ANNUAL REPORT 2016

ASTARTA Holding N.V.

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LETTER TO SHAREHOLDERS

Dear shareholders,

The past year was a successful one for ASTARTA. From an operational point of view, we increased an output of grains and oilseeds to a record 910 thousand tons, harvested 2.6 million tons of sugar beet, and produced the largest volume of sugar in the Company's history – 505 thousand tons. The financial results were also positive: revenue increased to EUR 369 million, EBITDA rose to EUR 152 million, net profit - to EUR 83 million. The share of exports in consolidated revenues grew to 51%.

The Company has continued developing all its business segments. Our focus has traditionally remained with operational efficiency, development of production capacities, and innovation. In farming, we have introduced new types of fertilisers and further expanded the seeds selection practice. The results of the pilot projects on the development of irrigation and organic farming were encouraging. We have successfully implemented programs to introduce IT-technologies in farming management and control systems.

In sugar segment, we continued working hard to further reduce energy consumption, and enhance the quality of sugar and packaging at our factories. The improvements in these areas contributed to the dynamic growth of sugar exports to the global market. Another positive development in sugar was that we managed to attract to our factories more than 1.2 million tons of sugar beets from independent suppliers.

In soybeans processing, we have focused on the production of high-protein GMO-free meal and oil. The approach has been successful, as these products are in high demand in the EU and Asia, and provide higher margins. We also took the first steps to develop grains and oilseeds trading, and expanded the grain silo network by over 80 thousand tons.

We have paid attention to a synergic and important element of our business – dairy farming. The past year was a challenging one for this industry due to low prices locally and globally. Despite this, we continued to develop this segment, and initiated a construction of modern feed centre in the Poltava region. It will provide balanced feed for more than 10 thousand cows at ASTARTA's farms and for nearby located farmers.

Corporate social responsibility has always been an integral part of our activities. Within the reporting period, we have continued to provide assistance to the development of territorial communities, and educational and medical institutions in the countryside. Important steps have been taken to improve the environmental performance of our enterprises, the introduction of international quality standards in management and energy efficiency.

In our opinion, the next stage of revolutionary reforms is taking place in agriculture. This is due to a broad introduction of information technologies in operational and management processes. To be in line with this trend we founded the "Agro Core", a joint company with the one of Ukraine's leading developers of software and computer equipment.

In 2016, an important decision was taken with concern of shareholders' structure. The Canadian investment fund Fairfax is becoming a major shareholder in ASTARTA which we believe will contribute to its further sustainable growth. The Board of Directors expresses its gratitude to Valery Korotkov who is selling his stake in the Company and resigned from the position of Chairman for his considerable contribution to the development of ASTARTA.

We strongly believe, that the key for ASTARTA's success were and are our people. With the ongoing technological advances in all ASTARTA's business segments, we attach a great importance to the training and development of personnel. In many ways, these efforts have already yielded positive results, and we will continue with this focus as an indispensable part to increase our competitiveness.

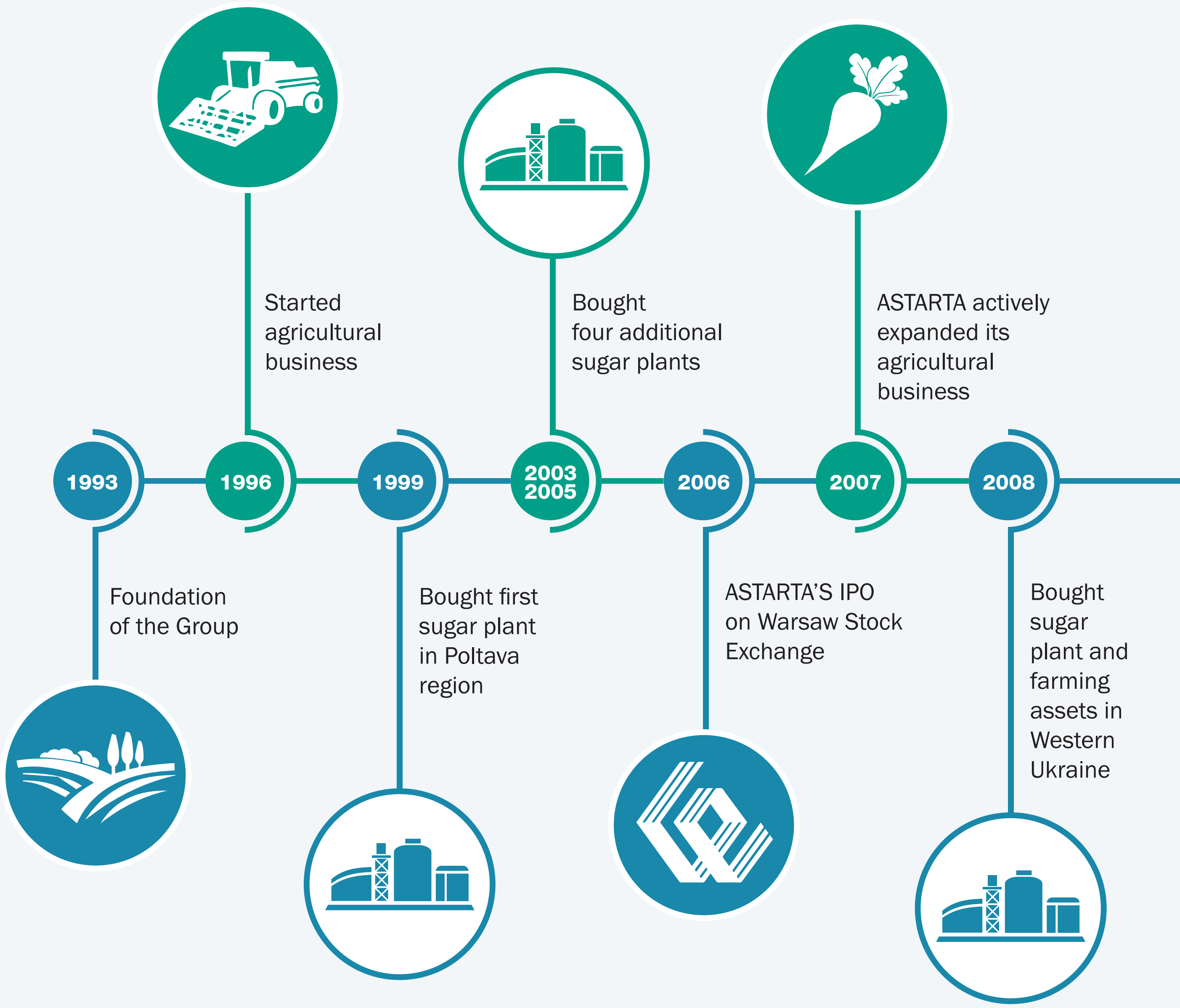
The advances in ASTARTA in 2016 and all previous years provide a good base for its further growth. A lot has to be done to further enhance efficiency in key segments of our business. We also see opportunities for the organic growth and expansion in the synergetic businesses as well.

We are grateful for your support, trust, and cooperation. Our team will continue to explore every avenue to meet expectations of our shareholders and make ASTARTA stronger and successful.

Sincerely yours,

Viktor Ivanchyk
Founder and CEO

ASTARTA'S HISTORY



2009
Consolidation of production assets into integrated business units

2011
Bought two sugar plants and agriassets in Kharkiv region

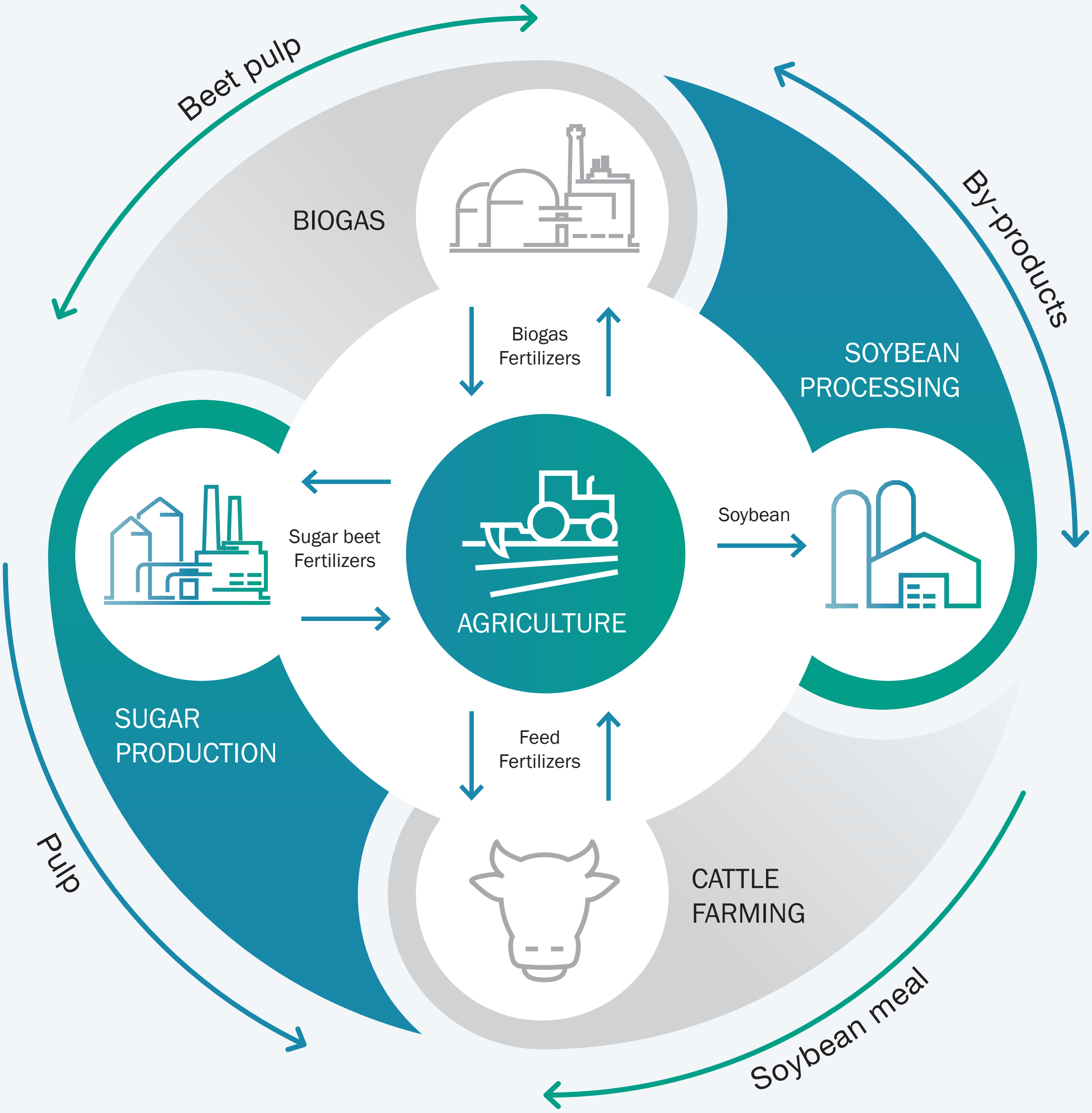
2012
Initiated soybean processing and biogas generation projects

2013
Bought sugar plant in Poltava region

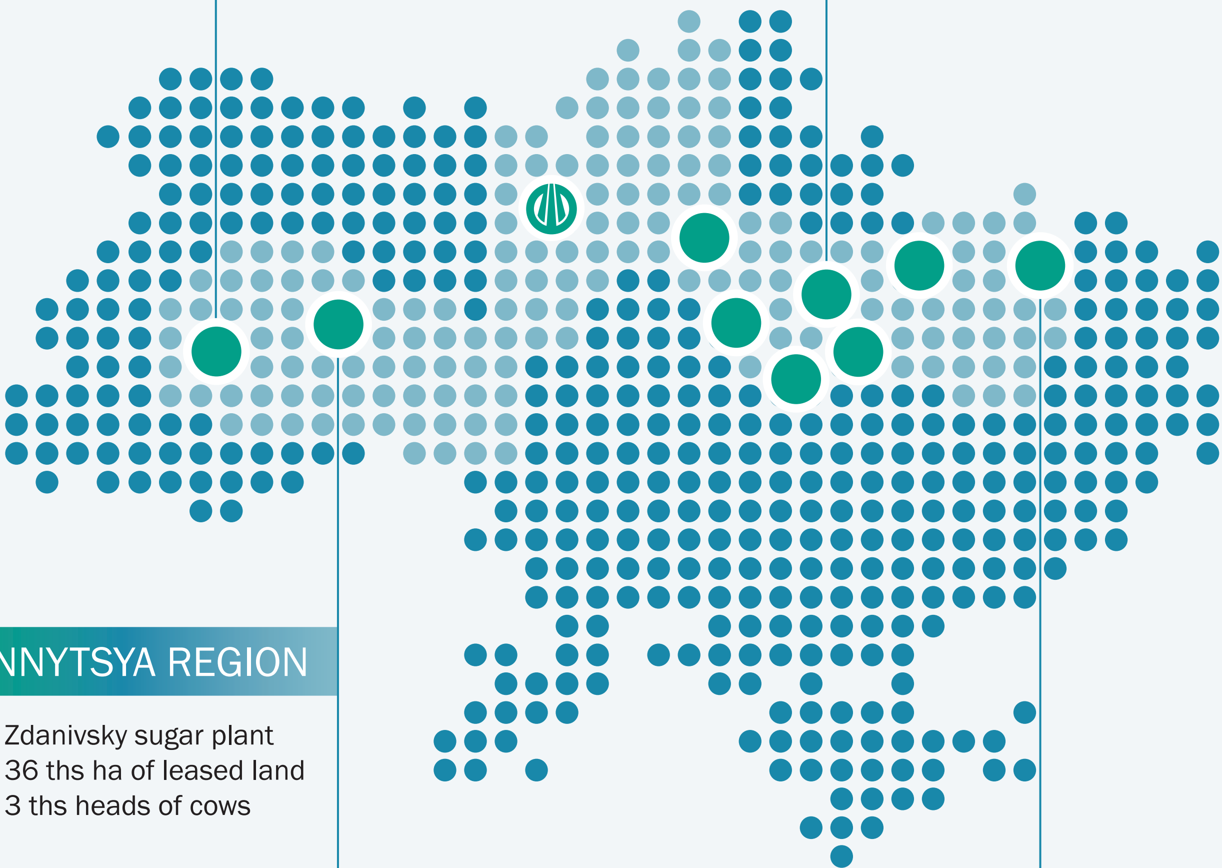
2014
Commissioned new soybean processing and biogas plants

2016
Extension of grain silo program, expanding land bank

BUSINESS SYNERGY



LOCATION OF ASSETS



POLTAVA REGION

- Kobelyaky sugar plant
- Yaresky sugar plant
- Globyno sugar plant
- Novoorzhytsa sugar plant
- Globyno processing plant
- Bioenergy plant
- 146 ths ha of leased land
- 22 ths heads of cows

KHMELNYTSKYI REGION

- Narkevychi sugar plant
- 52 ths ha of leased land
- 5 ths heads of cows

VINNYTSYA REGION

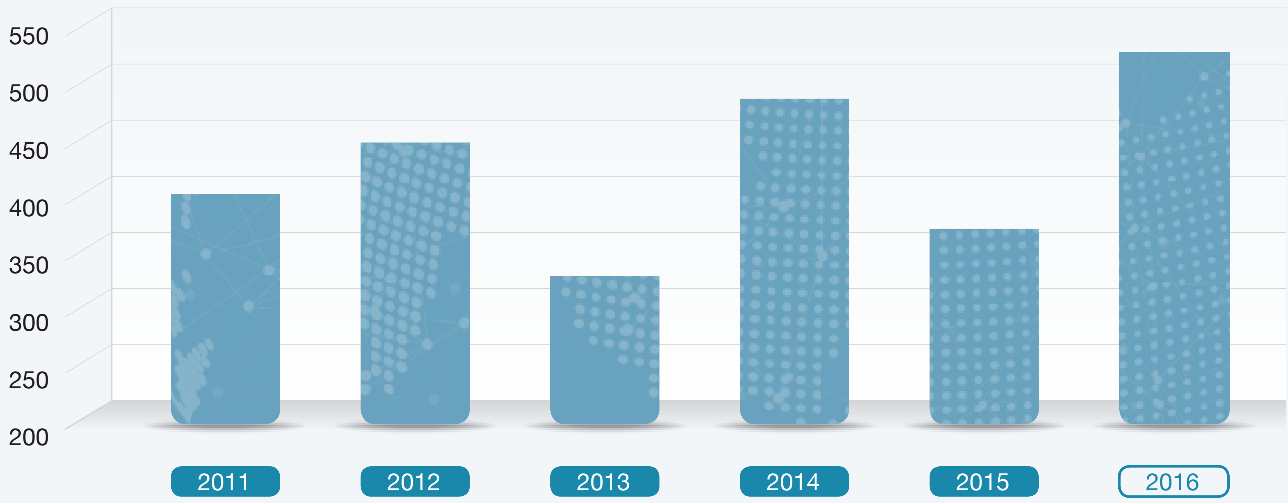
- Zdanivsky sugar plant
- 36 ths ha of leased land
- 3 ths heads of cows

KHARKIV REGION

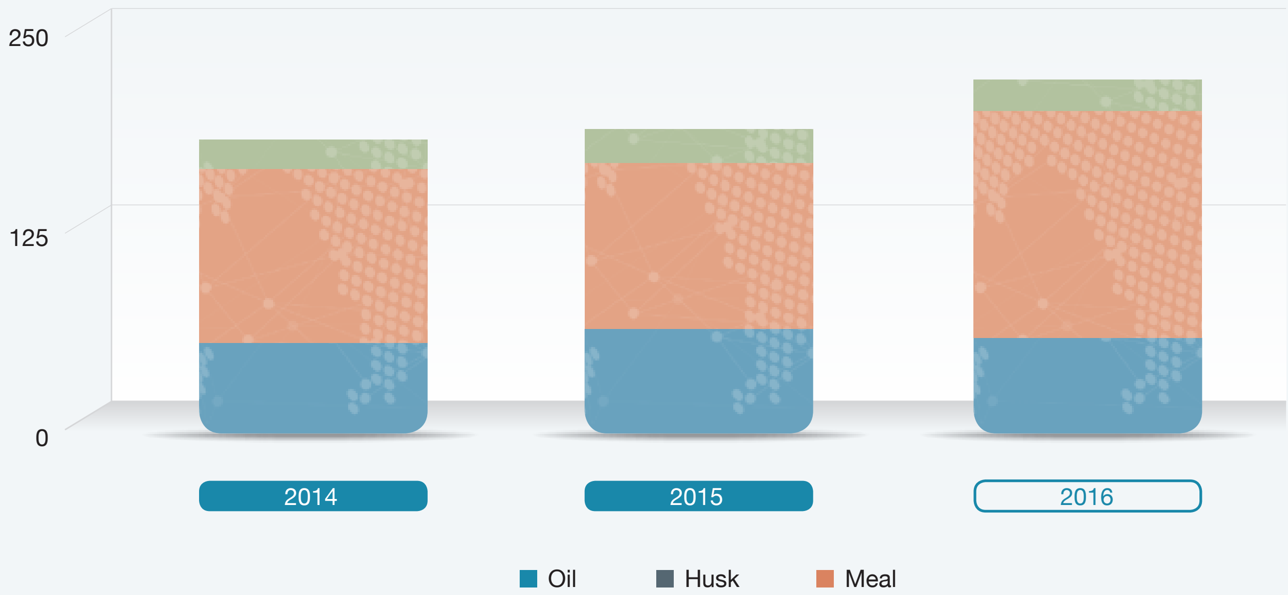
- Novoivanivsky sugar plant
- Savinsky sugar plant
- 10 ths ha of leased land

KEY OPERATIONAL RESULTS

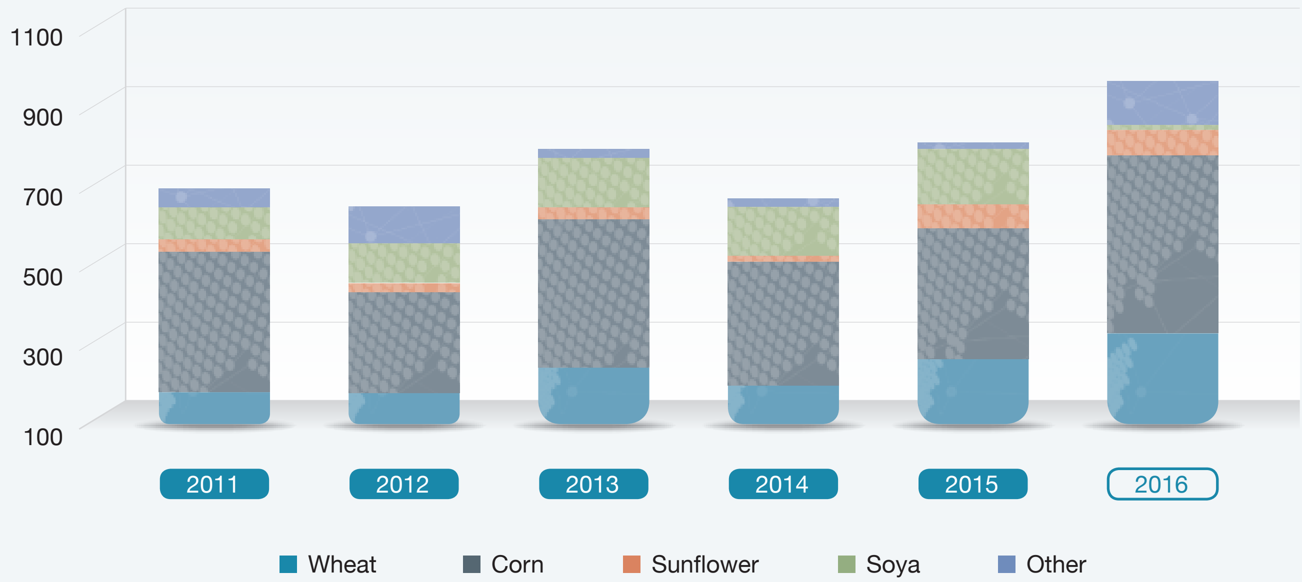
Sugar production, thousand tons



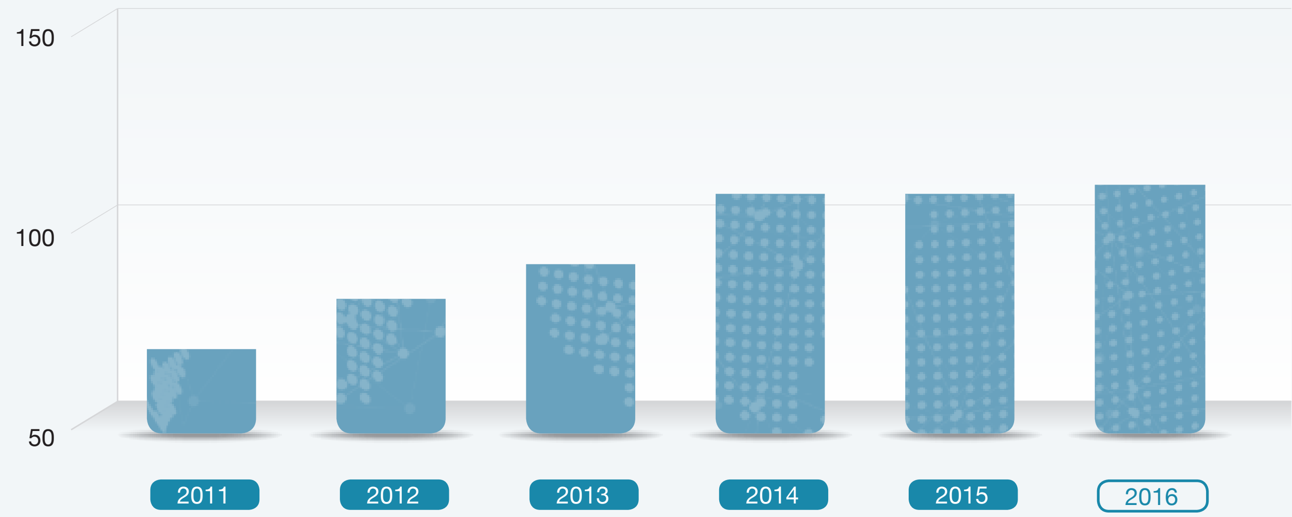
Soybean products production, thousand tons



Grains and oilseeds harvest, thousand tons



Milk production, thousand tons



KEY OPERATIONAL RESULTS*

SUGAR PRODUCTION

+42%

505,000

tons

CROPS HARVEST

+16%

910,000

tons

SOYBEAN PRODUCTS OUTPUT

+9%

209,000

tons

MILK PRODUCTION

+3%

107,000

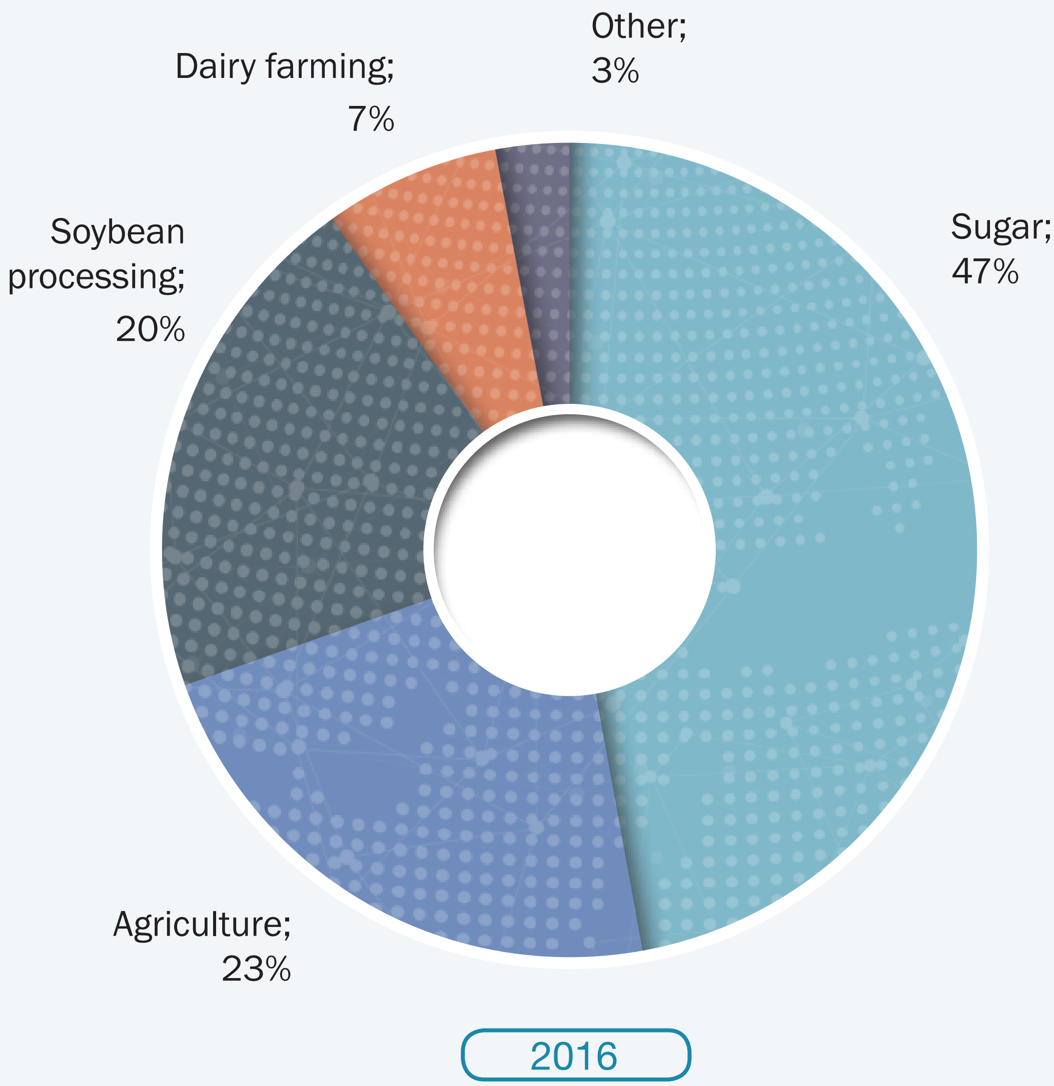
tons

* On this page and throughout this report rounding is applied. For example, X 000 tons means that actual result could be different following rounding.

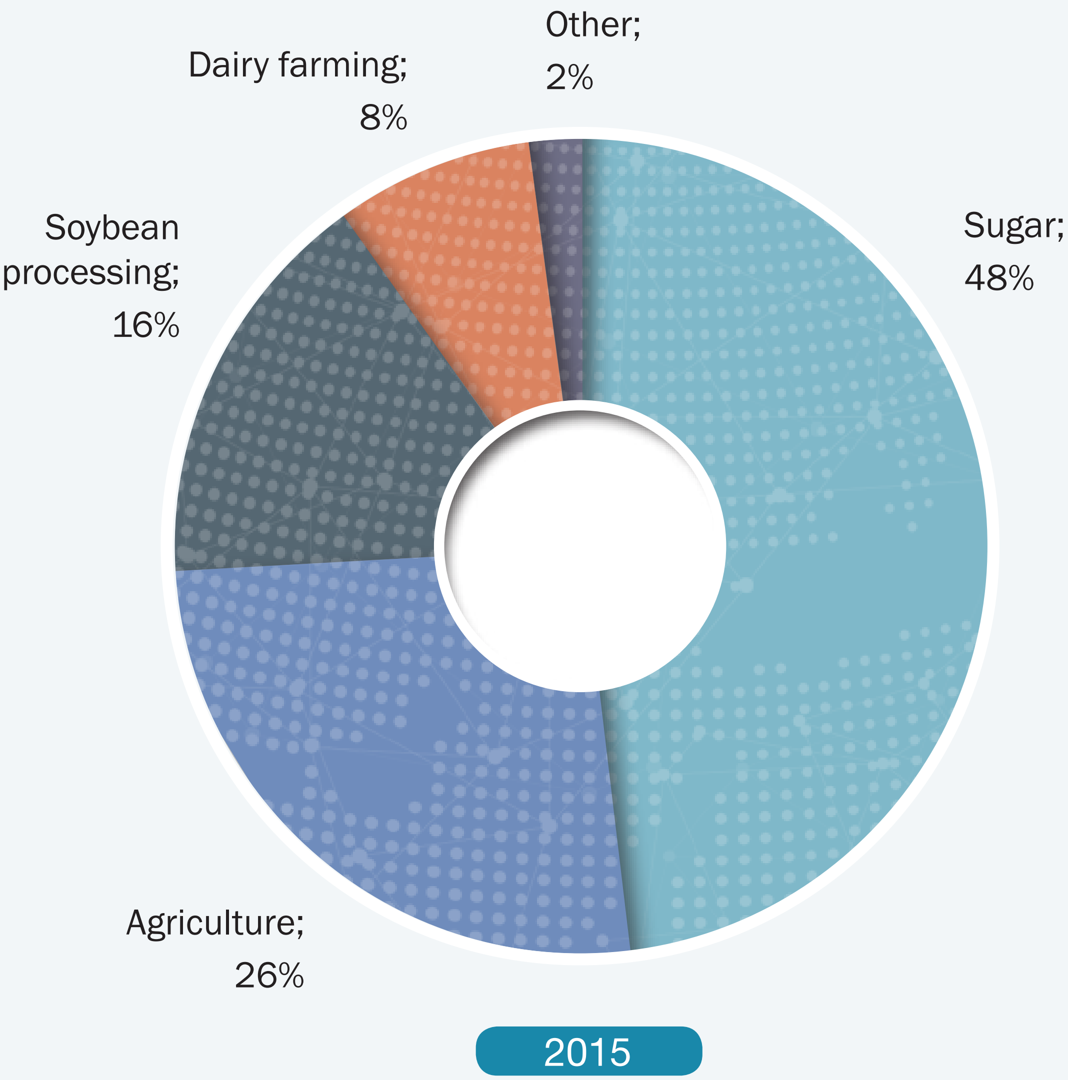
KEY FINANCIAL RESULTS

- The Group's consolidated revenues increased 17% to EUR 369 million
- EBITDA advanced 16% to EUR 152 million
- The Group recorded 51% of exports in total sales vs 36% a year ago
- The Group decreased its net debt position to EUR 146 million, that's a 16% decline y-o-y and
- Net Debt/EBITDA dropped to 0.96x

Breakdown of segment revenues

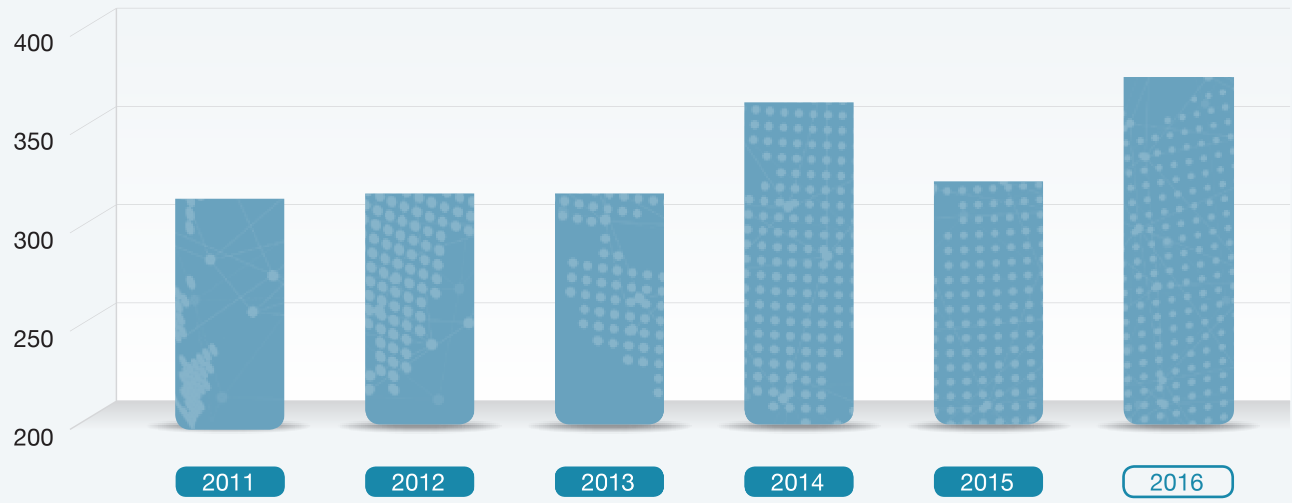


Breakdown of segment revenues

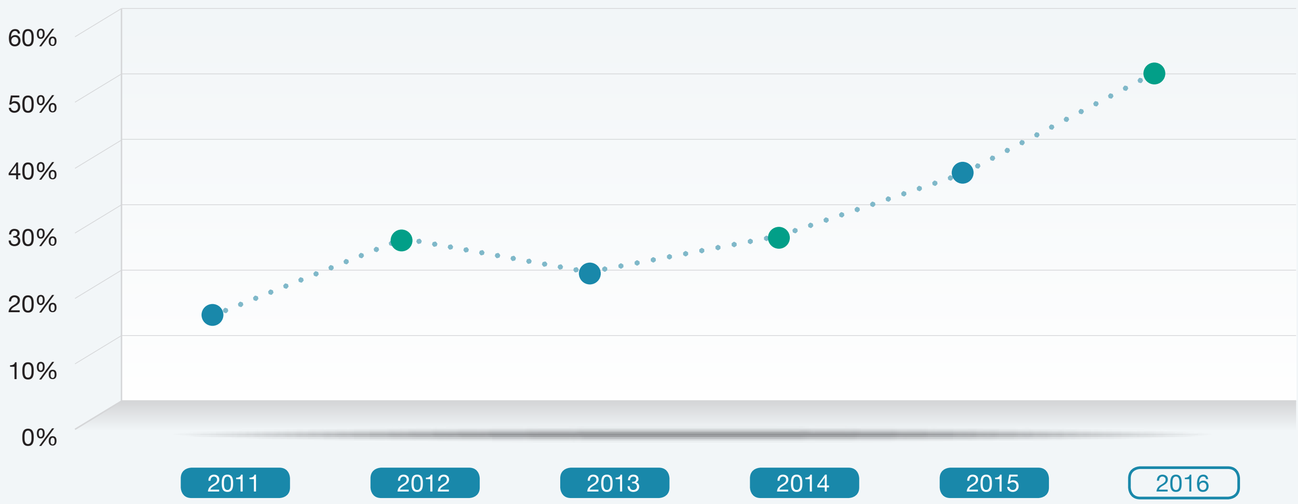


KEY FINANCIAL RESULTS

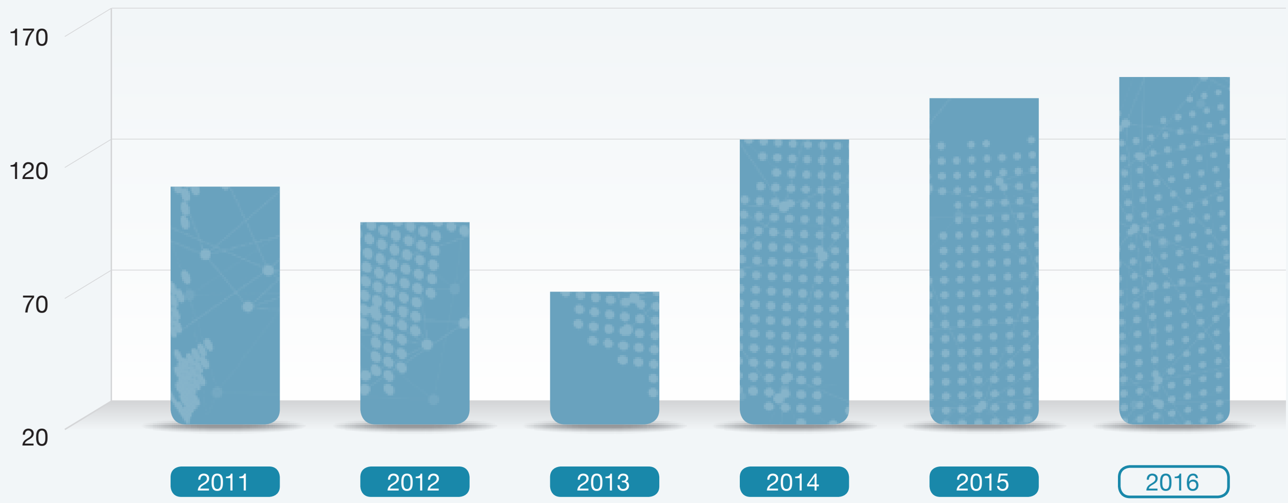
Revenues, EUR million



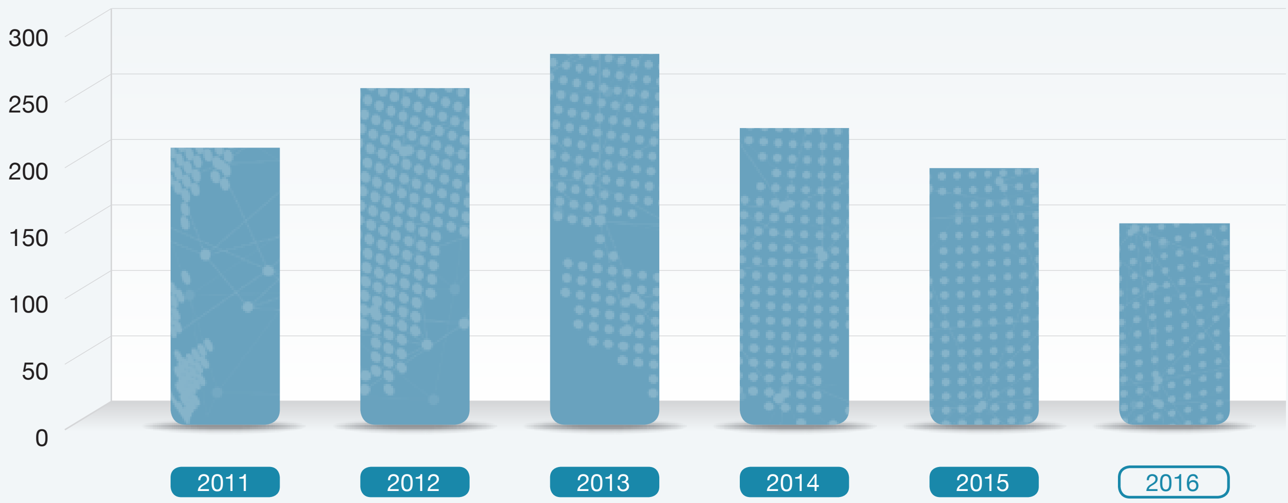
Export share in revenues, %



EBITDA, EUR million



Net debt, EUR million



KEY FINANCIAL RESULTS

GROUP REVENUE

+17%

EUR 369 million

EBITDA

+16%

EUR 152 million

NET DEBT

-16%

EUR 146 million

OPERATING PROFIT

+15%

EUR 124 million

NET PROFIT

5.2x

EUR 83 million

NET DEBT/ EBITDA

0.96

SELECTED FINANCIAL INDICATORS AND RATIOS

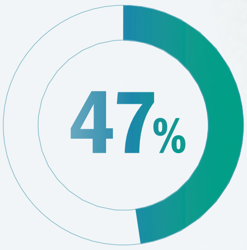
	2016	2015	2014	2013	2012	2011
PROFITABILITY						
EBITDA, thousands of Euro	152,144	130,694	119,569	64,971	82,502	110,830
EBITDA MARGIN, %	41%	42%	34%	20%	27%	37%
NET PROFIT, thousands of Euro	82,643	15,941	(68,076)	22,300	41,894	87,530
NET PROFIT MARGIN, %	22%	5%	-19%	7%	14%	29%
ROE	23%	7%	-31%	6%	13%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

EBITDA	Profit from operations + depreciation and amortisation + impairment of fixed assets
NET DEBT	Short-term finance debt + long-term finance debt – cash – short-term deposits
EBITDA MARGIN, %	EBITDA / Revenues
NET PROFIT MARGIN, %	Net profit / Revenues
RETURN ON EQUITY (ROE)	Net profit / Shareholders equity
RETURN ON ASSETS (ROA)	Net profit / Total assets
RETURN ON INVESTED CAPITAL (ROIC)	Net profit / (Total debt + equity)
MARKET CAPITALISATION	Number of shares at the end of financial period multiplied by closing price on last trading day of the financial period
ENTERPRISE VALUE (EV)	Market capitalisation + net debt + minority interest
CURRENT RATIO	Total current assets / Total current liabilities
QUICK RATIO	(Total current assets – inventories – biological assets) / Total current liabilities

REPORT
ON OPERATIONS

THE SUGAR

SEGMENT SHARE IN REVENUES



REVENUE EUR

175

MILLION

EBITDA EUR

59

MILLION

Segment performance

Revenues for the sugar segment came to EUR 175 million, up 15% y-o-y. Volumes of sugar sales increased by 8% to nearly 390,000 tons, while the price recovered by 7% to 423 EUR/t. ASTARTA managed to deliver a record export level of sugar sales to global markets: about 139,000 tons was exported, which is almost four times higher than a year ago. The sale of molasses and granulated pulp was around 89,000 tons (+8% y-o-y) and 26,000 tons (+2% y-o-y) respectively.

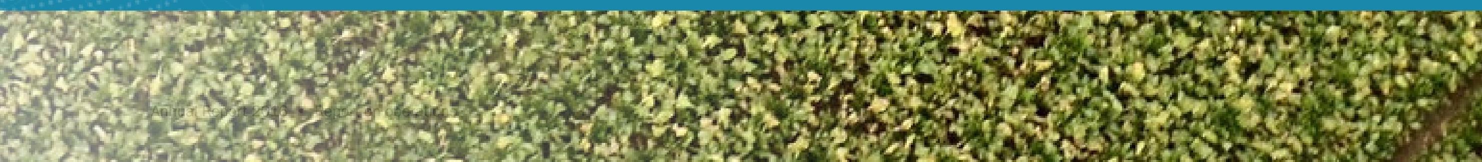
In the 2016 production season, ASTARTA was running all its eight sugar plants and produced around 505,000 tons of sugar, which is 42% higher

SEGMENT

y-o-y. Several production records in the Group's history were also set last season, namely:

- the highest volume of beet processed – 3.4 million tons (+50% y-o-y);
- the highest volume of sugar beet from third parties – over 1.2 million tons (+97% y-o-y);
- the highest volume of average daily production capacity of sugar plants – around 39,600 tons (+28% y-o-y);
- the lowest volume of gas consumption per ton of beet processed – 25 m^3 per ton of beet processed (-5% y-o-y).

In recent years, ASTARTA has achieved further production cost reduction through the combination of continuous operational improvement, upgrading of sugar plants, and expanded beet sourcing. Several important modernisations were carried out in 2016 as well.



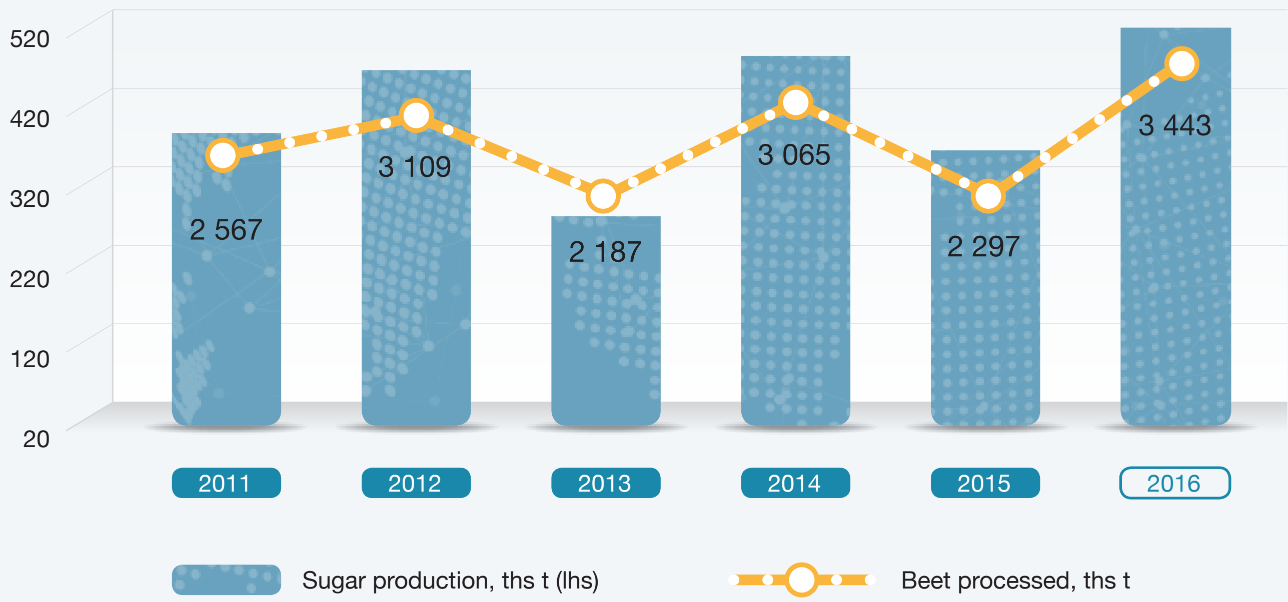
Sugar sales volume (thousand tons, lhs) and share of sugar export (%)

The market environment

Internationally, sugar in 2016 was one of the brightest performers among soft commodities. This was due to a global production shortfall, which was estimated ranging from 5 to 7 million tons in the 2016/2017 marketing year. The market focused on deteriorating production prospects in India, and lower-than-expected cane availability in Brazil. Thus, on average the global prices for white sugar soared by 34% y-o-y at LIFFE and by 39% y-o-y for raws at NYBOT.

Encouraged by potential gains, Ukraine's sugar industry expanded production by 49% to 2.1 million tons in the 2016/17 production season. An uplift of sugar beet production in the country was due to 23% growth of its plantations to over 290,000 hectares and

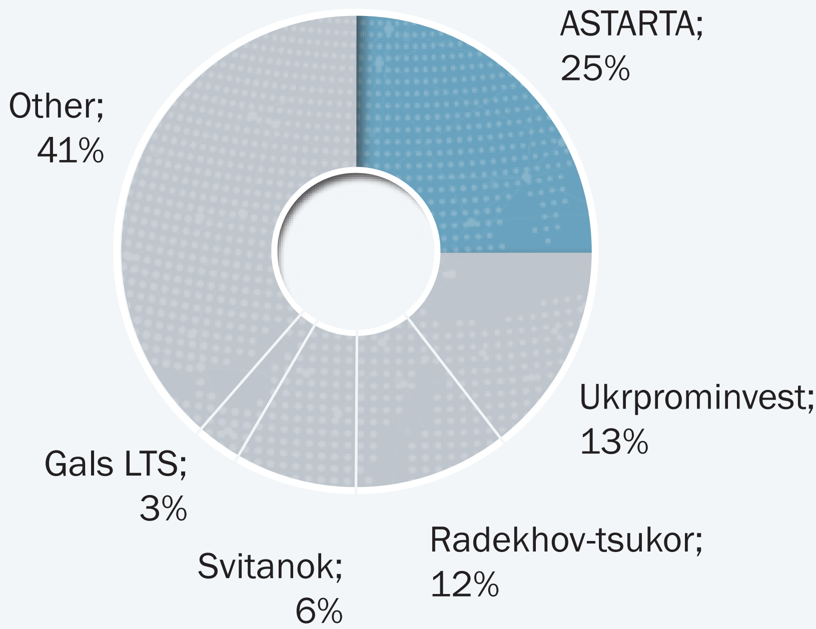
ASTARTA sugar production and beet processing volumes, thousand tons, lhs



favourable weather conditions for vegetation. The number of sugar plants in operation increased to 42 from 37 a year ago. Larger production volumes and favourable international prices stimulated expansion of the country's sugar exports to 466,000 tons (+116% y-o-y). Sri-Lanka, Georgia, and Tunisia were the largest importers of Ukrainian sugar in 2016.

Traditionally, ASTARTA was the leading domestic sugar producer and exporter with 25% and 30% shares respectively.

Key Ukrainian sugar producers in 2016/2017 season

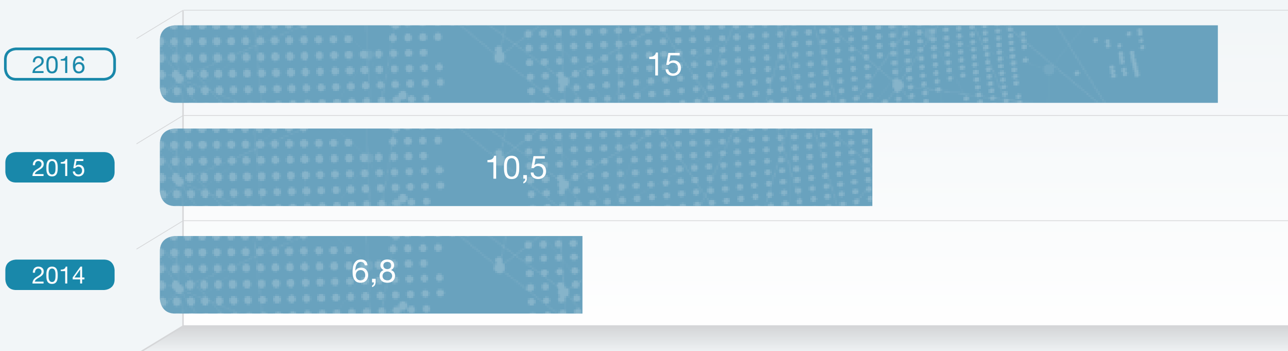


Source: Ukrsugar

Sugar related bioenergy

ASTARTA continues to develop biogas production as an integral part of its beet processing model within the Globyno business segment in the Poltava region. In 2016, the Bioenergy Complex generated over 15 million cubic metres of biogas, which is 43% higher than a year ago. The biogas partially replaces natural gas used at the Globyno sugar plant and Globyno soy processing plant. The Company continues the development of this project and intends to install a cogeneration facility to produce "green" electricity from biogas.

Biogas generation dynamics, million cubic meters



THE AGRICULTURE

SEGMENT SHARE IN REVENUES

REVENUE
EUR
84
MILLION

EBITDA
EUR
75
MILLION

Segment performance

The agricultural segment generated EUR 84 million in revenues, which is 3% higher y-o-y. Sales volumes declined 9% to around 483,000 tons, mostly because of logistic congestions in Ukraine in autumn 2016. On the back of a bumper harvest, inventories of crops at ASTARTA's storages at the end of 2016 were higher by 137% y-o-y and will be sold in the first half of 2017 contributing to higher segment's revenues in the period.

Crop selling prices in 2016 were volatile. The average wheat and sunflower price corrected by 5% and 7% respectively, while corn and barley prices strengthened by 12% and 23%.

The agricultural segment delivered strong results on the operational side. The total harvest of grains and oilseeds was about 910,000 tons (+15% y-o-y) and is the highest in ASTARTA's history. The

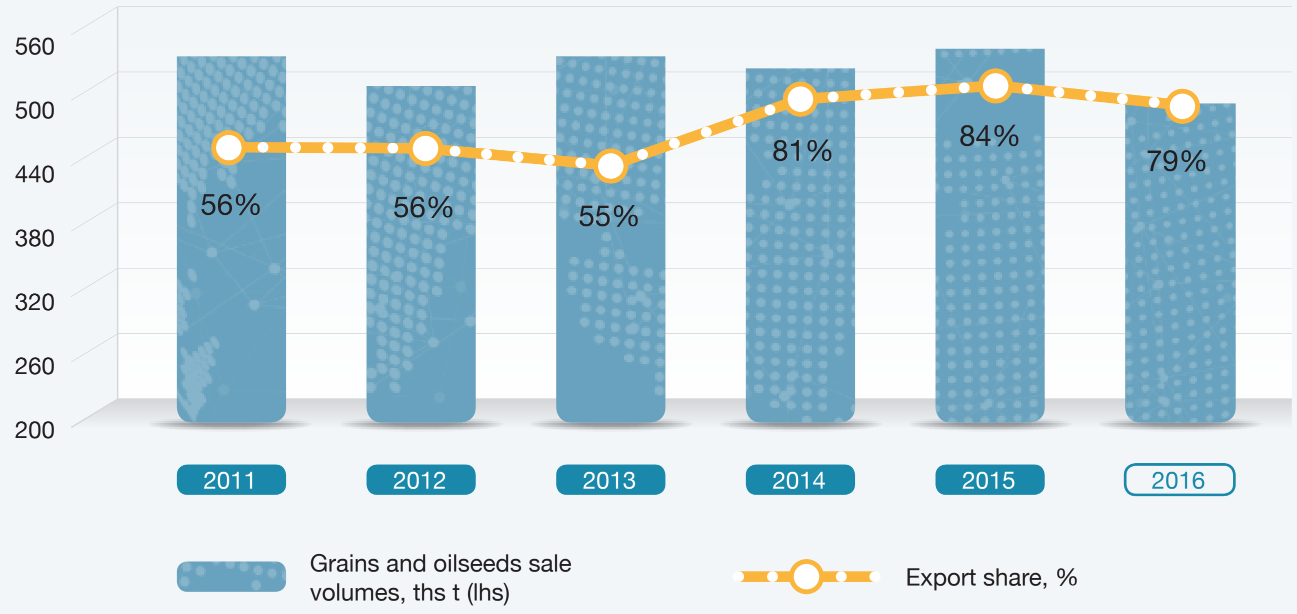
SEGMENT

harvest of sugar beet in 2016 also reached an all-time high at 2.6 million tons, which is 37% higher y-o-y. Favourable weather conditions, as well as advanced agricultural technology and operational innovations, resulted in significantly higher yields compared to previous years, as well as versus that of average Ukrainian crop performance.

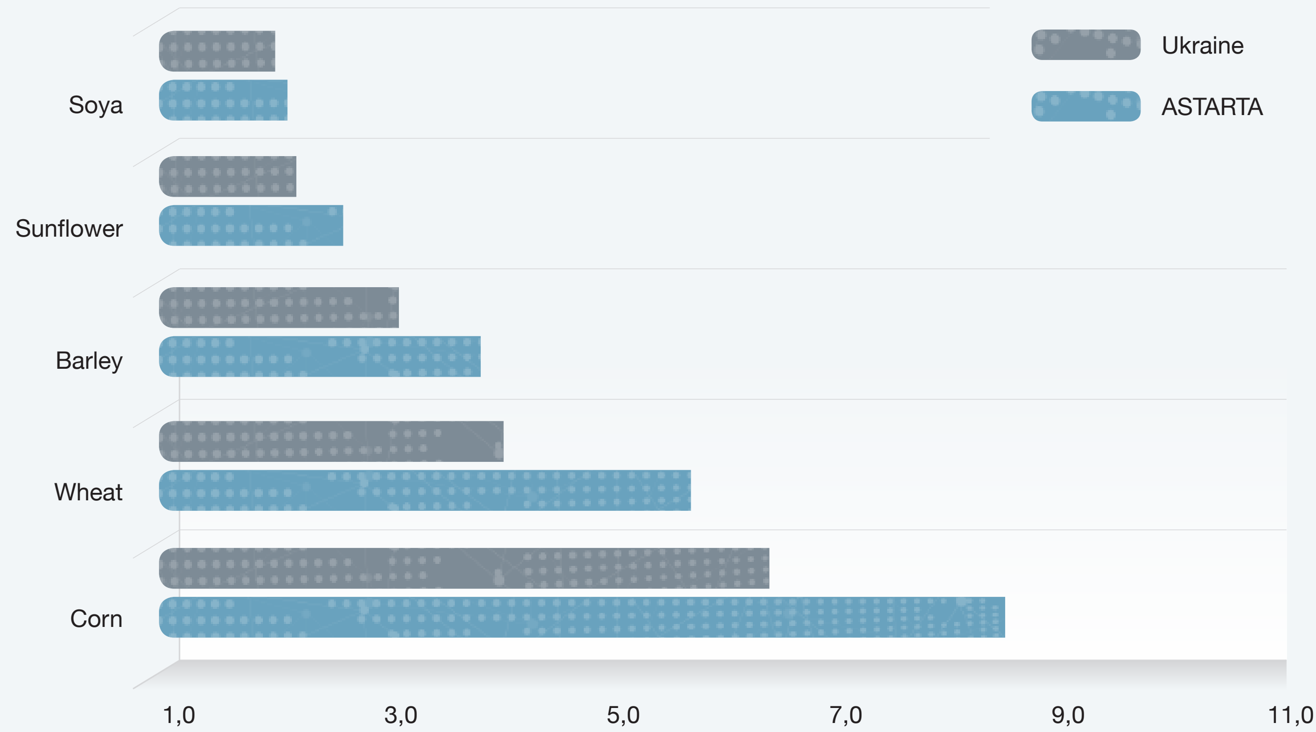
In autumn 2016, ASTARTA successfully completed several investment projects on expanding storage capacity of its two grain silos in the Khmelnytskyi and Vinnytsia regions by about 82,000 tons. Further expansion is planned for 2017 and 2018.

There are at least three new niche activities in the agricultural segment worth mentioning. In 2016, ASTARTA successfully initiated a pilot project of irrigation on an area over 360 hectares. This resulted in the significant expansion of yields of sugar beet on the testing area. This program is to be expanded in years to come. The second new area for ASTARTA's agricultural segment is the development of 1,200 hectares of organic farming started in 2016. It is expected that this land will be ready to be certified as suitable for organic production by 2018. The third activity with new potential is the integration of modern agri-technology with IT-solutions. To enhance what has been done in ASTARTA in recent years in this regard, we established the joint company "Agro Core", which is involved in the development of innovative agribusiness management systems. These IT-products will be initially tested on the Group's farms with further marketing to third parties.

Grains and oilseeds sales volume (thousand tons, lhs) and share of export (%)



Yields of key crops in ASTARTA farms vs average Ukrainian levels in 2016, t/ha



Source: State Statistics Service, ASTARTA

The market environment

Overall, the agricultural results of Ukraine for 2016 were impressive. Production of grains increased by 9.7% y-o-y to 66 million tons. 79% of total production was harvested by middle- and large-sized agricultural companies.

Ukraine recorded a historically high average grain yield of 4.6 tons/ha. Production of sunflower increased by 22% to 13.6 million tons because of the expanded area of planted crop (+18% y-o-y) and improved yields.

The world grain market broke records again in terms of production, mainly because of high corn outputs in the United States and Argentina, along with gains in other several major producing countries. Although food consumption is rising, ending stocks of crops are high and export opportunities remain ample, subduing international prices.

Rogers International Agriculture Commodity Index (factor 100 as of 1 January 2015)

Source: Bloomberg

THE SOY CRUSHING

SEGMENT SHARE IN REVENUES

REVENUE
EUR
75
MILLION

EBITDA
EUR
19
MILLION

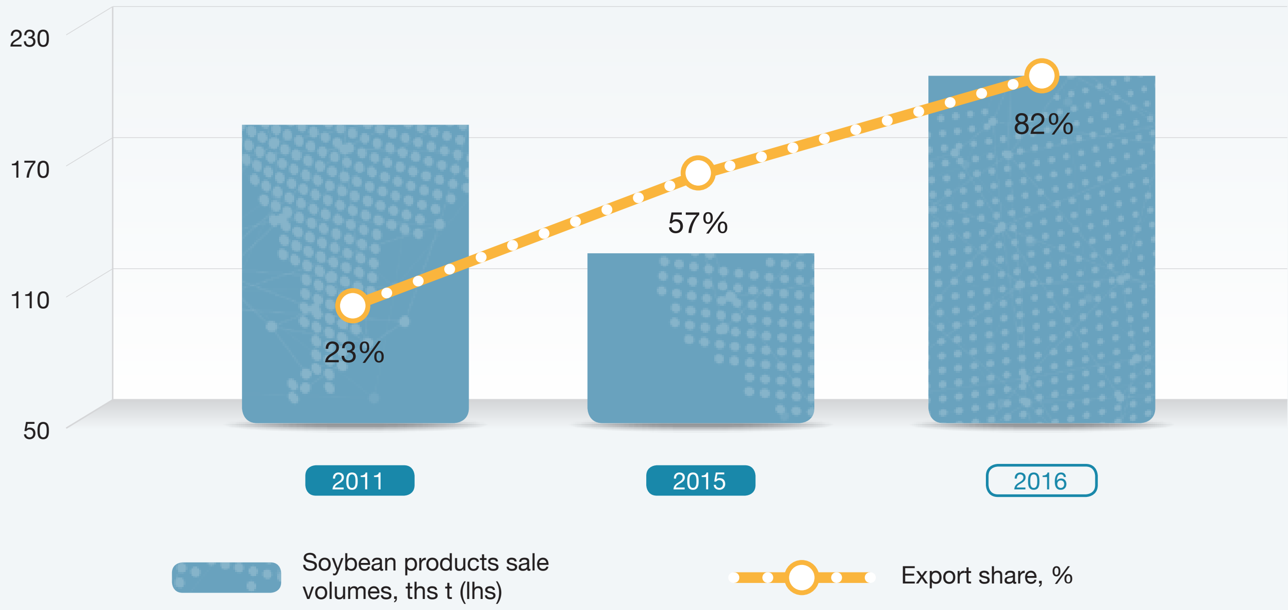
Segment performance

This segment generated revenues of EUR 75 million (+48% y-o-y), ranking it as the third largest contributor to consolidated revenues. Key drivers of the increase were higher sales volumes (+65% y-o-y) and increased prices for soy oil by 9%. The share of exports grew further and amounted to 82% of the segment's sales in volume terms.

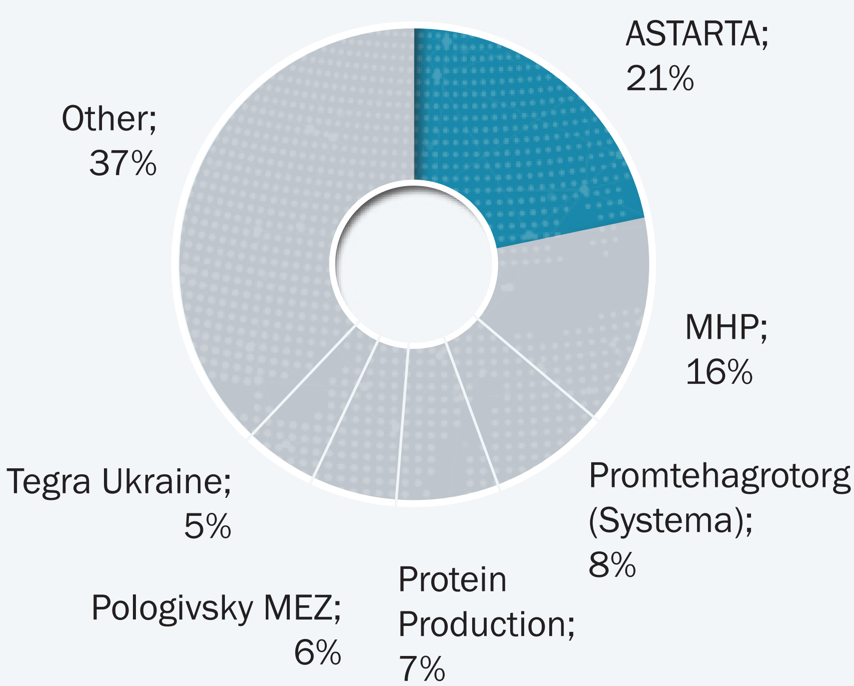
During the reporting period, the Globyno processing plant increased processed soybeans volumes by 9% to about 217,000 tons. The production of meal increased by 8% to about 158,000 tons, oil to 39,000 tons (+13%) and husk to 12,000 tons (+21%) correspondingly.

SEGMENT

Soybean products sales volume (thousand tons, lhs) and share of exports in the segment (%)



Key players in the Ukrainian soybean processing in 2016



Source: Agrochart

The market environment

In 2016, Ukrainian farmers increased soybean production to 4.3 million tons (+9% y-o-y) securing the local material for soy processing. An increased yield of the crop (+26% growth y-o-y) compensated contraction of the area harvested (-13% y-o-y). In the 2015/2016 marketing year, 69% of the total production of soybeans was exported, while 24% was processed.

ASTARTA remains the market leader in terms of soy processing volumes among all Ukrainian players.

Global consumption of oils and meals is growing due to stable demand from the manufactures of feed concentrates, which are expanding their production on the back of dynamic growth of cattle farming and poultry industries. Seventy percent of total global meals production relates to soybean meal.

Soybean products demonstrated mixed price performance in the reporting period. Internationally, soybean oil demonstrated a 5% increase in price on average y-o-y. On the other hand, soybean meal prices were highly volatile. They reached their lowest levels for years at the beginning of 2016, and later drought in Brazil and flooding in Argentina caused a price rally.

THE DAIRY

SEGMENT SHARE IN REVENUES

7%

REVENUE EUR **25** MILLION

EBITDA EUR **3** MILLION

Segment performance

The dairy segment generated revenues of EUR 25 million, which is almost 4% higher y-o-y. Sales volumes increased to about 103,000 tons (+3% y-o-y) with a selling price of EUR 217 per ton (+9% y-o-y).

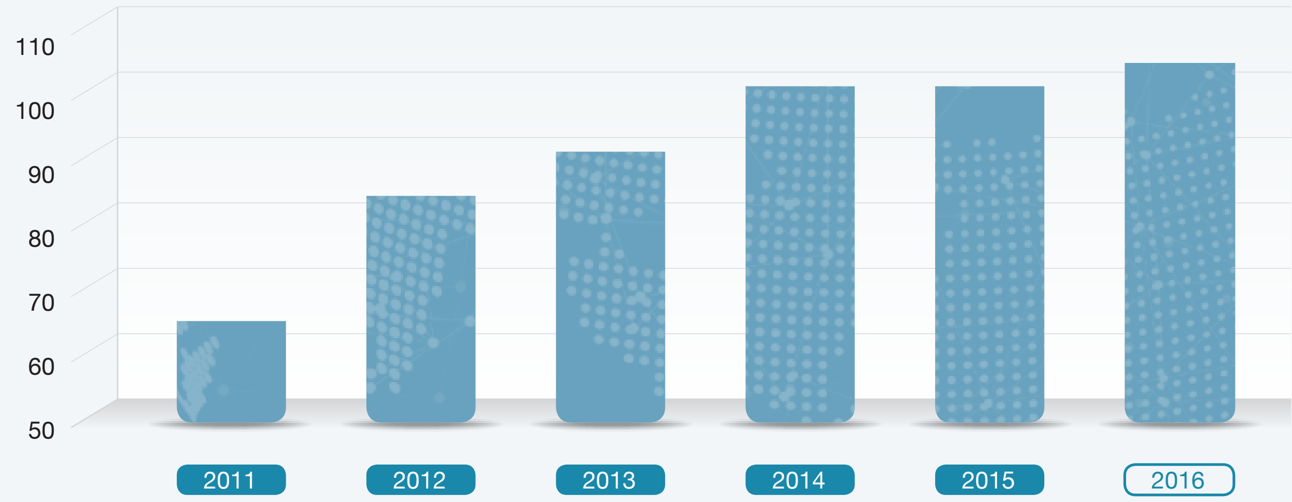
During the reporting period, the Group managed to further improve productivity of its headcount resulting in a 5% growth of yields per cow and a 5% increase in production volumes to around 107,000 tons.

The Company considers milk production as one of the potentially promising industries

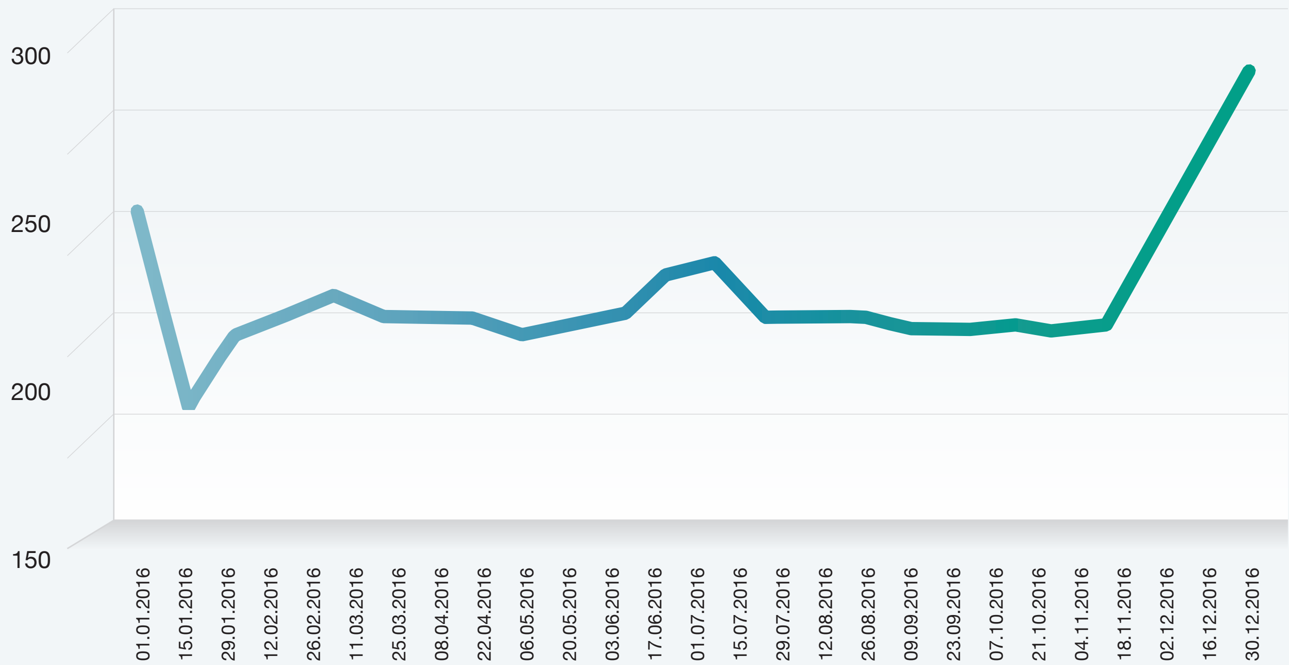
SEGMENT

in Ukraine, despite a challenging situation in the domestic and global dairy markets. In 2016, a new project of centralised provision and distribution of high-quality feed was launched at ASTARTA's production subsidiary Dovzhenko (Poltava region) where the Group keeps about 45% of its total dairy headcount. It is planned that the central infrastructure facility (feed centre) will become fully operational in the first half of 2017 and would service over 10,000 heads of cattle at ASTARTA's farms and those of farmers located nearby.

Milk sales volumes, thousand tons



Milk price in Ukraine, EUR/t



Source: MilkUA

The market environment

As per the State Statistics Service, milk production in Ukraine in 2016 was at 10.4 million tons, down 2.2% y-o-y. Twenty-six percent of total production was related to industrial producers (+1.4% y-o-y), while household milk production shrank by 3% and contributed 74% to the total. The domestic milking cow population declined by 3% y-o-y to 2.1 million heads, which included 1.6 million household cows (-2% y-o-y) and 0.5 million farm cows (-4% y-o-y).

The Ukrainian dairy market has remained under pressure. Key segments of processed milk were subdued: cheese production declined by 9.5%, yogurt production by 1.4%, and dry milk production by 2.8%. Exports of processed milk products from Ukraine contracted 9%. Nevertheless, in the autumn of 2016, the shortage of higher-quality milk on the domestic market stimulated a recovery of milk price.

The global dairy market was volatile as well. At the beginning of the year, overproduction put significant pressure on prices. Governments of some countries stepped in to help struggling farmers. Combined with slowing production, this resulted in price support through the second half of 2016.

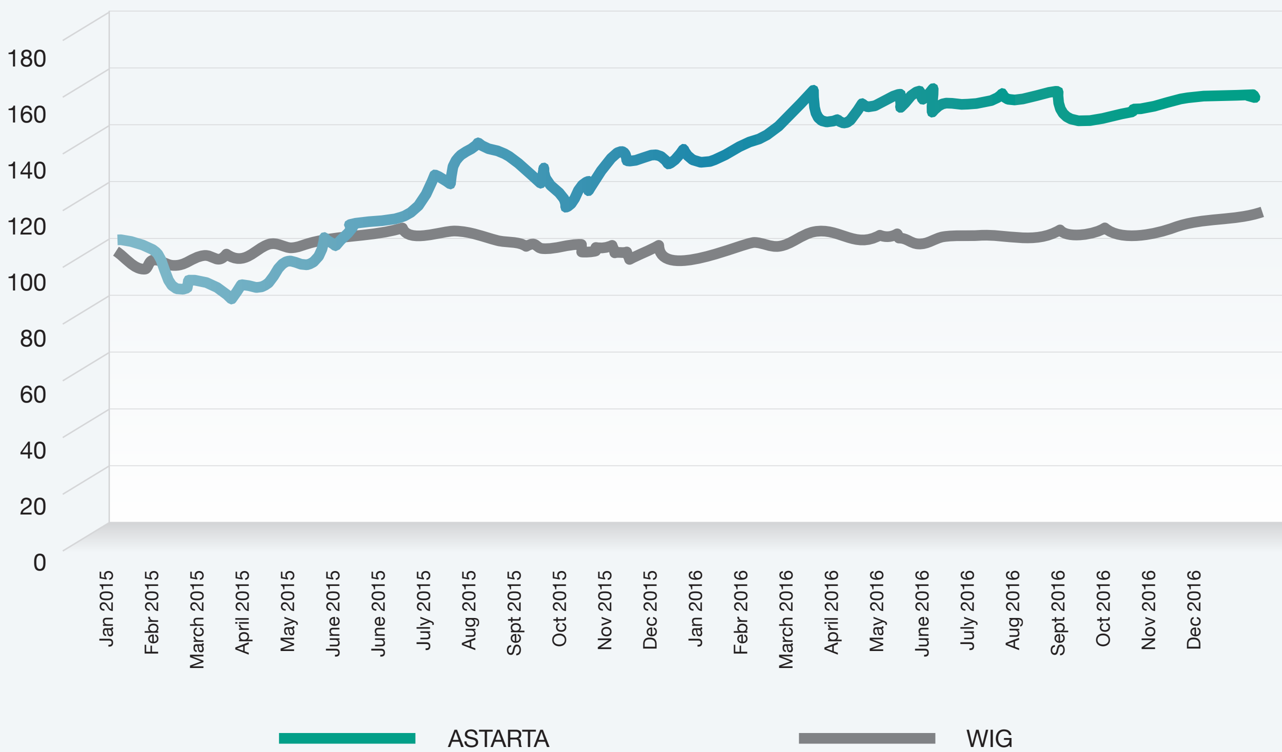
SHARE PRICE PERFORMANCE

59%
growth

For the second year in a row, ASTARTA has demonstrated the best share price performance among Ukrainian WSE-listed peers with 59% y-o-y upside in 2016.

ASTARTA began the financial year with a share price of 34.5 PLN. At the end of the financial year, the share price closed at 54.05 PLN. The average daily trading volume of ASTARTA stocks on the Warsaw Stock Exchange was approximately 7,000 shares.

ASTARTA and WIG performance in 2016 (factor = 100 as of 1 Jan 2015)



Source: Bloomberg

Structure of shareholders as of 31 December 2016

Shareholder	Number of shares	Percentage of owned share capital, %
Viktor Ivanchyk, through his wholly owned Cypriot company Albacon Ventures Ltd.	9,450,000	37.8%
Valery Korotkov, through his wholly owned Cypriot company Aluxes Holding Ltd.	6,496,883	26.0%
Treasury shares	595,141	2.4%
Other shareholders	8,457,976	33.8%
Total	25,000,000	100.0%

On 24 August 2016, two major shareholders of the Company, Albacon Ventures Limited and Aluxes Holding Limited, entered into a Share Purchase Agreement (SPA) with Fairfax Financial Holdings Limited, a holding company listed on the Toronto Stock Exchange, which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance as well as investment management.

As of the date of publication of this report, and under the SPA, Fairfax acquired from Albacon 450,000 shares in the Company, and from Aluxes 4,545,300 shares, representing in total 19.98% of the Company's share capital. Under the SPA, Fairfax shall also have the option to acquire from Aluxes a further 1,951,583 shares in the Company, representing approximately 7.8% of the voting rights in the Company.

ASTARTA quotation data on the WSE

Data/Year	2016	2015	2014	2013	2012	2011
Opening price (PLN per share)	34.5	20	66.9	55	52	91.9
Highest trading price (PLN per share)	55.0	38.5	68	77.4	71	102
Lowest trading price (PLN per share)	28.0	19.8	14.5	46.3	46.8	44.4
Closing price (PLN per share)	54.05	34.5	20.0	66.9	55	52
Closing price (EUR)	12.2	8.1	4.7	16.1	13.3	11.8
Year price change	57%	73%	-70%	22%	6%	-43%
Market capitalisation as of 31 December (thousand of PLN)	1,351,250	862,500	500,000	1,672,500	1,375,000	1,300,000
Market capitalisation as of 31 December (thousand of EUR)	305,436	202,394	117,308	403,284	336,334	294,331

Source: Bloomberg

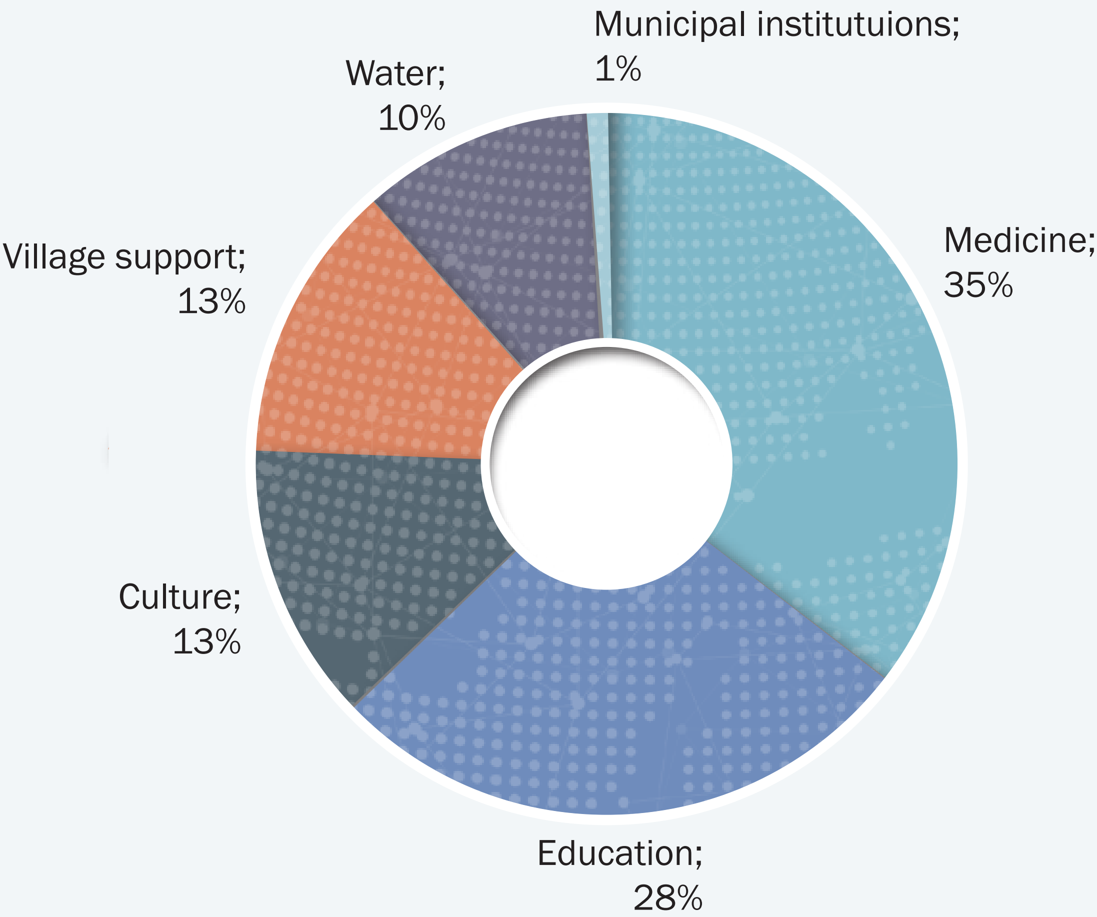
CORPORATE SOCIAL RESPONSIBILITY
Social support programs

17%
growth

Corporate Social Responsibility (CSR) is an important part of the mindset of ASTARTA. Improvement of the quality of life and welfare in the rural regions is a key focus of major social projects carried out by the Company.

For years, ASTARTA has implemented several programs supporting development of rural areas, social infrastructure facilities, and ensuring better service of suburban healthcare and educational network In 2016, spending on CSR activities increased by 17% y-o-y to UAH 35 million.

Distribution of funds in 2016 for social programs and charity (%)



LABOUR SAFETY, CERTIFICATION, AND STANDARDISATION

In the recent years, a lot has been done to minimise the potential for occupational accidents in farms and plants. Thus, the frequency of injuries at production facilities has declined and conditions at the workplace have improved.

In 2016, training sessions for over 350 people were conducted, aimed at identifying and limiting risks at the workplace, improving general safety, and fire safety. The topics of internal training included topics like securing work performance while using plant protection products in the field, analysis of occupational injuries while exploiting agricultural mechanisms etc.

The Group continued to implement certification of facilities and business processes. In 2016, ASTARTA obtained twenty-two certificates and successfully completed several external audits of production facilities at the request of its key customers. Among others, the following certificates were received within the year:

- ISO 14001 – 5 sugar plants, Head office and Globyno soy processing plant;
- ISO 22000 – 5 sugar plants, Globyno soy processing plant;
- ISO 9001 – 4 sugar plants, Globyno soy processing plant;
- ISO 50001 – 1 sugar plant (Novoorzhytsky);
- OHSAS 18001 – 1 sugar plant (Narkevychi), Head office and Globyno soy processing plant.

ENVIRONMENTAL PROTECTION

ASTARTA aims to conduct its business with strong regards for environmental sustainability. By intelligent utilisation of resources such as energy and water, the Company improves environmental sustainability by reducing operating costs and limiting impact on environment.

In 2016, ASTARTA successfully conducted the following activities of environmental protection:

- completion of the first stage of construction of a water treatment plant in Globyno, supported by the Dutch development bank FMO. The water usage was lowered by 20% and the discharge of waste water by 29%;
- introduction of the BAT Program (program for implementation of Best Available Technology), aimed at the modernisation of sugar plants within the next five years;
- development of the Program of Biodiversity Conservation for eight sugar plants for identification and minimisation of industrial impact on the environment;
- implementation of wastes reduction program (packaging timber, hazardous substances, pulp);
- fulfilling the program of asbestos materials replacement for 2016-2020;
- development of the program of hazardous materials management.

PERSONNEL

As of 31 December 2016, the Company employed 10,430 employees, including 7,100 male employees and 3,330 female employees. The number of employed people with limited capabilities was 611, which is close to 6% of the total number of personnel.

The Company has developed a comprehensive Social Program, which consists of various elements focused on professional development and motivation of personnel. In 2016, over 1,100 employees were involved in various in-house and external training activities. Direct spending on education and training of personnel in 2016 amounted to 2.5 million UAH.

COMPANY EMPLOYED

10 430

EMPLOYEES

OVER

1 110

EMPLOYEES WERE INVOLVED IN VARIOUS IN-HOUSE AND EXTERNAL TRAINING

DIRECT SPENDING

2.5

MILLION UAH ON EDUCATION AND TRAINING

MATERIAL RISK FACTORS AND THREATS

Described below are the risks and uncertainties we believe are significant for the Group, emphasising the main risk factors and threats faced by ASTARTA.

	Risk	Mitigation
OPERATIONAL RISK	**Volatility of commodities prices:** Selling prices for sugar and crops are volatile and depend on many international and domestic factors, including but not limited to global supply and demand, weather, availability and cost of raw materials, biological factors, and state regulations.	ASTARTA has a diversified portfolio of products, which helps to mitigate the negative effect of price fluctuations on specific items. Available storage facilities allow flexibility in timing of selling agri-produce, limiting sales during the period of short-term or seasonal downward price corrections
	Increased costs or disruptions in energy and other raw materials supplies: Energy, fertiliser, and fuel costs make up a material share of the Group's operating expenses. Thus, any increases in price or disruptions in supply of these raw materials could have a negative impact on operations.	ASTARTA has established relations with a number of reliable suppliers of raw materials, which should mitigate the risk of material disruptions of supply due to both high reputational track-record of counterparts and diversification of suppliers. As for energy price risk, the Group works continuously to reduce its major energy cost by intensive modernisation of its sugar plants and successful implementation of its bioenergy program.
	Weather: Unfavourable weather conditions could have a negative impact on crop harvest and sugar yield, which would have direct implications for a per-unit cost of production.	ASTARTA's land bank under cultivation is located in several regions of Ukraine, which allows for geographical diversification of weather related risks, at least to some extent. Professional management and implementation of modern technology allow us to achieve above-average yields.
COUNTRY RELATED RISK	**Regulatory risk:** From time to time, the Government has imposed restrictions on production and sales, as well as quotas, tariffs, and other restrictive mechanisms. Any change in Government resolutions or legislation applicable to the Company's markets, or the markets of its off-takers and suppliers may affect its business, operational, and financial results.	ASTARTA has balanced its exposure to domestic and foreign markets having developed a diversified portfolio of products, which helps to mitigate the effect of adverse impacts on any specific product.
FINANCIAL RISK	Please refer to corresponding notes in the consolidated financial statements	

FULFILLING PLANS FOR 2016 AND OUTLOOK

ASTARTA's strategy is focused on sustainable development in the existing key business segments and new synergic areas. In 2016, the Company continued to invest in development of production capacities and innovations to underpin and sustain overall efficiency of the Group.

In the agricultural segment, we managed to achieve higher crop yields and cut costs of production of major crops. Thus, we harvested about 910,000 tons of crops and 2.6 million tons of sugar beet – an all-time record in the history of ASTARTA.

In the sugar segment, we also outperformed initial targets, secured a record sugar production of nearly 505,000 tons, and provided important improvements in energy efficiency and produce quality.

In the soybean processing segment, we were focused on increasing efficiency and production of GMO-free products, securing higher loyalty and satisfaction of our clients in Ukraine, the EU, Africa and Asia.

In the cattle farming segment, we placed efficiency as a core condition for further growth and paid great attention to the increase of milk yields rather than extension of volumes of production.

Outlook for 2017

In 2017, we will work to secure further advances in operational efficiency, quality of produce, introduction of innovations, and enhancement of production capacities.

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

Board of Directors of ASTARTA Holding N.V.

6 April 2017,

Amsterdam, the Netherlands

V. Ivanchyk	signed
V. Gladkyi	signed
M.M.L.J. van Campen	signed
H.A. Dahl	signed
W.T. Bartoszewski	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.

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 15 July 2008.

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

We are pleased to present the Corporate governance report of the Company for the 2016 financial year.

2. BOARD OF DIRECTORS

A. Appointment and composition of the Board of Directors

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

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

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

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

The members of the Board of Directors shall be appointed for a maximum period of four years. Reappointment is possible on each occasion for a maximum period of four years, but the Non-Executive Directors may be reappointed no more than three times. The profiles of our Board Members and re-appointment schedule can be found on page 57.

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.astartakiev.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[1] and Mr. Wladyslaw Bartoszewski, as the Non-Executive Directors.

On 25 May 2016, the General Meeting of Shareholders authorised the Board of Directors to issue or to grant rights to subscribe for shares up to a maximum of 10% of the currently issued and paid in share capital at the time and to limit or to cancel any existing pre-emptive rights in connection therewith, all for the period of one year starting from 25 May 2016 and for the avoidance of doubt ending but not including 25 May 2017, which authorization may not be withdrawn provided that the Board takes such resolutions with anonymous votes of all members of the Board, was accepted and the resolution was taken with a majority votes.

B. Representation

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

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

In 2016 the Board of Directors several times authorized Mr. Viktor Ivanchyk acting individually to conclude agreements and to determine their conditions after general approval of transactions by the Board of Directors.

On 25 May 2016 the General Meeting of Shareholders resolved to appoint Mr. Zeljko Erceg, the Operations Director as the person that will be temporarily charged with the management of the Company when all Directors are absent or unable to act. Such appointment is in accordance with Article 19 of the Articles of Association. In 2016 year there were no any cases of absence or inability to act of all Directors.

C. The Directors

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

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

The Board of Directors is formed by the following persons:

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

VIKTOR IVANCHYK
(born in 1956, male)

Executive Director A, Chief Executive Officer, Ukrainian national

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

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

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

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

Shares owned in the Company: 9,000,000 shares in the Company held through a Cypriot holding company named Albacon Ventures Ltd.

HOWARD DAHL

(born in 1949, male)

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

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

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

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

Shares owned in the Company: 0.

Viktor Gladkyi
(born in 1963, male)

Executive Director A, Chief Financial Officer, Ukrainian national

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

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

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

Shares owned in the Company: 0.

MARC VAN CAMPEN

(born in 1944, male)

Executive Director B, Chief Corporate Officer, Dutch national

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

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

Mr. van Campen has, in the previous seven years, been Director at Montferland Beheer BV and Voorgrond Beheer BV at Schoonhoven (NL), Director at Nice Group BV, Amsterdam, Director at GMT (PEP Com) BV, Amsterdam, Director at Ovostar Union NV, Amsterdam, quoted on the Warsaw Stock Exchange, Director at Do It Yourself (DIY) Orange Holding NV, Amsterdam, Director of the European subsidiaries (outside Italy) of Salvatore Ferragamo SpA at Florence, Italy and Director of Lugo Terminal Srl at Lugo, Italy.

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

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

Shares owned in the Company: 0.

WLADYSLAW BARTOSZEWSKI
(born in 1955, male)

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

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

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

Shares owned in the Company: 0.

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	June 2018	Not Applicable
VIKTOR GLADKYI	June 2014	June 2018	Not Applicable
MARC VAN CAMPEN	June 2006	June 2018	Not Applicable
HOWARD DAHL	March 2017	Marh 2021	2029
WLADYSLAW BARTOSZEWSKI	June 2006	June 2018	2018

D. Shareholding by Directors and Insider Trading

The total number of the Company's ordinary shares held by members of the Board of Directors as of 31 December 2016 was 15,946,883 amounting to approximately 63.79% of the issued and paid up share capital of the Company. Since 4 January 2017 after transactions with Fairfax Financial Holdings the total number of the Company's ordinary shares as of today is 9,000,000 amounting to approximately 36% 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.astartakiev.com).

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

The General Meeting of Shareholders on 25 May 2016 authorized the Board of Directors to continue repurchasing shares in the capital of the Company up to a maximum of 2,500,000 shares, being 10% of the currently issued and paid up share capital for a purchase price per share of up to PLN 125.00, and to authorize that the repurchase shall take place through a broker in the open market and is for the purpose of meeting obligations arising from (i) debt financial instruments exchangeable for or convertible into equity instruments and/or (ii) employee share option programs, or other allocations of shares to employees or of a group entity of the Company and resolved that the authorization is valid for a period of eighteen months from 25 May 2016.

As of 31 December 2015 the Company repurchased 595 141 shares, including 7 015 within 2016 financial year.

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

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

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

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

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

Within 2016 Vice-Chairman Mr. Bartoszewski performed the responsibilities of the Chairman of the Board of Directors three times – on 23 March, 24 March and 25 May 2016.

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

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

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

3. COMMITTEES OF THE BOARD OF DIRECTORS

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

A. Audit Committee

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

The Audit Committee consists of the Chairman – Mr. Bartoszewski, and one member – Mr. Van Campen[2].

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

Within 2016 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.astartakiev.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 2016 the members of the Remuneration Committee were Mr. Korotkov (the Chairman) and Mr. Bartoszewski[3].

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

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

4. REMUNERATION POLICY

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

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

[2] Mr. Howard Dahl will be nominated as the member of the Audit Committee at the forthcoming meeting of the Board of Directors

[3] Mr.Howard Dahl will be nominated as the member of the Remuneration Committee at the forthcoming meeting of the Board of Directors

Report on operations

CORPORATE GOVERNANCE REPORT

Consolidated financial statements

Company financial statements

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

5. SHAREHOLDERS MEETINGS, BOARD MEETINGS AND COMMITTEES MEETINGS IN 2016

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 2016 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 Meeting of Shareholders of the Company was held in Amsterdam, the Netherlands on 25 May 2016.

Within the financial year 2016, the Board of Directors held the following meetings:

- four meetings in Amsterdam, the Netherlands, on 23 March 2016, 24 March 2016, 24 May 2016 and 25 May 2016;
- four meetings via conference-call on 03 February 2016, 11 May 2016, 11 August 2016 and 08 November 2016.

Within the financial year 2015, the Audit Committee held the following meetings:

- two meetings in Amsterdam, the Netherlands, on 23 March 2016 and 24 March 2016.

Within the financial year 2015, the Remuneration Committee held the following meetings:

- one meeting in Amsterdam, the Netherlands, on 25 May 2016;
- one meeting via conference-call on 03 February 2016.

6. GOVERNANCE AND CONTROL

A Dutch Corporate Governance Code

On 9 December 2003, a committee commissioned by the Dutch Government (Commissie Tabaksblat) published the Dutch corporate governance code, which was amended on 10 December 2008 and became effective on 1 January 2009 (the "Dutch Corporate Governance Code"). The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. Dutch companies, whose shares are listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, are required under Dutch law to disclose in their annual reports whether or not and to what extent they apply the provisions of the Dutch Corporate Governance Code. If a company does not apply the best practice provisions of the Dutch Corporate Governance Code, it must explain the reasons why it does not apply them. On 8 December 2016 the Dutch Corporate Governance Code Monitoring Committee has published the revised Dutch Corporate Governance Code (the Code). The Code has been revised at the request of the National Federation of Christian Trade Unions in the Netherlands (CNV), Eumedion, the Federation of Dutch Trade Unions (FNV), Euronext NV, the Association of Stockholders (VEB), the Association of Securities-Issuing Companies (VEUO) and the Confederation of Netherlands Industry and Employers (VNO-NCW). The most important change is the central role given to long-term value creation, and the introduction of 'culture' as a component of effective corporate governance. In addition, the Code has been updated in a number of other areas. The revised Code shall be effective as per the financial year 2017.

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 frorm 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 our corporate website (www.astartakiev.com).

D. Confirmations in relation to the Dutch Corporate Governance Code

There have not been conflict of interest situations between the Directors and the Company during financial year 2016. 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 2016. 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

Internal risk management and control systems

General

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

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

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

Control Systems

Our internal risk management and control systems have two principal organisational forms:

(i) a structural and functional form, including regulations for functional collaboration of departments both horizontally (job descriptions, charters of subsidiaries, rules of agreements, adjustment, regulations etc.) and vertically (rules of budgeting and planning, financial and economic analysis, and control etc.) and

(ii) a direct control form.

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

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

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

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

2) Control over revenues and expenses

Control over revenues and expenses of the subsidiaries of ASTARTA as well as over crediting and withdrawal of funds of these subsidiaries is executed by way of elaboration on regulations regarding budgeting and elaboration of the budget of ASTARTA's subsidiaries itself. This has become more effective in the context of functional processes in 2016.

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

3) Control over sales of subsidiaries of the Group

ASTARTA provides for centralised sales of the Group's core products. This occurs via negotiations with consumers, drafting schedules of dispatching and sending them to subsidiaries. Control over sales is established in a way of control over execution of the dispatching schedules by our subsidiaries as well as cooperating with our consumers.

4) Control over purchasing and logistic functions of the Group

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

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

5) Control over investment decisions

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

6) Control over financial and tangible assets

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

7) Policy of economic security

This policy is realised by a well-established system within the economic security service, which is a vertically integrated chain of security departments on the level of ASTARTA and its operational companies.

ASTARTA has created monitoring system for preventing conflicts of interest and different types of fraud. We have also improved regulations on IT information security at ASTARTA.

8) Hot line

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

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

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

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

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

Deficiencies

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

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

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

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

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

According to specific regulations, we can also verify and improve our system of internal control over financial reports. Our external auditors are obligated to consider our internal control over financial reporting as a basis for designing their auditing procedures for the purpose of expressing their opinion on our consolidated financial statements. In addition, we have discussed our own assessment of our control and risk management framework with our external auditors.

The Board of Directors believes that the Company's internal risk management and control systems have not led to any major problems in material errors in the 2016 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 2016. The Board of Directors has the data and opinion that our risk management and control systems provide reliable and honest financial reports with a reasonable level of assurance that it will not contain material inaccuracies.

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

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

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

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

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

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

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

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

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

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

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

I. Disclosure Policy, Investor Communications

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

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

II. Management Board, Supervisory Board

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

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

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

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

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

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

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

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

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

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

The Company has a one-tier board structure, managerial and supervisory duties are joined by the Board of Directors consisting of Executive and Non-Executive Directors. Non-Executive Directors perform supervising duties. Subject to Rules of the Board of Directors, at least fifty per cent (50%) of the total number of Non-Executive Directors shall be independent in the meaning provided in the Articles of Association of the Company. If the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights at the General Meeting, then the Board of Directors shall consist of at least two independent Non-Executive Directors. As there are no shareholders holding more than fifty per cent (50%), the Company has one independent Non-Executive Director. The information in respect of profile of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

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

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

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

IV. General Meeting, Shareholder Relations

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

1) real-life broadcast of the general meeting;

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

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

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

9. REMUNERATION REPORT

Background

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

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

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

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

Remuneration in financial year 2016

On 25 May 2016, in accordance with Remuneration Policy dated 18 June 2015 year the Board of Directors approved and ratified the remuneration of Mr. Bartoszewski at EUR 35,000 per year, of Mr. Korotkov at EUR 35,000 per year, and of Mr. Van Campen at EUR 35,000 per year for financial year 2016.

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 2016: Mr. Ivanchyk – equivalent of about EUR 360,000 and Mr. Gladky – equivalent of about EUR 240,000 for the year 2016.

Based on the recommendation of the Company, LLC Firm “Astarta-Kyiv” approved the remuneration of Mr. Ivanchyk and Mr. Gladkyi for financial year 2016, Mr. Ivanchyk and Mr. Gladky obtained their remuneration on the monthly based period in UAH.

In 2016 the Board of Directors of ASTARTA Holding N.V. recommended to grant to Executive Directors A cash bonuses for 2015 in the following amounts: to Mr. Ivanchyk – equivalent of about EUR 360,000 and to Mr. Gladky – equivalent of about EUR 240,000.

The abovementioned resolutions have been approved based on Remuneration Policy, the results of examination of the consolidated financial statements as at and for the year 2015 approved by the General Meeting of Shareholders as well as upon the Remuneration Committee’s proposals dated 25 May 2016.

Director’s name	Position	2014			2015			2016		
		Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbursable expenses	Total	Remuneration for rendered services	Reimbur-sable expenses	Total
V. Korotkov	Chairman of the Board of Directors, Non-Executive Director	35,000	4,744	39,744	135,000	4,524	139,524	35,000	0	17,659.60[4]
M.M.L.J. van Campen	Executive Director and Chief Corporate Officer	35,000	0	35,000	35,000	0	35,000	35,000	0	35,000
W.T. Bartoszewski	Deputy Chairman of the Board of Directors, Non-Executive Director	35,000	3,048	38,048	35,000	4,012	38,048	35,000	0	35,000
Total				112,792			213,536			87,659.60

[4] EUR 17,340.40 was the return of an over-payment of net salaries

Information about the remunerations and bonuses accrued by LLC Firm "Astarta-Kyiv" to the Company's Directors A, taking into account resolution of the General Meeting of Shareholders dated 25 May 2016 is presented in the table below (amounts in Euros of the equivalent paid in Ukrainian Hryvnia):

Director's name	Position	2014		
		Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	154,780[5]	0[6]	272,610
V. Gladkyi	Executive Director and Chief Financial Officer (from 18 June 2014)	97,232	67,500	164,732

Director's name	Position	2015		
		Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	159,761	0[7]	159,761
V. Gladkyi	Executive Director and Chief Financial Officer (from 18 June 2014)	149,779	188,000	337,776

Director's name	Position	2016		
		Remuneration for rendered services	Bonuses	Total
V. Ivanchyk	Executive Director and Chief Executive Officer	180,914[8]	0[9]	180,914
V. Gladkyi	Executive Director and Chief Financial Officer (from 18 June 2014)	207,047	237 998	445,045

[5] Mr.Ivanchyk decided to refuse from the part of his annual remuneration amounted EUR 61,120 in favor of charity.

[6] General Meeting of Participants of LLC Firm "Astarta-Kyiv" on the basis of the Resolution of the Board of Directors of Astarta dated 07 July 2014 resolved to grant to Mr.Ivanchyk cash bonuses, but Mr. Ivanchyk decided to refuse from the granted bonuses in favor of charity. The amount of bonuses is EUR 150,000.

[7] General Meeting of Participants of LLC Firm "Astarta-Kyiv" on the basis of the Resolution of the Board of Directors of Astarta dated 18 June 2015 resolved to grant to Mr.Ivanchyk cash bonuses, but Mr. Ivanchyk decided to refuse from the granted bonuses in favor of charity. The amount of bonuses is EUR 210,000.

[8] Board of Directors of the Company resolved to approve the remuneration for Mr.Ivanchyk in the amount of EUR 360,000, Mr. Ivanchyk decided to refuse from the part of his annual remuneration in favor of charity.

[9] General Meeting of Participants of LLC Firm "Astarta-Kyiv" on the basis of the Resolution of the Board of Directors of Astarta dated 25 May 2016 resolved to grant to Mr.Ivanchyk cash bonuses, but Mr.Ivanchyk decided to refuse from the granted bonuses in favor of charity.

On 25 May 2016 the Board of Directors resolved also to grant cash bonuses to ten top managers of LLC Firm "Astarta-Kyiv" under results of their work in 2015 year for the total amount equivalent approximately to EUR 695,000.

10. REPORT OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Board of Directors, Mr. Korotkov and Mr. Bartoszewski, have performed the following actions and duties in their role as Non-Executive Directors in 2016.

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

Mr. Bartoszewski can be considered independent within the meaning of Best Practice Provision III.2.2 of the Dutch Corporate Governance Code, Mr. Korotkov cannot be considered independent. Since not more than one Non-Executive Director is dependent, best practice provision III.2.3 of the Dutch Corporate Governance Code has been complied with.

In carrying out their task, they participated in the Board meetings mentioned in paragraph 5 above and advised the Board of Directors on their management activities. Besides this, Mr. Korotkov is the Chairman of the Remuneration Committee, and Mr. Bartoszewski, as financial expert, is the member of the Remuneration Committee and Chairman of the Audit Committee. [10]

Mr. Korotkov and Mr. Bartoszewski within 2016 financial year held meetings on which the main items which were discussed – remuneration of the members of the Board of Directors, payment of bonuses and Remuneration Policy of the Company.

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

There were no irregularities in the 2016 financial year that required interventions by the Non-Executive Directors.

REPRESENTATIONS OF THE BOARD OF DIRECTORS

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

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company and its consolidated subsidiaries for the year ended 31 December 2016 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 2016 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 31 December 2016 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 31 December 2016, including a description of the key risks that the Company is confronted with.

[10] Mr.Howard Dahl will be nominated as the member of Audit Committee and Remuneration Committee at the forthcoming meeting of the Board of Directors

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

The Board of Directors hereby represents that Baker Tilly Berk N.V., which performed the audit of the statutory financial statements of the Company for the period that ended 31 December 2016, 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 2016, the Board of Directors assessed the effectiveness of the system of internal controls for financial reporting. During the investigation on which this assessment was based, no shortcomings were identified that might possibly have a material impact on the financial reporting. On the basis of the results of the above assessment and the risk analysis that was carried out at the Company within the framework of governance and compliance, the Board is of the opinion, after consulting with the Audit Committee, that the system of internal controls provides a reasonable degree of certainty that the financial reporting contains no inaccuracies of material importance. An inherent element in how people and organizations work together in a dynamic world is that systems of internal control cannot provide an absolute degree (though they can provide a reasonable degree) of certainty as regards the prevention of material inaccuracies in the financial reporting and the prevention of losses and fraud.

In our view the system of internal controls, focused on the financial reporting, functioned effectively over the past year. There are no indications that the system of internal controls will not function effectively in 2016.

6 April 2017,

Amsterdam, the Netherlands

V. Ivanchyk	signed
V. Gladkyi	signed
M.M.L.J. van Campen	signed
H.A. Dahl	signed
W.T. Bartoszewski	signed

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(in thousands of Ukrainian hryvnias)	Notes	31 December 2016	31 December 2015 (restated)	31 December 2014
ASSETS				
Non-current assets				
Property, plant and equipment	*8*	**7 218 433**	5 782 197	4 270 821
Intangible assets	*9*	**82 453**	64 854	53 841
Biological assets	*10*	**432 310**	505 862	584 647
Value added tax		**157 275**	223 691	236 775
Financial instruments available-for-sale		**60**	265	-
Long-term receivables and prepayments	*12*	**68 247**	20 680	751
		7 958 778	6 597 549	5 146 835
Current assets				
Inventories	*11*	**6 327 282**	4 022 258	3 024 917
Biological assets	*10*	**390 503**	470 358	515 695
Trade accounts receivable	*12*	**362 586**	447 312	252 351
Other accounts receivable and prepayments	*12*	**933 289**	534 149	130 566
Current income tax		**4 833**	2 317	1 469
Short-term cash deposits	*13*	**37 674**	378 333	423 575
Cash and cash equivalents	*14*	**315 896**	440 069	246 861
		8 372 063	6 294 796	4 595 434
Total assets		**16 330 841**	12 892 345	9 742 269
EQUITY AND LIABILITIES				
Equity	***15***			
Share capital		**1 663**	1 663	1 663
Additional paid-in capital		**369 798**	369 798	369 798
Retained earnings		**5 653 075**	2 875 244	2 186 139
Revaluation surplus		**3 789 642**	2 834 231	1 509 964
Treasury shares		**(95 934)**	(94 389)	(34 698)
Currency translation reserve		**319 962**	319 547	202 531
Total equity attributable to equity holders of the parent company		**10 038 206**	6 306 094	4 235 397
Non-controlling interests in joint stock companies	*16*	**-**	407	619
Total equity		**10 038 206**	6 306 501	4 236 016
Non-current liabilities				
Loans and borrowings	*17*	**1 369 904**	338 465	2 047 278
Non-controlling interests in limited liability companies	*16*	**252 086**	170 789	112 073
Other long-term liabilities		**3 421**	4 172	9 031
Deferred tax liabilities	*26*	**486 393**	351 095	213 360
		2 111 804	864 521	2 381 742
Current liabilities				
Loans and borrowings	*17*	**1 886 061**	4 631 927	1 958 745
Current portion of long-term loans and borrowings	*17*	**1 243 693**	377 468	828 481
Trade accounts payable		**182 399**	56 332	95 609
Current income tax		**28 625**	12 837	9 112
Other liabilities and accounts payable	*18*	**840 053**	642 759	232 564
		4 180 831	5 721 323	3 124 511
Total equity and liabilities		**16 330 841**	12 892 345	9 742 269

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(in thousands of Euros)	*Notes*	**31 December 2016**	**31 December 2015 (restated)**	**31 December 2014**
ASSETS				
Non-current assets				
Property, plant and equipment	*8*	**253 968**	220 500	222 058
Intangible assets	*9*	**2 901**	2 474	2 800
Biological assets	*10*	**15 209**	19 291	30 397
Value added tax		**5 533**	8 530	12 312
Financial instruments available-for-sale		**2**	10	-
Long-term receivables and prepayments	*12*	**2 401**	789	39
		280 014	251 594	267 606
Current assets				
Inventories	*11*	**222 615**	153 384	157 277
Biological assets	*10*	**13 739**	17 937	26 813
Trade accounts receivable	*12*	**12 757**	17 058	13 121
Other accounts receivable and prepayments	*12*	**32 836**	20 369	6 789
Current income tax		**170**	88	76
Short-term cash deposits	*13*	**1 325**	14 427	22 023
Cash and cash equivalents	*14*	**11 114**	16 782	12 835
		294 556	240 045	238 934
Total assets		**574 570**	491 639	506 540
EQUITY AND LIABILITIES				
Equity	***15***			
Share capital		**250**	250	250
Additional paid-in capital		**55 638**	55 638	55 638
Retained earnings		**376 304**	262 518	234 461
Revaluation surplus		**183 025**	165 523	115 075
Treasury shares		**(4 801)**	(4 746)	(2 280)
Currency translation reserve		**(257 241)**	(238 706)	(182 930)
Total equity attributable to equity holders of the parent company		**353 175**	240 477	220 214
Non-controlling interests in joint stock companies	*16*	**-**	16	32
Total equity		**353 175**	240 493	220 246
Non-current liabilities				
Loans and borrowings	*17*	**48 198**	12 907	106 447
Non-controlling interests in limited liability companies	*16*	**8 869**	6 513	5 827
Other long-term liabilities		**121**	159	470
Deferred tax liabilities	*26*	**17 112**	13 389	11 094
		74 300	32 968	123 838
Current liabilities				
Loans and borrowings	*17*	**66 358**	176 635	101 843
Current portion of long-term loans and borrowings	*17*	**43 757**	14 394	43 076
Trade accounts payable		**6 417**	2 148	4 971
Current income tax		**1 007**	490	474
Other liabilities and accounts payable	*18*	**29 556**	24 511	12 092
		147 095	218 178	162 456
Total equity and liabilities		**574 570**	491 639	506 540

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Ukrainian hryvnias)	*Notes*	**2016**	**2015**
Revenues	*19*	**10 408 667**	7 640 532
Cost of revenues	*20*	**(7 237 500)**	(5 324 468)
Changes in fair value of biological assets and agricultural produce	*10*	**1 288 728**	1 128 189
Gross profit		**4 459 895**	3 444 253
Other operating income	*21*	**498 265**	314 238
General and administrative expense	*22*	**(598 651)**	(460 544)
Selling and distribution expense	*23*	**(629 936)**	(497 497)
Other operating expense	*24*	**(198 868)**	(202 756)
Profit from operations		**3 530 705**	2 597 694
Finance costs	*25*	**(1 165 451)**	(2 294 894)
Finance income	*25*	**18 284**	29 665
Other income		**1 561**	(6 937)
Gain on acquisition of subsidiaries	*5*	**34 048**	-
Profit before tax		**2 419 147**	325 528
Income tax (expense) benefit	*26*	**(68 590)**	45 901
Net profit (loss)		**2 350 557**	371 429
Net profit attributable to:			
Non-controlling interests in joint stock companies		**(280)**	(43)
Equity holders of the parent company		**2 350 837**	371 472
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 405**	24 412
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Ukrainian hryvnias)		**96,33**	15,22

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Euros)	*Notes*	**2016**	**2015**
Revenues	*19*	**368 891**	313 997
Cost of revenues	*20*	**(256 618)**	(218 806)
Changes in fair value of biological assets and agricultural produce	*10*	**45 213**	47 629
Gross profit		**157 486**	142 820
Other operating income	*21*	**17 517**	12 804
General and administrative expense	*22*	**(21 181)**	(19 013)
Selling and distribution expense	*23*	**(22 346)**	(20 341)
Other operating expense	*24*	**(7 042)**	(8 271)
Profit from operations		**124 434**	107 999
Finance costs	*25*	**(41 299)**	(94 921)
Finance income	*25*	**648**	1 227
Other income		**55**	(268)
Gain on acquisition of subsidiaries	*5*	**1 230**	-
Profit before tax		**85 068**	14 037
Income tax (expense) benefit	*26*	**(2 425)**	1 904
Net profit (loss)		**82 643**	15 941
Net profit attributable to:			
Non-controlling interests in joint stock companies		**(10)**	(3)
Equity holders of the parent company		**82 653**	15 944
Weighted average basic and diluted shares outstanding (in thousands of shares)		**24 405**	24 412
Basic and diluted earnings per share attributable to shareholders of the company from continued operations (in Euros)		**3,39**	0,65

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Ukrainian hryvnias)	2016	2015
Profit for the period	**2 350 557**	371 429
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**10 367**	14 754
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**10 367**	14 754
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange difference on transactions of foreign operations (the parent company)	**(9 952)**	102 262
Income tax effect	**-**	-
Revaluation of property, plant and equipment	**1 521 894**	1 868 616
Income tax effect	**(127 972)**	(210 796)
	1 393 922	1 657 820
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**(14 200)**	(19 621)
Income tax effect	**2 556**	3 532
	(11 644)	(16 089)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**1 372 326**	1 743 993
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income	**3 733 250**	2 130 176
Attributable to:		
Non-controlling interests in joint stock companies	**(407)**	(212)
Equity holders of the parent	**3 733 657**	2 130 388
Total comprehensive income (loss) as at 31 December	**3 733 250**	2 130 176

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Euros)	2016	2015
Profit for the period	**82 643**	15 941
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on transactions of foreign operations	**(18 537)**	(55 782)
Income tax effect	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(18 537)**	(55 782)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange difference on transactions of foreign operations (the parent company)	**-**	-
Income tax effect	**-**	-
Revaluation of property, plant and equipment	**53 545**	71 258
Income tax effect	**(4 502)**	(8 039)
	49 043	63 219
Share of non-controlling participants in LLC in revaluation of property, plant and equipment	**(502)**	(811)
Income tax effect	**90**	146
	(412)	(665)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**48 631**	62 554
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income (loss)	**112 737**	22 713
Attributable to:		
Non-controlling interests in joint stock companies	**(16)**	(16)
Equity holders of the parent	**112 753**	22 729
Total comprehensive income (loss) as at 31 December	**112 737**	22 713

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Ukrainian hryvnias)	*Notes*	**2016**	**2015**
Operating activities			
Profit before tax		**2 419 147**	325 528
Adjustments for:			
Depreciation and amortization		**817 512**	534 955
Allowance for impairment of trade and other accounts receivable	*12*	**19 364**	55 699
Gain on acquisition of subsidiaries	*5*	**(34 048)**	-
Loss on disposal of property, plant and equipment	*24*	**39 034**	48 199
Write down of inventories	*24*	**29 857**	13 038
Finance income	*25*	**(18 284)**	(29 665)
Interest expense	*25*	**593 241**	652 358
Other finance costs	*25*	**108 121**	82 198
Impairment of property, plant and equipment	*24*	**10 955**	14 563
Changes in fair value of biological assets and agricultural produce	*10*	**(1 288 728)**	(1 128 189)
Reversal of impairment of property, plant and equipment, net	*21*	**(44 973)**	-
Recovery of assets previously written off	*21*	**(23 024)**	(7 018)
Non-controlling interests in limited liability companies	*25*	**70 085**	44 694
Foreign exchange loss on loans and borrowings, deposits	*25*	**394 004**	1 515 644
Working capital adjustments:			
Decrease (increase) in inventories		**(1 011 314)**	30 121
Increase in trade and other receivables		**(293 005)**	(631 746)
Decrease in biological assets due to other changes		**241 490**	224 531
Increase in trade and other payables		**357 128**	425 780
Income taxes paid		**(52 874)**	(26 180)
Cash flows provided by operating activities		**2 333 688**	2 144 510
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(593 764)**	(241 775)
Proceeds from disposal of property, plant and equipment		**20 252**	7 899
Sale (purchase) of financial investments		**-**	896
Interest received	*25*	**17 852**	23 154
Acquisition of subsidiaries net of cash acquired	*5*	**(124 483)**	213
Cash deposits placement		**(2 109 143)**	(469 249)
Cash deposits withdrawal		**2 441 962**	624 974
Cash flows used in investing activities		**(347 324)**	(53 888)
Financing activities			
Proceeds from loans and borrowings		**3 954 261**	2 622 311
Repayment of loans and borrowings		**(5 405 560)**	(3 840 214)
Payments to shareholders for pledged shares		**(53 527)**	(53 480)
Purchase of treasury shares		**(1 545)**	(59 691)
Interest paid		**(565 630)**	(640 735)
Cash flows used in financing activities		**(2 072 001)**	(1 971 809)
Net decrease (increase) in cash and cash equivalents		**(85 637)**	118 813
Cash and cash equivalents as at 1 January		**440 069**	246 861
Currency translation difference		**(38 536)**	74 395
Cash and cash equivalents as at 31 December		**315 896**	440 069

The notes on pages 58 to 134 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Euros)	*Notes*	**2016**	**2015**
Operating activities			
Profit before tax		**85 068**	14 037
Adjustments for:			
Depreciation and amortization		**28 904**	22 101
Allowance for impairment of trade and other accounts receivable	*12*	**686**	2 277
Gain on acquisition of subsidiaries	*5*	**(1 230)**	-
Loss on disposal of property, plant and equipment	*24*	**1 382**	1 966
Write down of inventories	*24*	**1 057**	532
Finance income	*25*	**(648)**	(1 227)
Interest expense	*25*	**21 022**	26 983
Other finance costs	*25*	**3 831**	3 399
Impairment of property, plant and equipment	*24*	**387**	594
Changes in fair value of biological assets and agricultural produce	*10*	**(45 213)**	(47 629)
Reversal of impairment of property, plant and equipment, net	*21*	**(1 581)**	-
Recovery of assets previously written off	*21*	**(809)**	(286)
Non-controlling interests in limited liability companies	*25*	**2 484**	1 849
Foreign exchange loss on loans and borrowings, deposits	*25*	**13 962**	62 690
Working capital adjustments:			
Decrease (increase) in inventories		**(35 878)**	1 244
Increase in trade and other receivables		**(10 360)**	(26 099)
Decrease in biological assets due to other changes		**8 538**	9 276
Increase in trade and other payables		**12 627**	17 590
Income taxes paid		**(1 869)**	(1 082)
Cash flows provided by operating activities		**82 360**	88 215
Investing activities			
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(20 994)**	(9 988)
Proceeds from disposal of property, plant and equipment		**716**	326
Sale (purchase) of financial investments		**-**	37
Interest received	*25*	**633**	958
Acquisition of subsidiaries net of cash acquired	*5*	**(4 486)**	9
Cash deposits placement		**(74 573)**	(19 386)
Cash deposits withdrawal		**86 341**	25 820
Cash flows used in investing activities		**(12 363)**	(2 224)
Financing activities			
Proceeds from loans and borrowings		**139 811**	108 336
Repayment of loans and borrowings		**(191 125)**	(158 651)
Payments to shareholders for pledged shares		**(1 897)**	(2 209)
Purchase of treasury shares		**(55)**	(2 466)
Interest paid		**(19 999)**	(26 471)
Cash flows used in financing activities		**(73 265)**	(81 461)
Net decrease (increase) in cash and cash equivalents		**(3 268)**	4 530
Cash and cash equivalents as at 1 January		**16 782**	12 835
Currency translation difference		**(2 400)**	(583)
Cash and cash equivalents as at 31 December		**11 114**	16 782

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Attributable to equity holders of the parent company

(in thousands of Ukrainian hryvnias)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Subtotal	Non-controlling interests	Total equity
As at 1 January 2015	1 663	369 798	2 186 139	1 509 964	(34 698)	202 531	4 235 397	619	4 236 016
Net profit (loss)	-	-	371 472	-	-	-	371 472	(43)	371 429
Revaluation reserve, net of tax	-	-	-	1 657 989	-	-	1 657 989	(169)	1 657 820
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(16 089)	-	-	(16 089)	-	(16 089)
Exchange difference on translation	-	-	-	-	-	117 016	117 016	-	117 016
Total other comprehensive income, net of tax	-	-	-	1 641 900	-	117 016	1 758 916	(169)	1 758 747
Total comprehensive income	-	-	371 472	1 641 900	-	117 016	2 130 388	(212)	2 130 176
Purchase of own shares	-	-	-	-	(59 691)	-	(59 691)	-	(59 691)
Realisation of revaluation surplus, net of tax	-	-	317 633	(317 633)	-	-	-	-	-
As at 1 January 2016	**1 663**	**369 798**	**2 875 244**	**2 834 231**	**(94 389)**	**319 547**	**6 306 094**	**407**	**6 306 501**
Net profit (loss)	**-**	**-**	**2 350 837**	**-**	**-**	**-**	**2 350 837**	**(280)**	**2 350 557**
Revaluation reserve, net of tax	**-**	**-**	**-**	**1 394 049**	**-**	**-**	**1 394 049**	**(127)**	**1 393 922**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	**-**	**-**	**-**	**(11 644)**	**-**	**-**	**(11 644)**	-	**(11 644)**
Exchange difference on translation	**-**	**-**	**-**	**-**	**-**	**415**	**415**	**-**	**415**
Total other comprehensive income, net of tax	**-**	**-**	**-**	**1 382 405**	**-**	**415**	**1 382 820**	**(127)**	**1 382 693**
Total comprehensive income	**-**	**-**	**2 350 837**	**1 382 405**	**-**	**415**	**3 733 657**	**(407)**	**3 733 250**
Purchase of own shares	**-**	**-**	**-**	**-**	**(1 545)**	**-**	**(1 545)**	**-**	**(1 545)**
Realisation of revaluation surplus, net of tax	**-**	**-**	**426 994**	**(426 994)**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2016	**1 663**	**369 798**	**5 653 075**	**3 789 642**	**(95 934)**	**319 962**	**10 038 206**	**-**	**10 038 206**

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Attributable to equity holders of the parent company

(in thousands of Euros)	Share capital	Additional paid-in capital	Retained earnings	Revaluation surplus	Treasury shares	Currency translation reserve	Subtotal	Non-controlling interests	Total equity
As at 1 January 2015	250	55 638	234 461	115 075	(2 280)	(182 930)	220 214	32	220 246
Net profit (loss)	-	-	15 944	-	-	-	15 944	(3)	15 941
Revaluation reserve, net of tax	-	-	-	63 226	-	-	63 226	(7)	63 219
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	-	-	-	(665)	-	-	(665)	-	(665)
Exchange difference on translation	-	-	-	-	-	(55 776)	(55 776)	(6)	(55 782)
Total other comprehensive income, net of tax	-	-	-	62 561	-	(55 776)	6 785	(13)	6 772
Total comprehensive income	-	-	15 944	62 561	-	(55 776)	22 729	(16)	22 713
Purchase of own shares	-	-	-	-	(2 466)	-	(2 466)	-	(2 466)
Realisation of revaluation surplus, net of tax	-	-	12 113	(12 113)	-	-	-	-	-
As at 1 January 2016	**250**	**55 638**	**262 518**	**165 523**	**(4 746)**	**(238 706)**	**240 477**	**16**	**240 493**
Net profit (loss)	**-**	**-**	**82 653**	**-**	**-**	**-**	**82 653**	**(10)**	**82 643**
Revaluation reserve, net of tax	**-**	**-**	**-**	**49 047**	**-**	**-**	**49 047**	**(4)**	**49 043**
Share of non-controlling participants in LLC in revaluation surplus, net of deferred tax	**-**	**-**	**-**	**(412)**	**-**	**-**	**(412)**	**-**	**(412)**
Exchange difference on translation	**-**	**-**	**-**	**-**	**-**	**(18 535)**	**(18 535)**	**(2)**	**(18 537)**
Total other comprehensive income, net of tax	**-**	**-**	**-**	**48 635**	**-**	**(18 535)**	**30 100**	**(6)**	**30 094**
Total comprehensive income	**-**	**-**	**82 653**	**48 635**	**-**	**(18 535)**	**112 753**	**(16)**	**112 737**
Purchase of own shares	**-**	**-**	**-**	**-**	**(55)**	**-**	**(55)**	**-**	**(55)**
Realisation of revaluation surplus, net of tax	**-**	**-**	**31 133**	**(31 133)**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2016	**250**	**55 638**	**376 304**	**183 025**	**(4 801)**	**(257 241)**	**353 175**	**-**	**353 175**

The notes on pages 86 to 165 are an integral part of these consolidated financial statements.

1. BACKGROUND

Organisation and operations

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

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

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

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

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

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

The number of employees were presented as follows:

	2016	2015
operating personnel	7 247	5 452
administrative personnel	2 312	2 349
sales personnel	715	558
non-operating personnel	156	103
Total number of employees	**10 430**	**8 462**

a) Ukrainian business environment

The Group conducts most of its operations in Ukraine. The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, high inflation, and significant imbalances in the public finance and foreign trade.

During the year ended 31 December 2016, the Ukrainian economy was going through a recession, a gross domestic product has contracted by 2% (2015: 11%), and the annual inflation rate reached 12% (2015: 43%). Unfavorable conditions on markets where Ukraine's primary commodities were traded were influencing further devaluation of the Ukrainian Hryvnia against major foreign currencies. As a result the Ukrainian Hryvnia (the "UAH") depreciated against major foreign currencies by approximately 8% calculated based on the National Bank of Ukraine (the "NBU") exchange rate of UAH to EUR from 1 January 2016 and up to 31 December 2016. The Ukrainian companies and banks continued to suffer from the lack of funding from domestic and international financial markets.

During 2016, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions, and a peaceful resolution of the conflict did not occur as it was foreseen by the Minsk agreements.

The National Bank of Ukraine (the 'NBU') extended its range of measures that were introduced in 2014 and aimed at limiting the outflow of foreign currency from the country, inter alia, a mandatory sale of foreign currency earnings, certain restrictions on purchases of foreign currencies on the interbank market and on usage of foreign currencies for settlement purposes, and limitations on remittances abroad.

In early 2015, the Government of Ukraine agreed with the IMF a four-year program for USD 17.5 billion loan aimed at supporting the economic stabilization of Ukraine. The program defines economic reforms that must be undertaken by the Government of Ukraine to reinstate a sustainable economic growth in the mid-term perspective.

In 2016, political and economic relationships between Ukraine and the Russian Federation remained strained leading to a significant reduction in trade and economic cooperation. On 1 January 2016, a free-trade section of Ukraine's Association Agreement with the European Union came into force. In late 2015, the Russian Federation denounced the free trade zone agreement with Ukraine and further trade restrictions were announced by both countries.

Stabilization of the economic and political situation depends, to a large extent, upon the ability of the Ukrainian Government to continue reforms and the efforts of the NBU to further stabilize the banking sector, as well as upon the ability of the Ukrainian economy in general to respond adequately to changing markets.

Management is monitoring the developments in the current environment and taking actions, where appropriate, to minimize any negative effects to the extent possible. Further adverse developments in the political, macroeconomic and/or international trade conditions may further adversely affect the Group's financial position and performance in a manner not currently determinable.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with the Title 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements were authorized by the Board of Directors on 17 March 2017.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 31 December 2014 is presented in these consolidated financial statements due to the correction of a reclassification retrospectively. See Note 4.

b) Going Concern

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

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

As at 31 December 2016 Astarta Holding N.V. owns shares, directly and indirectly, in a number of subsidiaries and an associate with the following percentage of ownership:

Name	Activity	**31 December 2016 % of ownership**	31 December 2015 % of ownership
Subsidiaries:			
Ancor Investments Ltd	Investment activities	**100,00%**	100,00%
LLC Firm “Astarta-Kyiv”	Trade and asset management	**99,98%**	99,98%
LLC “APO “Tsukrovyk Poltavshchyny”	Sugar production	**99,72%**	99,72%
LLC “Agricultural company “Dovzhenko”	Agricultural	**97,53%**	97,53%
LLC “Shyshaki combined forage factory”	Fodder production	**90,56%**	90,56%
LLC “Agricultural company “Dobrobut”	Agricultural	**98,24%**	98,24%
LLC “Agricultural company “Musievske”	Agricultural	**89,98%**	89,98%
LLC “Globinskiy processing factory”	Soybean processing	**99,98%**	99,98%
LLC “Dobrobut” (Novo-Sanzharskiy region)	Agricultural	**99,98%**	99,98%
OJSC “Agricultural company “Agrocomplex” ***	Agricultural	**83,80%**	83,80%
OJSC “Agricultural company “Zhdanivske” **	Agricultural	**0,00%**	97,97%
LLC “Investment company “Poltavazernoproduct”	Agricultural	**98,68%**	98,68%
LLC “List-Ruchky”	Agricultural	**74,99%**	74,99%
LLC “Agropromgaz”	Trade	**89,98%**	89,98%
LLC “Khmilnitske”	Agricultural	**99,12%**	99,12%

LLC “Volochysk-Agro”	Agricultural	**97,57%**	97,52%
LLC “Agricultural company “Mirgorodska”	Agricultural	**89,98%**	89,98%
LLC “Kobelyatskiy combined forage factory”	Fodder production	**98,56%**	98,56%
LLC “named after Ostrovskiy” **	Agricultural	**0,00%**	99,98%
SC “Agricultural company “Agro-Kors” ***	Agricultural	**99,98%**	99,98%
LLC “Agricultural company “Khorolska”	Agricultural	**98,95%**	98,95%
LLC “Agricultural company “Lan”	Agricultural	**99,98%**	99,98%
LLC “Nika”	Agricultural	**98,98%**	98,98%
LLC “Zhytnytsya Podillya”	Agricultural	**96,98%**	99,98%
LLC “Astarta-Selektsiya”	Research and development	**74,98%**	74,98%
LLC “Agrosvit Savyntsi”	Agricultural	**99,98%**	99,98%
LLC “Khorolskiy combined forage factory”	Fodder production	**99,23%**	99,23%
PC “Lan-M” **	Agricultural	**0,00%**	99,98%
ALC “Novoivanivskiy sugar plant”	Sugar production	**94,49%**	94,49%
LLC “Investpromgaz”	Trade	**99,93%**	99,93%
LLC “Tsukragromprom”	Trade	**99,98%**	99,98%
LLC “Zerno-Agrotrade”	Trade	**99,98%**	99,98%
LLC “Novoorzhytskiy sugar plant”	Sugar production	**99,97%**	99,97%
LLC “APK Savynska”	Sugar production	**99,96%**	99,96%
LLC “Kochubeyivske”	Trade	**58,52%**	58,52%
LLC “Globinskiy bioenergetichniy complex”	Sugar production	**99,98%**	99,98%
LLC “Savynci agro”	Agricultural	**99,98%**	99,98%
PE “TMG”	Agricultural	**98,98%**	98,98%
LLC “Eco Energy” *	Agricultural	**99,98%**	0,00%
ALLC “Lyaschivka” *	Agricultural	**99,98%**	0,00%
LLC “Agro Core” *	Research and development	**50,00%**	0,00%
Associate:			
LLC “Agricultural company “Pokrovska”	Agricultural	49,99%	49,99%
LLC “Geoexpertservice” **	Agricultural	0,00%	19,99%

* In June 2016, the Group obtained control over LLC “Eco Energy” (Note 5).

In August 2016, the Group obtained control over ALLC “Lyaschivka” (Note 5).

In December 2016, the Group incorporated LLC “Agro Core”, with the purpose of IT projects development in agriculture.

** In March and December 2016, the Group liquidated LLC “Geoexpertservice” and OJSC “Agricultural company “Zhdanivske” respectively, there were no material effect on the Group’s performance as these entities were dormant.

In October 2016, LLC “named after Ostrovskiy” merged with LLC “Volochysk-Agro”.

In August 2016, PC “Lan-M” merged with LLC “Agrosvit Savyntsi”.

*** OJSC “Agricultural company “Agrocomplex” and SC “Agricultural company “Agro-Kors” as at 31 December 2016 were on the liquidation stage.

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

d) Business combinations and goodwill

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

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

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

e) Transactions eliminated on consolidation

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

f) Basis of accounting

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

g) Non-controlling interest

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

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

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

h) Interest in joint operations

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

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

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

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

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

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

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

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

i) Investment in associate and joint venture

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

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

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

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

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

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

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

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

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

(j) Functional and presentation currency

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

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

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	
	2016	2015	2016	2015
EUR	28.28	24.21	28.42	26.22
USD	25.55	21.83	27.19	24.00

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

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

k) Critical accounting estimates and judgments in applying accounting policies

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

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

- Capital risk management Note 15
- Financial risk management Note 29
- Sensitivity analyses disclosures
  - related to impairment test Notes 8, 9
  - related to fair value of biological assets Note 10

Judgments

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

Operating lease – Group as a lessee

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

Estimates and assumptions

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

Impairment of trade accounts receivable

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

Revaluation of buildings, machinery and equipment

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

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

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

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

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

Estimating the fair value of property requires the exercise of judgment and the use of assumptions. Management engaged external independent appraisers to estimate the fair value of buildings, machinery and equipment as at 31 December 2016. Previous valuation was performed as at 31 December 2015.

Depreciation

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

Fair value of biological assets

Due to the absence of an active market, the fair value of biological assets is estimated by present valuing the net cash flows expected to be generated from the assets discounted at a current market-determined rate. The fair value of biological assets is determined by the Group's own agricultural and IFRS experts. Further details are provided in Note 10. Fair valuation is made in accordance with IFRS 13 Fair Value Measurement.

Fair value of agricultural produce

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

Weather conditions and yields

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

Deferred taxes

Deferred tax assets, including those arising on unused tax losses are recognised to the extent that it is probable that they will be recovered, which is dependent on the generation of sufficient future taxable profit. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are provided in Note 26.

VAT receivable

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

Government subsidies relating to VAT refunds

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currency transactions

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

b) Property, plant and equipment

I. Owned assets

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

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

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

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

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

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

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

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

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

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

II. Leased assets

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

III. Subsequent expenditure

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

IV. Depreciation

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

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

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

The estimated useful lives are as follows:

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

c) Intangible assets, other than goodwill

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

For business combinations the fair value of land lease rights acquired is recognized as part of the identifiable intangible assets at the date of acquisition. Fair value is valued using the market approach. Management commissioned an independent appraiser to determine the fair value of the land lease rights. Non-cancellable operating lease agreements typically run for an initial period of 5 to 25 years. Following initial recognition, intangible assets are carried at cost less accumulated amortization. The land lease rights are amortized over 5 to 25 years on a straight line basis. The amortization expense is recognized in the income statement in the expense category consistent with the function of intangible asset.

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

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

d) Biological assets

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

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

e) Agricultural produce

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

f) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

I. Fair value measurement principles

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

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

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

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

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

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

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

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

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

g) Inventories

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

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

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

h) Cash and cash equivalents

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

i) Cash deposits

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

j) Treasury shares

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

k) Impairment

I. Financial assets

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

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

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

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

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

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

II. Non-financial assets

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

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

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

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

- Disclosures for significant assumptions Note 2 (k)
- Property, plant and equipment Note 8
- Goodwill and intangible assets with indefinite lives Note 9

III. Reversal of impairment of non-financial assets

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

l) Earnings per share

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

m) Loans and borrowings

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

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

n) Trade accounts payable

Trade accounts payable are stated at their amortized cost.

o) Taxes

Current income tax

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

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

The Group's income was subject to taxation in Ukraine, Cyprus and the Netherlands. In 2016, Ukrainian corporate income tax was levied at a rate of 18% (2015: 18%). 22 subsidiaries of the Group are subject to CPT in Ukraine for the year ended 31 December 2016 (2015 – 19 subsidiaries).

In 2016, the tax rates in Cyprus and the Netherlands were 12.5% and 25% (2015: 12.5% and 25%), respectively.

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

p) Fixed agricultural tax

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

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

q) Accounting for government grants

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

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

Special VAT regime for entities engaged in agricultural production

According to the Tax Code of Ukraine, companies that generate not less than 75% of revenues for the previous tax year from sales of own agricultural products enjoy a privileged VAT regime. The difference between VAT generated on sales and VAT paid on purchases is not remitted to the state but is transferred to the entity's special bank account and can be used to make payments relating to the agricultural activities. The excess of VAT liability over VAT receivable is accounted for as government grant. VAT receivable exceeding VAT liability is used as a reduction of tax liabilities in the next periods.

Government grants related to crop production

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

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

Government grants related to cattle farming

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

Partial compensation for finance costs and other subsidies

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

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

r) Revenue

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

s) Expenses

Expenses are accounted for on an accrual basis.

t) Operating lease payments

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

u) Finance cost and income

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

v) Offsetting

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

w) Statement of cash flows

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

x) New and amended standards and interpretations adopted

The Group has adopted the following amended IFRS and IFRIC which are effective for annual periods beginning on or after 1 January 2015:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 February 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 February 2015 and are not expected to have a material impact on the Group, except for the potential effect on disclosures. The improvements include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IFRS 13 Fair Value Measurement (amendments to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)

The amendments clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 February 2015 and are not expected to have a material impact on the Group. They include:

Report on operations

Corporate governance report

CONSOLIDATED FINANCIAL STATEMENTS

Company financial statements

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement its

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

y) New and amended standards and interpretations not yet adopted

The Group has 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 2016:

Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS.

Annual improvements 2012-2014 Cycle

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

This improvement adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

This improvement clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

IAS 19 Employee Benefits

This amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

IAS 34 Interim Financial Reporting

The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

These changes had no significant impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but comparative information is not compulsory. The Group will implement IFRS 9 per 1 January 2018. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of the Group's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

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

It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes and will be implemented by the Group per 1 January 2018. The Group has started the identification of the areas where IFRS 15 changes the current accounting policies. The impact of the standard will be further investigated in 2017.

IFRS 16 Leases

IFRS 16, published in January 2016, establishes a revised framework for determining whether a lease is recognised on the (Consolidated) Statement of Financial Position. It replaces existing guidance on leases, including IAS 17. The Group expects to implement IFRS 16 per 1 January 2019. In 2016, the Group has started to collect rental and lease contracts from the key operating companies. The Group is currently in the process of determining to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Astarta will further analyse the lease contracts in 2017 to prepare an initial impact assessment.

The following new or amended standards are not expected to have a significant impact on consolidated financial statements:

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016);
- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016);
- Amendments to IFRS 2: Classification and measurement of Share-based Payments (issued on 20 June 2016).

4. RESTATEMENT AND RECLASSIFICATION

a) Change in classification of long-term loans

As at 31 December 2015 the Group reclassified a number of long-term loans that were in breach of certain financial covenants mostly due to sharp devaluation of the local currency. 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. The Group received waivers from respective banks and letters stating that the banks have no intention to disengage with the Group from other banks in respect of non-compliances in 2015. As a consequence, borrowings of UAH 1,509,330 thousand (EUR 57,557 thousand) were reclassified from non-current to current liabilities.

During 2016 the banks did not demand accelerated repayment of the loans because of breaches of covenants in 2015.

(in thousands of Ukrainian hryvnias)	As previously reported	Effect of reclassification	As restated
Extract from consolidated statement of financial position as at 31 December 2015:			
Non-current liabilities			
Loans and borrowings	1 847 795	(1 509 330)	338 465
Non-controlling interests in limited liability companies	170 789	-	170 789
Other long-term liabilities	4 172	-	4 172
Deferred tax liabilities	351 095	-	351 095
	2 373 851	**(1 509 330)**	**864 521**
Current liabilities			
Loans and borrowings	2 278 974	2 352 953	4 631 927
Current portion of long-term loans and borrowings	1 221 091	(843 623)	377 468
Trade accounts payable	56 332	-	56 332
Current income tax	12 837	-	12 837
Other liabilities and accounts payable	642 759	-	642 759
	4 211 993	**1 509 330**	**5 721 323**
Total liabilities	**6 585 844**	**-**	**6 585 844**

(in thousands of Euros)	As previously reported	Effect of reclassification	As restated
Extract from consolidated statement of financial position as at 31 December 2015:			
Non-current liabilities			
Loans and borrowings	70 464	(57 557)	12 907
Non-controlling interests in limited liability companies	6 513	-	6 513
Other long-term liabilities	159	-	159
Deferred tax liabilities	13 389	-	13 389
	90 525	**(57 557)**	**32 968**
Current liabilities			
Loans and borrowings	86 907	89 728	176 635
Current portion of long-term loans and borrowings	46 565	(32 171)	14 394
Trade accounts payable	2 148	-	2 148
Current income tax	490	-	490
Other liabilities and accounts payable	24 511	-	24 511
	160 621	**57 557**	**218 178**
Total liabilities	**251 146**	**-**	**251 146**

b) Change in classification in groups of property, plant and equipment

In 2015 the Group made certain reclassifications between groups to the PPE disclosure note within revaluation, which was performed as at 31 December 2016 to provide better view of the disclosure (Note 8). Reclassification was made taking into account the actual use and characteristics of property, plant and equipment items.

(in thousands of Ukrainian hryvnias)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 31 December 2015 before reclassification	**1 536 206**	**1 067 262**	**2 885 957**	**160 666**	**63 957**	**142 609**	**5 856 657**
Transfer between Groups	(37 765)	7 638	151 389	(122 755)	1 493	-	-
Reclassified cost or valuation 31 December 2015	**1 498 441**	**1 074 900**	**3 037 346**	**37 911**	**65 450**	**142 609**	**5 856 657**
Accumulated depreciation 31 December 2015 before reclassification	**1 306**	**1 204**	**(71 386)**	**101 498**	**41 838**	**-**	**74 460**
Transfer between Groups	72	252	77 311	(77 054)	(581)	-	-
Reclassified accumulated depreciation 31 December 2015	**1 378**	**1 456**	**5 925**	**24 444**	**41 257**	**-**	**74 460**
Restated net book value 31 December 2015	**1 497 063**	**1 073 444**	**3 031 421**	**13 467**	**24 193**	**142 609**	**5 782 197**

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 31 December 2015 before reclassification	**58 702**	**40 676**	**109 573**	**6 517**	**2 433**	**5 438**	**223 339**
Transfer between Groups	(1 560)	316	6 253	(5 071)	62	-	-
Reclassified cost or valuation 31 December 2015	**57 142**	**40 992**	**115 826**	**1 446**	**2 495**	**5 438**	**223 339**
Accumulated depreciation 31 December 2015 before reclassification	**50**	**46**	**(2 968)**	**4 115**	**1 596**	**-**	**2 839**
Transfer between Groups	3	10	3 194	(3 183)	(24)	-	-
Reclassified accumulated depreciation 31 December 2015	**53**	**56**	**226**	**932**	**1 572**	**-**	**2 839**
Restated net book value 31 December 2015	**57 089**	**40 936**	**115 600**	**514**	**923**	**5 438**	**220 500**

5. BUSINESS COMBINATIONS

Acquisition of new entities in 2016

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

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

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

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

Recognised fair value at acquisition

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

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

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

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

Acquisition of new entities in 2015

In January 2015, the Group acquired 99,98% ownership interest in LLC “Savytsi Agro” for cash consideration of UAH 11,646 thousand or EUR 481 thousand.

As at acquisition date, accounts receivable of UAH 99 thousand and other accounts payable of UAH 14,127 thousand were due to/ from the Group. The purchase consideration consisted only of cash, and the direct costs related to this acquisition are not significant.

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

Recognised fair value at acquisition

	(in thousands of Ukrainian hryvnias)	*(in thousands of Euros)*
Non-current assets		
Property, plant and equipment	982	42
Intangible and other non-current assets	8 564	364
Current assets		
Inventories	5 702	240
Trade accounts receivable	1 201	50
Other accounts receivable and prepayments	2 788	117
Cash and cash equivalents	213	9
Non-current liabilities		
Other long-term liabilities	(4 208)	(177)
Current liabilities		
Trade accounts payable	(38)	(2)
Other liabilities and accounts payable	(14 771)	(621)
Net identifiable assets, liabilities and contingent liabilities	433	22
Non-controlling interest	(2)	-
Net assets acquired	431	22
Goodwill	(11 315)	(471)
Consideration paid	(11 646)	(481)
Cash acquired	213	9
Net cash outflow	(11 433)	(472)

For the business combinations in 2015 there are no significant differences between fair value and carrying value of acquired assets and liabilities. Non-controlling interest is measured as the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

6. MATERIAL PARTLY-OWNED SUBSIDIARIES

The summarised financial information of the subsidiaries that have material non-controlling interests and proportion of equity interest held by non-controlling interests is provided below. All presented below subsidiaries are limited liability companies. For limited liability companies, non-controlling interest is recorded as a liability and their share in the net profit/loss is recorded as a finance expense. (Notes 2(b) and 16).

Liability to non-controlling interests:

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

2015	(in thousands of Ukrainian hryvnias)	(in thousands of Euros)
Non-controlling interests in subsidiaries for which detailed information is provided below	72 819	2 777
Non-controlling interests in other subsidiaries	97 970	3 736
Total non-controlling interests in limited liability companies	170 789	6 513

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

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

2015	(in thousands of Ukrainian hryvnias)	(in thousands of Euros)
Non-controlling interests in subsidiaries for which detailed information is provided below	21 576	891
Non-controlling interests in other subsidiaries	23 118	958
Total non-controlling interests in limited liability companies	44 694	1 849

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

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

2015	(in thousands of Ukrainian hryvnias)	(in thousands of Euros)
Non-controlling interests in subsidiaries for which detailed information is provided below	10 584	437
Non-controlling interests in other subsidiaries	5 505	228
Total non-controlling interests in limited liability companies	16 089	665

SUMMARISED STATEMENT OF FINANCIAL POSITION

(in thousands of Ukrainian hryvnias)	LLC "Agricultural company "Dobrobut"		LLC "Agricultural company "Dovzhenko"		LLC "Agricultural company "Musievske"		LLC "Investment company "Poltavazernoproduct"		LLC "Volochysk-Agro"		LLC "Agricultural company "Mirgorodska"	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Non-current assets	**364 288**	312 770	**973 199**	808 389	**79 848**	59 315	**459 708**	361 893	**780 597**	603 768	**71 694**	56 370
Current assets	**1 112 796**	289 641	**1 670 582**	716 539	**312 188**	181 499	**1 222 987**	308 868	**1 233 480**	441 705	**194 085**	73 929
Non-current liabilities	**1 281**	15 402	**199 590**	48 292	**415**	23 992	**6 978**	15 591	**13 690**	138 901	**620**	14 251
Current liabilities	**363 697**	273 199	**190 295**	294 206	**26 624**	46 078	**233 329**	161 055	**506 694**	766 772	**50 190**	6 333
Total net assets	**1 112 106**	313 810	**2 253 896**	1 182 430	**364 997**	170 744	**1 442 388**	494 115	**1 493 693**	139 800	**214 969**	109 715
Non-controlling interest, %	**1,76%**	1,76%	**2,47%**	2,47%	**10,02%**	10,02%	**1,32%**	1,32%	**2,43%**	2,48%	**10,02%**	10,02%
Attributable to:												
Non-controlling interest	**19 573**	5 538	**55 671**	29 200	**36 573**	17 105	**19 040**	6 521	**36 297**	3 464	**21 540**	10 991
Equity holders of parent	**1 092 533**	308 272	**2 198 225**	1 153 230	**328 424**	153 639	**1 423 348**	487 594	**1 457 396**	136 336	**193 429**	98 724

(in thousands of Euros)	LLC "Agricultural company "Dobrobut"		LLC "Agricultural company "Dovzhenko"		LLC "Agricultural company "Musievske"		LLC "Investment company "Poltavazernoproduct"		LLC "Volochysk-Agro"		LLC "Agricultural company "Mirgorodska"	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Non-current assets	**12 817**	11 927	**34 240**	30 827	**2 809**	2 262	**16 174**	13 801	**27 464**	23 024	**2 522**	2 150
Current assets	**39 152**	11 045	**58 777**	27 325	**10 984**	6 921	**43 029**	11 778	**43 398**	16 844	**6 829**	2 819
Non-current liabilities	**45**	587	**7 022**	1 842	**15**	915	**246**	595	**482**	5 297	**22**	543
Current liabilities	**12 796**	10 418	**6 695**	11 219	**937**	1 757	**8 209**	6 142	**17 827**	29 240	**1 766**	242
Total net assets	**39 128**	11 967	**79 300**	45 091	**12 841**	6 511	**50 748**	18 842	**52 553**	5 331	**7 563**	4 184
Non-controlling interest, %	**1,76%**	1,76%	**2,47%**	2,47%	**10,02%**	10,02%	**1,32%**	1,32%	**2,43%**	2,48%	**10,02%**	**10,02%**
Attributable to:												
Non-controlling interest	**689**	211	**1 959**	1 114	**1 287**	652	**670**	249	**1 277**	132	**758**	**419**
Equity holders of parent	**38 439**	11 756	**77 341**	43 977	**11 554**	5 859	**50 078**	18 593	**51 276**	5 199	**6 805**	**3 765**

SUMMARISED INCOME STATEMENT

(In thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	**447 024**	535 083	**1 020 912**	1 029 036	**131 858**	164 387	**121 320**	545 919	**462 642**	738 366	**81 867**	62 149
Cost of sales	**(296 349)**	(307 848)	**(618 187)**	(712 816)	**(78 795)**	(56 806)	**(90 851)**	(122 606)	**(323 992)**	(500 717)	**(43 795)**	(30 266)
Changes in fair value of biological assets and agricultural produce	**306 140**	175 764	**295 416**	188 902	**91 378**	57 606	**221 166**	192 691	**283 656**	189 704	**40 549**	21 835
Gross profit	**456 815**	402 999	**698 141**	505 122	**144 441**	165 187	**251 635**	616 004	**422 306**	427 353	**78 621**	53 718
Other operating income	**44 510**	64 528	**131 739**	70 288	**31 196**	11 074	**10 866**	93 898	**112 559**	10 083	**601**	13 764
Administrative expenses	**(37 272)**	(30 780)	**(61 087)**	(54 162)	**(7 343)**	(6 265)	**(31 353)**	(35 456)	**(39 757)**	(38 985)	**(4 808)**	(4 681)
Selling and distribution expenses	**(36 563)**	(39 382)	**(44 506)**	(57 981)	**(14 977)**	(6 169)	**(27 102)**	(40 893)	**(50 076)**	(57 763)	**(3 691)**	(2 679)
Other operating expense	**(21 593)**	(38 993)	**(54 689)**	(39 262)	**(6 432)**	(10 716)	**(35 692)**	(45 591)	**(31 721)**	(36 428)	**(548)**	(3 968)
Profit from operations	**405 897**	358 372	**669 598**	424 005	**146 885**	153 111	**168 354**	587 962	**413 311**	304 260	**70 175**	56 155
Finance cost	**(38 158)**	(123 186)	**(65 469)**	(52 706)	**(25 248)**	(18 405)	**(54 368)**	(39 573)	**(109 285)**	(176 694)	**(8 372)**	(6 877)
Finance income	**86**	77	**751**	1 593	**61**	61	**9 427**	103	**1 146**	9 592	**12**	5
Other income	**378**	(111 423)	**1 770**	(389 190)	**65**	(19 885)	**(8 857)**	(343 120)	**1 516**	(111 572)	**5**	22
Profit before tax	**368 203**	123 840	**606 650**	(16 298)	**121 763**	114 882	**114 556**	205 372	**306 688**	25 586	**61 820**	49 305
Income tax	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year from continuing operation	**368 203**	123 840	**606 650**	(16 298)	**121 763**	114 882	**114 556**	205 372	**306 688**	25 586	**61 820**	49 305
Attributable to:	**1,76%**	1,76%	**2,47%**	2,47%	**10,02%**	10,02%	**1,32%**	1,32%	**2,43%**	2,48%	**10,02%**	10,02%
Non-controlling interest	**6 480**	2 185	**14 984**	(402)	**12 201**	11 509	**1 512**	2 710	**7 453**	634	**6 194**	4 940
Equity holders of parent	**361 723**	121 655	**591 666**	(15 896)	**109 562**	103 373	**113 044**	202 662	**299 235**	24 952	**55 626**	44 364
Other comprehensive income	**34 316**	211 947	**115 250**	145 047	**6 289**	124 626	**25 623**	307 396	**153 534**	155 480	**9 947**	68 157
Other comprehensive income attributable to:												
Non-controlling interest	**606**	3 740	**2 847**	3 582	**630**	12 485	**338**	4 057	**3 731**	3 852	**997**	6 829
Equity holders of parent	**33 710**	208 207	**112 403**	141 465	**5 659**	112 141	**25 285**	303 339	**149 803**	151 628	**8 950**	61 327

(in thousands of Euros)	LLC "Agricultural company "Dobrobut"		LLC "Agricultural company "Dovzhenko"		LLC "Agricultural company "Musievske"		LLC "Investment company "Poltavazernoproduct"		LLC "Volochysk-Agro"		LLC "Agricultural company "Mirgorodska"	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	**15 805**	22 106	**36 097**	42 513	**4 662**	6 791	**4 290**	22 554	**16 358**	30 504	**2 895**	2 568
Cost of sales	**(10 478)**	(12 718)	**(21 857)**	(29 449)	**(2 786)**	(2 347)	**(3 212)**	(5 065)	**(11 455)**	(20 686)	**(1 548)**	(1 250)
Changes in fair value of biological assets and agricultiral produce	**10 824**	7 261	**10 445**	7 804	**3 231**	2 380	**7 820**	7 961	**10 029**	7 837	**1 434**	902
Gross profit	**16 151**	16 649	**24 685**	20 868	**5 107**	6 824	**8 898**	25 450	**14 932**	17 655	**2 781**	2 220
Other operating income	**1 574**	2 666	**4 658**	2 904	**1 103**	458	**384**	3 879	**3 980**	417	**21**	569
Administrative expenses	**(1 318)**	(1 272)	**(2 160)**	(2 238)	**(260)**	(259)	**(1 109)**	(1 465)	**(1 406)**	(1 611)	**(170)**	(193)
Selling and distribution expenses	**(1 293)**	(1 627)	**(1 574)**	(2 395)	**(530)**	(255)	**(958)**	(1 689)	**(1 771)**	(2 386)	**(131)**	(111)
Other operating expense	**(763)**	(1 611)	**(1 934)**	(1 622)	**(227)**	(443)	**(1 262)**	(1 884)	**(1 122)**	(1 505)	**(19)**	(164)
Profit from operations	**14 351**	14 805	**23 675**	17 517	**5 193**	6 325	**5 953**	24 291	**14 613**	12 570	**2 482**	2 321
Finance cost	**(1 349)**	(5 089)	**(2 315)**	(2 177)	**(893)**	(760)	**(1 922)**	(1 635)	**(3 864)**	(7 300)	**(296)**	(284)
Finance income	**3**	3	**27**	66	**2**	3	**333**	4	**41**	396	**-**	-
Other income	**13**	(4 603)	**63**	(16 079)	**2**	(822)	**(313)**	(14 175)	**54**	(4 609)	**-**	1
Profit before tax	**13 018**	5 116	**21 450**	(673)	**4 304**	4 746	**4 051**	8 485	**10 844**	1 057	**2 186**	2 038
Income tax	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year from continuing operation	**13 018**	5 116	**21 450**	(673)	**4 304**	4 746	**4 051**	8 485	**10 844**	1 057	**2 186**	2 038
Attributable to:	**1,76%**	1,76%	**2,47%**	2,47%	**10,02%**	10,02%	**1,32%**	1,32%	**2,43%**	2,48%	**10,02%**	10,02%
Non-controlling interest	**229**	90	**530**	(17)	**431**	475	**53**	112	**264**	26	**219**	204
Equity holders of parent	**12 789**	5 026	**20 920**	(656)	**3 873**	4 271	**3 998**	8 373	**10 580**	1 031	**1 967**	1 834
Other comprehensive income	**1 213**	2 260	**4 075**	1 547	**222**	1 329	**906**	3 278	**5 429**	1 658	**351**	727
Other comprehensive income attributable to:												
Non-controlling interest	**21**	40	**101**	38	**22**	133	**12**	43	**132**	41	**35**	73
Equity holders of parent	**1 192**	2 220	**3 974**	1 509	**200**	1 196	**894**	3 235	**5 297**	1 617	**316**	654

SUMMARISED STATEMENT OF CASH FLOWS

(in thousands of Ukrainian hryvnias)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Operating	**161 154**	177 101	**285 797**	36 428	**48 952**	42 982	**44 791**	119 180	**451 384**	59 471	**16 697**	16 485
Investing	**(61 544)**	56 962	**(266 737)**	22 140	**(6 253)**	(38 971)	**2 766**	(26 072)	**171 736**	160 184	**(15 350)**	(16 793)
Financing	**(114 506)**	(236 677)	**6 679**	(63 136)	**(38 534)**	(4 940)	**(23 461)**	(94 634)	**(524 411)**	(233 478)	**(188)**	(198)
Net increase/(decrease) in cash and cash equivalents	**(14 896)**	(2 614)	**25 739**	(4 568)	**4 165**	(929)	**24 096**	(1 526)	**98 709**	(13 823)	**1 159**	(506)

(in thousands of Euros)	*LLC "Agricultural company "Dobrobut"*		*LLC "Agricultural company "Dovzhenko"*		*LLC "Agricultural company "Musievske"*		*LLC "Investment company "Poltavazernoproduct"*		*LLC "Volochysk-Agro"*		*LLC "Agricultural company "Mirgorodska"*	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Operating	**5 687**	7 285	**10 086**	1 498	**1 728**	1 768	**1 581**	4 903	**15 929**	2 446	**601**	682
Investing	**(2 191)**	2 351	**(9 495)**	914	**(223)**	(1 609)	**98**	(1 076)	**6 113**	6 611	**(552)**	(693)
Financing	**(4 052)**	(9 736)	**370**	(2 586)	**(1 350)**	(194)	**(780)**	(3 885)	**(18 358)**	(9 584)	**(6)**	(8)
Net increase/(decrease) in cash and cash equivalents	**(556)**	(100)	**961**	(174)	**155**	(35)	**899**	(58)	**3 684**	(527)	**43**	(19)

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

As at 31 December 2016, the Group has 49.99% ownership in LLC Agricultural company «Pokrovska» (2015: 49.99%), which was involved in agricultural activity. LLC Agricultural company «Pokrovska» is a private entity that is not listed on any public exchange. The Group's interest in LLC Agricultural company «Pokrovska» is accounted for using the equity method in the consolidated financial statements. In 2007, the Group discontinued recognition of its share of losses of associate LLC Agricultural company «Pokrovska".

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

The Group does not have the power to participate in the financial and operating policy decisions of LLC Agricultural company «Pokrovska», therefore management is of the opinion that the Group did not have significant influence over this entity as at 31 December 2016 and 2015.

8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

The movements of property, plant and equipment in 2015 are as follows:

(in thousands of Ukrainian hryvnias)	Buildings	Constructions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2015	1 064 015	884 819	2 005 710	158 343	60 405	241 533	4 414 825
Additions	-	-	-	-	-	237 585	237 585
Additions from acquisition of subsidiaries (note 5)	-	-	889	85	8	-	982
Disposals	(14 746)	(14 925)	(29 744)	(1 604)	(4 590)	-	(65 609)
Impairement	9 786	6 913	(31 266)	-	-	-	(14 567)
Elimination of depreciation	(68 571)	(93 225)	(423 379)	-	-	-	(585 175)
Fixed assets revaluation	493 278	258 303	1 117 035	-	-	-	1 868 616
Transfer from Uninstalled equipment	52 444	25 377	246 712	3 842	8 134	(336 509)	-
Transfer between Groups	(37 765)	7 638	151 389	(122 755)	1 493	-	-
31 December 2015	1 498 441	1 074 900	3 037 346	37 911	65 450	142 609	5 856 657
Accumulated depreciation 1 January 2015	940	1 191	7 047	98 037	36 789	-	144 004
Depreciation charge	69 306	94 593	347 697	4 366	9 180		525 142
Disposals	(369)	(1 355)	(2 751)	(905)	(4 131)	-	(9 511)
Decrease due to revaluation	(68 571)	(93 225)	(423 379)	-	-	-	(585 175)
Transfer between Groups	72	252	77 311	(77 054)	(581)		0
31 December 2015	1 378	1 456	5 925	24 444	41 257	-	74 460
Net book value 31 December 2015	1 497 063	1 073 444	3 031 421	13 467	24 193	142 609	5 782 197

(in thousands of Euros)	Buildings	Construc-tions	Machines and equipment	Vehicles	Other property, plant and equipment	Uninstalled equipment	Total
Cost or valuation 1 January 2015	55 323	46 006	104 285	8 233	3 140	12 558	229 545
Additions	-	-	-	-	-	9 815	9 815
Additions from acquisition of subsidiaries (note 5)	-	-	37	4	-	-	41
Disposals	(609)	(617)	(1 229)	(66)	(190)	-	(2 711)
Impairement	408	288	(1 303)	-	-	-	(607)
Elimination of depreciation	(2 833)	(3 851)	(17 491)	-	-	-	(24 175)
Fixed assets revaluation	18 811	9 850	42 597	-	-	-	71 258
Currency translation difference	(14 565)	(12 048)	(27 515)	(1 813)	(853)	(3 033)	(59 827)
Transfer from Uninstalled equipment	2 167	1 048	10 192	159	336	(13 902)	-
Transfer between Groups	(1 560)	316	6 253	(5 071)	62	-	-
31 December 2015	57 142	40 992	115 826	1 446	2 495	5 438	223 339
Accumulated depreciation 1 January 2015	49	62	366	5 097	1 913	-	7 487
Depreciation charge	2 863	3 908	14 364	180	379	-	21 694
Disposals	(15)	(56)	(114)	(37)	(171)	-	(393)
Decrease due to revaluation	(2 833)	(3 851)	(17 491)	-	-	-	(24 175)
Currency translation difference	(14)	(17)	(93)	(1 125)	(525)	-	(1 774)
Transfer between Groups	3	10	3 194	(3 183)	(24)	-	-
31 December 2015	53	56	226	932	1 572	-	2 839
Net book value 31 December 2015	57 089	40 936	115 600	514	923	5 438	220 500

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

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

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

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

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

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

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

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

Impairment test – based on cash generating units

As at 31 December 2016, impairment test was performed by an independent appraiser, since impairment test is an integral part of valuation of property, plant and equipment.

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

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

Assumptions

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

- Sugar CGU: - 22,1% p.a. for five year period and 16,9% in the terminal period;
- Agricultural CGU: 23,3% p.a. for five year period and 18,1% in the terminal period;
- Soybean CGU: 22,1% p.a. for five year period and 16,9% in the terminal period;
- Cattle CGU: 23,3% p.a. for five year period and 18,1% in the terminal period.

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

- Wheat – UAH 2,873 – UAH 5,627 per ton
- Corn – UAH 3,252– UAH 6,396 per ton
- Soybean – UAH 9,591 – UAH 12,555 per ton
- Milk – UAH 8,417 – UAH 11,713 per ton

For each CGU, the identified recoverable amount exceeded its carrying value as at 31 December 2016. For sugar, agriculture and cattle segments significant headroom exists and no reasonable change in the key assumptions would cause the carrying value to exceed the value-in-use. For soybean segment, a reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount by the following amount:

Increase in discount rate by 1% in each period (including terminal) would not lead to impairment of property, plant and equipment allocated to soybean processing CGU. Decrease in soybean products prices by 1% in each period (including terminal) would lead to impairment of UAH 12,557 thousand.

Impairment of individual items of property, plant and equipment

A revaluation increase on property is recognized directly in other comprehensive income, except to the extent that it reverses a previous revaluation decrease recognized in the income statement. A revaluation decrease on property is recognized in the income statement as impairment, except to the extent that it reverses a previous revaluation increase recognized directly in other comprehensive income. As a result of revaluation as at 31 December 2016, impairment loss of UAH 10,955 thousand (EUR 387 thousand) was recognized within other operating expenses (2015: UAH 14,563 thousand or EUR 594 thousand) (Note 24).

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

Other matters

As at 31 December 2016, the carrying amount of buildings that would have been included in the consolidated financial statements had the buildings been carried at cost less any accumulated depreciation and any accumulated impairment losses is UAH 441,781 thousand or EUR 15,545 thousand (2015: UAH 388,862 thousand or EUR 16,065 thousand), machinery and equipment is UAH 1,286,907 thousand or EUR 45,281 thousand (2015: UAH 505,141 thousand or EUR 20,869 thousand) and construction is UAH 448,976 thousand or EUR 15,798 thousand (2015: UAH 520,889 thousand or EUR 21,520 thousand).

In 2016 revaluation surplus of UAH 426,994 thousand or EUR 31,133 thousand (2015: UAH 317,633 thousand or EUR 12,113 thousand) was reclassified from revaluation reserve to retained earnings because it was realized through depreciation or disposal of the revalued items of property, plant and equipment.

In 2016 and 2015 the Group have not capitalized any borrowing costs.

For carrying values of property, plant and equipment pledged to secure bank loans refer to Note 17.

Leased assets, where the Group is a lessee under finance lease arrangements, comprise machinery and equipment. At 31 December 2016, the net book value of leased assets is UAH 91,294 thousand or EUR 3,212 thousand (2015: UAH 36,891 thousand; EUR 1,407 thousand).

9. INTANGIBLE ASSETS

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

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

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

For the year ended 31 December 2016 the line item “Disposals” presented result of cost and accumulated depreciation set-off due to expiration of land lease agreements in 2016.

The movement of intangible assets in 2015 is as follows:

(in thousands of Ukrainian hryvnias)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2015	150 431	9 523	5 490	165 444
Additions	8 564	11 315	947	20 826
Disposals	-	-	(29)	(29)
31 December 2015	158 995	20 838	6 408	186 241
Accumulated amortization 1 January 2015	110 655	-	948	111 603
Amortization charge	8 482	-	1 331	9 813
Disposals	-	-	(29)	(29)
31 December 2015	119 137	-	2 250	121 387
Net book value 31 December 2015	39 858	20 838	4 158	64 854

(in thousands of Euros)	Land lease rights	Goodwill	Other intangible assets	Total
Cost 1 January 2015	7 822	495	285	8 602
Additions	354	471	35	860
Disposals	-	-	(1)	(1)
Currency translation differences	(2 113)	(171)	(76)	(2 360)
31 December 2015	6 063	795	243	7 101
Accumulated amortization 1 January 2015	5 754	-	48	5 802
Amortization charge	350	-	55	405
Disposals	-	-	(1)	(1)
Currency translation differences	(1 561)	-	(18)	(1 579)
31 December 2015	4 543	-	84	4 627
Net book value 31 December 2015	1 520	795	159	2 474

Goodwill has been allocated to agricultural CGU, which is also an operating and reportable segment. The Group performs its annual impairment test at the end of each reporting period. As at 31 December 2016 and 2015 no impairment was identified. As at 31 December 2016 recoverable amount of agricultural CGU exceeds its carrying amount by UAH 841,761 or EUR 29,616.

The recoverable amount of the agricultural CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 23.3% for five years and 18.1% for the terminal period (2015: 26.6% and 26.6% in the terminal period).

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

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

Crop prices were based on actual prices for the year preceding the budgeted year adjusted based on the commodity price forecasts. For more details refer to Note 8.

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

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

10. BIOLOGICAL ASSETS

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

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

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

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

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

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

- Discount rate (23.7%) (2015: 25.7%)
- Yields of crops (5.4 tons per hectare for winter wheat and 3.3 tons per hectare for winter rye) (2015: 4.7 tons per hectare for winter wheat, 3.6 tons per hectare for winter rye)
- Prices of crops (UAH 3,754 per ton for winter wheat and UAH 3,672 for winter rye) (2015: UAH 4,146 per ton for winter wheat, UAH 2,444 per ton for winter rye)

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

- Discount rate (23.3%) (2015: 23.4%)
- Milk prices (UAH 6.08 per litre) (2015: UAH 5.08 per litre)
- Meat prices (UAH 18.43 per kilogram) (2015: UAH 20.68 per kilogram)

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

As at 31 December 2016, the unrealized gain of biological assets comprised UAH 230,331 thousand or EUR 8,104 thousand (2015: UAH 411,534 thousand or EUR 15,694 thousand).

As at 31 December biological assets comprise the following groups:

(in thousands of Ukrainian hryvnias)	31 December 2016		31 December 2015	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	**30 056**	**428 897**	29 402	503 412
Other livestock		**3 413**		2 450
		432 310		505 862
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**49 953**	**384 801**	51 918	468 635
Winter rye	**1 556**	**5 702**	1 431	1 723
	51 509	**390 503**	53 349	470 358
Total biological assets		**822 813**		976 220

(in thousands of Euros)	31 December 2016		31 December 2015	
	Units	Amount	Units	Amount
Non-current biological assets:				
Cattle	**30 056**	**15 090**	29 402	19 197
Other livestock		**119**		94
		15 209		19 291
Current biological assets				
Crops:	**Hectares**		**Hectares**	
Winter wheat	**49 953**	**13 539**	51 918	17 871
Winter rye	**1 556**	**200**	1 431	66
	51 509	**13 739**	53 349	17 937
Total biological assets		**28 948**		37 228

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

(in tonns)	2016	2015
Milk	**107 164**	102 427
Winter wheat	**312 963**	252 928
Barley	**11 511**	10 553
Corn	**414 534**	331 892
Soy	**90 798**	127 206
Sunflower	**72 121**	64 056
Sugar beet	**2 556 082**	1 894 198

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 2015	584 647	515 695	1 100 342
Purchases	3 181	-	3 181
Investments into livestock and future crops	122 140	3 469 719	3 591 859
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(92 192)	1 220 381	1 128 189
Sales	(111 914)	-	(111 914)
Decrease due to harvest	-	(4 735 437)	(4 735 437)
As at 31 December 2015	**505 862**	**470 358**	**976 220**
Additions from acquisition	**16 640**	**73 181**	**89 821**
Investments into livestock and future crops	**86 744**	**3 552 737**	**3 639 481**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(98 728)**	**1 387 456**	**1 288 728**
Sales	**(78 208)**	**-**	**(78 208)**
Decrease due to harvest	**-**	**(5 093 229)**	**(5 093 229)**
As at 31 December 2016	**432 310**	**390 503**	**822 813**

(in thousands of Euros)	Non-current livestock	Crops	Total
As at 1 January 2015	30 397	26 813	57 210
Purchases	131	-	131
Investments into livestock and future crops	5 047	143 346	148 393
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	(3 892)	51 521	47 629
Sales	(4 624)	-	(4 624)
Decrease due to harvest	-	(195 636)	(195 636)
Currency translation difference	(7 768)	(8 107)	(15 875)
As at 31 December 2015	**19 291**	**17 937**	**37 228**
Purchases	**604**	**2 622**	**3 226**
Investments into livestock and future crops	**3 067**	**125 614**	**128 681**
Gain arising from changes in fair value attributable to physical changes and to changes in market prices	**(3 464)**	**48 677**	**45 213**
Sales	**(2 765)**	**-**	**(2 765)**
Decrease due to harvest	**-**	**(180 082)**	**(180 082)**
Currency translation difference	**(1 524)**	**(1 029)**	**(2 553)**
As at 31 December 2016	**15 209**	**13 739**	**28 948**

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:

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

	2015			
	Biological assets		Earnings per share	
	(thousands of Ukrainian hryvnias)	*(thousands of Euros)*	*(thousands of Ukrainian hryvnias)*	*(thousands of Euros)*
10% increase in price for milk	136 256	5 196	5,5	0,21
10% decrease in prices for milk	(136 256)	(5 196)	(5,5)	(0,21)
10% increase in price for meat	16 111	614	0,6	0,02
10% decrease in price for meat	(16 111)	(614)	(0,6)	(0,02)
10% increase in milk yield	34 399	1 312	1,4	0,05
10% decrease in milk yield	(34 399)	(1 312)	(1,4)	(0,05)
10% increase in prices for crops	82 218	3 135	3,3	0,13
10% decrease in prices for crops	(82 218)	(3 135)	(3,3)	(0,13)
10% increase in yield for crops	81 196	3 096	3,2	0,12
10% decrease in yield for crops	(81 196)	(3 096)	(3,2)	(0,12)
10% increase in production costs until harvest	(42 033)	(1 603)	(1,7)	(0,06)
10% decrease in production costs until harvest	42 033	1 603	1,7	0,06
5% increase in annual consumer price index	34 243	1 306	1,4	0,05
5% decrease in annual consumer price index	(34 243)	(1 306)	(1,4)	(0,05)
1% increase in discount rate	(11 887)	(453)	(0,5)	(0,02)
1% decrease in discount rate	11 887	453	0,5	0,02

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

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

11. INVENTORIES

Inventories as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Finished goods:				
Sugar products	**2 380 082**	1 544 845	**83 739**	58 912
Agricultural produce	**2 579 202**	1 248 417	**90 745**	47 607
Soybean processing	**141 865**	60 806	**4 991**	2 319
Cattle farming	**1 455**	1 212	**51**	46
	5 102 604	2 855 280	**179 526**	108 884
Raw materials and consumables for:				
Sugar production	**21 185**	10 210	**745**	389
Cattle farming	**165 252**	169 853	**5 814**	6 477
Agricultural produce	**96 019**	49 453	**3 378**	1 886
Other production	**1 269**	125	**45**	5
Consumables for joint utilization	**163 000**	112 896	**5 735**	4 306
	446 725	342 537	**15 717**	13 063
Investments into future crops	**777 953**	824 441	**27 372**	31 437
	6 327 282	4 022 258	**222 615**	153 384

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Goods in transit:				
Sugar products	**377 478**	4	**13 281**	-
Agricultural produce	**140 573**	111 466	**4 946**	4 251
Soybean processing	**1 024**	20 955	**36**	799
Consumables for joint utilization	**912**	-	**32**	-
	519 987	132 425	**18 295**	5 050

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

For carrying value of inventories pledged to secure bank loans refer to Note 17.

12. 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)*	
	2016	**2015**	**2016**	**2015**
Non-current accounts receivable and prepayments				
Advances to suppliers	**67 415**	20 244	**2 372**	772
Other long-term receivables	**832**	436	**29**	17
	68 247	20 680	**2 401**	789
Current accounts receivable and prepayments				
Trade receivables	**407 036**	504 434	**14 321**	19 236
Less allowance	**(52 631)**	(57 122)	**(1 852)**	(2 178)
	354 405	447 312	**12 469**	17 058
Prepayments and other non-financial assets:				
VAT recoverable and prepaid	**719 636**	377 439	**25 319**	14 393
Advances to suppliers	**192 031**	119 193	**6 756**	4 545
Less allowance	**(3 957)**	(744)	**(139)**	(28)
	907 710	495 888	**31 936**	18 910
Other financial assets:				
Financial aid	**13 551**	29 819	**477**	1 137
Other receivables	**32 920**	21 569	**1 158**	823
Less allowance	**(12 711)**	(13 127)	**(447)**	(501)
	33 760	38 261	**1 188**	1 459
	1 295 875	981 461	**45 593**	37 427

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

For carrying value of trade accounts receivable pledged to secure bank loans refer to Note 17.

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Balance at 1 January	**70 993**	31 118	**2 707**	1 618
Charge in income statement	**19 364**	55 699	**686**	2 277
Amounts written off	**(21 058)**	(15 824)	**(870)**	(654)
Currency translation difference	**-**	-	**(85)**	(534)
Balance as at 31 December	**69 299**	70 993	**2 438**	2 707

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

(in thousands of Ukrainian hryvnias)	**Gross 2016**	**Impairment 2016**	**Gross 2015**	**Impairment 2015**
Not past due	**171 149**	**-**	253 678	-
Past due 1-30 days	**119 434**	**-**	166 633	-
Past due 31-120 days	**49 566**	**-**	50 754	(28 464)
Past due 121-365 days	**17 665**	**(4 377)**	4 075	(2 724)
More than one year	**49 222**	**(48 254)**	29 294	(25 934)
	407 036	**(52 631)**	504 434	(57 122)

(in thousands of Euros)	**Gross 2016**	**Impairment 2016**	**Gross 2015**	**Impairment 2015**
Not past due	**6 020**	**-**	9 674	-
Past due 1-30 days	**4 202**	**-**	6 354	-
Past due 31-120 days	**1 744**	**-**	1 935	(1 085)
Past due 121-365 days	**622**	**(154)**	155	(104)
More than one year	**1 733**	**(1 698)**	1 118	(989)
	14 321	**(1 852)**	19 236	(2 178)

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

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

(in thousands of Ukrainian hryvnias)	**Gross 2016**	**Impairment 2016**	**Gross 2015**	**Impairment 2015**
Not past due	**-**	**-**	-	-
Past due 1-30 days	**5 333**	**-**	11 651	(195)
Past due 31-120 days	**8 358**	**-**	6 770	(338)
Past due 121-365 days	**7 160**	**(1 531)**	8 523	(2 121)
More than one year	**25 620**	**(11 180)**	24 444	(10 473)
	46 471	**(12 711)**	51 388	(13 127)

(in thousands of Euros)	**Gross 2016**	**Impairment 2016**	**Gross 2015**	**Impairment 2015**
Not past due	**-**	**-**	-	-
Past due 1-30 days	**188**	**-**	444	(7)
Past due 31-120 days	**294**	**-**	258	(13)
Past due 121-365 days	**252**	**(54)**	325	(81)
More than one year	**901**	**(393)**	933	(400)
	1 635	**(447)**	1 960	(501)

13. CASH DEPOSITS

Deposits as at 31 December are as follows:

			(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
			2016	2015	2016	2015
	Effective interest rate	Nominal interest rate	Amount	Amount	Amount	Amount
Short-term bank deposits in UAH	6.0%	6.0%	**280**	-	**10**	-
Short-term bank deposits in UAH	8.0%	8.0%	**539**	1 587	**19**	61
Short-term bank deposits in UAH	17.0%	17.0%	**9 300**	-	**327**	-
Short-term bank deposits in USD	1.0%	1.0%	**7 745**	-	**272**	-
Short-term bank deposits in USD	5.0%	5.0%	**19 810**	-	**697**	-
Short-term bank deposits in USD	6.5%	6.5%	**-**	11 371	**-**	434
Short-term bank deposits in USD	2.5%	2.5%	**-**	365 375	**-**	13 932
			37 674	378 333	**1 325**	14 427

For carrying value of deposits pledged to secure bank loans refer to Note 17. The early withdrawal of carrying value of deposits pledged to secure bank loans refer to Note 17.

14. CASH AND CASH EQUIVALENTS

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	2015	2016	2015
Cash in banks in USD	**289 890**	435 997	**10 198**	16 626
Cash in banks in UAH	**9 453**	2 269	**333**	87
Cash in banks in EUR	**16 332**	26	**575**	1
Cash in banks in PLN	**-**	1 472	**-**	56
	315 675	439 764	**11 106**	16 770
Cash on hand in UAH	**221**	305	**8**	12
	315 896	440 069	**11 114**	16 782

As at 31 December 2016, cash and cash equivalents consisted of current accounts in banks and overnight deposits. As at 31 December 2016 and 31 December 2015, current accounts denominated in USD earned interest of 0.50% p.a., overnight deposits denominated in UAH – up to 6.00% depending on the amount deposited.

15. 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 2016 is 30,000 thousand (2015: 30,000 thousand) and the number of issued and fully paid-up shares is 25,000 thousand (2015: 25,000 thousand). For disclosure of shares pledged to secure bank loans refer to Note 17.

Shareholders structure as at 31 December is as follows:

	2016	2015
Astarta Holding N.V.		
Ivanchyk V.P.	**37.80%**	37.80%
Korotkov V.M.	**25.99%**	25.99%
Other shareholders	**36.21%**	36.21%
	100.00%	100.00%

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	2015	2016	2015
Net profit attributable to equity holders of the company	**2 350 837**	371 472	**82 653**	15 944
Weighted average basic and diluted shares outstanding (in thousands of shares)	**24 405**	24 574	**24 405**	24 574
Earnings per share attributable to shareholders of the company	**96,33**	15,12	**3,39**	0,65

Capital risk management

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

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

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

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

As at 31 December 2016, the gearing ratio was 29% compared to 42% 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)	
	2016	**2015**	**2016**	**2015**
Total borrowings (note 17)	**4 499 658**	5 347 860	**158 313**	203 936
Less cash, cash equivalents and short-term deposits	**(353 570)**	(818 402)	**(12 439)**	(31 209)
Net debt	**4 146 088**	4 529 458	**145 874**	172 727
Total equity	**10 038 206**	6 306 094	**353 175**	240 477
Total capital	**14 184 294**	10 835 552	**499 049**	413 204
Gearing ratio	**29%**	42%	**29%**	42%

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

Additional paid-in capital

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

Revaluation surplus

In 2016 management engaged independent appraiser to revalue the Group's buildings, constructions, machines and equipment as at 31 December 2016, the related revaluation surplus of UAH 1,382,405 thousand or EUR 48,635 thousand was recognised in equity. The previous revaluation was done as at 31 December 2015 and revaluation surplus of UAH 1,641,900 thousand or EUR 62,561 thousand was recognised. During the year ended 31 December 2016 the revaluation surplus realized through depreciation and disposal of property and equipment was UAH 426,994 thousand or EUR 31,133 thousand (2015: UAH 317,633 thousand, EUR 12,113 thousand).

Currency translation reserve

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

Other reserves

As at 31 December 2016 the Group's consolidated retained earnings as presented in these consolidated financial statements, amounted to UAH 5,653,075 thousand or EUR 376,304 thousand (2015: UAH 2,875,244 thousand or EUR 262,518), including the net profit for the year ended 31 December 2016. Statutory retained earnings of the Company and its Ukrainian subsidiaries may differ substantially from the retained earnings presented in these financial statements.
Refer to the Company's financial statements for information about distribution of profits.

Dividend policy

The Company's policy is to pay dividends at a level consistent with the Group's growth and development plans, while maintaining a reasonable level of liquidity. The current intention of the Board of Directors is to recommend to the General Meeting of Shareholders that no dividends be declared for the year ended 31 December 2016.

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 2016 the Group has purchased 7,015 of own shares for UAH 1,545 thousand or EUR 55 thousand at average price per share of UAH 220 or EUR 8. As at 31 December 2016, the Group had 595,141 of treasury shares with total cost of UAH 95,934 thousand (EUR 4,801 thousand) (2015: 588,126 of treasury shares with total cost of UAH 94,389 thousand (EUR 4,746 thousand).

16. NON-CONTROLLING INTERESTS

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Balance as at 1 January	**407**	619	**16**	32
Share in loss	**(280)**	(43)	**(10)**	(3)
Non-controlling interest in Revaluation surplus	**(127)**	(169)	**(4)**	(7)
Currency translation difference	**-**	-	**(2)**	(6)
Balance as at 31 December	**-**	407	**-**	16

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Balance as at 1 January	**170 789**	112 073	**6 513**	5 827
Non-controlling interests of limited liability companies in profit (Note 25)	**70 085**	44 694	**2 484**	1 849
Acquisitions from non-controlling shareholders and other changes	**(432)**	(2 069)	**(15)**	(85)
Non-controlling interests acquired with new subsidiaries	**-**	2	**-**	-
Non-controlling interest in Revaluation surplus	**11 644**	16 089	**412**	665
Currency translation difference	**-**	-	**(525)**	(1 743)
Balance as at 31 December	**252 086**	170 789	**8 869**	6 513

17. LOANS AND BORROWINGS

This note provides information about the contractual terms of loans and borrowings. Refer to Note 29 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 Ukrainian hryvnias) 31 December 2016	31 December 2015 (restated)	(in thousands of Euros) 31 December 2016	31 December 2015 (restated)
Long-term loans and borrowings:				
Bank loans	**1 335 958**	346 542	**47 003**	13 215
Finance lease liabilities	**50 604**	7 812	**1 780**	298
Transaction costs	**(16 658)**	(15 889)	**(585)**	(606)
	1 369 904	338 465	**48 198**	12 907
Current portion of long-term loans and borrowings:				
Bank loans	**1 246 787**	381 719	**43 866**	14 556
Finance lease liabilities	**15 176**	13 459	**534**	513
Transaction costs	**(18 270)**	(17 710)	**(642)**	(675)
	1 243 693	377 468	**43 758**	14 394
Short-term loans and borrowings:				
Bank loans	**1 727 697**	4 438 348	**60 786**	169 253
Borrowings from non-financial institutions	**162 873**	218 191	**5 730**	8 321
Transaction costs	**(4 509)**	(24 612)	**(159)**	(939)
	1 886 061	4 631 927	**66 357**	176 635
	4 499 658	5 347 860	**158 313**	203 936

At the reporting date Group was not in compliance with a certain non-financial covenants, therefore liabilities amounting to UAH 134,235 thousand or EUR 4,723 thousand were classified as current. After the reporting date Group obtained waiver which provides grace period ending twelve months after 31 December 2016, within which period the Borrower can rectify any breaches and during which FMO shall not demand immediate repayment.

The following table summarises borrowings as of 31 December:

Currency	WAIR[1]	(in thousands of Ukrainian hryvnias) 2016	(in thousands of Euros) 2016
Short-term loans and borrowings:			
USD	**8.74%**	**348 754**	**12 271**
UAH	**16.32%**	**1 541 816**	**54 246**
Transaction costs		**(4 509)**	**(159)**
Total Short-term loans and borrowings		**1 886 061**	**66 358**
Long-term loans and current portion of long-term loans and borrowings:			
EUR	**5.61%**	**224 478**	**7 898**
USD	**6.57%**	**2 358 267**	**82 972**
Finance lease liabilities		**65 780**	**2 314**
Transaction costs		**(34 928)**	**(1 229)**
Total long-term borrowings		**2 613 597**	**91 955**
		4 499 658	**158 313**

Currency	WAIR[1]	(in thousands of Ukrainian hryvnias) 2015	(in thousands of Euros) 2015
Short-term loans and borrowings:			
EUR	6,13%	138 065	5 265
USD	7,47%	3 139 075	119 706
UAH	22,86%	1 379 400	52 603
Transaction costs		(24 612)	(939)
Total Short-term loans and borrowings		4 631 927	176 635
Long-term loans and current portion of long-term loans and borrowings:			
EUR	6,13%	132 276	5 044
USD	7,47%	595 984	22 727
UAH		-	-
Finance lease liabilities		21 271	811
Transaction costs		(33 599)	(1 281)
Total long-term borrowings		715 933	27 301
		5 347 860	203 936

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

As of 31 December the Group's total bank borrowings based on undiscounted contractual repayment schedule were repayable as follows:

	(in thousands of Ukrainian hryvnias) 2016	2015	(in thousands of Euros) 2016	2015
Total current portion repayble in one year	**2 838 527**	4 820 067	**99 869**	183 809
Transaction costs	**(21 057)**	(42 322)	**(741)**	(1 613)
Finance lease liabilities (note 30 c)	**15 176**	13 459	**534**	513
Borrowings from non-financial institutions	**162 873**	218 191	**5 730**	8 321
	2 995 519	5 009 395	**105 392**	191 030
Due in the second year	**1 027 500**	172 224	**36 151**	6 567
Transaction costs	**(15 386)**	(9 689)	**(541)**	(371)
Finance lease liabilities (note 30 c)	**14 646**	7 192	**515**	274
	1 026 760	169 727	**36 125**	6 470
Due thereafter	**444 415**	174 318	**15 636**	6 648
Transaction costs	**(2 994)**	(6 200)	**(105)**	(236)
Finance lease liabilities (note 30 c)	**35 958**	620	**1 265**	24
	477 379	168 738	**16 796**	6 436
	4 499 658	5 347 860	**158 313**	203 936

As at 31 December 2016, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 162,873 thousand (2015: UAH 211,242 thousand) or EUR 5,730 thousand (2015: EUR 8,069 thousand) bearing an interest of 9.4% p.a. and a EUR denominated loan was fully repaid (2015: UAH 6,949 thousand; EUR 265 thousand) bearing an interest of 9.4% p.a.

Bank loans are secured as follows:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Rights of claim on future cash proceeds from sale contracts	**916 459**	1 056 957	**32 244**	40 306
Inventories (Note 11)	**2 438 048**	2 209 045	**85 778**	84 240
Property, plant and equipment (Note 8)	**3 199 567**	2 382 119	**112 571**	90 840
Short-term deposits (Note 13)	**7 885**	11 370	**277**	434
Cash and cash equivalents (note 14)	**2 235**	-	**79**	-
	6 564 194	5 659 491	**230 949**	215 820

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82% of Astarta Holding N.V. issued shares in equal parts in 2016 and 2015. As at 31 December 2016 these shares were not pledged.

18. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Deferred incomes:				
Special VAT regime liabilities	-	361 242	-	13 776
	-	361 242	-	13 776
Other liabilities:				
Advances received from customers	**561 138**	83 102	**19 743**	3 169
VAT payable	-	152	-	6
	561 138	83 254	**19 743**	3 175
Other accounts payable:				
Accounts payable for property, plant and equipment	**4 340**	1 143	**153**	44
Accrual for unused vacations	**60 463**	42 813	**2 127**	1 633
Interest payable	**48 488**	41 051	**1 706**	1 565
Salaries payable	**53 747**	40 814	**1 891**	1 556
Social insurance payable	**8 327**	4 810	**293**	183
Settlements with land and fixed assets lessors	**58 711**	41 005	**2 066**	1 564
Other taxes and charges payable	**33 655**	18 681	**1 184**	712
Other payables	**11 184**	7 946	**393**	303
	278 915	198 263	**9 813**	7 560
	840 053	642 759	**29 556**	24 511

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

As at 31 December 2015 special VAT regime liabilities occured from internally generated transactions and were realized during the 2016 as income from VAT refund when finished goods were purchased by final customers.

19. REVENUES

Revenues for the years ended 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Sugar and related sales:				
Sugar	**4 653 366**	3 486 720	**164 920**	143 291
Molasses	**180 025**	122 530	**6 380**	5 036
Pulp	**90 847**	77 134	**3 220**	3 170
	4 924 238	3 686 384	**174 520**	151 497
Crops	**2 380 489**	1 984 346	**84 366**	81 549
Soybean processing products	**2 114 829**	1 233 306	**74 951**	50 684
Cattle farming	**700 531**	582 837	**24 827**	23 952
Other sales	**288 580**	153 659	**10 227**	6 315
	5 484 429	3 954 148	**194 371**	162 500
	10 408 667	7 640 532	**368 891**	313 997

In 2016 and 2015, there were no sales settled through barter transactions. In 2016, 49% of revenue is generated from sales to customers in Ukraine (2015: 64%).

For the year ended 31 December 2016 the line item “Crops” includes revenue from trading operations amounting to UAH 267,508 thousand or EUR 9,479 thousand (2015: Nil).

20. 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)*	
	2016	**2015**	**2016**	**2015**
Sugar and related sales:				
Sugar	**2 798 506**	1 968 541	**99 226**	80 896
Molasses	**124 539**	84 119	**4 416**	3 457
Pulp	**56 481**	51 845	**2 003**	2 130
	2 979 526	2 104 505	**105 645**	86 483
Crops	**1 899 811**	1 688 632	**67 361**	69 393
Soybean processing products	**1 507 381**	913 875	**53 447**	37 555
Cattle farming	**573 692**	497 103	**20 341**	20 428
Other sales	**277 090**	120 353	**9 824**	4 947
	4 257 974	3 219 963	**150 973**	132 323
	7 237 500	5 324 468	**256 618**	218 806

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Raw materials	**4 324 107**	3 032 796	**153 323**	124 631
Depreciation and amortization costs	**758 177**	501 838	**26 803**	20 740
Land lease expenses	**808 041**	434 446	**28 651**	17 853
Employee benefits expenses	**621 999**	488 930	**22 055**	20 092

21. OTHER OPERATING INCOME

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

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Government subsidies relating to:				
VAT refunds	**413 103**	293 738	**14 523**	11 969
Cattle farming	**-**	1 746	**-**	71
Recovery of assets previously written off	**23 024**	7 018	**809**	286
Reversal of impairment of property, plant and equipment, net	**44 973**	-	**1 581**	-
Other operating income	**17 165**	11 736	**604**	478
	498 265	314 238	**17 517**	12 804

22. 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)	
	2016	**2015**	**2016**	**2015**
Salary and related charges	**419 817**	321 145	**14 854**	13 258
Professional services	**36 871**	28 632	**1 305**	1 182
Depreciation	**34 557**	19 679	**1 223**	812
Taxes other than corporate income tax	**29 835**	25 301	**1 056**	1 045
Fuel and other materials	**22 077**	18 818	**781**	777
Bank charges	**9 555**	8 203	**338**	339
Office expenses	**7 956**	6 122	**281**	253
Maintenance	**5 398**	5 414	**191**	224
Insurance	**5 346**	3 589	**189**	148
Communication	**4 218**	2 921	**149**	121
Rent	**3 720**	2 920	**132**	121
Transportation	**1 204**	1 283	**43**	53
Other	**18 097**	16 517	**639**	680
	598 651	460 544	**21 181**	19 013

23. 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)*	
	2016	**2015**	**2016**	**2015**
Transportation	**316 051**	238 712	**11 211**	9 760
Storage and logistics	**136 820**	49 335	**4 853**	2 017
Salary and related charges	**76 022**	81 439	**2 697**	3 330
Fuel and other materials	**38 117**	39 566	**1 352**	1 618
Professional services	**12 767**	10 666	**453**	436
Depreciation	**14 824**	6 043	**526**	247
Allowance for trade accounts receivable	**13 648**	51 813	**484**	2 118
Other	**21 687**	19 923	**770**	815
	629 936	497 497	**22 346**	20 341

24. OTHER OPERATING EXPENSES

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Charity and social expenses	**64 643**	51 804	**2 289**	2 113
Loss on disposal of property, plant and equipment	**39 034**	48 199	**1 382**	1 966
Write down of inventories	**29 857**	13 038	**1 057**	532
Other salary and related charges	**13 190**	13 125	**467**	535
Depreciation	**9 954**	7 395	**352**	302
VAT written off	**8 579**	7 544	**304**	308
Allowance for other accounts receivable	**5 716**	3 886	**202**	159
Penalties paid	**3 061**	2 050	**108**	84
Representative expenses	**2 326**	2 264	**82**	92
Impairment of property, plant and equipment	**10 955**	14 563	**387**	594
Other	**11 553**	38 888	**412**	1 586
	198 868	202 756	**7 042**	8 271

25. FINANCE (COSTS) INCOME

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Finance costs				
Foreign currency exchange loss, net	**(394 004)**	(1 515 644)	**(13 962)**	(62 690)
Interest expense				
Bank loans	**(566 819)**	(638 557)	**(20 086)**	(26 412)
Borrowings from non-financial institutions	**(19 880)**	(6 065)	**(704)**	(251)
Finance lease liabilities	**(6 542)**	(7 736)	**(232)**	(320)
	(593 241)	(652 358)	**(21 022)**	(26 983)
Net profit attributable to non-controlling interests of limited liability company subsidiaries	**(70 085)**	(44 694)	**(2 484)**	(1 849)
Consideration to shareholders for pledged shares	**(53 527)**	(53 480)	**(1 897)**	(2 209)
Other finance costs	**(54 594)**	(28 718)	**(1 934)**	(1 190)
	(1 165 451)	(2 294 894)	**(41 299)**	(94 921)
Finance income				
Interest income	**17 852**	23 154	**633**	958
Other finance income	**432**	6 511	**15**	269
	18 284	29 665	**648**	1 227

26. INCOME TAX EXPENSE

In 2016, 16 subsidiaries elected to pay FAT in lieu of other taxes (2015: 16 companies). FAT expense is included to cost of revenues. The remaining companies were subject to the Ukrainian corporate income tax at 18% rate, Dutch corporate income tax rate of 25% and Cypriot income tax rate of 12.5%.

As at 31 December 2016 the Group has not recognised deferred tax asset of UAH 195,184 thousand or EUR 6,867 thousand (2015: UAH 254,946 thousand or EUR 9,722 thousand) in respect of tax losses carried forward originating on Ukrainian subsidiaries because realization of these losses is uncertain due to frequent changes in the laws and regulations. As at 31 December 2016 and 2015 the Group has not recognised other deferred tax assets of UAH 69,693 thousand or EUR 2,464 thousand and UAH 70,064 thousand or EUR 2,672 thousand respectively, originating on an Ukrainian subsidiary because realization of this asset is uncertain.

As at 31 December 2016 the Group did not recognize deferred tax asset relating to tax losses of UAH 239,976 thousand or EUR 8,443 thousand and in 2015 UAH 261,413 thousand or EUR 9,970 thousand originated at Astarta Holding N.V. since realization of this asset is uncertain.

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Current tax expenses	**(61 264)**	(27 603)	**(2 166)**	(1 145)
Deferred tax benefit	**(7 326)**	73 504	**(259)**	3 049
	(68 590)	45 901	**(2 425)**	1 904

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Year ended 31 December 2016				
Profit / (loss) before tax	**2 419 147**	325 528	**85 068**	14 037
including:				
Companies not subject to income tax	**2 053 392**	1 049 336	**72 136**	44 061
Companies subject to income tax	**365 755**	(723 808)	**12 932**	(30 024)
Netherlands				
Profit / (loss) before tax	**11 876**	(88 745)	**420**	(3 681)
Income tax expense at statutory rate of 25%	**2 969**	(22 186)	**105**	(920)
Non-deductible items at a rate of 25%	**315**	22 644	**11**	939
Non-taxable items at a rate of 25%	**(449)**	-	**(16)**	-
Previously unrecognised tax loss that is used to reduce tax expense	**(2 835)**	(458)	**(100)**	(19)
Unrecognised tax loss of current year	**-**	-	**-**	-
	-	-	-	-
Cyprus			**-**	
Profit / (loss) before tax	**240 233**	160 401	**8 494**	6 654
Income tax expense at statutory rate of 12.5%	**30 029**	20 050	**1 062**	832
Non-deductible items at a rate of 12.5%	**3 728**	-	**132**	
Non-taxable items at a rate of 12.5%	**(623)**	(8 055)	**(22)**	(274)
Previously unrecognised tax loss that is used to reduce tax expense	**-**	(3 826)	**-**	(221)
Unrecognised tax loss of current year	**-**	-	**-**	
	33 134	8 169	**1 172**	337
Ukraine				
Profit / (loss) before tax	**113 647**	(795 464)	**4 018**	(32 997)
Income tax expense at statutory rate of 18%	**20 456**	(143 183)	**723**	(5 939)
Non-deductible items at a rate of 18%	**5 228**	19 338	**186**	804
Non-taxable items at a rate of 18%	**(158)**	(13)	**(6)**	(1)
Previously unrecognised tax loss that is used to reduce tax expense	**(60 421)**	(31 082)	**(2 136)**	(1 289)
Unrecognised tax loss of current year	**658**	30 806	**23**	1 278
Unrecognised deferred tax asset	**69 693**	70 064	**2 463**	2 906
	35 456	(54 070)	**1 253**	(2 241)
Income tax expense (benefits)	**68 590**	(45 901)	**2 425**	(1 904)

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

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

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

(in thousands of Ukrainian hryvnias)	As at 31 December 2014	Recognized in OCI	Recognized in income statement	As at 31 December 2015
Deferred tax assets				
Inventories	-	-	47 913	47 913
Trade and other accounts receivable and prepayments	1 511	-	2 627	4 138
Set off of tax	(1 511)	-	(50 540)	(52 051)
Deferred tax liabilities				
Property, plant and equipment	(209 283)	(211 138)	23 287	(397 134)
Intangible assets	-	-	(1 808)	(1 808)
Inventories	(1 224)	-	1 224	-
Biological assets	(2 000)	-	2 000	-
Loans and borrowings	(2 530)	-	(1 674)	(4 204)
Trade and other accounts payable	166	-	(166)	-
Set off of tax	1 511	-	50 540	52 051
	(213 360)	(211 138)	73 403	(351 095)

(in thousands of Euros)	As 31 December 2014	Recognized in OCI	Recognized in income statement	Currency translation difference	As at 31 December 2015
Deferred tax assets					
Inventories	-	-	1 987	(160)	1 827
Trade and other accounts receivable and prepayments	79	-	109	(30)	158
Set off of tax	(79)	-	(2 096)	190	(1 985)
	-	-	-	-	-
Deferred tax liabilities					
Property, plant and equipment	(10 882)	(8 758)	966	3 529	(15 145)
Intangible assets	-	-	(75)	6	(69)
Inventories	(64)	-	51	13	-
Biological assets	(104)	-	83	21	-
Loans and borrowings	(132)	-	(69)	41	(160)
Trade and other accounts payable	9	-	(7)	(2)	-
Set off of tax	79	-	2 096	(190)	1 985
	(11 094)	(8 758)	3 045	3 418	(13 389)

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27. 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 2016 and 2015, the group is organized into four main operating/ reportable segments:

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

Other Group operations mainly comprise the production and sales of fodder and gas. Neither of these constitutes a separately reportable segment.

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

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

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

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

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

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

Reversal of impairment of property, plant and equipment relates to the following segments: Sugar production – UAH 22,821 thousand (EUR 803 thousand), Agriculture – UAH 17,902 thousand (EUR 630 thousand), Cattle farming – UAH 3,773 (EUR 133 thousand) thousand and Soybean processing – UAH 477 thousand (EUR 17 thousand).

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

(in thousands of Ukrainian hryvnias)	Sugar production		Agriculture		Cattle farming		Soybean processing		Unallocated		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Total revenues	**4 924 238**	3 686 384	**5 307 313**	4 466 562	**700 531**	582 837	**2 114 829**	1 233 306	**288 580**	153 659	**13 335 491**	10 122 748
Inter-segment revenues	**-**	-	**2 926 824**	2 482 216	**-**	-	**-**	-	**-**	-	**2 926 824**	2 482 216
Revenues from external customers	**4 924 238**	3 686 384	**2 380 489**	1 984 346	**700 531**	582 837	**2 114 829**	1 233 306	**288 580**	153 659	**10 408 667**	7 640 532
Total cost of revenues	**(2 979 526)**	(2 104 505)	**(4 826 635)**	(4 170 848)	**(573 692)**	(497 103)	**(1 507 381)**	(913 875)	**(277 090)**	(120 353)	**(10 164 324)**	(7 806 684)
Inter-segment cost of revenues	**-**	-	**(2 926 824)**	(2 482 216)	**-**	-	-	-	**-**	-	**(2 926 824)**	(2 482 216)
Cost of revenues	**(2 979 526)**	(2 104 505)	**(1 899 811)**	(1 688 632)	**(573 692)**	(497 103)	**(1 507 381)**	(913 875)	**(277 090)**	(120 353)	**(7 237 500)**	(5 324 468)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**1 387 456**	1 220 381	**(98 728)**	(92 192)	**-**	-	**-**	-	**1 288 728**	1 128 189
Gross profit	**1 944 712**	1 581 879	**1 868 134**	1 516 095	**28 111**	(6 458)	**607 448**	319 431	**11 490**	33 306	**4 459 895**	3 444 253
Other operating income	**36 200**	10 700	**360 325**	232 379	**99 308**	70 855	**2 406**	35	**26**	269	**498 265**	314 238
General and administrative expense	**(317 601)**	(158 902)	**(202 081)**	(100 151)	**(46 314)**	(22 425)	**(14 330)**	(11 760)	**(18 325)**	(167 306)	**(598 651)**	(460 544)
Selling and distribution expense	**(262 514)**	(217 264)	**(259 881)**	(195 621)	**(12 766)**	(8 236)	**(92 346)**	(66 484)	**(2 429)**	(9 892)	**(629 936)**	(497 497)
Other operating expense	**(26 520)**	(33 866)	**(49 263)**	(45 695)	**(3 790)**	(7 372)	**(7 811)**	(8 712)	**(111 484)**	(107 111)	**(198 868)**	(202 756)
Profit (loss) from operations	**1 374 277**	1 182 547	**1 717 234**	1 407 007	**64 549**	26 364	**495 367**	232 510	**(120 722)**	(250 734)	**3 530 705**	2 597 694
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(394 004)**	(1 515 644)	**(394 004)**	(1 515 644)
Interest expense	**(88 878)**	(101 580)	**(369 616)**	(467 711)	**(31)**	(36)	**(117 402)**	(57 157)	**(17 314)**	(25 874)	**(593 241)**	(652 358)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**17 852**	23 154	**17 852**	23 154
Other income (expense)	**-**	-	**-**	-	**-**	-	**-**	-	**(176 213)**	(127 318)	**(176 213)**	(127 318)
Gain on acquisition of subsidiaries	**-**	-	**34 048**	-	**-**	-	**-**	-	**-**	-	**34 048**	-
Profit (loss) before tax	**1 285 399**	1 080 967	**1 381 666**	939 296	**64 518**	26 328	**377 965**	175 353	**(690 401)**	(1 896 416)	**2 419 147**	325 528
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(68 590)**	45 901	**(68 590)**	45 901
Net profit (loss)	**1 285 399**	1 080 967	**1 381 666**	939 296	**64 518**	26 328	**377 965**	175 353	**(758 991)**	(1 850 515)	**2 350 557**	371 429
Consolidated total assets	**5 898 411**	4 410 573	**7 543 316**	5 575 570	**1 191 341**	1 075 097	**1 069 945**	789 714	**627 828**	1 041 391	**16 330 841**	12 892 345
Consolidated total liabilities	**1 455 125**	1 449 176	**2 711 270**	3 056 827	**81 609**	89 261	**1 105 536**	1 060 741	**939 095**	929 839	**6 292 635**	6 585 844
Other segment information:												
Depreciation and amortisation	**295 842**	203 218	**446 392**	279 562	**37 575**	29 773	**31 820**	18 221	**5 883**	4 180	**817 512**	534 954
Additions to non-current assets:												
Property, plant and equipment	**220 094**	51 183	**437 911**	101 481	**25 735**	17 222	**7 537**	(586)	**590**	2 703	**691 867**	172 003
Intangible assets	**-**	-	**-**	20 797	**-**	-	**-**	-	**5 976**	-	**5 976**	20 797
Biological non-current assets	**-**	-	**-**	-	**-**	3 037	**-**	-	**-**	-	**-**	3 037

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

(in thousands of Euros)	Sugar production		Agriculture		Cattle farming		Soybean processing		Unallocated		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Total revenues	**174 519**	151 497	**188 095**	183 559	**24 827**	23 952	**74 951**	50 684	**10 228**	6 315	**472 620**	416 007
Inter-segment revenues	**-**	-	**103 729**	102 010	**-**	-	**-**	-	**-**	-	**103 729**	102 010
Revenues from external customers	**174 519**	151 497	**84 366**	81 549	**24 827**	23 952	**74 951**	50 684	**10 228**	6 315	**368 891**	313 997
Total cost of revenues	**(105 644)**	(86 483)	**(171 090)**	(171 403)	**(20 341)**	(20 428)	**(53 447)**	(37 555)	**(9 825)**	(4 947)	**(360 347)**	(320 816)
Inter-segment cost of revenues	**-**	-	**(103 729)**	(102 010)	**-**	-	**-**	-	**-**	-	**(103 729)**	(102 010)
Cost of revenues	**(105 644)**	(86 483)	**(67 361)**	(69 393)	**(20 341)**	(20 428)	**(53 447)**	(37 555)	**(9 825)**	(4 947)	**(256 618)**	(218 806)
Changes in fair value of biological assets and agricultiral produce	**-**	-	**48 677**	51 521	**(3 464)**	(3 892)	-	-	**-**	-	**45 213**	47 629
Gross profit	**68 875**	65 014	**65 682**	63 677	**1 022**	(368)	**21 504**	13 129	**403**	1 368	**157 486**	142 820
Other operating income	**1 273**	436	**12 667**	9 469	**3 491**	2 887	**85**	1	**1**	11	**17 517**	12 804
General and administrative expense	**(11 237)**	(6 560)	**(7 150)**	(4 135)	**(1 639)**	(926)	**(507)**	(485)	**(648)**	(6 907)	**(21 181)**	(19 013)
Selling and distribution expense	**(9 312)**	(8 883)	**(9 219)**	(7 998)	**(453)**	(337)	**(3 276)**	(2 718)	**(86)**	(405)	**(22 346)**	(20 341)
Other operating expense	**(939)**	(1 381)	**(1 744)**	(1 864)	**(134)**	(301)	**(277)**	(355)	**(3 948)**	(4 370)	**(7 042)**	(8 271)
Profit (loss) from operations	**48 660**	48 626	**60 236**	59 149	**2 287**	955	**17 529**	9 572	**(4 278)**	(10 303)	**124 434**	107 999
Foreign currency exchange gain (loss)	**-**	-	**-**	-	**-**	-	**-**	-	**(13 962)**	(62 690)	**(13 962)**	(62 690)
Interest expense	**(3 149)**	(4 202)	**(13 098)**	(19 345)	**(1)**	(1)	**(4 160)**	(2 364)	**(614)**	(1 071)	**(21 022)**	(26 983)
Interest income	**-**	-	**-**	-	**-**	-	**-**	-	**633**	958	**633**	958
Other income (expense)	**-**	-	**-**	-	**-**	-	**-**	-	**(6 245)**	(5 247)	**(6 245)**	(5 247)
Gain on acquisition of subsidiaries	**-**	-	**1 230**	-	**-**	-	-	-	**-**	-	**1 230**	-
Profit (loss) before tax	**45 511**	44 424	**48 368**	39 804	**2 286**	954	**13 369**	7 208	**(24 466)**	(78 353)	**85 068**	14 037
Taxation	**-**	-	**-**	-	**-**	-	**-**	-	**(2 425)**	1 904	**(2 425)**	1 904
Net profit (loss)	**45 511**	44 424	**48 368**	39 804	**2 286**	954	**13 369**	7 208	**(26 891)**	(76 449)	**82 643**	15 941
Consolidated total assets	**207 525**	168 194	**265 398**	212 620	**41 915**	40 998	**37 644**	30 115	**22 088**	39 712	**574 570**	491 639
Consolidated total liabilities	**51 196**	55 263	**95 391**	116 570	**2 871**	3 404	**38 896**	40 451	**33 041**	35 458	**221 395**	251 146
Other segment information:												
Depreciation and amortisation	**10 460**	8 396	**15 783**	11 550	**1 328**	1 230	**1 125**	753	**208**	172	**28 904**	22 101
Additions to non-current assets:												
Property, plant and equipment	**7 782**	2 115	**15 485**	4 193	**910**	712	**266**	(24)	**19**	111	**24 462**	7 107
Intangible assets	**-**	-	**-**	859	**-**	-	**211**	-	**-**	-	**211**	859
Biological non-current assets	**-**	-	**-**	-	**-**	122	**-**	-	**-**	-	**-**	122

Geographic information:

	(in thousands of Ukrainian hryvnias)		(in thousands of Euros)	
	2016	**2015**	**2016**	**2015**
Revenue from external customers				
Ukraine	**5 112 781**	4 918 087	**181 200**	202 115
Euroland	**4 042 371**	2 416 715	**143 265**	99 318
CIS	**219 770**	160 181	**7 789**	6 583
Asia	**1 033 745**	145 549	**36 637**	5 981
	10 408 667	7 640 532	**368 891**	313 997

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

Financial instruments as at 31 December 2016 are as follows:

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

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

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

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

Financial instruments as at 31 December 2015 are as follows:

(in thousands of Ukrainian hryvnias)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2015			
Financial assets as per statement of financial position			
Long-term receivables	436	-	436
Financial assets available-for-sale	-	265	265
Trade accounts receivable	447 312	-	447 312
Other accounts receivable	38 261	-	38 261
Short-term deposits	378 333	-	378 333
Cash and cash equivalents	440 069	-	440 069
	1 304 411	265	1 304 676

(in thousands of Ukrainian hryvnias)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	5 347 860
Trade accounts payable	56 332
Non-controlling interests relating to limited liability companies	170 789
Other long-term liabilities	4 172
Other accounts payable	198 263
	5 777 416

(in thousands of Euros)	Loans and receivables	Financial instruments available-for-sale	Total
31 December 2015			
Financial assets as per statement of financial position			
Long-term receivables	17	-	17
Financial assets available-for-sale	-	10	10
Trade accounts receivable	17 058	-	17 058
Other accounts receivable	1 459	-	1 459
Short-term deposits	14 427	-	14 427
Cash and cash equivalents	16 782	-	16 782
	49 743	10	49 753

(in thousands of Euros)	Liabilities at amortized cost
Financial liabilities as per statement of financial position	
Loans and borrowings	203 936
Trade accounts payable	2 148
Non-controlling interests relating to limited liability companies	6 513
Other long-term liabilities	159
Other accounts payable	7 560
	220 316

29. FINANCIAL RISK MANAGEMENT

a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

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

b) Credit risk

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

c) Trade accounts receivable

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

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

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

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2016 and 2015 no guarantees are outstanding.

d) Credit quality of financial assets

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

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Trade receivables neither past due nor impaired				
Counterparties without external credit rating				
Group A	**80 827**	224 368	**2 843**	8 556
Group B	**90 322**	29 328	**3 177**	1 118
Past due trade receivables	**183 256**	193 616	**6 449**	7 384
	354 405	447 312	**12 469**	17 058

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

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

In the year ended 31 December 2016 approximately 14% of revenues (2015: 19%) are derived from two customers. Advances received from these customers as at 31 December 2016 equal to UAH 316,553 thousand or EUR 11,137 thousand (2015: receivables UAH 220,464 thousand or EUR 8,408 thousand).

The credit quality of cash deposits by external credit rating:

		(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
		2016	**2015**	**2016**	**2015**
Banks with external credit rating (Moody's):					
Short-term deposits					
	Ca	**8 025**	366 962	**282**	13 994
	A1	**20 349**	11 371	**716**	433
Banks without external credit rating:					
Group A		**9 300**	-	**327**	-
		37 674	378 333	**1 325**	14 427

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Cash and cash equivalents				
Banks with external credit rating (Moody's):				
A1	**254 313**	429 493	**8 947**	16 378
A2	**-**	2 684	**-**	102
Aa3	**2 276**		**80**	
C3	**22**		**1**	
B3	**31 059**		**1 093**	
B1	**-**	1	**-**	-
Baa1	**-**	7	**-**	1
Baa3	**20 587**	-	**724**	-
Ba3	**17**	-	**1**	-
Ca	**2 398**	7 259	**84**	277
Caa3	**-**	99	**-**	4
Banks without external credit rating:				
Group A	**4 968**	221	**175**	8
Group B	**35**	-	**1**	-
Cash on hand	**221**	305	**8**	12
	315 896	440 069	**11 114**	16 782

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 2016 the Group continued to work with the same banks as in 2015.

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

	(in thousands of Ukrainian hryvnias) 2016	2015	*(in thousands of Euros)* 2016	2015
Trade receivables neither past due nor impaired				
Ukraine	**157 443**	22 777	**5 537**	868
Switzerland	**5 052**	230 607	**178**	8 794
Asia	**2 322**	125	**82**	5
EU	**6 332**	187	**223**	7
Past due trade receivables	**183 256**	193 616	**6 449**	7 384
	354 405	447 312	**12 469**	17 058

e) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including future interest payments). Trade and other payables included in the table below exclude advances received from customers.

31 December 2016 *(in thousands of Ukrainian hryvnias)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**4 433 878**	**4 473 315**	**3 001 400**	**1 027 500**	**444 415**
Finance lease liabilities	**65 780**	**65 780**	**15 176**	**14 646**	**35 958**
Interest payable	**48 488**	**455 291**	**245 570**	**111 159**	**98 562**
Trade and other accounts payable	**416 247**	**416 247**	**412 826**	**3 421**	**-**
Non-controlling interests in limited liability companies	**252 086**	**252 086**	**-**	**-**	**252 086**
	5 216 479	**5 662 719**	**3 674 972**	**1 156 726**	**831 021**

31 December 2016 *(in thousands of Euros)*	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**From one to two years**	**More than two years**
Bank loans	**155 999**	**157 386**	**105 599**	**36 151**	**15 636**
Finance lease liabilities	**2 314**	**2 314**	**534**	**515**	**1 265**
Interest payable	**1 706**	**16 019**	**8 640**	**3 911**	**3 468**
Trade and other accounts payable	**14 645**	**14 645**	**14 524**	**121**	**-**
Non-controlling interests in limited liability companies	**8 869**	**8 869**	**-**	**-**	**8 869**
	183 533	**199 233**	**129 297**	**40 698**	**29 238**

31 December 2015 *(in thousands of Ukrainian hryvnias)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	5 326 589	5 384 800	3 520 937	977 242	886 621
Finance lease liabilities	21 271	21 271	13 459	7 192	620
Interest payable	41 051	717 775	322 384	202 247	193 144
Trade and other accounts payable	574 938	574 938	574 938	-	-
Non-controlling interests in limited liability companies	170 789	170 789	-	-	170 789
	6 134 638	6 869 573	4 431 718	1 186 681	1 251 174

31 December 2015 *(in thousands of Euros)*	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
Bank loans	203 124	205 345	134 268	37 266	33 811
Finance lease liabilities	811	811	513	274	24
Interest payable	1 565	27 372	12 294	7 713	7 365
Trade and other accounts payable	21 925	21 925	21 925	-	-
Non-controlling interests in limited liability companies	6 513	6 513	-	-	6 513
	233 938	261 966	169 000	45 253	47 713

f) Market risk

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

Currency risk

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

(in thousands of Ukrainian hryvnias)	2016		2015	
	EUR	USD	EUR	USD
Trade accounts receivable	**-**	**40 865**	-	241 567
Other accounts receivable	**-**	**-**	178	144
Short-term deposits	**-**	**27 555**	-	376 747
Cash and cash equivalents	**16 332**	**289 890**	26	435 997
Bank loans	**(224 478)**	**(2 707 021)**	(270 341)	(3 735 058)
Trade accounts payable	**(104)**	**(23 127)**	(1 258)	(5 509)
Other liabilities and accounts payable	**(2 287)**	**(38 079)**	-	-
Net exposure	**(210 537)**	**(2 409 917)**	(271 395)	(2 686 112)

(in thousands of Euros)	2016		2015	
	EUR	USD	EUR	USD
Trade accounts receivable	**-**	**1 438**	-	9 212
Other accounts receivable	**-**	**-**	7	5
Short-term deposits	**-**	**969**	-	14 367
Cash and cash equivalents	**575**	**10 198**	1	16 625
Bank loans	**(7 898)**	**(95 243)**	(10 309)	(142 435)
Trade accounts payable	**(4)**	**(814)**	(48)	(210)
Other liabilities and accounts payable	**(80)**	**(1 340)**	-	-
Net exposure	**(7 407)**	**(84 792)**	(10 349)	(102 436)

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)	
	2016	2015	2016	2015
Weakening of UAH, %	**30%**	30%	**30%**	30%
EUR	**(63 161)**	(81 419)	**(2 222)**	(3 105)

pre-tax profit	(Effect in thousands of Ukrainian hryvnias)		(Effect in thousands of Euros)	
	2016	2015	2016	2015
Weakening of UAH, %	**30%**	30%	**30%**	30%
USD	**(722 975)**	(1 343 056)	**(25 438)**	(51 216)

As is stated under note 2 (j) the consolidated financial statements are presented in UAH. For the benefit of certain users, the Group also presents all numerical information in EUR. A weakening of the Ukrainian hryvnia against the EUR by 30% as at 31 December 2016 would have increased total equity presented in UAH by UAH 645,279 thousand. A weakening of the Ukrainian hryvnia against the USD by 50% as at 31 December 2016 would have decreased total equity presented in EUR by EUR 79,800 thousand. This analysis assumes that all other variables, in particular interest rates, remain constant.

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

During the year ended 31 December 2016 the Ukrainian Hryvnia depreciated against the EUR and USD by 8.39% and 13.29% respectively (2015: depreciated against the EUR by 26.66% and 34.30% against the USD). As a result, during the year ended 31 December 2016 the Group recognized net foreign exchange losses in the amount of UAH 394,004 thousand (2015: foreign exchange losses in the amount of UAH 1,515,644 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)*	
	2016	**2015**	**2016**	**2015**
Fixed rate instruments				
Financial liabilities	**(1 674 907)**	(1 591 063)	**(58 929)**	(60 674)
Variable rate instruments				
Financial liabilities	**(2 824 751)**	(3 756 797)	**(99 384)**	(143 262)

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)*	
		2016	**2015**	**2016**	**2015**
Euribor	1.00%	**2 245**	2 634	**79**	100
Euribor	(1.00%)	**(2 245)**	(658)	**(79)**	(25)
Libor	1.00%	**25 745**	34 934	**906**	1 332
Libor	(1.00%)	**(25 745)**	(8 734)	**(906)**	(333)
Kievprime	1.00%	**257**	-	**9**	-
Kievprime	(1.00%)	**(257)**	-	**(9)**	-

Other market price risk

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

g) Agricultural risk

The agricultural business of the Group is exposed to significant risks associated with outbreaks of livestock diseases and loss of the crop as a result of unfavorable weather conditions. Epidemiological surveillance system adopted by the Group minimizes the risks associated with the disease of cattle. The loss of harvests is minimized at the expense of reseeding damaged winter crops by spring crops and partial harvest insurance.

h) Fair values of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. This fair value is within level 1 of fair value hierarchy. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models and are within level 2 or 3 of fair value hierarchy.

As at 31 December 2016 and 2015, the carrying value of the Group's financial instruments approximates their fair values, except for long-term loans. Fair value of loans is UAH 26,090 thousand (2015: UAH 69,784 thousand) higher than their carrying value. The fair value of the loans was estimated by discounting the expected future cash outflows by a market interest rate under the Group's loans obtained in 2016 of 7.94% (2015: 14.86%) and is within level 2 of the fair value hierarchy.

30. COMMITMENTS

a) Social commitments

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

b) Operating leases

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

The Group leases plough-land and industrial land under non-cancellable lease agreements in its normal course of business. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments recognized as an expense in 2016 are UAH 808,041 thousand or EUR 28,651 thousand (2014: UAH 434,446 thousand or EUR 17,859 thousand).Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Less than one year	**514 881**	480 695	**18 115**	18 331
From one to five years	**1 745 327**	1 218 225	**61 406**	46 456
More than five years	**1 438 270**	778 215	**50 603**	29 677
	3 698 478	2 477 135	**130 124**	94 464

c) Financial leases

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Minimal lease payments:				
Less than one year	**18 942**	12 889	**666**	433
From one to two years	**16 927**	6 471	**596**	340
More than two years	**34 969**	522	**1 230**	149
	70 838	19 882	**2 492**	922
Future finance charges on finance leases	**(16 021)**	(2 157)	**(564)**	(83)
Present value of minimal lease payments	**54 817**	17 725	**1 928**	839
Less than one year	**12 647**	11 216	**445**	377
From one to two years	**12 205**	5 993	**429**	317
More than two years	**29 965**	516	**1 054**	145
	54 817	17 725	**1 928**	839

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Long-term finance lease liabilities:				
Present value of minimal lease payments	**42 170**	6 509	**1 483**	247
VAT liability under finance lease	**8 434**	1 303	**297**	50
	50 604	7 812	**1 780**	297
Current portion of long-term finance lease liabilities:				
Present value of minimal lease payments	**12 647**	11 216	**445**	430
VAT liability under finance lease	**2 529**	2 243	**89**	85
	15 176	13 459	**534**	515
	65 780	21 271	**2 314**	812

d) Contractual commitments

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Sales commitments:				
Sugar and by-products	**1 398 230**	61 459	**49 194**	2 344
Agricultural produce	**912 611**	-	**32 109**	-
Soybean processing products	**341 288**	-	**12 008**	-
	2 652 129	61 459	**93 311**	2 344
Purchase commitments:				
Property,plant and equipment	**85 431**	-	**3 006**	-
Materials	**49 545**	20 102	**1 743**	767
Production services	**28 887**	-	**1 016**	-
Transportation	**5 582**	3 171	**196**	121
Professional services	**3 631**	291	**128**	11
Other	**2 547**	-	**90**	-
	175 623	23 564	**6 179**	899
	2 827 752	85 023	**99 490**	3 243

31. TAX AND LEGAL MATTERS

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

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

Also, as at 31 December 2016 Group's Ukrainian subsidiaries were involved in controversies and litigations with the tax authorities with the total exposure of UAH 148,117 thousand or EUR 5,211 thousand (2015: UAH 155,439 thousand or EUR 5,928 thousand). The litigations are related to the results of the tax authorities' audits. Management believes that the outflow of resources is not probable, therefore, no provision was recognized in relation of these litigations.

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

32. RELATED PARTY TRANSACTIONS

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

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2016 as well as balances with related parties as at 31 December 2016:

(in thousands of Ukrainian hryvnias)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	**32 753**	**57 094**	**37 162**	**174 592**
Associate	**-**	**-**	**1 022**	**171**
	32 753	**57 094**	**38 184**	**174 763**

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	1 158	2 019	1 308	6 143
Associate	-	-	36	6
	1 158	2 019	1 344	6 149

During the reporting period the Group completed acquisition of LLC "Eko Energy Ukraine". The share of 27% was acquired through the company under the common control of shareholder. The purchase consideration is amounted to UAH 13 110 thousand or EUR 468 thousand. The excess of net assets acquired over consideration paid is included in the Gain on acquisition of subsidiaries in the consolidated income statement for the year ended 31 December 2016 in the amount of UAH 2 208 thousand or EUR 79 thousand.

The following table summarises transactions that have been entered into with related parties for the year ended 31 December 2015 as well as balances with related parties as at 31 December 2015:

(in thousands of Ukrainian hryvnias)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	30	6 990	26 492	228 449
Associate	-	472	1 022	171
	30	7 462	27 514	228 620

(in thousands of Euros)	Sales to related parties:	Purchases from related parties:	Amounts owed by related parties:	Amounts owed to related parties:
Companies under common control	1	289	1 010	8 712
Associate	-	19	39	7
	1	308	1 049	8 719

Other transactions

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82% of Astarta Holding N.V. issued shares in equal parts in 2016 and 2015. As at 31 December 2016 these shares were not pledged (Note 17). In 2016, the Group's expenses in relation to this pledge are UAH 53,527 thousand or EUR 1,897 thousand (2015: UAH 53,480 thousand or EUR 2,209 thousand). The consideration paid by the Group does not exceed the market consideration for similar types of transactions.

As at 31 December 2016, the Group had a USD denominated loan from the entity under control of a shareholder of UAH 162,873 thousand (2015: UAH 211,242 thousand) or EUR 5,730 thousand (2015: EUR 8,069 thousand) bearing an interest of 9.4% p.a. and a EUR denominated loan in 2015: UAH 6,949 thousand or EUR 265 thousand bearing an interest of 9.4% p.a.

Management remuneration

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

	(in thousands of Ukrainian hryvnias)		*(in thousands of Euros)*	
	2016	**2015**	**2016**	**2015**
Viktor Ivanchyk	**5 116**	3 867	**181**	160
Viktor Gladky	**12 586**	8 176	**445**	338
Marc van Campen	**989**	847	**35**	35
Valery Korotkov	**989**	3 268	**35**	135
Wladyslaw Bartoszewski	**989**	847	**35**	35
	20 669	17 005	**731**	703

Remuneration of key management for the year ended 31 December 2016 is UAH 20,669 thousand or EUR 731 thousand (2015: UAH 17,005 thousand or EUR 703 thousand). Key management are those having the authority and responsibility for planning, directing and controlling the activities of the Group (totalling five persons). In 2016 bonuses accrued for Mr.Ivanchyk of EUR 360 thousand (2015: EUR 210 thousand) were allocated for charity and not included to the table above. Bonuses accrued for Mr. Gladky of EUR 240 thousand (2015: EUR 188) are included into the table above.

33. EVENTS SUBSEQUENT TO THE REPORTING DATE

Starting from 1 January 2017 the special VAT regime for agricultural companies is completely cancelled, and the agricultural sector operates on standard VAT terms and under a subsidy system.

After the reporting date non-financial institute has granted to the Group the loan in amount of UAH 675,593 thousand (EUR 23,570 thousand) for one year from the date of first tranche crediting at Group's account with interest rate of 9.4%. This loan is used by the Group to fund the working capital needs.

Canadian company Fairfax Financial Holdings purchased 19.98% of Astarta Holdings N.V. shares which belonged to principal shareholders – Mr. Ivanchyk (1.8% out of his share of 37.8%) and Mr. Korotkov (18.18% out of his share of 25.99%).


$1,105.25
-SHOP
-BUY
-SALE
-CULTURE

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(before appropriation of the result)

(in thousands of Euros)		**2016**	**2015**
Assets			
Non-current assets			
Investments in subsidiaries	*3*	**348 145**	235 792
Other long-term assets		**-**	-
Accounts receivable from subsidiary		**2 400**	6 379
		350 545	242 171
Current assets			
Cash and cash equivalents	*4*	**190**	58
Other accounts receivable and prepayments		**2 442**	2 004
		2 632	2 062
Total assets		**353 177**	244 233
Shareholders' equity and liabilities			
Equity			
Share capital	*5*	**250**	250
Additional paid-in capital		**55 638**	55 638
Retained earnings		**248 678**	194 637
Revaluation of biological assets and agricultural produce		**40 172**	47 191
Revaluation of property, plant and equipment		**183 025**	165 523
Currency translation adjustment		**(257 241)**	(238 706)
Unallocated result for the year		**82 653**	15 944
Total equity		**353 175**	240 477
Non-current liabilities			
Long-term loan from subsidiary	*6*	**-**	1 994
		-	1 994
Current liabilities			
Current portion of long-term loans and borrowings	*6*	**-**	1 760
Other liabilities and accounts payable	*7*	**2**	2
		2	1 762
Total equity and liabilities		**353 177**	244 233

The statement of financial position is to be read in conjunction with the notes to and forming part of the company financial statements set out on pages 170 to 178.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(in thousands of Euros)	2016	2015
Royalty income	**809**	-
Dividends received	**-**	25 404
Professional services	**(282)**	(457)
Bank commissions and charges	**(14)**	(8)
Net other operating income (expense)	**513**	24 939
Interest expenses	**(120)**	(729)
Exchange differences	**72**	(575)
Payment to shareholders for pledged shares	**(45)**	(1 998)
Net finance expenses	**(93)**	(3 302)
Net income from subsidiaries and associated companies	**82 233**	(5 693)
Net profit	**82 653**	15 944

The income statement is to be read in conjunction with the notes to and forming part of the company statements set out on pages 170 to 178.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

ASTARTA Holding N.V. (the Company) is a Dutch public company with limited liability, incorporated in Amsterdam on 9 June 2006. The Company acts as a holding company for a number of entities operating in the agricultural sector in Ukraine.

These financial statements are prepared in accordance with Section 9, Book 2 of the Netherlands Civil Code.

Information on the use of financial instruments and on related risks for the Group has been provided under note 29 of the financial statements.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Basis of recognition of participations in subsidiaries

Investments in subsidiaries are valued using the equity method, determined applying the IFRS accounting policies as described in the consolidated financial statements. The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

3. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2016 and 2015 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 contributionin kind transaction.

(in thousands of Euros)	2016	2015
Balance as at 1 January	**235 792**	234 640
Net income	**82 233**	(5 693)
Increase in reserves	**48 655**	62 621
Translation differences	**(18 535)**	(55 776)
Balance as at 31 December	**348 145**	235 792

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

4. CASH

As at 31 December 2016, amount of cash is EUR 190 thousand (2015: EUR 58 thousand). There is no restricted cash.

5. EQUITY

The authorized share capital as at 31 December 2016 and 2015 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 2016, 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:

	2016	2015
Astarta Holding N.V.		
Viktor Ivanchyk through his wholly owned Cypriot company Albacon Ventures Ltd.	**37,80%**	37,80%
Valery Korotkov through his wholly owned Cypriot company Aluxes Holding Ltd.	**25,99%**	25,99%
Other shareholders (free float)	**36,21%**	36,21%
	100,00%	100,00%

Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82% of Astarta Holding N.V. issued shares in equal parts in 2015, in 2016 there were no pledged shares. For movements in equity refer to the consolidated statement of changes in equity.

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

- the accumulated gain on revaluation of property, plant and equipment of EUR 183,025 thousand (2015: EUR 165,523 thousand);
- the accumulated gain on revaluation of biological assets of EUR 40,172 thousand (2015: EUR 47,191 thousand);
- the accumulated loss from currency translation adjustment of EUR 257,241 thousand (2015: EUR 238,706 thousand).

In 2016 the Company has purchased 7,015 of own shares for EUR 53 thousand at average price per share of EUR 7.54. As at 31 December 2016, the Group had 595,141 of treasury shares with total cost of EUR 4,799 thousand (2015: 588,126 shares with cost of EUR 4,746 thousand). Par value of each share is EUR 0.01.

In the statement of financial position the treasury shares are presented as a deduction from the retained earnings.

6. LOANS AND BORROWINGS

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

(in thousands of Euros)	Effective interest rate	Nominal interest rate	Year of maturity	2016	2015
Loans from non-resident banks received in USD	4.60%	Libor+4.50%	2016	-	1 760
				-	1 760

In 2016 loan was fully repaid. As at 31 December 2015 the Company has a loan due to its subsidiary of EUR 1,994 thousand. The loan was unsecured and bore interest of 5% p.a.

7. OTHER LIABILITIES AND ACCOUNTS PAYABLE

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

(in thousands of Euros)	2016	2015
Interest payable	**-**	2
Other payables	**2**	-
	2	2

8. INCOME TAXES

There is no income tax payable for the current year. The Company's cumulative carried forward tax losses are EUR 8.4 million as of 31 December 2016 (2015: EUR 10 million). In 2016 cumulative carried forward tax losses in amount EUR 2.9 million are expired for utilization. No deferred tax asset has been recognized due to insufficient future taxable income.

9. FINANCIAL INSTRUMENTS BY CATEGORY

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

(in thousands of Euros)	2016 Loans and receivables	2015 Loans and receivables
31 December		
Financial assets as per balance sheet		
Accounts receivable from subsidiary	**2 400**	6 379
Other accounts receivable	**2 400**	2 004
Cash and cash equivalents	**190**	58
	4 990	8 441

	Liabilities at amortized cost	Liabilities at amortized cost
Financial liabilities as per balance sheet		
Loans and borrowings	**-**	1 760
Loan payable to subsidiary	**-**	1 994
Other liabilities and accounts payable	**2**	2
	2	3 756

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparties default rates. These relate to a number of existing counterparties for whom there is no recent history of credit problems. No external ratings in respect of other accounts receivable and cash and cash equivalents at bank are available.

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

(in thousands of Euros)	2016	2015
Accounts receivable from subsidiary	**2 400**	6 379
Other accounts receivable	**2 400**	2 004
Cash and cash equivalents	**190**	58
	4 990	8 441

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

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2016					
Bank loans	-	-	-	-	-
Loan payable to subsidiary	-	-	-	-	-
Other accounts payable	**2**	**2**	**2**	-	-
	2	**2**	**2**	-	-

(in thousands of Euros)	Carrying amount	Contractual cash flows	Less than one year	From one to two years	More than two years
31 December 2015					
Bank loans	1 760	1 760	1 760	-	-
Loan payable to subsidiary	1 994	1 994	1 994	-	-
Other accounts payable	2	2	2	-	-
	3 756	3 756	3 756	-	-

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

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

At 31 December 2016 the Company does not have outstanding guarantees. The fair values of financial instruments approximate their carrying amount.

10. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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

11. COMMITMENTS

As at 31 December 2015 Shareholders Mr. Ivanchyk V.P. and Mr. Korotkov V.M. pledged 2.82 % of Astarta Holding N.V. issued shares in equal parts to secure bank loans in the amount of EUR 1,760 thousand. In 2016 loan was fully repaid and as at 31 December 2016 there were no pledged shares.

The Company's subsidiaries commitments details are disclosed in the Note 30 of the consolidated financial statements.

12. DIRECTORS

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

Viktor Ivanchyk	Chief Executive Officer
Viktor Gladkyi	Chief Financial Officer
Marc van Campen	Chief Corporate Officer
Valery Korotkov	Chairman of the Board, Non-Executive Director
Wladyslaw Bartoszewski	Vice Chairman of the Board, Non-Executive Director

During 2016, there were no changes in the rules governing appointment or dismissal of members of the Board of Directors. Pursuant to the Dutch regulation "Disclosure of Remuneration of Board Members Act", the total remuneration of executive and non-executive Board members is specified below:

		(in thousands of Euros)
	2016	**2015**
Viktor Ivanchyk	**181**	160
Viktor Gladkyi	**445**	338
Marc van Campen	**35**	35
Valery Korotkov	**35**	135
Wladyslaw Bartoszewski	**35**	35
	731	703

In 2016 bonuses accrued for Mr.Ivanchyk of EUR 360 thousand (2015: EUR 210 thousand) were allocated for charity and not included to the table above. Bonuses accrued for Mr. Gladky of EUR 240 thousand (2015: EUR 188) are included into the table above.

The amount due from the Company's Directors as at 31 December 2016 is nil (31 December 2015 is nil).

13. AUDIT FEES

Fees of the Group's auditor are EUR 122 thousand for 2016 (2015: EUR 91 thousand). Out of this, EUR 53 thousand relates to "Baker Tilly Berk" N.V. and EUR 69 thousand relate to "Baker Tilly Ukraine" LLP (2015: EUR 38 thousand relates to "Baker Tilly Berk" N.V. and EUR 53 thousand relate to "Baker Tilly Ukraine" LLP).

Audit fees include the fees of EUR 122 thousand agreed and due to "Baker Tilly" for professional services related to the audit of the Company and its subsidiaries for the relevant year. In 2016, the Group didn't received and paid to "Baker Tilly" for any non-audit services (2015: nil).

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.

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

Proposal for profit allocation

The Board of Directors will propose to the Annual General Meeting of Shareholders to transfer the net profit of EUR 82,653 thousand to retained earnings.

Events subsequent to the reporting date

For events subsequent to the reporting date refer to note 33 of the consolidated financial statements.

6 April 2017,

Amsterdam, the Netherlands

The Board of Directors

V.Ivanchyk	signed
V.Gladkyi	signed
M.M.L.J. van Campen	signed
H.A.Dahl	signed
W.T.Bartoszewski	signed

Auditors

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

A. Report on the Audit of the Financial Statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of ASTARTA Holding N.V. (the company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of ASTARTA Holding N.V. as at 31 December 2016 and of its results and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of ASTARTA Holding N.V. as at 31 December 2016 and of its results for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2016;
2. the following statements for 2016:
   the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2016;
2. the company income statement for 2016; and
3. notes comprising a summary of the accounting policies and other explanatory information.

An independent member of Baker Tilly International

Auditors

BAKER TILLY BERK

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

We are independent of ASTARTA Holding N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch code of Ethics).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at UAH 104 million / EUR 3.6 million. The materiality is based on 1% of turnover. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of UAH 5.200 million / EUR 0.180 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit
ASTARTA Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of ASTARTA Holding N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial statements or specific items.

Our group audit mainly focused on significant group entities. Of ASTARTA's group entities, we identified 9 which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific audit procedures were performed on a further 11 reporting units. These 20 group entities represented 99% of consolidated revenue and 98% of the consolidated balance sheet total.
The group audit mainly focused on covering group's activities in Ukraine (LLC "Astarta-Kyiv" and its subsidiaries), audit procedures for the intermediate holding company on Cyprus ("Ancor Investments" Ltd) and also included audit procedures at Dutch holding level (ASTARTA Holding N.V.)

Auditors

We have performed audit procedures ourselves at Dutch holding level. When auditing "Ancor Investments" Ltd and its subsidiaries, we have used the work of other auditors. As required by our professional rules and standards we have issued audit instructions and reviewed the work performed by the local auditor.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment
The company applies a revaluation model for accounting of property, plant and equipment. The last revaluation is performed as at 31 December 2016.

The fair value appraisal was significant for our audit, since the appraisal process is complex, subjective and is based on assumptions. As a result, our audit procedures included a critical assessment of the assumptions and methods used by (the management of) the company. In doing so we also used the work of valuation experts. The principal assumptions included in our audit are those regarding the discount rate, useful life, operational margins and capital expenditures level.

We also focused on the identification of cash generating units and on the company's disclosures on the assumptions that have the most significant effect on the determination of the recoverable amount of its assets. We tested whether these disclosures are adequate and provide sufficient insight into the choice of the assumptions and their sensitivity to the valuation.
We specifically focused on the sensitivity in the available headroom of CGUs and whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates. We assessed the adequacy of the Company's disclosure note 8 in the financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

(Management of) the Company provides details of the valuation of property, plant and equipment in note 8 to the financial statements.

Biological Assets Valuation
The Consolidated Statement of financial position as at 31 December 2016 includes Biological assets for a total amount of UAH 822,813,000 / EUR 28,948,000 as at 31 December 2016. We refer to note 10 in the financial statements.

Auditors

The fair value measurement of the biological assets highly depends on the projected cash flow and discount rate. Our audit procedures included the test of input data, recalculated discount rate and evaluation of the assumptions used by management. Besides, we verified if the methodology applied has been consistent with prior periods.

VAT reimbursement
As at 31 December 2016 the Group classified and disclosed VAT assets in note 11 of the financial statements for a total amount of UAH 876,911,000 / EUR 30,852,000. Management believes that the group is able to fully reimburse or utilize VAT assets during 2017-2018.
Our audit procedures included receipt of confirmations directly from Ukrainian tax authorities which confirmed the declared amount for reimbursement disclosed in Group financial statements. In addition to that we scrutinised transactions related to the VAT reimbursement and verified the valuation and classification.

Emphasis of Matter regarding the political and economic crisis in Ukraine
We draw your attention to Note 1(a). Ukrainian business environment to the consolidated financial statements, which describes the current political crisis in Ukraine.

The impact of the continuing economic crisis and political turmoil in Ukraine and their final resolution are unpredictable and may adversely affect the Ukrainian economy and the operations of the Group. Our opinion is not qualified in respect of this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report, the annual report contains other information that consists of:
- A LETTER TO SHAREHOLDERS;
- REPORT ON OPERATIONS;
- CORPORATE GOVERNANCE REPORT;
- Other Information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.
By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

BAKER TILLY BERK

C. Report on other legal and regulatory requirements

We were engaged by the Board of Directors as auditor of ASTARTA Holding N.V. on 19 August 2015. The audit for year 2016 was our second year audit.

D. Description of responsibilities regarding the financial statements

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Auditors

BAKER TILLY BERK

- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 6 April, 2017
Baker Tilly Berk N.V.

signed by

J.H.J. Spiekker RA

An independent member of Baker Tilly International 6/6

ASTARTA
Holding N.V.

CORPORATE INFORMATION

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