code (Burgerlijk Wetboek), the General Meeting may adopt a resolution to distribute an interim dividend or to make distributions from a reserve which need not be maintained by law.

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

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Independent auditor's report

To: the general meeting and the board of directors of Astarta Holding N.V.

Report on the financial statements 2019

Our opinion

In our opinion:

- The consolidated financial statements of Astarta Holding N.V. ('the Company') together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2019 and of its result and cash flows for the year then ended 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 company financial statements of Astarta Holding N.V. give a true and fair view of the financial position of the Company as at 31 December 2019, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of Astarta Holding N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the Company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, cash flows and of changes in equity; and
- the notes to the consolidated financial statements, comprising the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the company balance sheet as at 31 December 2019;
- the company profit and loss account for the year then ended; and
- the notes to the company financial statements, comprising the summary of principal accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

FK2TAXFWDN4X-946156226-14

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Astarta Holding N.V. in accordance with the European Union 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 assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Astarta Holding N.V. is a vertically-integrated agro-industrial holding incorporated in Amsterdam, the Netherlands. The Group specializes in sugar production, crop growing, soybean processing and cattle farming. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2 (i) of the financial statements the Company described the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Of the accounting estimates mentioned in this paragraph we considered the impairment of property, plant and equipment in the sugar segment, valuation of biological assets and assumptions used to calculate right of use assets and lease liabilities as key audit matters given the significant estimation uncertainty and the related higher inherent risks of material misstatement. In addition, significant currency devaluation in 2015-2017 and a decrease of global price for sugar in the past continue to present challenges to the Group, hence compliance with debt covenants and the use of the going concern assumption was a focus area of the audit and a key audit matter. We refer to the section 'Key audit matters' of this report.

Other areas of focus, that were not considered as key audit matters, were related to valuation of inventory and VAT recoverability.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of an agricultural company. We also included experts and specialists in the areas of information technology, taxation and valuation in our team.

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The outline of our audit approach was as follows:

Materiality

- Overall materiality: UAH 129.8 million (EUR 4.5 million)

Audit scope

- We conducted audit work over seventeen components and covered all significant components of the Group
- Site visits were conducted in Ukraine
- Because of the centralised structure, the entire Group was audited by one engagement team
- Audit coverage: 98% of consolidated revenue, 91% of consolidated total assets and 97% of consolidated profit before tax.

Key audit matters

- Impairment of property, plant and equipment in the sugar segment
- Valuation of biological assets
- Assumptions used to calculate the right-of-use assets and lease liabilities at initial recognition and upon subsequent measurement
- Use of the going-concern assumption

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We looked at where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed the outcome thereof. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balance. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the board of directors.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

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Overall group materiality	Overall materiality: UAH 129.8 million (EUR 4.5 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of revenue.
Rationale for benchmark applied	We used revenue as the primary benchmark, based on our analysis of the common information needs of users of the financial statements. We believe that total revenue is an important metric for the financial performance of the Group. Although we believe that the profit of the business is one of the key performance measures, at this stage revenue is the most objective benchmark. Revenue is the least affected by accounting estimates and is relatively stable. On this basis, we believe that revenue is an important metric for the financial performance of the Group. Profit before tax was not considered as appropriate benchmark as it was highly volatile over the recent years considering turbulence of market prices for agricultural produce which are also used as input for valuation of biological assets that impact the operating income. At the same time, operating and non-operating costs are not impacted to the same extent by the market sugar prices but are significantly affected by the impairment of property, plant and equipment as well as exchange rate fluctuations.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between UAH 48.6 million (EUR 1.7 million) and UAH 77.8 million (EUR 2.7 million).

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above UAH 12.98 million (EUR 0.45 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Astarta Holding N.V. is the parent company of a group of entities operating primarily in Ukraine, Switzerland and Cyprus. The financial information of this Group is included in the consolidated financial statements of Astarta Holding N.V., refer to Notes 2 (c) to the consolidated financial statements for the detailed Group structure.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage to the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level.

The group audit included five components in Ukraine, Switzerland and Cyprus, which were subjected to audits of their complete financial information, as those components are individually financially significant to the Group. Additionally, we selected twelve components for specified audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

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In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	91%
Profit before tax	97%

None of the remaining components represented more than 1% of total group revenue or 2.5% of total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatement within those components.

The Group's operating activities are primarily located in Ukraine. The Group accounting function is centralized in Kyiv and the Group is primarily managed as a single operating unit with multiple operating segments. The Group uses a centralized IT system for its business processes and final reporting, including consolidation. Therefore, all of the audit work was performed by the Group engagement team including the audit of the Group's consolidation and financial statements disclosures.

By performing the procedures above, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

We assess and respond to the risk of fraud and risk of non-compliance with laws and regulations in the context of our audit of the financial statements. In this context and with reference to the sections on responsibilities in this report, our objectives in relation to fraud are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, because of the characteristics of fraud, particularly those involving sophisticated and carefully organised schemes to conceal it, such as forgery, deliberate failure to record transactions and collusion, our audit might not detect instances of material fraud.

In respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the one-tier board of directors that consists of three executive directors and three non-executive directors who perform the oversight function. We refer to section 7 of the corporate governance report where the board of directors included their fraud risk assessment.

Our risk assessment

We obtained an understanding of the entity and its environment, including the entity's internal controls. We made enquiries of internal audit, the audit committee and the board of directors. In addition, we considered other external and internal information, e.g. publicly available media resources, report from the Group whistleblowing facility, etc. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Fraud risk factors are events or conditions, which indicate an incentive or pressure, an opportunity, or an attitude or rationalisation to commit fraud. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud. Given the territories the Group operates in, we considered the risk of bribery and corruption taking into account the corruption perception index of the countries of operation and updated our understanding of the internal controls that the Group has in place to address and manage this risk. We additionally performed background checks on a sample of supplier relationships.

Our response to the risks identified

We performed the following audit procedures to respond to the assessed risks:
We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures, which include journal entry testing and evaluating accounting estimates for bias.

In particular, our procedures consisted of: data analysis of high-risk journal entries, assessment of whistleblower hotline process, evaluation of key estimates and judgements made by Astarta Holding N.V. (including retrospective reviews of prior year's estimates against actual outcomes) and testing the classification and capitalization of expenses. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information. We also incorporated an element of unpredictability in our audit.

We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. If so, we reevaluated our assessment of fraud risk and its resulting impact on our audit procedures.

We refer to the key audit matters in the next paragraph of this report, which are all examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the 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 identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	***Our audit work and observations***
Impairment of property, plant and equipment in the sugar segment *Refer to Notes 2 (i) and 5 to the consolidated financial statements for the related disclosures.* Over 2018 and 2019 market prices on sugar were declining. Therefore, significant risk in respect of impairment of property, plant and equipment in the sugar segment was defined in our audit plan at the inception of the audit. The sugar segment is historically the most susceptible for impairment given the market developments. The Group performs an impairment assessment on an annual basis as required by IAS 36 Impairment of Assets. The assessment process is highly judgemental and is based on the assumptions that are affected by discount rate, selling prices, cost of production and other components of cash flow forecast. The Group assessed the recoverable amount of property, plant and equipment using value in use based on expected discounted cash flows technique. These cash flows were based on the next year budget approved by the Group's Budget Committee, comprising of the CFO, CEO, COO, Commercial Director and Production Director of the Group and for the subsequent years on the extrapolated forecasts based on the consumer price index and sugar price forecasts of World Bank. Taking into account the significant sensitivity of the property, plant and equipment balances in the sugar segment related to the change in key assumptions and that significant management judgement involved, we considered this a key audit matter.	We evaluated the assumptions and methodologies used in the annual impairment test as prepared by the Company. Our audit procedures included back testing of the quality of budgeting process and assessment of management's ability to make a reliable estimation. Further, we have challenged management on key assumptions applied to which the outcome of the impairment test is the most sensitive, i.e. the discount rates, selling prices and cost of production. Primarily, we compared these assumptions to historic performance of the Group. Further, we compared the assumptions to the ones included in the latest budget, internal forecasts and strategic management plans approved by the Budget Committee. We also corroborated these key assumptions by comparison to the global market data and recent local economic developments and outlooks for the sugar segment. We have made use of valuation experts as part of our audit to assist us in evaluating the methodology applied by the Group, discount rates used and whether those are in line with the general valuation standards and industry practices. We found the Group's estimates and judgements used in the impairment assessment to be supported by the available evidence and have not noted material exceptions.

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Key audit matter	Our audit work and observations
	We verified the mathematical accuracy of the calculations, overall reasonableness of the outcome of the impairment test and the adequacy of the Company's disclosures in Note 5 to the consolidated financial statements. No material exceptions were noted.
Valuation of biological assets *Refer to Notes 2 (i) and 7 to the consolidated financial statements for the related disclosures.* The Group measures biological assets (crops and livestock) at fair value less costs to sell in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. The Group has current biological assets, comprised of winter crops of UAH 425.6 million (EUR 16.1 million) and non-current biological assets, mainly consisting of cattle UAH 792.9 million (EUR 30.0 million). The Group assesses the fair value less cost to sell of its biological assets based on the discounted cash flow technique. This valuation is significant to our audit because the assessment process is complex and judgmental. The key assumptions used in the preparation of future cash flow (see Note 7 to the consolidated financial statements) are: • expected yields; • prices; • discount rates. Due to the absence of an active market it is based on unobservable data from its internal agricultural, sales and financial reporting experts who accumulate this information based on prior years performance and publicly available resources, i.e. market analysts' forecasts and industry expert reports, therefore inherently susceptible to the risk of material misstatement. Therefore, we consider valuation of biological assets to be a key audit matter.	Among other audit procedures, we performed an evaluation of the Group's accounting policy and methodology for valuation of biological assets. We verified that the valuation methods used are in accordance with IAS 41, IFRS 13 and consistent with international valuation standards and industry norms. We assessed the competence, capabilities and experience of the preparers of the valuation, and verified their qualifications. We challenged management's assumptions with reference to historical data (yields) and, where applicable, external benchmarks (prices) and market data noting the assumptions used fell within an acceptable range. Further, we compared those key assumptions to the ones used in the next year budget approved by Budget Committee; and historical performance and evaluated rationale for any change. We involved our valuation experts to evaluate the reasonableness and appropriateness of the discount rates. We reviewed a sensitivity analysis of the significant assumptions to evaluate their impact on and adequacy of disclosures made relating to the fair value less costs to sell of biological assets. We considered the appropriateness of relevant disclosures provided in the consolidated financial statements (see Note 7 to the consolidated financial statements). No material misstatements or exceptions were noted as a result of our audit procedures.

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Key audit matter	Our audit work and observations
Assumptions used to calculate right of use assets and lease liabilities at initial recognition and upon subsequent measurement *Refer to Notes 2 (i), 4 and 6 to the consolidated financial statements for the related disclosures.*	
The Group opted for an early adoption of the accounting standard IFRS 16 Leases in its 2018 IFRS financial statements using the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. The existence of judgement in application of new lease standard methodology and various market practices and approaches to land lease liability valuation among agricultural companies in Ukraine led to an error in valuation of land leases on adoption and restatement of the comparative information in 2019 financial statements. Particularly, in 2018 management measured the land lease liabilities based on contractual lease rates. In 2019, in line with the industry practice developments, it appeared that payments made by the Group for land lease from lessors-individuals represent a variable payment that depend on market index or rate. The change in approach impacted measurement of lease liabilities and right-of-use assets accordingly. Judgement is applied to determine whether payments are variable and tend to fluctuate in line with market rates changes. The assessment of the impact of the revised industry practice and valuation of leases as a whole is significant to our audit, as the balances recorded are material, the update of the accounting policy requires policy elections, the implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions, such as discount rates and the lease terms, including termination and renewal options. Therefore, we consider assumptions used to calculate right-of-use assets and lease liabilities at initial recognition and upon subsequent measurement to be a key audit matter.	Our audit procedures included, among others, an evaluation of the Group's accounting policy and methodology for calculation of the right of use asset and lease liability. We involved our risk assurance specialists to test automated controls implemented in the calculation process. We considered management's key assumptions underlying the right-of-use asset and lease liability calculation, such as discount rates and term of the leases. We analysed whether the methodology of calculation of discount rate is appropriate and whether management's calculation is within the range, applied by other companies with similar lease terms. On a sample basis we also verified whether lease terms incorporated into the lease measurement represents a reasonably certain period based on management's plans and existing working practices with the lessors. Based on the above, we tested the restatement of the comparative information. No material misstatements were noted as a result of our procedures listed above. We also assessed the accuracy and completeness of disclosures included in the financial statements including the disclosure on restatement of prior year information. We determined that the disclosures are adequate.

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Key audit matter	Our audit work and observations
Use of the going concern assumption *Refer to Notes 2 (b) and 25 to the consolidated financial statements for the related disclosures.* The Group's EBITDA and financial position for the last two years were affected by the economic environment and downturn on the sugar markets caused by the decreased sugar prices. Therefore, as at 31 December 2019 out of UAH 3,947 million (EUR 149.4 million) of the loans and borrowings an amount of UAH 1,780 million (EUR 67.4 million) belong to the loans and borrowings where certain financial covenants were breached. Considering some waivers were received after 31 December 2019 and existing cross-default provisions in the loan agreements, loans and borrowings of UAH 1,961 million (EUR 74.2 million) are classified as current liabilities. Therefore, as at 31 December 2019 the Group was unable to comply with certain financial covenants that include: debt service coverage, prospective debt service coverage, net financial debt to EBITDA, EBIT to interest payments, EBITDA to interest expense. Management has disclosed the above matter in the going concern Note 2 (b) to the consolidated financial statements and has performed several actions to address this matter, including: • Management has established the communication with existing lenders. This enabled the Group to timely obtain waivers on all covenants breached as at 31 December 2019 and comfort letters to confirm that lenders have the intention to continue cooperation with the Group as the borrower. • Management has reached out to the market and investigated the possibilities for refinancing in case of instant liquidity gaps • The Group planned sufficient liquidity resources to meet its obligations. Monthly cash flow forecasts were prepared covering the period until Q2 2021 including management's best estimate of main assumptions such as macro indicators, pricing, costs and volume fluctuations.	Given the significance of this matter we have performed a substantial number of procedures over management's conclusion regarding the adequacy of the use of the going-concern assumption. We obtained and reviewed the waivers as well as comfort letters provided by the Banks for all material borrowings in breach. We verified that the waivers are sufficiently enforceable and contained guarantees for non-withdrawal as of 31 December 2019. Accompanying comfort letters supporting the intent to continue cooperation going forward were also reviewed. Given that banks retain a legal right for premature withdrawal of borrowings we assessed the potential impact on the Group liquidity in case of such event. We obtained the cash flow forecast model prepared by management and performed the following procedures: • we tested the accuracy of the formulae within the model by reperforming the model based on management's input assumptions; • we performed back testing on the assumptions used by management in the cash flow forecast model for covering the period up until Q2 2021; • we challenged the macro indicators and pricing assumptions made by management through comparing those with the information produced by external market analysts and did not observe a significant difference. Next to those, we challenged the cost and production volume assumptions based on look-back analysis; • We have made use of the support of specialists in business recovery for review of managements' cash flow forecast model. No material misstatements were noted as a result of our audit procedures.

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Key audit matter	*Our audit work and observations*
Based on the above management concluded that the financial statements have been prepared appropriately based on the going-concern assumption and determined that the breach of covenants does not have material influence on the group's ability to continue as a going concern. Next to the above situation, on 11 March 2020, the Director General of the World Health Organization declared the novel corona virus, COVID-19, a global pandemic. Measures taken by various governments and by the Ukrainian Government to prevent the virus spread affected the economic activities. Following the Government measures, management have updated their evaluation of the Group's ability to continue as a going concern (see Note 2 (b)) to incorporate an assessment of the potential impact of COVID-19. This included assessment of the expected disruption on markets, and specifically the Group's operations. While the impact of COVID-19 is uncertain and unquantifiable, the Group has implemented a variety of mitigating actions and contingency plans in response to the pandemic. Because of the breach of financial covenants and given the possible impact and consequences of the corona virus (COVID-19) on the Group and the environment in which the Group operates as well as the measures taken and planned to deal with these events or circumstance, we consider the use of the going-concern assumption to be a key audit matter. The assessment as to whether the use of the going-concern assumption is appropriate is a matter of significant judgment and is fundamental to the basis of preparation of the financial statements.	In challenging management's assessment of the impact of COVID-19 on their business, our procedures included: • conducting enquiries with key members of management outside of the finance function, to understand the Group's mitigating actions and contingency plans; • reviewing board reporting with regard to the expected business impact of the matter; • obtaining evidence of the Group's documented pandemic planning, and contingency plans to continue plant operations; and • reviewing management's sensitivity analysis on the Group's future cash flow projections. Based on the procedures performed, we concluded that no change was required in respect of management's conclusions on going concern, and based on the current facts and circumstances we believe that management's disclosures in relation to COVID-19 are appropriate, however, as management have disclosed, this is an evolving area and further risks may arise which have a potential impact on the business. We further reviewed the related financial statement disclosures for consistency with the results of our procedures outlined above. In review we focused on disclosure in the Notes 2 (b), 25 and Other Information as to the applicability of the going-concern assumption and COVID-19 impact. We determined that the disclosures are adequate.

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Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information (the 'Other Information') that consists of:

- letter to shareholders;
- Astrata's history;
- Astarta's map of operations;
- key operation results;
- key financial results;
- selected financial indicators and ratios;
- report on operations;
- corporate governance report, including remuneration report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Astarta Holding N.V. following the passing of a resolution by the shareholders at the annual meeting held on 2 August 2019.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 14 to the Company financial statements.

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Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS, with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors 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, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors 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 non-executive directors that are part of the one-tier board of directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 10 April 2020
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.G.J. Gerritsen RA

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Appendix to our auditor's report on the financial statements 2019 of Astarta Holding N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

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 consisted, among other things of the following:

- 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 intentional 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 the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the 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.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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 deficiencies in internal control that we identify during our audit.

In this respect, we also issue 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 those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

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