



ASTARTA Monthly

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Corporate News

ASTARTA started sugar production campaign

Traditionally Ukrainian sugar refineries start sugar production campaign in the beginning of September. Sugar plants of ASTARTA are well prepared to the campaign, and one of the sugar plants of the Group, the Novoivanivsky refinery, has already started processing the sugar beets. Other plants will launch operations in the coming week.

This year management of ASTARTA continued with its focus on energy efficiency aiming at further reduction of natural gas consumption per tonne of the processed beet and higher rate of sugar extraction. The biogas station at Globyno sugar plant is to be commissioned in the running production season and will partially replace natural gas from third parties with biogas, thus providing for further reduction in cost of production.

European Bank for Reconstruction and Development finances ASTARTA's bio-gas project

A senior loan of up to US\$ 12 million with 7 years tenor will be aimed at construction of biogas production plant at Globino sugar factory (Poltava oblast). A newly-built plant will process 120,000 tonnes of beet pulp every year and yield around 14.4 million cubic meters of bio-gas, which will lower current annual natural gas consumption at the factory almost by 50%. Also it will provide for reduce of water consumption by 10 % and reduction of Green House Gas emissions of around 15,000 tonnes of CO₂ during the first year and 35,000 tonnes in subsequent years. This credit will become the fifth EBRD transaction with Astarta aimed on the realization of the energy efficiency program at ASTARTA's facilities.

ASTARTA published the semiannual report for the first half of 2012

Strong performance in all business segments provided for growth of the consolidated revenues by 23% to EUR 143 million. Volumes of crop sales increased by 75%, sugar by 42% and milk by 33%. The breakdown of revenues reflects the intersegment synergy and well-balanced nature of the business: share of revenues from sugar sales constituted 52%, grains and oilseeds – 32%, cattle farming – 11%. High quality of produce and successful marketing policy provided for significant increase in exports, which was 31% in total revenues.

While focusing on operational efficiency, the management pays a lot of attention to development projects. As a part of the energy efficiency program, ASTARTA actively pursues construction of a biogas production facility at the Globyno sugar plant in Poltava region. In June, ASTARTA initiated a soybean processing project as a part of its strategy of business diversification. The project involves construction of a soybean processing plant in Poltava region with annual crushing capacity of about 220 thousand tonnes to be operational by autumn 2013. The project is aimed to extend the value chain, increase revenues, strengthen business diversification and mitigate the currency risks. Additional advantage would be its synergy with agricultural and cattle farming business segments.

Infrastructure and storage capacity development is another important component of ASTARTA strategy. In October, ASTARTA will begin operations of a 50-kiloton sugar silo storage in Poltava region, the first of its kind in Ukraine. This facility will allow diversification in sugar packaging, and secure substantial savings in logistics.

Comments of Viktor Ivanchyk, CEO:

“Results of the first half of 2012 confirm soundness of our long-term strategy with focus on increasing production efficiency, energy savings, and business diversification. Despite weak pricing in sugar segment, the Group increased revenues and EBITDA, as well as secured record high level of export sales. Now, we concentrate our efforts to make the current production season a success. Same time, we continue the strategic development of ASTARTA with support of reputable international banks”.

Full version of the report is available via the link:

http://astartakiev.com/en/for_investors/financial-results.htm

Sector's & Economic News

India, the world's largest consumer of sugar, is likely to become a net importer of the sweetener

India, the world's largest consumer of sugar, is likely to become a net importer of the sweetener as early as 2013/14, as drought-hit farmers replace cane with less water-intensive crops. The shift to imports, touted by market participants and analysts, would likely bolster global sugar prices SBc1, which have been hammered by surplus production at a time of muted growth in consumption due to a sluggish global economy.

India, the world's No.2 sugar producer after Brazil, last imported the sweetener in 2009/10, sending global prices to 30-year highs. "Farmers in (top sugar-producing Indian state) Maharashtra are very interested in cane, but water is not available," said Balasaheb Patil, former president of the Maharashtra Co-operative Sugar Factories Federation.

India has been blighted by its first drought in three years, with monsoon rains likely to be less than 90 percent of the long-term average and with the rainfall deficit in some cane-growing areas as high as 30 percent. That has dealt a blow to Asia's third-largest economy, where more than half the farmland lacks irrigation. The full force of the impact from farmers switching to crops such as soybeans and wheat, which need less water to cultivate than sugar cane, is likely to hit in the 2013/14 season as cane usually takes 12-18 months to mature. India's sugar year starts on Oct. 1 when fields dry after the monsoon and crushing of the cane crop traditionally starts. Politics could also be a factor in boosting imports in the sugar-loving country, where people celebrate festivals with a vast range of sweets from cashew burfi to juicy rasgullas. Analysts say that a 10 percent duty imposed on imports in July this year to protect local sugar millers, who were struggling to pay farmers cane arrears, could be scrapped in the run-up to a general election slated for 2014.

Bunge

The global sugar surplus for the coming season will be smaller than first estimated

The global sugar surplus for the coming season will be 5.9 percent smaller than first estimated as output falls in India, the world's second-biggest producer, according to Kingsman SA. Supplies will exceed demand by 8.7 million metric tons in the 2012-13 season starting in October, below a June forecast of 9.3 million tons, the Lausanne, Switzerland-based researcher

and broker said in a report e-mailed today. That follows a surplus of 10.1 million tons in the current period. On a national crop- year basis, starting when harvests are actually collected in each country, the projected surplus fell 17 percent to about 6.7 million tons, according to the report. The surplus for the year from October exceeds the national crop-year estimate because it takes into account part of the 2013-14 crop in Brazil that starts in April, said founder Jonathan Kingsman. The outlook is not particularly good, but we've been caught before by the weather, when we saw the rally from 19 cents to 24 cents a pound, so we are still susceptible to the weather."

Bloomberg

Ukrainian farmers harvest 25.51 m tons of grain, sow winter crops on 566,000 ha

Ukrainian farmers have harvested 25.51 million tons of grain of the 2012 harvest and sowed winter crops for the 2013 harvest on 566,000 hectares, the Ukrainian Grain Association has reported.

As of August 28, grain and leguminous crops in Ukraine were threshed on 9.91 million hectares, or 66% of the target. Farmers harvested 25.51 million tons of grain, with the yield being 25.7 centners per ha, according to the Agriculture Ministry.

On the same date in 2011 farmers threshed 34.58 million tons of grain from an area of 11.4 million hectares, with the yield being 30.3 centners per ha.

In particular, as of August 28, 2012, Ukraine harvested 74,800 tons of buckwheat from 76,100 hectares (27%), with a yield of 9.8 centners per ha (11.4 centners per ha in 2011), 89,800 tons of millet from 76,700 hectares (45%), with a yield of 11.7 centners per ha (18.9 centners per ha in 2011), 65,700 tons of corn from 22,500 hectares, with a yield of 29.1 centners per ha (30.9 centners per ha in 2011), and 335,400 tons of sunflower seeds from 310,800 hectares (7%), with a yield of 10.8 centners per ha (16.3 centners per ha in 2011).

Farmers also harvested 58,700 tons of soybeans from 41,900 hectares (3%), with a yield of 14 centners per ha (21 centners per ha in 2011).

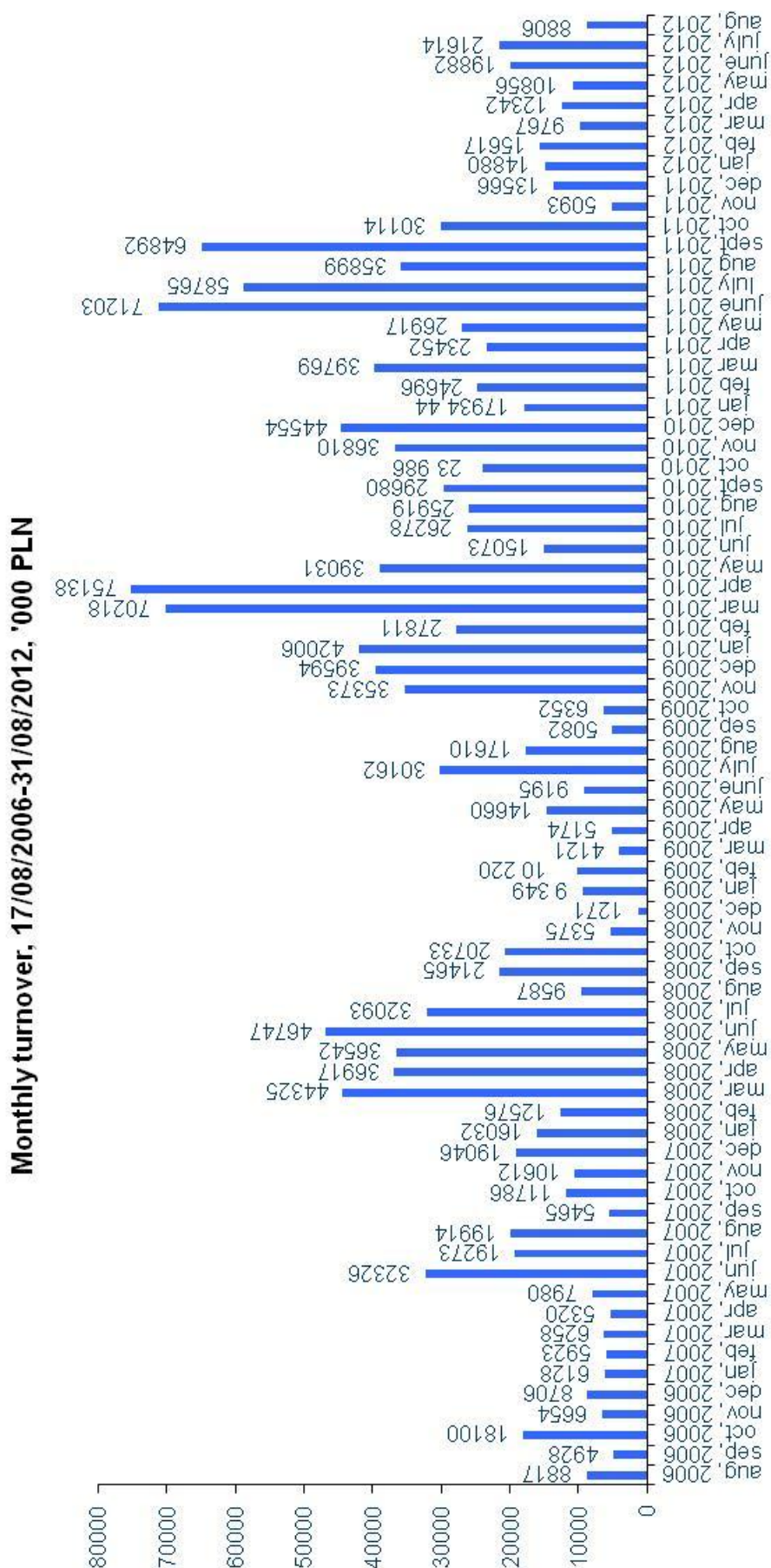
Ukrinform

ASTARTA in Figures

Quotation information for the period 1-31 August 2012

Trading session results AST as of 31.08.2012

Last Trade	68,5
Last Change	-0,1%
Day's Range	68.0 PLN – 68.9 PLN
1 Month Range / Change	58.1 – 70.0 PLN/13.7%
Turnover (1 month)	8 805 817 PLN/134 690 shares
Avg. Day Turnover (1 month)	400 264 PLN/6 122 shares
Avg. Price (1 month)	64.4
Market Cap. 31.08.2012	1 712 500 000 PLN/513 447 066 USD
Number of trade sessions	22
Transactions from 01.08.2012 - 31.08.2012	821
Avg. Transactions for session	37
20-Day Moving Average AST	64.9
100-Day Moving Average AST	58.98
200-Day Moving Average AST	58.6



Quotes of Sugar and Food Companies

European Stock Exchanges

Name	30.07.2012	31.08.2012	Change. %
TATE & LYLE	6.60	6.56	-0.6%
AGRANA BETEILIGUNGS	87.69	88.86	1.33%
SUEDZUCKER	28.04	26.63	-5.03%
GREENCORE GROUP	0.97	0.97	-

WSE

Name	30.07.2012	31.08.2012	Change. %
INDYKPOL	40.0	38.15	-4.6%
COLIAN SA	1.82	2.13	17.0%
KRUSZWICA	27.30	32.99	20.8%
MIESZKO	3.63	3.82	5.2%
DUDA	0.37	0.39	5.4%
KERNEL	69.90	68.0	-2.7%
AGROTON	10.50	11.0	4.8%
MILKILAND	18.25	17.80	-2.47
IMC	12.96	15.14	16.8%
KSG Agro	17.50	16.24	-7.2%
Ovostar	89.95	92.5	2.8%

Agricultural and sugar prices

White sugar		
	Ukraine EXW. UAH per ton	LIFFE (FOB. futures). USD per ton
27 July 12	6300	616,8
31 August 12	5622	566,4
Raw sugar		
	NYBOT (FOB. futures) USD per ton	
27 July 12	499,1	
31 August 12	436,1	
Feed wheat		
	Ukraine EXW. UAH per ton	Hungary. USD per ton
27 July 12	1760	275
31 August 12	1860	288
Feed barley		
	Ukraine EXW. UAH per ton	France, FOB. USD per ton
27 July 12	2000	298
31 August 12	2000	310
Sunflower		
	Ukraine EXW. UAH per ton	Argentina FOB. USD per ton
27 July 12	4150	605
31 August 12	4400	605
Feed corn		
	Ukraine EXW. UAH per ton	Hungary. USD per ton
27 July 12	1600	280
31 August 12	1850	313
Soybeans		
	Ukraine EXW. UAH per ton	CBOT (EXW. futures). USD per ton
29 June 12	4250	619
31 August 12	4450	648

Source: agriagency.com.ua, isco-i.ru.futuresource.com, apk-inform.com, proagro.com.ua

NBU exchange rate:

31.07.12: 1 USD = 7,99 UAH

31.08.12: 1 USD = 7,99 UAH