ISAGRO S.p.A.

A company directed and coordinated by Holdisa S.r.l.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

AS AT JUNE 30TH, 2017

BOARD OF DIRECTORS

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Giorgio Basile

Deputy Chairman

Maurizio Basile

Directors

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DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Group's condensed consolidated half-year financial statements as at June 30th, 2017 disclosed at the Income Statement level **Revenues** of € 86.9 million (versus € 87.1 million in the first half of 2016), an **EBITDA** of € 11.9 million (compared to € 11.5 million in the first six months of 2016) and a **Net profit** of € 4.6 million (compared to the € 4.5 million net profit of the first half of 2016), substantially in line with the figures of 2016.

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The consolidated Revenues of the first half of 2017 appear to be in line with those of the first six months of 2016, with higher sales in the United States which offset lower turnover in India and in Italy in the absence, in the first half of the current year, of initial revenues from *Licensing & other Business Agreements* (equal to € 1 million in the first half of 2016).

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As regards the Balance Sheet, as at June 30th, 2017 your Group disclosed **Net financial debt** of € 45.7 million (compared to € 42.1 million as at June 30th, 2016 and to € 52.7 million as at December 31st, 2016), with a **debt/equity ratio** of 0.43. Such Net financial debt, moreover, is entirely against Net working capital, with Equity (increasing from € 102.1 million as at December 31st, 2016 to € 105.2 million as at June 30th, 2017) contributing to finance the Net working capital itself by approximately € 19 million.

In addition, in the first six months of this year a free cash flow of € 7.0 million was generated, deriving for € 1.5 million from the decrease in Net working capital and for € 5.5 million from the cash flow generated from operations.

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The results of the first half of 2017, which consolidate those of the first six months of 2016 (the latter were particularly positive) and which were obtained within a market picture still difficult, represent a comforting base for the prosecution of the current year. With reference to the outlook for the second half, will mostly depend upon:

- the finalization by December 31st of new *Licensing & other Business Agreements*;
- the evolution of climatic conditions particularly in South Europe.

With reference to the medium term (i.e. by 2020), moreover, Isagro confirms the target of around € 200 million revenues at a consolidated level, based on the implementation of the following Strategic Guidelines:

1. *discovery* of new molecules by ourselves;
2. development of proprietary molecules mainly in cooperation with Third Parties;
3. *Licensing & other Business Agreements* to widen the commercial exploitation of our products;
4. growth in the *Biosolutions* business;
5. expansion of our global commercial organisation;
6. selective actions of growth through acquisitions.

EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET

In the first half of 2017, the sales of crop protection products of the leading players in the Industry (Bayer CropScience, Syngenta, Du Pont, Basf, Dow and Monsanto) show globally an aggregate level of turnover, in local currencies, substantially in line with the same period of 2016.

In the first half of 2017, the crop protection market was still characterised by low prices of agricultural commodities, which continued to limit farmers' economic-financial resources, by high levels of inventory at the distributor level in almost all markets, by adverse climatic conditions in Europe and by the effect deriving from the massive adoption of genetically modified crops in the Americas.

With regard to the performance of specific markets, and with reference also to indications by Phillips McDougall, it is highlighted that:

- in **Europe**, the market was affected by drought climatic conditions with consequent depressive effects on consumption/sales of fungicides and by low levels of the prices of agricultural goods;
- in **North America**, the USA experienced low agricultural goods price levels and an increase in farming areas dedicated to soybean, cotton and rape to the detriment of those dedicated to maize and, for Canada, a favourable season due to improving climatic conditions and to the growing trend of the prices of agricultural goods;
- in **South America**, the difficult market conditions of the past year persisted. In particular:
  - Brazil's agricultural economy continues to be weakened by the effects of high level of inventory at distributor level, of high level of inventory of agricultural goods and of high cost of credit. The emergence of fungicide-resistant strains of Asian Soybean Rust was favourable to the new products recently introduced on the Brazilian market, albeit depressing the demand for consolidated products;
  - in Argentina, the market benefited from the favourable climatic conditions and from the positive effects deriving from the abolition of the tax on maize and wheat exports;
- with reference to **Asia and Oceania**, in India the first half was still characterised by financial tensions in terms of liquidity of the local system and by the postponement of sales in the month

of June, while in Australia an average reduction of 32.5% in the output of agricultural products is expected, with cultivated areas substantially in line with 2016;

- in **Africa**, the stabilised socio-political conditions have laid the groundwork for a tentative recovery of the farming sector and for a recovery of cash crop consumption.

With reference to the process of consolidation of the main players of the crop protection market, after the approval by Monsanto shareholders of the acquisition of this company by Bayer, which took place in December 2016, it is pointed out that: (a) the activities pertaining to the merger between Dow and DuPont continued following its approval in the first quarter by the European Commission, which subordinated said approval to the disposal of DuPont assets for a value of turnover of approximately € 1.6 billion; (b) the acquisition of Syngenta by Chemchina was completed at the end of June 2017, after receiving the favourable opinions by the supervisory authority. As matters stand, this consolidation process is not expected to have direct impacts on Isagro.

INCOME STATEMENT - SUMMARY DATA

Consolidated **Revenues** for the first half of 2017 amounted to € 86.9 million, substantially in line (€ -0.2 million, equal to -0.3%) with € 87.1 million of the first six months of 2016 but with improved margins.

As pointed out above, the revenues of the first six months of 2017 benefited from higher sales in the Americas by approximately € 5 million, thanks to the growth in the volumes of products based on Tetraconazole and copper in the USA and to the start of direct sales in Brazil. This improvement, moreover, offset:

- lower sales in Italy by approximately € 1 million, because of the well-known dry climatic conditions that negatively influenced market performance;
- lower sales in Asia by approximately € 3 million, mainly as a result of the new tax reform, in force since July 1st, 2017, which caused a portion of sales to decline from the first to the second half of 2017;
- lower initial revenues from *Licensing & other Business Agreements* by € 1 million.

With regard to the revenues breakdown of only crop protection products by geographic area, it is underlined that in the first half of 2017:

- sales in Italy represented approximately 23% of revenues (compared to 25% in the first half of 2016), for a total of € 19.2 million (decreasing by € 1.1 million compared to the first half of 2016);
- sales in other EU countries represented approximately 35% of revenues (compared to 36% in the first half of 2016), for a total of € 29.3 million (down by € 0.2 million compared to the first half of 2016);
- sales in the Americas represented approximately 19% of revenues (compared to 12% in the first half of 2016), for a total of € 15.2 million (up by € 5.0 million compared to the first half of 2016);

- sales in Asia represented approximately 18% of revenues (compared to 22% in the first half of 2016), for a total of € 15.0 million (decreasing by € 2.9 million compared to the first half of 2016);
- sales in the Rest of the World represented approximately 5% of revenues (substantially in line with the sales of the first half of 2016), for a total of € 4.4 million (up by € 0.6 million compared to the first half of 2016).

In relative terms, therefore, Isagro is confirmed as a strongly foreign-oriented group, with a percentage of interim sales from crop protection products achieved outside Italy of approximately 77%.

(€ 000)	1st half 2017		*Change*	1st half 2016	
Italy	19,231	23.1%	*-5.4%*	20,328	24.9%
Rest of Europe	29,305	35.3%	*-0.6%*	29,485	36.1%
Americas	15,249	18.4%	*+49.7%*	10,189	12.5%
Asia	14,992	18.0%	*-16.3%*	17,913	21.9%
Rest of the World	4,350	5.2%	*+15.0%*	3,783	4.6%
Crop protection products subtotal	**83,127**	100.0%	***+1.7%***	**81,698**	100.0%
Other products and services	3,744		*-31.0%*	5,427	
Consolidated Revenues	**86,871**		***-0.3%***	**87,125**	

Table 1: Consolidated Revenues by Geographic Area

During the first six months of 2017, Isagro carried on its **Research, Innovation & Development** activity incurring total costs of € 7.2 million (compared to € 7.4 million of the first half of 2016), of which € 4.3 million capitalised (compared to capitalisation of € 5.3 million of the first half of 2016) continuing the co-development of the new Fluindapyr molecule (an SDHi class broad spectrum fungicide) with FMC Corporation, development of the new Biofumigant for the United States, the extraordinary protection of proprietary products and the development of new registrations for said products. The Income Statement of the first six months of 2017, therefore, was affected by higher expensed research, innovation & development costs compared to the same period of 2016 by € 0.8 million.

EBITDA for the first half of 2017 came to € 11.9 million, slightly up compared to € 11.5 million in the first six months of 2016 (+3.3%), with margins on Revenues increasing from 13.2% in the first half of 2016 to 13.7% in the first half of 2017.

Then as regards the **Amortisation, depreciation and impairment losses** for the period, these amounted to € 4.5 million, unchanged from the same period of the previous year.

Your Group therefore closed the first half of 2017 with an **Operating profit** of € 7.4 million, a € 0.4 million increase compared to the € 7.0 million profit for the first six months of last year.

With reference to financial management, in the first half of 2017, compared to the first half of 2016, your Group incurred:

- lower **Interest fees, commissions and financial charges** of € 0.1 million, though there was an increase in financial debt, as a result of the improved funding conditions obtained by the parent Isagro S.p.A. due both to an improvement in its rating from banks and to the increased available liquidity in the framework of financial intermediation;
- **Net losses on foreign exchange and derivatives** amounting to € 27 thousand compared to gain of € 1.1 million in the first half of 2016, mainly attributable to net gains of € 445 thousand on the hedges of the exchange rate risk associated with sales in US Dollars, more than offset by the losses of € 472 thousand on copper hedges.

  With reference to the economic effects deriving from exchange rate risk hedges, they were affected, on one hand, by the levels of exchange rates in the various periods and, on the other hand, by the hedges put in place at the market prices measured at each specific time.

It should be remembered that the Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars. As a result and in compliance with its "Financial risk management policy" designed to "grant security" to the exchange rate of the budget, Isagro arranges US Dollars exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in US Dollars as the reference basis. With regard to the hedging transactions carried out by the Group, it should also be noted that they are exclusively for operational transactions and therefore not for speculative purposes; however, as they do not meet the requirements of IAS 39 for the hedging of "specific" risks, they are considered as "trading" transactions and are therefore recognised directly as financial items in the Income Statement, both for the realised and unrealised portion.

(€ 000)	1st half 2017	1st half 2016	Differences		Year 2016
Revenues	**86,871**	**87,125**	**-254**	**-0.3%**	**149,717**
Memo: Labour costs and provision for bonus	(16,396)	(15,105)	-1,291		(29,308)
EBITDA	**11,894**	**11,510**	**+384**	**+3.3%**	**16,217**
% on Revenues	*13.7%*	*13.2%*			*10.8%*
Depreciation and amortisation:					
- tangible assets	(1,939)	(1,896)	-43		(3,829)
- intangible assets	(2,584)	(2,606)	+22		(5,344)
- write-down of tangible and intangible assets	-	-	-		(174)
EBIT	**7,371**	**7,008**	**+363**	**+5.2%**	**6,870**
% on Revenues	*8.5%*	*8.0%*			*4.6%*
Interest, fees and financial discounts	(208)	(303)	+95		(747)
Gains/(losses) on foreign exchange and derivatives	(27)	1,066	-1,093		719
Revaluations of equity investments	83	11	+72		28
Result before taxes	**7,219**	**7,782**	**-563**	**-7.2%**	**6,870**
Current and deferred taxes	(2,641)	(3,309)	+668		(3,887)
Net profit from continuing operations	**4,578**	**4,473**	**+105**	**+2.3%**	**2,983**
Net result from discontinued operations	-	-	-		(250)
Net profit	**4,578**	**4,473**	**+105**	**+2.3%**	**2,733**

Table 2: Consolidated Income Statement - Summary Data

The consolidated **Result before taxes** was therefore a profit of € 7.2 million, down by € 0.6 million compared to the € 7.8 million recorded in the first six months of 2016.

In terms of tax management, as at June 30th, 2017, were recorded current tax and deferred tax liabilities of € 2.6 million, down by € 0.7 million compared to € 3.3 million in the first half of 2016, and the consolidated tax rate changed from 42.5% in the first half of 2016 to 36.6% of the first half of 2017. This lower tax rate compared to 2016 is due to a different mix attributable to:

(i) higher tax base of the parent company Isagro S.p.A., on which the IRES rate to be applied decreased from 27.5% in 2016 to 24% in 2017;

(ii) a lower tax base of the subsidiary Isagro Asia, which applies a tax rate of approximately 34%;

(iii) a lower loss for the period by the subsidiary Isagro USA, for which no deferred tax assets were allocated.

As a result of the above, the Group ended the first half of 2017 with a € 4.6 million **Net profit**, substantially in line with the profit of € 4.5 million of the first six months of 2016.

BALANCE SHEET - SUMMARY DATA

As regards equity, consolidated **Net invested capital** as at June 30th, 2017 amounted to € 150.9 million, down by € 3.9 million compared to € 154.8 million as at December 31st, 2016 and up by € 6.5 million compared to € 144.4 million as at June 30th, 2016.

(€ 000)	June 30th, 2017	Dec. 31st, 2016	Differences		June 30th, 2016
Net fixed assets	**88,108**	**89,682**	**-1,574**	**-1.8%**	**86,268**
of which:					
Intangible assets	*50,113*	*48,209*	*+1,904*		*48,145*
Tangible assets	*20,963*	*22,620*	*-1,657*		*22,848*
Other m/l term assets and liabilities	*13,205*	*14,941*	*-1,736*		*11,419*
Net Working Capital	**64,405**	**65,905**	**-1,500**	**-2.3%**	**61,529**
of which:					
Inventories	*52,142*	*46,971*	*+5,171*		*46,061*
Trade payables	*(37,426)*	*(31,663)*	*-5,763*		*(33,287)*
Trade receivables	*49,689*	*50,597*	*-908*		*48,755*
Current provisions	**(996)**	**(1,991)**	**+995**	**NS**	**(890)**
Other short-term assets and liabilities	**1,897**	**3,954**	**-2,057**	**NS**	**349**
SEVERANCE INDEMNITY FUND (SIF)	**(2,520)**	**(2,747)**	**+227**	**-8.3%**	**(2,867)**
Net invested capital	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**
Total	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**
Financed by:					
Equity	**105,220**	**102,085**	**+3,135**	**+3.1%**	**102,268**
Net financial position	**45,674**	**52,718**	**-7,044**	**-13.4%**	**42,121**
of which:					
M/L term debt	*40,099*	*39,861*	*+238*	*+0.6%*	*36,579*
Debt/Equity Ratio	***0.43***	***0.52***			***0.41***
Total	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**

Table 3: Consolidated Balance Sheet - Summary Data

More specifically, **Net fixed assets** as at June 30th, 2017 amounted to € 88.1 million, down by € 1.6 million compared to € 89.7 million as at December 31st, 2016 and up by € 1.8 million compared to € 86.3 million as at June 30th, 2016. These differences are mainly due to changes in the following items:

- **Intangible assets**, amounting to € 50.1 million as at June 30th, 2017, up by € 1.9 million compared to December 31st, 2016 and by € 2.0 million compared to June 30th, 2016 as a result of the increasing volume of investments in research, innovation & development incurred by the Group, mainly attributable to Fluindapyr, new SDHi broad spectrum fungicide, which more than offset the amortisation for the period;
- **Tangible assets**, amounting to € 21.0 million as at June 30th, 2017, down by € 1.6 million compared to December 31st, 2016 and by € 1.8 million compared to June 30th, 2016, due to reduced investments for the period compared to the level of the related depreciation;
- **Other medium/long term assets and liabilities**, amounting to € 13.2 million as at June 30th, 2017, down by € 1.7 million compared to December 31st, 2016, substantially due to the use of deferred tax assets on the tax losses of the period and the reallocation of the instalments of *Licensing & other Business Agreements* maturing in the 12 subsequent months between short-term assets, and up by € 1.8 million compared to June 30th, 2016, substantially as a result of the *Licensing & other Business Agreements* with Gowan Crop Protection Limited (wholly owned subsidiary of Gowan Company LLC) of November 18th, 2016 and of the recognition of the related instalments after 12 months in the item in question.

Furthermore, the **Net working capital** as at June 30th, 2017 amounted to € 64.4 million, down by € 1.5 million compared to December 31st, 2016 and up by € 2.9 million compared to June 30th, 2016. More specifically, focusing the analysis with respect to December 31st, 2016:

- **Inventories** increased by € 5.2 million, mainly as a result of the different timing in the sales cycle by the subsidiary Isagro Asia due, as already mentioned, to the postponement of a portion of the sales forecast in June to the following months as a result of the new Indian tax regulations, and to the build-up of inventories in view of a more favourable monsoon season in the second half;
- **Trade payables** increased by € 5.8 million, consistently with the increase in inventories and as a result of the seasonal cycle;
- **Trade receivables** decreased by € 0.9 million by effect of slightly higher collections than the seasonal sales.

The **Severance Indemnity Fund (SIF)** amounted to € 2.5 million as at June 30th, 2017, down by € 0.2 million compared to the value of € 2.7 million as at December 31st, 2016 and by € 0.4 million compared to the value of € 2.9 million as at June 30th, 2016.

As for funding, consolidated **Equity** as at June 30th, 2017 amounted to € 105.2 million, up by € 3.1 million compared to € 102.1 million as at December 31st, 2016 and by € 2.9 million compared to € 102.3 million in the first half of 2016, primarily due to the profit of the period net of changes in the translation reserve relating mostly to balance sheet items of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

The consolidated **Net financial position (NFP)** as at June 30th, 2017 thus amounted to € 45.7 million, down by € 7.0 million compared to € 52.7 million as at December 31st, 2016 and up by € 3.6 million compared to € 42.1 million recorded as at June 30th, 2016. As stated, this decrease in the Net financial position as at June 30th, 2017 compared to December 31st, 2016 is attributable to the changes in Net working capital for € 1.5 million and to generated cash flow for € 5.5 million.

With regard to the breakdown of the Net Financial Position as at June 30th, 2017, it should be noted that medium/long-term debt amounted to € 40.1 million, substantially in line with the value of € 39.9 million as at December 31st, 2016 and up compared to € 36.6 million as at June 30th, 2016, in both cases mainly due to new medium/long-term loans obtained, which exceeded repayments for the period.
These transactions were performed by the parent Isagro S.p.A. with a view to optimising the cost of medium/long-term debt and seeking greater alignment between the timing of the investments undertaken - particularly those relating to development of the new Fluindapyr SDHi broad spectrum fungicide - and that of the sources of finance supporting these investments.

In addition, **Net fixed assets** including current provisions, other short term financial assets and liabilities and the SIF, as at June 30th, 2017 were entirely financed by Equity, which also funded the net working capital for approximately € 19 million; consequently, the totality of the net financial debt as at June 30th, 2017 is against net working capital.

In light of the above, the **debt/equity** ratio (i.e. the ratio between net financial position and equity) at consolidated level came to 0.43 compared to 0.52 as at December 31st, 2016 and 0.41 as at June 30th, 2016.

Lastly, the parent Isagro S.p.A., which concentrates most of research, innovation & development, synthesis and formulation activities and includes amounts related to investments in subsidiaries, reported a Net financial position at debt of € 51.0 million (versus € 58.9 million as at December 31st, 2016 and versus € 48.4 million as at June 30th, 2016), while the subsidiary Isagro Asia had a Net financial position at credit of € 9.4 million (versus € 9.7 million as at December 31st, 2016 and versus € 10.6 million as at June 30th, 2016), entirely represented by cash and cash equivalents.

CASH FLOWS - SUMMARY DATA

With regard to cash flows, in the first six months of this year a free cash flow of € 7.0 million was generated (versus € 5.1 million as at June 30th, 2016), deriving for € 1.5 million from the decrease in Net working capital and for € 5.5 million from the cash flow generated from operations.

(€ 000)	6 months 2017	6 months 2016	Jul. '16 - Jun. '17	Jul. '15 - Jun. '16
Net result	4,578	4,473	2,838	7,584

+ Depreciation and amortisation and write-downs	4,523	4,502	9,368	9,892
Gross Cash Flow	**9,101**	**8,975**	**12,206**	**17,476**
- Investments	(4,796)	(6,421)	(10,496)	(14,130)
- Distributed dividends	-	(1,038)	-	(1,038)
± Other changes*	1,239	1,748	(2,387)	2,210
Free Cash Flow before Δ NWC	**5,544**	**3,264**	**(677)**	**4,518**
Δ NWC	1,500	1,792	(2,876)	(3,211)
Free Cash Flow	**7,044**	**5,056**	**(3,553)**	**1,307**

Table 4: Cash Flows - Summary Data

* *Includes, inter alia, the change in deferred tax assets/liabilities, the change in receivables from Licensing & other Business Agreements and the changes in provisions*

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

During the first six months of 2017, the Isagro Group incurred research, innovation & development costs totalling € 7.2 million, of which € 4.3 million were capitalised against investments for development, registration and the extraordinary protection of proprietary products worldwide. In the first half of last year these expenses amounted to € 7.4 million, of which € 5.3 million were capitalised.

A) RESEARCH AND INNOVATION

The research activities carried out by the Group focused on several lines of research aimed at obtaining new candidates for development, with a view to achieving a "development-worthy" qualification for at least two new products in 2017; this activity focused on:

- a new series of broad spectrum fungicides, additional to that belonging to the SDHi class whose development started in 2012;
- new candidates to combat soil parasites;
- new series of herbicides for arable crops.

In compliance with the objectives and the schedules of the projects, studies will continue for the identification of new copper-based formulations capable of acting at a lower dosage and with a broader spectrum than those already in the market.

Lastly, the evaluation of new biostimulant products, alone or in combination with other molecules, is still underway: in that regard, a new formula is involved in "top profile" studies, and it moved to the stage of pre-sales assessment. In addition, profile studies for second generation formulas will be carried out.

B) PRODUCT DEVELOPMENT

The main development activities carried out during the first half of 2017 are highlighted below:

Fluindapyr (or Succinate dehydrogenase inhibitor or SDHi, formerly IR9792) - a broad spectrum fungicide

In 2017, regulatory studies continued on the active ingredient and on the formulations in line with the plan which prescribes the filing of the first registration dossiers in Brazil and in the EU in 2018. In China, evaluation work is being carried out on the impact of the registration programme on the development plan following the entry into force on June 1st, 2017 of the new Regulation concerning the granting of the registrations.

The field testing programme for 2017 is confirmed in major strategic areas in Europe, South America and China.

Tetraconazole - a broad spectrum fungicide

Activities were focused on the following projects:

- the follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process) and evaluation of the studies necessary for renewal of the active ingredient approval in the European Union;
- the evaluation of studies for re-registration in the USA;
- the coordination for preparation and transmission of two zonal registration dossiers in the European Union:
    - Domark Combi WG (Tetraconazole/sulphur): the registration dossier for grape was sent to the Rapporteur company (France) and to the other member States belonging to the Southern area of the European Union;
    - Eminent Star (Tetraconazole/Chlorothalonil): the work plan is being updated for the transmission of the registration dossier for label extension on sugar beet in the Central area of the European Union, in light of the need for further studies tied to the renewal of Chlorothalonil in the EU;
- the support to Belchim to obtain “clones” in different European Union countries.

Lastly, it should be noted the publication in the first part of 2017 of Regulation (EU) no. 555/2017 setting forth the extension of the validity of the approval of Tetraconazole in the European Union from December 2019 to December 2021.

Copper-based products

With reference to copper-based products, the main activities were as follows:

- the follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- the participation in the European Copper Task Force’s follow-up for the renewal of copper Salts approval at European level;
- the completion of the dossier of formulations containing oxychloride and hydroxide for Germany and Albania;

- the follow-up of the registration process at the European Centre of the Airone SC and Airone WG formulations;
- the coordination of the preparation activities to submit the application for the registration of Airone SC in China.

Kiralaxyl® (or Benalaxyl-M, formerly IR6141) - active isomer of Benalaxyl

The development activity focused, inter alia, on the following projects:

- the continuation of preparation of the registration dossier for Kiralaxyl for seed treatment in the USA;
- the follow-up of the re-registration process in EU member states for all formulations containing Kiralaxyl registered in Europe (STEP 2), after the inclusion in Annex 1 of EC Regulation 1107/2009;
- the updating of the registration dossier for the Fantic M WG registration in France;
- the follow-up of the project for the registration of the Kiralaxyl + Mancozeb (WP) formulation in India;
- the follow-up of the projects for the registration of technical Kiralaxyl, of the Kiralaxyl + Mancozeb (WG) formulation in Brazil and China and of the Kiralaxyl + Chlorothalonil in Brazil;
- the continuation of preparation of the registration dossier in Pakistan and in Moldova.

Biofumigant

With reference to the Biofumigant, the main activities were as follows:

- the continuation of the support activities to obtain registration in California (USA), Canada and Mexico;
- the continuation of the support activities to obtain registration in Lebanon and in Egypt;
- the presentation of the registration dossier in Algeria.

It is pointed out, in the period of reference, the obtainment of the registration of the Biofumigant in Turkey and the obtainment of the authorisation to import in Oman, which is equivalent to the obtainment of the registration.

It shall be remembered that the Biofumigant has already obtained federal registration in the USA and that California, for which specific registration is expected by the first part of 2018, represents its main reference market.

Biostimulants, microbiological products, pheromones

The monitoring activity related to the authorisation processes, which are underway or aimed at supporting the business, continued.

C) *REGISTRATIONS OBTAINED*

In the first half of 2017, 11 new sales authorisations were obtained, including: Domark 40 EW (Tetraconazole) in Ethiopia, Coprantol Duo (copper-based formulation) in the Czech Republic, Airone liquido (copper-based formulation) in the United Arab Emirates, Tempio F (mixture based on Kiralaxyl and Folpet) and Tempio M (mixture based on Kiralaxyl and Mancozeb) in Spain, Dominus (Biofumigant) in Turkey and Oman.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2017

A) *CORPORATE GOVERNANCE CRITERIA*

On March 14th, 2017 the Board of Directors of Isagro S.p.A. approved a set of Governance Criteria for a more effective operational and strategic coordination at the Group level. These Governance Criteria prescribe the implementation of a system of functional reports of the top level and first-line functions of the subsidiaries to the same function of the parent company Isagro S.p.A.

B) *APPROVAL OF 2016 FINANCIAL STATEMENTS*

On April 26th, 2017, the Shareholders' Meeting of Isagro S.p.A. acknowledged the consolidated results of the Isagro Group and approved the 2016 Financial Statements of Isagro S.p.A., accompanied by the Directors' Management Report, as approved by the Company's Board of Directors on March 14th, 2017 and already disclosed to the Market. The operating loss of Isagro S.p.A. of € 732,887 has been covered by using the item "Retained earnings post-listing of Growth Shares - pursuant to Article 24 of the By-Laws".

On the same date, the Shareholders' Meeting resolved in favour of the Report on Remuneration – first section – prepared pursuant to Article 123-*ter* of Italian Legislative Decree 58/1998 and pursuant to Article 84-*quater* of the Issuers' Regulation adopted by CONSOB Resolution no. 11971/1999.

C) *"CIGO" AT APRILIA AND BUSSI PLANTS*

On June 22nd, 2017 a trade union agreement was signed at Unindustria, Latina, for recourse to a period of suspension of production at the Aprilia plant, with support from the CIGO (Ordinary Redundancy Fund) activated on July 10th, 2017 until October 8th, 2017 (13 weeks in total).

The reasons that made necessary the recourse to the CIGO are due to economic and transitional factors mainly attributable to:

- *for proprietary products*, the severe deterioration of the economic and financial conditions of the agricultural sector in South America, in particular in Brazil, primary market where Isagro mainly sells Tetraconazole-based proprietary products;
- *for productions carried out for third party customers*, major third party customers' failure to confirm significant Toll Manufacturing contracts because of the streamlining of their product portfolio as a result of mergers by incorporation with companies that also operate in the market of crop protection products.

The return to production, based on contracts already finalised and on those under discussion, is planned for October 9th, 2017.

As stated in the 2016 financial statements, on December 13th, 2016 a trade union agreement, initially signed on September 20th, 2016 was extended; it entails recourse to a period of suspension of production at the Bussi sul Tirino site, with support from the CIGO (Ordinary Redundancy Fund) for a total of 13 weeks with activation from January 2nd, 2017 and duration until April 2nd, 2017. Activities resumed on April 3rd, 2017.

D) TAX ASSESSMENT

On May 18th, 2017, the Regional Department of Revenue of Lombardy - Major Taxpayers Office opened a general tax audit on Isagro S.p.A. pertaining to the tax years ended on December 31st, 2012, December 31st, 2013 and December 31st, 2014, which ended on July 31st, 2017.

EVENTS SUBSEQUENT TO JUNE 30th, 2017

A) TAX ASSESSMENT REPORT

Concerning the tax assessment reported in the events of the first half of 2017, in the report on findings the auditors pointed out, for each of the three years, certain observations pertaining to direct taxes (IRES and IRAP) on transfer prices for purchase and sale of products between the parent company Isagro S.p.A. and certain subsidiaries, for a total amount of approximately € 7.8 million. These additional taxable amounts could abstractly lead, taking into account the use of tax losses available to the company and on which no deferred tax assets were recognised in the financial statements, to the assessment of higher direct taxes, in addition to interest and penalties, for a total amount of approximately € 510 thousand. Upon being served the report on findings, the company, which within the time interval prescribed by law shall file an explanatory brief arguing for the correctness of its conduct, objected to the entirety of the aforesaid observations, lamenting their groundlessness in law and in the merits. In light of the above, the Directors, agreeing with the opinion of their own tax advisors, deem that, taking into account also the fact that no tax assessment notice has yet been issued by the Revenue Agency, at the moment there are no elements on the basis of which a liability risk could exist for the parent company Isagro S.p.A., such risk being considered as remote, all the more so considering the complexity of transfer pricing matters, which by its very nature is centred on valuation aspects on which the discretionary component can at times be significant and unpredictable in the first phases of proceedings.

B) OTHER

No additional significant events occurred between June 30th, 2017 and the date of this Report.

HUMAN RESOURCES

The actual workforce as at June 30th, 2017 of the Isagro Group came to 621 employees, split into the following categories:

No. of employees	June 30th, 2017			June 30th, 2016		
	Italy	Foreign countries	Total	Italy	Foreign countries	Total
Executives	34	19	53	35	20	55
Middle managers	69	67	136	72	70	142
Office workers*	121	208	329	116	212	328
Blue-collar	93	10	103	84	12	96
Total	**317**	**304**	**621**	**307**	**314**	**621**

includes the workers with special skill level

The workforce as at June 30th, 2017 remained unchanged overall compared to the first half of 2016. The only changes were due to the normal turnover.

On March 14th, 2017 the Board of Directors of Isagro S.p.A. approved a set of Governance Criteria, as described under "Significant events in the first half of 2017"; in particular, the separation of the positions of Chairman and Managing Director led to the reorganisation of the top management of Isagro Asia with the appointment, on April 1st, 2017, by the Board of Directors of Isagro Asia, of a new Chairman and of a General Manager, who then became Managing Director on July 13th, 2017.
With regard Isagro USA, on February 1st, 2017 the related Board of Directors appointed the new Executive Chairman, who has been with Isagro USA since October 2016.
Lastly, with reference to Isagro USA, to strengthen the presence of the Group in the business of Biosolutions, a resource already present in the organisation of Isagro USA was appointed to the position of Vice President for Business Development, Biosolutions.
On April 1st, 2017 the Board of Directors of Isagro S.p.A. appointed Ms. Erjola Alushaj, a resource already present in the Company, as the new Investor Relations Manager.
On April 21st, 2017, to further strengthen the commercial organisation, the position of Chief Commercial Officer (C.C.O.) was created, reporting directly to the Chairman and C.E.O. for which Mr. Davide Ceper, formerly Group Director Marketing & Sales, was appointed.

With regard to the parent Isagro S.p.A., in the first half of 2017 relations with the Trade Unions generally remained on a constructive mutual cooperation basis which allowed for excellent results within the sphere of industrial relations management.
In this connection, the main activities carried out were:

- the sharing and definition of specific agreements on working hours, which adopt the flexibility opportunities offered by the National Labour Contracts. This allowed implementation of all the related changes at the industrial sites, which became necessary to guarantee the different production demands and to optimise the overall company organisation;
- the renewal of the framework agreement for the 2017-2019 three-year time interval relating to the Participation Bonus for all locations of Isagro S.p.A. The new agreements incorporated the legal changes pertaining to tax and social security benefits in the "performance bonuses" and

they provide also for the option, available to workers, of replacing all or part of the bonus accrued with the reimbursement of the costs incurred by them for the corporate welfare services identified in the agreements;

- the signing on June 22nd, 2017, at Unindustria, Latina, of a trade union agreement for recourse to a period of suspension of production at the Aprilia plant, with support from the CIGO (Ordinary Redundancy Fund) as described under "Significant events in the first half of 2017".

SELECTION AND TRAINING

In accordance with the annual plan implemented in all the operating units, training activities continued regarding Quality, Safety and Environment, learning foreign languages (specifically English and Spanish) and specific technical training for specialist professional skills.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

With reference to the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, there are no updates to report compared to those reported as at December 31st, 2016.

It should be recalled that the task of monitoring the operations and compliance with the Model and arrange its updating was assigned to the Supervisory Body, whose three-year term expires on approval of the Financial Statements as at December 31st, 2017.

LEGAL PROCEEDINGS

With reference to legal proceedings in progress, for which there are no significant updates to report compared to those reported as at December 31st, 2016, reference is made to the specific paragraph of the Explanatory Notes.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, including intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and form part of the normal business of the Group companies. These transactions are carried out at arm's length, taking into account the characteristics of the goods and services traded.

As regards the economic and equity effects of relations with related parties, reference should be made to information given in the Explanatory Notes to these condensed consolidated half-year financial statements.

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE GOING CONCERN

As at June 30th, 2017 your Group was showing a sound and balanced financial structure, with a **debt/equity ratio** of 0.43 and Equity exceeding Fixed assets including current provisions, other short-term assets and liabilities and the SIF, with a portion of approximately € 19 million of Net working capital directly financed by Equity and cash and cash equivalent of € 25 million.
Then, during the first six months of 2017, the parent Isagro S.p.A. obtained new medium-long term loans, which raised the average duration of its financial debt at a low cost.
The repayment of the medium/long term debt maturing in the second half of 2017 will be assured by current cash and cash equivalent together with operating cash flow, together with use of available short-term bank credit facilities.
Therefore, the parent Isagro S.p.A. will continue to take advantage of new medium/long term financing, replacing expiring loans.

In light of the above, the Consolidated Financial Statements as at June 30th, 2017 were prepared on a going concern basis.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.
The estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement.

OUTLOOK FOR THE CURRENT YEAR

The results of the first half of 2017, which consolidate the positive ones of the first six months of 2016 (the latter ones being particularly positive) and which were obtained within a market picture still difficult, represent a comforting base for the prosecution of the current year.

The results of the second part of the year, will mostly depend upon:

- the finalization by December 31st of new *Licensing & other Business Agreements*;
- the evolution of climatic conditions particularly in South Europe.

Isagro, moreover, confirms the objective for the growth of its own consolidated sales with a first target (by 2020) of around € 200 million, on the basis of the Strategic Lines outlined in the initial part of this Report.

COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO SHARES

With reference to the prices of Ordinary Shares and Growth Shares of Isagro on the "STAR" segment of the Stock Market managed by Borsa Italiana S.p.A., it is worth noting that:

1. the total market capitalisation of Isagro as at August 29^{th}, 2017, i.e., considering both the capitalisation of Ordinary Shares and that of Growth Shares, amounted to 44% of the book value of Equity as at June 30^{th}, 2017, which, in turn, provides a lower value for the real net market value of your Group's assets;
2. the average discount applied by the Market to the Growth Shares with respect to the Ordinary Shares, equal to 24% as at August 29^{th}, 2017, in the opinion of the Group's management is not justified from an economic/financial standpoint.

In relation to the above, it is expected that the achievement alone of the first target referenced above (with sales of around € 200 million by 2020) will allow to transfer a large part of the asset-side "embedded" value to Income Statement results and cash flows, thus not recognizing the current surplus of Equity compared to stock market capitalisation as an asset impairment indicator.

With specific reference to the point no. 2 above, it should be recalled that Growth Shares, issued by Isagro in May 2014, are a new class of Special Shares, specially tailored for companies having a Controlling Subject (in Isagro's case, Piemme S.r.l.), that (i) in the absence of the voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) envisage an innovative protection mechanism for the investor, according to which, if the Controlling Subject loses control, and in the event of any compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.4 million Ordinary Shares, which makes them more liquid than the latter.

Based on the afore-mentioned reasons, Isagro deems there is not rational justification, thus based on economic/financial considerations, for the existence of a spread to the detriment of the Growth Shares.

Attachment 1

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ 000)	1st half 2017	1st half 2016	Differences		Year 2016
Revenues from sales and services	**86,871**	**87,125**	**-254**	**-0.3%**	**149,717**
Other revenues and income	1,859	1,994	-135		3,347
Consumption of materials and external services	(66,043)	(60,402)	-5,641		(105,051)
Changes in inventories of products	4,810	(2,628)	+7,438		(2,786)
Costs capitalised for internal work	1,198	1,456	-258		2,858
Allowances and provisions	(405)	(930)	+525		(2,560)
Labour costs	(15,684)	(14,453)	-1,231		(27,677)
Bonus accruals	(712)	(652)	-60		(1,631)
EBITDA	**11,894**	**11,510**	**+384**	**+3.3%**	**16,217**
% on Revenues	*13.7%*	*13.2%*			*10.8%*
Depreciation and amortisation:					
- tangible assets	(1,939)	(1,896)	-43		(3,829)
- intangible assets	(2,584)	(2,606)	+22		(5,344)
- write-down of tangible and intangible assets	-	-	-		(174)
EBIT	**7,371**	**7,008**	**+363**	**+5.2%**	**6,870**
% on Revenues	*8.5%*	*8.0%*			*4.6%*
Interest, fees and financial discounts	(208)	(303)	+95		(747)
Gains/(losses) on forex and derivatives	(27)	1,066	-1,093		719
Revaluations of equity investments	83	11	+72		28
Result before taxes	**7,219**	**7,782**	**-563**	**-7.2%**	**6,870**
Current and deferred taxes	(2,641)	(3,309)	+668		(3,887)
Net profit from continuing operations	**4,578**	**4,473**	**+105**	**+2.3%**	**2,983**
Net result from discontinued operations	-	-	-		(250)
Net profit	**4,578**	**4,473**	**+105**	**+2.3**	**2,733**

Attachment 2

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ 000)	June 30th, 2017	Dec. 31st, 2016	Differences		June 30th, 2016
Net fixed assets					
Goodwill	3,431	3,599	-168		3,549
Intangible assets	50,113	48,209	+1,904		48,145
Tangible assets	20,963	22,620	-1,657		22,848
Financial assets	396	313	+83		307
Other medium/long term assets and liabilities	13,205	14,941	-1,736		11,419
Total Net fixed assets	**88,108**	**89,682**	**-1,574**	**-1.8%**	**86,268**
Net current assets					
Inventories	52,142	46,971	+5,171		46,061
Trade receivables	49,689	50,597	-908		48,755
Trade payables	(37,426)	(31,663)	-5,763		(33,287)
Subtotal of Net Working Capital	***64,405***	***65,905***	***-1,500***		***61,529***
Current provisions	(996)	(1,991)	+995		(890)
Other current assets and liabilities	1,897	3,954	-2,057		349
Subtotal of Other assets and liabilities	***901***	***1,963***	***-1,062***		***(541)***
Total net current assets	**65,306**	**67,868**	**-2,562**	**-3.8%**	**60,988**
Invested capital	**153,414**	**157,550**	**-4,136**	**-2.6%**	**147,256**
SEVERANCE INDEMNITY FUND (SIF)	**(2,520)**	**(2,747)**	**+227**	**-8.3%**	**(2,867)**
Net invested capital	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**		**-**
Total	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**
financed by:					
Equity					
Capital stock	24,961	24,961	-		24,961
Reserves and retained earnings	82,959	80,213	+2,746		80,240
Translation reserve	(7,278)	(5,822)	-1,456		(7,406)
Profit of the Group	4,578	2,733	+1,845		4,473
Total equity	**105,220**	**102,085**	**+3,135**	**+3.1%**	**102,268**
Net financial position					
Medium/long term debts:					
- due to banks	38,320	37,929	+391		34,451
- due to other lenders	1,757	1,932	-175		2,128
- other assets (liabilities) and derivatives	22	-	+22		-
Total medium/long term debts	**40,099**	**39,861**	**+238**	**+0.6%**	**36,579**
Short-term debts:					
- due to banks	31,483	28,259	+3,224		25,152
- due to other lenders	349	987	-638		3,925
- other assets (liabilities) and derivatives	(1,257)	70	-1,327		(173)
Total short-term debts	**30,575**	**29,316**	**+1,259**	**+4.3%**	**28,904**
Cash and cash equivalents/bank deposits	**(25,000)**	**(16,459)**	**-8,541**	**+51.9%**	**(23,362)**
Total net financial position	**45,674**	**52,718**	**-7,044**	**-13.4%**	**42,121**
Total	**150,894**	**154,803**	**-3,909**	**-2.5%**	**144,389**

Attachment 3

CONSOLIDATED CASH-FLOW STATEMENT

(€ 000)	1st half 2017	1st half 2016
Cash and cash equivalents (as at January 1st)	**16,459**	**16,714**
Operating activities		
Profit from continuing operations	**4,578**	**4,473**
- Depreciation of tangible assets	1,939	1,896
- Amortisation of intangible assets	2,584	2,606
- Provisions (including severance indemnity fund)	824	825
- Net capital losses on disposal of tangible and intangible assets	-	2
- Interest receivable and other income from assets held for trading	(107)	(71)
- Net interest expenses due to financial institutes and leasing companies	497	655
- Financial income on derivatives	(1,016)	(952)
- Share of profit/(loss) of equity-accounted investees	(83)	(11)
- Income taxes	2,641	3,309
Cash-Flow from current operations	*11,857*	*12,732*
- Decrease in trade receivables	204	2,684
- (Increase)/decrease in inventories	(6,303)	2,606
- Increase/(decrease) in trade payables	6,215	(4,088)
- Net change in other assets/liabilities	2,489	2,072
- Use of provisions (including severance indemnity fund)	(1,977)	(1,787)
- Net interest expenses due to financial institutes and leasing companies paid	(437)	(690)
- Financial flow from derivatives	(312)	877
- Income taxes paid	(1,471)	(1,714)
Cash-Flow from operating activities	**10,265**	**12,692**
Investment activities		
- Investments in intangible assets	(4,520)	(5,438)
- Investments in tangible assets	(414)	(1,055)
- Net sale price on disposal of tangible and intangible assets	31	1
- Cash-Flow from assets held for trading	107	71
Cash-Flow for investment activities	**(4,796)**	**(6,421)**
Financing activities		
- Contracting of non-current financial payables	12,951	21,182
- Repayment of non-current financial payables	(9,168)	(7,364)
- Repayments of current financial payables	(656)	(11,969)
- Dividend distribution	-	(1,038)
Cash-Flow from financing activities	**3,127**	**811**
Change in translation difference	**(55)**	**(434)**
Cash-Flow for the period	**8,541**	**6,648**
Cash and cash equivalents (as at June 30th)	**25,000**	**23,362**

EXPLANATORY NOTES ON THE ALTERNATIVE PERFORMANCE INDICATORS

In compliance with the ESMA recommendation on alternative performance indicators (ESMA/2015/1415), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and the degree of detail compared to the official statements presented in the following tables.

The reclassified Consolidated Income Statement, provided in Attachment 1, introduces in particular the significance of **EBITDA**, which in the Consolidated Income Statement refers to the gross operating profit.

The reclassified Balance Sheet, as provided in Attachment 2, was prepared on the basis of items recognised in the corresponding sections of the consolidated Balance Sheet, and introduces the following items:

- **Net fixed assets**, given by the difference between, on one hand, the aggregate of the items "Tangible assets", "Intangible assets", "Goodwill", "Financial assets", "Non-current receivables and other assets" and "Deferred tax assets", and, on the other hand, the aggregate of the items "Deferred tax liabilities", "Non-current provisions" and "Other non-current liabilities";
- **Net current assets**, given by the difference between, on one hand, the aggregate of the items "Inventories", "Trade receivables", "Other current assets and other receivables" and "Tax receivables" and, on the other hand, the aggregate "Trade payables", "Current provisions", "Tax payables" and "Other current liabilities and other payables";
- **Invested capital**, given by the algebraic sum of "Net fixed capital" and "Net working capital";
- **Net invested capital**, given by the algebraic sum of "Invested capital" and "Employee benefits - Severance indemnity fund".

Lastly, in reference to the "Cash flows - summary data" section of this Report, it should be noted that:

- **Investments** corresponds to "Cash-Flow for investment activities" indicated in the Cash-Flow Statement;
- **Net working capital (NWC)** is given by the sum of "Inventories", "Trade receivables" and "Trade payables";
- ***Free cash flow*** **(FCF)** is given by the difference of "Net financial position" of the reference periods considered in the analysis.

INFORMATION PURSUANT TO ARTICLE 36 OF CONSOB REGULATION 16191/2007

Pursuant to Article 2.6.2, paragraph 12 of the Regulation on Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under Article 36, paragraphs a), b) and c) of Consob Regulation 16191/2007 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

INFORMATION PURSUANT TO ARTICLE 37 OF CONSOB REGULATION 16191/2007

Pursuant to Article 2.6.2, paragraph 13 of the Regulation of Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. certifies that the Company's shares are validly admitted to trading, as the inhibitory conditions as described in Article 37 of Consob Regulation 16191/2007 do not apply.

INFORMATION PURSUANT TO ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS' REGULATION)

It is noted that, on September 25th, 2012, pursuant to Article 3 of CONSOB Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out regime under Articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers' Regulation. Isagro therefore availed of the option to derogate from the obligation to publish information documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

CERTIFICATION OF THE MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

The Manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in the condensed consolidated interim financial statements as at June 30th, 2017 is consistent with the entries in the accounting books and records.

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Other Comprehensive Income
- Consolidated Cash-Flow Statement
- Consolidated Statement of Changes in Shareholders’ Equity

CONSOLIDATED BALANCE SHEET

(in thousands of euro)	Notes	**June 30th, 2017**	*of which Related Parties*	**Dec. 31st, 2016**	*of which Related Parties*
NON-CURRENT ASSETS					
Tangible assets	1	20,963	-	22,620	-
Intangible assets	2	50,113	-	48,209	-
Goodwill	3	3,431	-	3,599	-
Equity-accounted investees		396	-	313	-
Non-current receivables and other assets	4	7,273	*4,438*	8,144	*4,390*
Deferred tax assets	5	8,038	-	9,112	-
TOTAL NON-CURRENT ASSETS		**90,214**		**91,997**	
CURRENT ASSETS					
Inventories	6	52,142	-	46,971	-
Trade receivables	7	49,689	*3,925*	50,597	*4,326*
Other current assets and other receivables	8	5,011	*14*	5,729	*16*
Tax receivables	9	5,797	-	5,625	-
Financial assets - derivatives	10	1,326	-	21	-
Cash and cash equivalents	11	25,000	-	16,459	-
TOTAL CURRENT ASSETS		**138,965**		**125,402**	
Non-current assets held for sale and discontinued operations		-		-	
TOTAL ASSETS		**229,179**		**217,399**	
SHAREHOLDERS' EQUITY					
Share capital		24,961		24,961	
Reserves		48,156		49,629	
Retained earnings and profit for the year		32,103		27,495	
Equity attributable to owners of the parent		**105,220**		**102,085**	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL SHAREHOLDERS' EQUITY	12	**105,220**		**102,085**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	13	40,077	-	39,861	-
Financial liabilities - derivatives	10	22	-	-	-
Employee Benefits - Severance indemnity fund	14	2,520	-	2,747	-
Deferred tax liabilities	5	1,366	-	1,555	-
Other non-current liabilities	15	740	-	760	-
TOTAL NON-CURRENT LIABILITIES		**44,725**		**44,923**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	13	31,832	-	29,246	-
Financial liabilities - derivatives	10	69	-	91	-
Trade payables	16	37,426	*27*	31,663	*1,025*
Current provisions	17	996	-	1,991	-
Tax payables	18	3,672	-	2,596	-
Other current liabilities and other payables	19	5,239	-	4,804	-
TOTAL CURRENT LIABILITIES		**79,234**		**70,391**	
TOTAL LIABILITIES		**123,959**		**115,314**	
Liabilities associated with discontinued operations		**-**		**-**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**229,179**		**217,399**	

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	**1st half 2017**	*of which Related Parties*	**1st half 2016**	*of which Related Parties*
Revenues	21	86,871	*13,245*	87,125	*7,291*
Other operating revenues	22	1,859	*11*	1,994	*134*
Total revenues		**88,730**		**89,119**	
Raw materials and consumables	23	(48,193)	*(42)*	(44,056)	*(31)*
Costs for services	24	(15,038)	-	(14,106)	*(83)*
Personnel costs	25	(16,396)	-	(15,105)	-
Other operating costs	26	(3,117)	-	(3,025)	*(1)*
Change in inventories of finished products and work in progress		4,710	-	(2,773)	-
Costs capitalised for internal work	27	1,198	-	1,456	-
EBITDA		**11,894**		**11,510**	
Depreciation and amortisation:					
- Depreciation of tangible assets	28	(1,939)	-	(1,896)	-
- Amortisation of intangible assets	28	(2,584)	-	(2,606)	-
Operating result		**7,371**		**7,008**	
Net financial charges	29	(235)	-	763	-
Profit/(loss) from associates		83		11	-
Pre-tax profit/(loss)		**7,219**		**7,782**	
Income taxes	30	(2,641)		(3,309)	-
Net profit/(loss) from continuing operations		**4,578**		**4,473**	
Net profit/(loss) from discontinued operations		-		-	
Net profit		**4,578**		**4,473**	

Attributable to:

	1st half 2017	1st half 2016
Owners of the Parent	**4,578**	**4,473**
Non-controlling interests	**-**	**-**

Earnings per share (in Euro):	Notes	**1st half 2017**	**1st half 2016**
Earnings per share (basic = diluted)	31		
Ordinary Share		0.118	0.116
Growth Share		0.142	0.139

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)	Notes	1st half 2017	1st half 2016
Net profit		**4,578**	**4,473**
Components that will later be reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)		(1,456)	(944)
Net loss from cash flow hedges		(22)	-
Income taxes		5	-
Total	12	**(1,473)**	**(944)**
Components that will not be later reclassified in the profit/(loss) for the year:			
Gain/(loss) regarding defined benefit plans		46	(111)
Income taxes		(16)	30
Total	12	**30**	**(81)**
Other comprehensive income		**(1,443)**	**(1,025)**
Total comprehensive income		**3,135**	**3,448**
Attributable to:			
Owners of the Parent		**3,135**	**3,448**
Non-controlling interests		**-**	**-**

CONSOLIDATED CASH-FLOW STATEMENT

(in thousands of euro)	Notes	1st half 2017	1st half 2016
Cash and cash equivalents - opening balance		**16,459**	**16,714**
Operating activities			
Net profit		4,578	4,473
- Depreciation of tangible assets	28	1,939	1,896
- Amortisation of intangible assets	28	2,584	2,606
- Provisions (including severance indemnity fund)	24,25	824	825
- Net capital losses on disposal of tangible and intangible assets	22,26	-	2
- Interest receivable from assets held for trading	29	(107)	(71)
- Net interest expenses due to financial institutes and leasing companies	29	497	655
- Net gains on derivatives	29	(1,016)	(952)
- Share of profit/(loss) of equity-accounted investees		(83)	(11)
- Income taxes	30	2,641	3,309
Cash-Flow from current operations		*11,857*	*12,732*
- Decrease in trade receivables	7(*)	204	2,684
- (Increase)/decrease in inventories	6(*)	(6,303)	2,606
- Increase/(decrease) in trade payables	16(*)	6,215	(4,088)
- Net change in other assets/liabilities		2,489	2,072
- Use of provisions (including severance indemnity fund)	14,17	(1,977)	(1,787)
- Net interest expenses due to financial institutes and leasing companies paid		(437)	(690)
- Financial flow from derivatives		(312)	877
- Income taxes paid		(1,471)	(1,714)
Cash-Flow from operating activities		**10,265**	**12,692**
Investment activities			
- Investments in intangible assets	2	(4,520)	(5,438)
- Investments in tangible assets	1	(414)	(1,055)
- Sale price on disposal of tangible and intangible assets	1,2	31	1
- Cash-Flow from assets held for trading		107	71
Cash-Flow for investment activities		**(4,796)**	**(6,421)**
Financing activities			
- Contracting of non-current financial payables		12,951	21,182
- Repayment of non-current financial payables		(9,168)	(7,364)
- Repayments of current financial payables	13(*)	(656)	(11,969)
- Dividend distribution		-	(1,038)
Cash-Flow from financing activities		**3,127**	**811**
Change in translation difference		**(55)**	**(434)**
Cash-Flow for the period		**8,541**	**6,648**
Cash and cash equivalents - closing balance	11	**25,000**	**23,362**

(*) The net change in the item is different from that presented in the Explanatory Notes due to foreign exchange adjustments.

Consolidated Statement of Changes in Shareholders' Equity in the first half of 2016

(in thousands of euro)	Equity attributable to owners of the Parent							Equity attributable to non-controlling interests	Total shareholders' equity
	Share capital issued	Reserves				Retained earnings and profit for the period	Total		
		Share premium reserve	Translation reserve (difference)	Other reserves	Total				
Balance as at Dec. 31st, 2015	24,961	44,910	(6,462)	10,371	48,819	26,078	99,858	-	99,858
Changes for the period:									
Profit for the period	-	-	-	-	-	4,473	4,473	-	4,473
Other comprehensive income	-	-	(944)	-	(944)	(81)	(1,025)	-	(1,025)
Total comprehensive income	-	-	(944)	-	(944)	4,392	3,448	-	3,448
Movements between reserves	-	-	-	170	170	(170)	-	-	-
Dividend distribution	-	-	-	-	-	(1,038)	(1,038)	-	(1,038)
Total changes for the period	-	-	(944)	170	(774)	3,184	2,410	-	2,410
Balance as at June 30th, 2016	24,961	44,910	(7,406)	10,541	48,045	29,262	102,268	-	102,268

Consolidated Statement of Changes in Shareholders' Equity in the first half of 2017

(in thousands of euro)	Equity attributable to owners of the Parent								Equity attributable to non-controlling interests	Total shareholders' equity
	Share capital issued	Reserves					Retained earnings and profit for the period	Total		
		Share premium reserve	Translation reserve (difference)	Hedge reserve	Other reserves	Total				
Balance as at Dec. 31st, 2016	24,961	44,910	(5,822)	-	10,541	49,629	27,495	102,085	-	102,085
Changes for the period:										
Profit for the period	-	-	-	-	-	-	4,578	4,578	-	4,578
Other comprehensive income	-	-	(1,456)	(17)	-	(1,473)	30	(1,443)	-	(1,443)
Total comprehensive income	-	-	(1,456)	(17)	-	(1,473)	4,608	3,135	-	3,135
Total changes for the period	-	-	(1,456)	(17)	-	(1,473)	4,608	3,135	-	3,135
Balance as at June 30th, 2017	24,961	44,910	(7,278)	(17)	10,541	48,156	32,103	105,220	-	105,220

EXPLANATORY NOTES

GENERAL INFORMATION

Reporting entity

Isagro S.p.A. is a corporate body organised in accordance with the Italian Republic's legal system. Isagro S.p.A. and its subsidiaries (hereinafter, the "Isagro Group") are active in the research, management of Intellectual Property rights, development, manufacturing, marketing and distribution of crop protection products. The Group's registered office is at Via Caldera 21, Milan, Italy.
Isagro S.p.A. is listed on the STAR segment of the Milan Stock Exchange.

Publication of the consolidated financial statements

The Isagro Group's condensed consolidated interim financial statements as at June 30th, 2017 were authorised for issue by the Board of Directors of Isagro S.p.A. on September 5th, 2017.

Compliance with IFRS

The Isagro Group condensed consolidated interim financial statements as at June 30th, 2017 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and in particular in compliance with IAS 34 "Interim financial reporting". They do not include all the disclosures required by IFRS for preparation of the annual financial statements and must therefore be read jointly with the consolidated financial statements as at December 31st, 2016.

Basis of presentation

The consolidated financial statements comprise the consolidated Balance Sheet, the consolidated Income Statement, the consolidated Statement of comprehensive income, the consolidated Cash-Flow Statement, the consolidated Statement of changes in shareholders' equity and the Explanatory Notes.
In particular:

- current and non-current assets and liabilities have been stated separately in the consolidated Balance Sheet;
- in the consolidated Income Statement, the analysis of the costs is carried out on the basis of their nature; please note that the "EBITDA" includes all the revenue and cost components except for the amortisation and depreciation and impairments of tangible and intangible assets, the financial activity components and income taxes and "EBIT" includes all cost and revenue components except financing activities and income taxes;
- the indirect method is used for the Cash-Flow Statement. The average exchange rates for the period were used for translating the Cash-Flows of foreign subsidiaries.

With reference to Consob Resolution 15519 of July 27th, 2006 on financial statements, special sections are included to illustrate significant related-party transactions, together with specific items of profit or

loss, to highlight any significant non-recurring transactions carried out in the ordinary course of business.
All amounts reported in the Financial Statements and the notes are presented in thousands of Euro, unless otherwise indicated.

Going concern

The condensed consolidated interim financial statements as at June 30th, 2017 have been prepared on a going concern basis.
In fact, the Directors deemed that, although faced with a difficult economic and financial context, jointly considering the good performances achieved by the Group in the first half of 2017, which confirm the feasibility of the 2017 budget and of the estimates for the 2018-2020 period, as they are stated in the 2016-2020 Company Plans, and the availability of unutilized bank credit facilities for a total of € 68.6 million (of which € 59.8 million relating to discount facilities and invoice advances), there are no significant uncertainties (as defined by IAS 1 §25) regarding the company's ability to continue as a going concern.
It is also noted that as at June 30th, 2017 the Isagro Group reported a net financial position that is sound and balanced, due to the share capital increase carried out in 2014 by the parent Isagro S.p.A. as well as to the contracting of new medium/long-term loans in support of investment activities.
The performance of Basic Business in the first half of 2017 showed essential alignment in terms of sales and margins with the forecast figures. With reference to *Licensing & other Business Agreements*, for which income of approximately € 10 million is forecast in the 2017 Budget, during the first half of the year the development of sales contacts continued with a view to signing new agreements. Consequently, the Directors believe that cash flows envisaged in the 2017 budget and in the estimates for the 2018-2020 time interval, as they are set out in the 2016-2020 Company Plans, although they represent forward-looking statements subject to uncertainty, are reasonable and feasible in the foreseeable future and are sufficient to allow management of the activity in a financial balance characteristic of a going concern without significant uncertainties thereon.

Segment reporting

The Group's operating segments, in accordance with IFRS 8 – Operating Segments, are identified in the organisational geographic areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

ACCOUNTING POLICIES, BASIS OF CONSOLIDATION AND VALUATION CRITERIA

The accounting standards, basis of consolidation and valuation criteria adopted are consistent with those used for the preparation of the financial statements as at December 31st, 2016, to which reference is expressly made.

New standards and interpretations adopted by the European Union but not yet in force

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the potential impact of new standards or interpretations on the Consolidated Financial Statements are indicated below. These standards were not applied early by the Group.

- On September 22nd, 2016, by means of Regulation no. 1905/2016, the European Commission endorsed IFRS 15 - Revenue from Contracts with Customers. This standard replaced IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. The new model for recognition of revenues will apply to all agreements signed with customers, except for those under the application field of other IAS/IFRS standards, such as leasing, insurance contracts and financial instruments. The main steps in recognising revenues according to the new model are as follows:
    - identification of the agreement with the customer;
    - identification of the contractual performance obligations;
    - definition of price;
    - allocation of price to the contractual performance obligations;
    - criteria for the recognition of revenues when the entity satisfies each performance obligation.

  This standard will apply from January 1st, 2018, but early application is permitted. The Directors deem that adoption of IFRS 15 will have no impact on the amounts recognised as revenues. In relation to the business of selling crop protection products, the new "revenue recognition" concept prescribed by Paragraph 31 of IFRS 15, which is based on the acquisition of "control" of the good by the customer, i.e. the ability to decide on use of the asset and to obtain all remaining benefits therefrom, can be superposed, in substance, to the provisions of the current standard IAS 18. This standard prescribes that revenues from sales of goods shall be recognised, in particular, when the entity has transferred to the buyer the significant risks and benefits connected with ownership of the asset; IFRS 15, for its part, establishes that, to determine whether control was acquired or not at any given time, it is necessary to evaluate whether the customer has the ownership title of the activity, whether possession thereof has been transferred, whether the customer is already obligated at that time to pay for the asset and lastly whether the customer is entitled to the risks and significant benefits of ownership of the asset. In particular, in the sales carried out by the Group the transfer of control of the asset, which as highlighted above coincides with the transfer of the risks/benefits connected therewith, and hence the recognition of the related revenue, can take place at the time of shipment or at the time of delivery of the good to the customer on the basis of the International Commercial Terms (Incoterms) used by the Group companies in the various contracts stipulated with the customers ("F" or "C" terms in the first case and "D" term in the second case). If control of the asset by the customer takes place at the time of shipment, it should be stressed that the Group often organises (with third party carriers) the transportation of the asset to the point required by the customer. Although control over this asset constitutes a separate obligation with respect to the sale of the good, it should be stressed that the value of the revenue pertaining to this service is wholly negligible with respect to the value of the goods sold. Hence given its immaterial nature and irrelevance, the Group decided not to provide evidence thereof separately from the revenue connected with the sale of the goods at the time the new standard was adopted. Concerning the Group's revenues from *Licensing & other Business Agreements*, it should be pointed out that there are no standard contracts and that each transaction is a case of its own that needs to be examined in light of the accounting standards currently in force. It is nevertheless pointed out that, based on the analyses carried out so far by the Group on the contracts stipulated in the last two years, for this type of activity, too, no differences have emerged between IAS 18 and IFRS 15 relative to the time of recognition of the related revenues.

- On September 22nd, 2016, with Regulation no. 2067/2016, the European Commission endorsed IFRS 9 - Financial Instruments. The standard introduces new criteria for the classification and measurement of the financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on the procedures to manage financial instruments and the characteristics of contract Cash-Flows of financial assets, in order to determine the measurement criteria, superseding the different provisions set out by IAS 39. For the financial liabilities on the other hand, the main amendment made refers to the accounting treatment of the changes in fair value of a financial liability designated as a financial liability designated at fair value through the Income Statement, in the cases in which these changes are due to the change in the credit rating of the issuer of the liability itself. Under the new standard, these changes must be recognised in the statement of "Other comprehensive income" and no longer in the income statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using information which can be supported, available free of charge and without unreasonable efforts, which include historical, current and forecast data. The standard envisages that this impairment model applies to all financial instruments, or rather to financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39, which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:
    - increase in the types of transactions eligible for hedge accounting, also including the non-financial risks of assets/liabilities eligible for treatment under hedge accounting;
    - change in the accounting method for forward contracts and options when they are included in a hedge accounting relationship, in order to reduce the volatility of the income statement;
    - changes to the effectiveness test by replacing the current methods based on the parameter of 80-125% with the principle of "economic ratio" between the hedged item and the hedging instrument; moreover, an assessment of the retrospective effectiveness of the hedging relationship will no longer be required.

The greater flexibility of the new accounting rules is counterbalanced by additional requests for information about the risk management activities of the company.

The new standard shall be applied for Financial Statements starting January 1st, 2018, but earlier application is permitted.

The Group deems that adoption of this standard may have a significant impact on the amounts and information provided in its own consolidated financial statements, in particular with regard to the estimated losses expected on trade receivables. However, it is not yet possible to provide a reasonable estimate of the expected effects until a detailed analysis is completed by the Group companies.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process necessary for adoption of the amendments and standards described below.

- On January 13th, 2016 the IASB published IFRS 16 - Leases, which is set to replace IAS 17 - Leases, as well as the interpretations IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease. The standard provides a new definition of lease and introduces a criterion based on control (right of use) over an asset to distinguish lease contracts from services contracts, identifying the following discriminating factors: identification of the asset, the substantive right of substitution of the asset, the substantive right to economically benefit from use of the asset and the right to oversee the use of the underlying asset of the contract. The standard introduces a single lessee accounting model for recognition and valuation of lease contracts, which requires the recognition of the asset leased, also under operating lease, with a balancing entry of financial debt. It is also possible not to recognise contracts pertaining to "low-value assets" and leases with a contract duration equal to or less than 12 months as leases. On the contrary, the standard does not include significant changes for lessors. This standard will apply from January 1st, 2019, but early application is permitted only for companies which implemented early application of IFRS 15 - Revenue from Contracts with Customers. It is deemed that adoption of this standard may have a significant impact on the recognition of operating lease contracts and on the related information provided in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group completes a detailed analysis of the related contracts, started in the first half of 2017.
- On January 19th, 2016, the IASB published the document "**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**" which contains amendments to IAS 12. The purpose of the document is to provide a number of clarifications on the recognition of deferred tax assets on unrealised losses when certain circumstances arise and on the estimate of taxable income for future years, with reference in particular to the requirements pertaining to recognition of deferred tax assets on unrealised losses relating to liabilities measured at fair value. The amendments will apply from January 1st, 2017, and early application is allowed.

- On January 29th, 2016, the IASB published the document "**Disclosure Initiative (Amendments to IAS 7)**". The purpose of the document is to provide amendments to IAS 7. The purpose of the document is to provide a number of clarifications to improve the disclosure of financial liabilities. In particular, the amendments require a disclosure that allows Financial Statement users to understand the changes in liabilities deriving from financing transactions, including changes resulting from cash and non-cash transactions. The amendments do not envisage a specific format to be adopted for the disclosure. Nevertheless, the amendments introduced require an entity to provide a reconciliation between the opening and closing balances of liabilities deriving from financial transactions. The amendments will apply from January 1st, 2017, and early application is allowed. The presentation of comparative data relating to previous years is not required.
- On December 8th, 2016, the IASB published the document "**Annual Improvements to IFRSs: 2014-2016 Cycle**" which transposes the amendments to some principles within the scope of the process for their improvement. The main amendments pertain to:
    - IFRS 1 First time adoption of International Reporting Standards - Deletion of short-term exemptions for first-time adopters. The amendment to this standard is effective for annual periods beginning on or after January 1st, 2018 and pertains to the deletion of some short-term exemptions provided by paragraphs E3-E7 of Appendix E of IFRS 1, because they have now served their intended purpose;
    - IAS 28 Investments in associates and joint ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice. The amendment clarifies that the option for a venture capital organization or another entity thus qualified (e.g. a mutual fund or a similar entity) to measure investments in associates and joint ventures at fair value through profit or loss (rather than by applying the equity method) is carried out for each individual investment at the time of the initial recognition. The amendment applies as from January 1st, 2018;
    - IFRS 12 Disclosure of interests in other entities – Clarification of the scope of the Standard. The amendment clarifies the scope of IFRS 12 by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to all of the entity's interests that are classified as held for sale, as held for distribution to shareholders or as discontinued operations in accordance with IFRS 5. The amendment applies as from January 1st, 2017.
- On December 8th, 2016, the IASB published the document "**Foreign Currency Transactions and Advance Consideration (IFRIC interpretation 22)**". The purpose of the interpretation is to provide guidelines for foreign currency transactions when non-monetary advances are recognised in the Financial Statements, before recognition of the related asset, cost or revenue. The document provides indications on how an entity shall determine the date of a transaction, and consequently the spot exchange rate to be used when foreign currency transactions are carried out in which payment is made or received in advance.

  The interpretation clarifies that the transaction date is the earlier one between:

a) the date on which the early payment or the advance received are recorded in the Financial Statements of the entity; and
b) the date on which the asset, the cost or the revenue (or part thereof) is recognised in the Financial Statements (with consequent reversal of the early payment or of the advance received).

If there are numerous early payments or collections, a transaction date shall be identified for each of them. IFRIC 22 will apply from January 1st, 2018, but earlier application is permitted.

- On September 11th, 2014 the IASB published the amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published for the purpose of settling the current conflict between IAS 28 and IFRS 10. In accordance with the matters envisaged by IAS 28, the gain or loss deriving from the disposal or transfer of a non-monetary asset to a joint venture or to an associate in exchange for a holding in the share capital of the latter is limited to the holding held in the joint venture or associate by the other investors extraneous to the transaction. By contrast, IFRS 10 envisages recognition of the entire gain or loss in the event of loss of control over a subsidiary, even if the entity retains a non-controlling interest, also including the sale or contribution of a subsidiary to a joint venture or associate in this category. The amendments introduced envisage that in a disposal/conferral of an asset or of a subsidiary to a joint venture or to an associate, the extent of the gain or the loss to be recognised in the financial statements of the transferor/deliverer depends on the fact that the assets or the subsidiary company transferred/delivered represent or otherwise a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary transferred/delivered represents a business, the entity must recognise the gain or the loss on the entire holding previously owned; whilst, otherwise, the portion of gain or loss relating to the holding still held by the entity must be eliminated. At present the IASB has suspended the application of this amendment.
- on June 7th, 2017, the IASB published the interpretation document **IFRIC 23 - Uncertainty over Income Tax Treatments**. The document addresses the matter of uncertainties over the tax treatment to be adopted for income taxes. The document prescribes that uncertainties in the determination of liabilities or assets for taxes shall be reflected in the financial statements only when it is probable that the entity will pay or recover the amount in question. In addition, the document contains no new disclosure obligation but stresses that the entity shall establish whether it will be necessary to provide information on the considerations made by the management and relating to the uncertainty over the accounting for taxes, in accordance with the provisions of IAS 1.

  The new interpretation will apply from January 1st, 2019, but early application is allowed.

Uncertainty in the use of estimates

As with the annual financial statements, the preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates. In particular, the estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

Certain assessment processes, particularly the more complex such as impairment testing of non-current assets, are performed in full only when preparing the annual financial statements. The calculation of the recoverable value of goodwill and intangible assets as a whole calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows expected from assets and the Group's CGUs. Furthermore, the accuracy of the impairment tests - and consequently of the values recognised under assets - is associated with fulfilment of the 2017 budget and of the estimates for the 2018-2020 time interval, as set out in the Group companies' 2016-2020 Company Plans which, though subject to uncertainty due to their nature as forecasts, are also influenced by uncontrollable external variables (in particular, climatic conditions and the time necessary to obtain the authorisations to sell the new products), were reconfirmed by Group management, also taking into consideration the results achieved in the first half of 2017. In the first half of the year, therefore, there were no particular signs of impairment that would have required the preparation or updating of impairment tests carried out as at the date of the condensed consolidated interim financial statements.

In any event, it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down in the value of goodwill and intangible assets that, at present, cannot be foreseen or calculated on the basis of the best information available. The Group's management will continuously monitor the circumstances and events that could bring about such a result, with a view to promptly verifying the recoverability of asset recognition values.

As at June 30th, 2017, the Isagro Group's financial statements recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 2.7 million (€ 4 million as at December 31st, 2016). In assessing the recoverability of these deferred tax assets, the individual Group companies' budgets and plans, for which the Directors believe that the taxable income that will be generated in the forthcoming years are reasonably feasible and will be such as to allow recovering said amounts, were taken into consideration. However, it cannot be ruled out a priori that the onset of economic and/or financial crises, as well as postponement in the expected time scales for obtaining new registrations and new *Licensing & other Business Agreements* may raise doubts about the timing and methods set out in the Group companies' budgets concerning the recoverability of these items. The Group's management will continuously monitor the circumstances and events that could bring about such a result.

For more in-depth examination of uncertainty in the use of estimates by the Group, reference should be made to the description in the consolidated financial statements as at December 31st, 2016.

Scope of consolidation

The scope of consolidation includes the financial statements of Isagro S.p.A., its subsidiaries and associates.

Pursuant to IFRS 10, companies are considered to be controlled if the Group simultaneously has the following three elements:

a) power over the company;

b) exposure or rights to variable returns deriving from its involvement in the investee;

c) the ability to use its power to influence the amount of such variable returns.

On the other hand, jointly-controlled companies are those over which the Group exercises control together with another investor with which it makes decisions on the relevant activities, so that control over the investees is shared.

For a list of companies included in the scope of consolidation, reference should be made to Note no. 39.

Compared to the position as at December 31st, 2016, there have been no changes in the scope of consolidation.

Translation of foreign currency Financial Statements

The presentation currency adopted by the Group is the Euro, which is also the functional currency of the parent Isagro S.p.A.

At the end of the reporting period, the Financial Statements of foreign operations with a functional currency other than the Euro are translated into the presentation currency in accordance with the following procedures:

- assets and liabilities are translated using the exchange rate in force as at the reporting date;
- revenues and costs are translated at the average exchange rate for the reporting period;
- equity components are translated at historical exchange rates, maintaining the existing stratification (if any) of reserves.

Exchange differences arising on translation are recognised in the statement of other comprehensive income and accumulated in a separate component of equity (Translation reserve or difference) until disposal of the foreign operation.

The exchange rates applied on translation of the Financial Statements of the companies included in the scope of consolidation are listed in the table below:

Currency	Exchange rate as at June 30th, 2017	Average exchange rate 1st half 2017	Exchange rate as at Dec. 31st, 2016	Exchange rate as at June 30th, 2016	Average exchange rate 1st half 2016
Australian Dollar	1.4851	1.43559	1.4596	1.4929	1.52206
Singapore Dollar	1.571	1.52003	1.5234	1.4957	1.54018
US Dollar	1.1412	1.08253	1.0541	1.1102	1.11553
Vietnamese Dong	25,938.40	24,580.083	23,991.80	N/A	N/A
Argentine Peso	18.8851	16.99755	16.7488	16.5802	15.98963
Chilean Peso	758.214	714.13067	704.945	735.5	769.2615
Colombian Peso	3,478.65	3,162.05	3,169.49	3,244.47	3,485.44333
Mexican Peso	20.5839	21.02797	21.7719	N/A	N/A

South African Rand	14.92	14.31	14.457	16.4461	17.20373
Brazilian Real	3.76	3.4393	3.4305	3.5898	4.13492
Chinese Renminbi (Yuan)	7.7385	7.44174	7.3202	7.3755	7.29366
Indian Rupee	73.7445	71.1244	71.5935	74.9603	74.97762
Polish Zloty	4.2259	4.26847	4.41030	N/A	N/A

Earnings per Share

Basic earnings per share are calculated by dividing profit or loss attributable to the Group by the weighted average number of shares outstanding during the period. For the purpose of calculating the diluted earnings per share, the weighted average number of shares is modified assuming that all convertible instruments are converted and all warrants are exercised, should these have been issued by the parent.

INFORMATION ON THE BALANCE SHEET

1. Tangible assets – 20,963

The breakdown and summary changes in tangible assets are described in the following tables:

Breakdown	Dec. 31st, 2016			Total	June 30th, 2017		
	Historical cost	Accum. depreciation	Book value		Historical cost	Accum. depreciation	Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Industrial Buildings:							
- owned assets	18,927	(9,590)	9,337	(452)	18,929	(10,044)	8,885
	18,927	(9,590)	9,337	(452)	18,929	(10,044)	8,885
Plant and machinery:							
- owned assets	41,814	(32,389)	9,425	(731)	41,938	(33,244)	8,694
- capital grants	(357)	357	-	-	(357)	357	-
- leased assets	392	(242)	150	(28)	392	(270)	122
	41,849	(32,274)	9,575	(759)	41,973	(33,157)	8,816
Industrial and commercial equipment:							
- owned assets	5,266	(4,524)	742	(78)	5,260	(4,596)	664
- leased assets	390	(117)	273	(29)	390	(146)	244
	5,656	(4,641)	1,015	(107)	5,650	(4,742)	908
Other assets:							
- furniture and fittings	1,222	(997)	225	(12)	1,220	(1,007)	213
- motor vehicles	235	(168)	67	(26)	201	(160)	41
- data processors	3,027	(2,517)	510	(76)	3,030	(2,596)	434
	4,484	(3,682)	802	(114)	4,451	(3,763)	688
Assets under development and payments on account							
- owned assets	838	-	838	(225)	613	-	613
	838	-	838	(225)	613	-	613
Total	72,807	(50,187)	22,620	(1,657)	72,669	(51,706)	20,963

Changes for the period	Translation difference (hist. cost)	Purchases	Reclassifica-tions (hist. cost)	Disposals	Translation difference (acc. depr)	Deprecia-tion	Use of acc. depr.	Total change
Land	-	-	-	-	-	-	-	-
Industrial Buildings:								
- owned assets	(82)	33	51	-	33	(487)	-	(452)
	(82)	33	51	-	33	(487)	-	(452)
Plant and machinery:								
- owned assets	(284)	15	479	(86)	240	(1,180)	85	(731)
- leased assets	-	-	-	-	-	(28)	-	(28)
	(284)	15	479	(86)	240	(1,208)	85	(759)
Industrial and commercial equipment:								
- owned assets	(11)	-	5	-	9	(81)	-	(78)
- leased assets	-	-	-	-	-	(29)	-	(29)
	(11)	-	5	-	9	(110)	-	(107)
Other assets:								
- furniture and fittings	(13)	-	11	-	12	(22)	-	(12)
- motor vehicles	(8)	19	-	(45)	6	(14)	16	(26)
- data processors	(19)	25	1	(4)	16	(98)	3	(76)
	(40)	44	12	(49)	34	(134)	19	(114)
Assets under development and payments on account								
- owned assets	-	322	(547)	-	-	-	-	(225)
	-	322	(547)	-	-	-	-	(225)
Total	417	414	-	(135)	316	(1,939)	104	(1,657)

The main change that took place in the half year pertains to the completion, in the Adria production site of the parent Isagro S.p.A., of a new packaging line for liquid copper-based products; the completion of this project led to an increase in the historical cost of "plant and machinery" by € 360 thousand; that investment was present as at December 31st, 2016 among "assets under development" of € 357 thousand.

"Assets under development", amounting to € 613 thousand, essentially pertains to the realisation of investments (€ 352 thousand) to increase plant efficiency and the level of safety of the Adria production site of the parent.

During the first half of the year, no endogenous or exogenous impairment indicators were identified that would require impairment tests to be carried out.

2. Intangible assets – 50,113

The breakdown and summary changes in intangible assets in the first half of the year are described in the following tables:

Breakdown	Dec. 31st, 2016			Total	June 30th, 2017		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	17,383	-	17,383	780	18,163	-	18,163
- new formulations	577	-	577	359	936	-	936
	17,960	-	17,960	1,139	19,099	-	19,099
Process development costs	-	-	-	7	7	-	7
Product know-how:							
- fungicide IR 6141	10,196	(6,971)	3,225	(339)	10,196	(7,310)	2,886
- insecticides and fungicides	779	(44)	735	(72)	779	(116)	663
- Remedier	773	(553)	220	(26)	773	(579)	194
- biostimulants and fumigants	1,249	(300)	949	1,387	2,676	(340)	2,336
	12,997	(7,868)	5,129	950	14,424	(8,345)	6,079
Process know-how	1,340	(515)	825	(132)	1,340	(647)	693
Extraordinary protection	9,381	(5,535)	3,846	140	10,330	(6,344)	3,986
Patents, licences, trademarks and registrations	20,768	(9,652)	11,116	(679)	21,133	(10,696)	10,437
Other:							
- commercial relations	653	(485)	168	(49)	641	(522)	119
- software	1,161	(802)	359	62	1,308	(887)	421
	1,814	(1,287)	527	13	1,949	(1,409)	540
Assets under development and payments on account:							
- registrations	8,765	-	8,765	412	9,177	-	9,177
- other assets under development	41	-	41	54	95	-	95
	8,806	-	8,806	466	9,272	-	9,272
	73,066	(24,857)	48,209	1,904	77,554	(27,441)	50,113

Changes during the year	Translation difference	Acquisitions/ capitalisations	Reclassifications	Amortisation	Total change
Product development costs:					
- fumigants and SDHi	-	2,207	(1,427)	-	780
- new formulations	-	359	-	-	359
	-	2,566	(1,427)	-	1,139
Process development costs	-	7	-	-	7
Product know-how:					
- fungicide IR 6141	-	-	-	(339)	(339)
- insecticides and fungicides	-	-	-	(72)	(72)
- Remedier	-	-	-	(26)	(26)
- biostimulants and fumigants	-	-	1,427	(40)	1,387
	-	-	1,427	(477)	950
Process know-how	-	-	-	(132)	(132)
Extraordinary protection	-	949	-	(809)	140

Patents, licences, trademarks and registrations	(18)	70	313	(1,044)	(679)
Other:					
- commercial relations	(12)	-	-	(37)	(49)
- software	(2)	149	-	(85)	62
	(14)	149	-	(122)	13
Assets under development and payments on account:					
- registrations	-	725	(313)	-	412
- other assets under development	-	54	-	-	54
	-	779	(313)	-	466
	(32)	4,520	-	(2,584)	1,904

The Group's intangible assets include "assets not yet available for use" for a total value of € 28,378 thousand, which essentially comprise:

- € 18,163 thousand in costs incurred for the development phase of a new fungicide named IR 9792 in the SDHi class, for which a co-development agreement has been entered into with the US company FMC Corporation;
- € 936 thousand in development costs incurred for the start-up of new formulations of crop protection products;
- € 9,177 thousand for "Assets under development" which refer to registration costs incurred to obtain authorisation to sell formulations of the main proprietary products of the Group in various countries.

It should be noted that, during the first half of the year, the obtainment of new authorisations to sell led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortisation period, for € 313 thousand. Moreover, following completion of the development stage of the biofumigant AITC, intended in particular for the Mediterranean area, during the first half of the year € 1,427 thousand were reclassified to "product know-how". Since these products are available for economic utilisation, the amortisation process therefore began.

"Extraordinary protection", amounting to € 3,986 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations.

During the first half of the year, technical progress updates of current projects and of the results obtained to date were reviewed. No critical issues emerged regarding the economic convenience of continuing the projects. Consequently, pursuant to IAS 38, no impairment test was carried out and, therefore, no write-down of the capitalised costs was reflected in the consolidated Balance Sheet.

As previously pointed out in the financial statements as at December 31st, 2016, after obtaining a specific loan from the European Investment Bank (EIB), and from other financial institutions in support of the Group's research and development activities (see note No. 13), the portion of finance costs incurred in the half year relating to intangible assets under development was capitalised. The capitalised financial charges amounted to € 107 thousand. The average rate used to determine their amount was 2.25%, i.e. the effective interest rate of the loans described.

The residual value of the item "patents, licences, trademarks, registrations and similar rights", amounting to € 10,437 thousand, comprises:

- registrations of crop protection products 9,681

- trademarks, patents and licences 756.

Impairment test

Pursuant to IAS 36, impairment tests are performed by the Isagro Group on products under development and registrations in progress, at least annually, while preparing the financial statements as at December 31st. In fact, although these are assets with "finite useful life", as the rest of the Group's intangible assets, they are not yet available for use.

Impairment testing is carried out by comparing the book value of the various projects with their recoverable value. This value is calculated using the "Discounted cash flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

It should be noted that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "finite useful life", are tested for impairment at least annually, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product assessed is part of a CGU (cash generating unit), to which a portion of the Group's goodwill has been allocated, the recoverable amount of the entire CGU is estimated.

The following table highlights the value of the intangible assets grouped according to the above written statements:

	ASSETS WITH A DEFINITE USEFUL LIFE		
	Assets not yet available for use	Assets available for use	Total Book value
Research and development activities:			
- Kiralaxyl (IR6141)	2,376	7,661	10,037
- Tetraconazole	2,522	5,094	7,616
- Biological and biostimulant products	429	1,736	2,165
- Copper	2,196	1,671	3,867
- SDHi	18,588	325	18,913
- Pyrethroids	335	551	886
- Fumigants	1,830	3,222	5,052
- Other	7	793	800
	28,283	21,053	49,336
Other intangible assets:			
- Commercial relations	-	119	119
- Software	95	421	516
- Trademarks and licences	-	142	142
	95	682	777
	28,378	21,735	50,113

The performance of the cash generating units in the first half of 2017 compared to the 2017 budget, together with the estimates for the 2018-2020 time interval as they are set out in the 2016-2020 Company Plans saw no significant misalignment with the forecast figures used to perform impairment tests for the financial statements as at December 31st, 2016. Consequently, management still deems the original forecasts of 2017 results and those of future years to be valid.

In the first half of the year, therefore, there were no particular signs of impairment that would have required the preparation or updating of impairment tests carried out as at the date of the condensed consolidated interim financial statements. However, the future trend in various factors, including developments in the difficult global economic and financial context, requires that management continuously monitor the circumstances and events that could bring about a write-down of the Group's intangible assets.

Lastly, note that the criteria for identifying research and development costs are the same as those used for preparation of the financial statements as at December 31st, 2016.

3. Goodwill – 3,431

The breakdown and the changes in this item compared with the previous year are shown in the following table.

CGU description	Value as at Dec. 31st, 2016	Changes over the period				Value as at June 30th, 2017
		Translation difference	Acquisitions/disposals	Write-downs	Total change	
- "Copper"	886	-	-	-	-	886
- "Biological products"	461	-	-	-	-	461
- Isagro Asia Agrochemicals Pvt. Ltd.	193	(6)	-	-	(6)	187
"Tetraconazole"	209	-	-	-	-	209
- "Formulations"	20	-	-	-	-	20
- Isagro Colombia S.A.S.	1,830	(162)	-	-	(162)	1,668
Total	3,599	(168)	-	-	(168)	3,431

Goodwill, acquired in business combinations, was allocated to the cash generating units listed and described in the table below:

- "Copper"	the CGU refers to the copper-based product business, their production at the Adria (RO) plant and their worldwide distribution
- "Biological products"	the CGU refers to the biological product business, their production at the Novara plant and their worldwide distribution
- Isagro Asia Agrochemicals Pvt. Ltd.	the CGU refers to the production and marketing activities for crop protection products in the Indian subcontinent
"Tetraconazole"	the CGU refers to the business of the fungicide Tetraconazole
- "Formulations"	the CGU refers to the crop protection product formulations business which takes place at the production site in Aprilia (LT)
- Isagro Colombia S.A.S.	the CGU refers to crop protection product marketing activities in Colombia and in South America

In compliance with international accounting standards, goodwill is not amortised but rather subjected to annual impairment tests as at December 31st each year. This test is performed by comparing the book value of goodwill with its recoverable amount. This value is calculated using the "Discounted cash flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

The performance of the cash generating units in the first half of 2017 compared to the 2017 budget, together with the estimates for the 2018-2020 time interval as they are set out in the 2016-2020 Company Plans saw no significant misalignment with the forecast figures used to perform impairment tests for the financial statements as at December 31st, 2016. Consequently, management still deems the original forecasts in the time interval covered by the Company Plans to be valid.

During the first half of the year, no endogenous or exogenous impairment indicators were identified that would require carrying out early, i.e. before the end of the half year, the impairment test to be performed at the end of the year, albeit with the limits indicated in the note on "Uncertainty in the use of estimates”. In particular, reference should be made to the Directors’ considerations in Note no. 2 “Intangible assets” regarding the absence of impairment indicators in the first half of 2017, based on information currently available, that could imply the need for impairment tests.

4. Non-current receivables and other assets - 7,273

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Non-current receivables and other assets:			
- guarantee deposits	668	(138)	530
- know-how usage licences	6,388	(469)	5,919
- prepaid expenses	634	(134)	500
- tax	33	(9)	24
- security deposits	421	(121)	300
	8,144	(871)	7,273

The item “know-how usage licences” includes:

- € 982 thousand relating to the non-current portion of the residual receivable related to the up-front payment made by the Japanese company Arysta LifeScience Co., Ltd. to the parent Isagro S.p.A. in 2013, in connection with the granting of the sole right to develop mixtures of the fungicides Tetraconazole (owned by Isagro) and Fluoxastrobin (owned by Arysta) on a global scale. The amount agreed between the parties was € 10,900 thousand, € 8,720 thousand of which was collected in total as of the date of these Financial Statements (€ 5,000 thousand paid in December 2013, € 1,300 thousand paid in October 2014, € 1,240 thousand paid in October 2015 and € 1,180 thousand paid in October 2016). The residual receivable, equal to € 2,180 thousand, which will be paid in two annual instalments on October 31st of each year, in the period 2017-2018, was discounted back at a 6% rate. The current portion of the present value of the receivable, equal to € 1,098 thousand, was recorded under “trade receivables”. It should be noted that the contract provides that Arysta LifeScience is not required to pay the remaining instalments if one of the events envisaged contractually should occur (details of which can be found in the consolidated financial statements as at December 31st, 2016). In the opinion of Isagro’s Directors, the probability of them occurring is still extremely remote;
- € 500 thousand referring to the non-current portion of the residual receivable relating to the up-front payment of two million Euro recognised in 2015 to the parent Isagro S.p.A. by the UK-based company SumiAgro Europe Limited, for the details of which reference is made to the consolidated financial statements as at December 31st, 2016, payable in annual sums of € 500 thousand each on December 1st each year in the period 2017–2018, plus interest calculated using the 12-month EURIBOR floating rate + a spread of 3%. The current portion of the receivable, equal to € 518 thousand, was recorded under "trade receivables";
- € 4,437 thousand to the present value of the non-current portion of the receivable relating to the up-front payment recognised to the parent Isagro S.p.A. by the English company Gowan Crop Protection Limited (related party), definitively and non repeatably, following the stipulation, in November 2016, of an agreement for the exclusive granting of the right to develop, register, formulate, produce and market, in Europe, mixtures based on the parent

Isagro S.p.A. proprietary active ingredient Kiralaxyl with active ingredients owned by Gowan, for all types of use except for fertilizing seeds. Gowan also committed to purchasing the Kiralaxyl necessary for formulation of the above mixtures exclusively from Isagro for the entire term of the contract, and to negotiate with the parent a toll manufacturing contract for processing the mixtures. The contract prescribes that the agreed consideration of € 5,250 thousand, whose current value was calculated by discounting back the expected future Cash-Flows at the rate of 2% agreed by the parties, be paid in six annual instalments, inclusive of the accrued interest, according to the following schedule:

a) € 500 thousand on November 30th, 2017;
b) € 750 thousand on November 30th, 2018;
c) € 4,000 thousand in four instalments of € 1,000 thousand each, due on November 30th in the 2019 - 2022 time interval.

The current portion of the present value of the receivable, equal to € 496 thousand, was recorded under "trade receivables". It should be noted that the contract provides that Gowan is not required to pay the remaining instalments if one of the events envisaged contractually should occur (details of which can be found in the consolidated financial statements as at December 31st, 2016). In the opinion of Isagro's Directors, the probability of them occurring is still extremely remote;

"Prepaid expenses" refers to the residual value of the expense from early settlement, by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian government, of an INR 54.5 million consideration (which as at June 30th, 2017 was equivalent to € 739 thousand) to acquire a 99-year leasehold over the land plot where the Panoli plant is located. The decrease of this item is essentially due to the reversal of the portion of the surface rights pertaining to the lot of land that, during the first half of 2017, the Indian governmental authority for railways expropriated, upon payment of an indemnity, to build a railway corridor; for a more in-depth description of the transaction, reference is made to note no. 22 "Other operating revenues".

The item "security deposits", stated net of a write-down provision of € 1,100 thousand, refers to the estimated realisable value of the payment of € 1,750 thousand made by the parent Isagro S.p.A. on April 8th, 2014 to the Japanese company Sumitomo Chemical Co. Ltd. to guarantee any fulfilment of obligations associated with the disposal transaction for the equity investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.) to the Japanese company in 2011, for the details of which reference is made to the consolidated financial statements as at December 31st, 2016. On April 28th, 2017, there was a partial repayment, in the amount of € 121 thousand, of the security deposit by the Japanese company following collection of certain trade receivables, the collection of which was guaranteed by the parent Isagro S.p.A.

5. Deferred tax assets and liabilities – 6,672

Deferred tax assets - 8,038

Deferred tax liabilities - 1,366

Breakdown	Book values Dec. 31st, 2016	Changes over the period				Book values June 30th, 2017
		Provisions	Uses	Other changes	Total change	
Deferred tax assets	9,112	790	(1,791)	(73)	(1,074)	8,038
Deferred tax liabilities	(1,555)	(11)	189	11	189	(1,366)
Total	7,557	779	(1,602)	(62)	(885)	6,672

The temporary differences between the tax base and statutory profit that led to the recognition of deferred tax assets and liabilities are shown in the table below:

Temporary differences	Deferred tax assets/liabilities Dec. 31st, 2016		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities June 30th, 2017	
	Taxable base	Taxation	Provisions	Uses	Other changes	Translation difference and other changes	Taxable base	Taxation
Deferred tax assets								
- tax losses	16,334	3,915	50	(1,216)	-	(2)	11,480	2,747
- allocations to taxed provisions	7,508	2,266	432	(386)	-	(61)	7,400	2,251
- grants related to R&D	246	67		(7)	-	-	220	60
- intragroup profits	7,596	2,166	145	(30)	-	(2)	7,823	2,279
- other	2,551	698	163	(152)	-	(8)	2,629	701
Total deferred tax assets	34,235	9,112	790	(1,791)	-	(73)	29,552	8,038
Deferred tax liabilities								
- amortisation/depreciation for tax purposes	4,147	1,160	1	(107)	-	(1)	3,767	1,053
- fair value assets from business combinations	195	65	-	(15)	-	(4)	137	46
- dividends from subsidiaries	1,000	200	-	-	-	-	1,000	200
- other	437	130	10	(67)	-	(6)	182	67
Total deferred tax liabilities	5,779	1,555	11	(189)	-	(11)	5,086	1,366
TOTAL	28,456	7,557	779	(1,602)	-	(62)	24,466	6,672

The item “Deferred tax assets” mainly includes € 2,747 thousand related to tax losses (of which € 2,691 thousand referring to the parent Isagro S.p.A.), € 2,279 thousand to the tax effect on grants relating to the fax effect of the elimination of intragroup profits and € 2,251 thousand relating to taxed risk and expense provisions.

The 2017 budget, together with the estimates for the 2018-2020 period as stated in the 2016–2020 Company Plans, were taken into consideration when recognising and assessing the recoverability of deferred tax assets. Although the business plans include assumptions and forward-looking statements subject to uncertainty, the Directors deem that the taxable income envisaged for the next few years, deemed to be reasonable and feasible, will be such as to allow those amounts to be recognised and recovered.

In particular, the convincing evidence which makes availability of sufficient future taxable income for the aforementioned recovery probable, over the timescale of the plan, is as follows:

- the recovery in the turnover in the last two years, relating to the sale of crop protection products, hit hard in previous years by the drought which had affected certain markets of great importance for the parent Isagro S.p.A. This growth became possible mainly thanks to the new commercial strategies based on the development of new proprietary products;
- the significant reduction in the cost of money, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction or the parent Isagro S.p.A. in 2014;
- the financial support from the share capital increase described above to the investments forecast in the 2017 budget, together with the estimates for the 2018-2020 time interval as stated in the 2016–2020 Company Plans;
- the launch of a new fumigant product and the confirmation on the validity of the new SDHi molecule under development;
- the strengthening of the synergies with the industrial partner Gowan (a US company operating in the crop protection products sector) following its entry into the Isagro control system in 2014, for the purpose of obtaining an important strategic and business enhancement, thanks in part to the pursuit of synergies which will be achieved.

Therefore the Directors, even if the parent Isagro S.p.A. has reported a tax loss in past years, deem that all the elements indicated above provide convincing evidence that it is likely that future tax bases will be available along with the main indicator of discontinuity with the past, represented by the positive tax base achieved in 2015, 2016 and in the first half of 2017 by the parent company. These elements make it possible to deem the attainment of the taxable income indicated in said Plans probable, therefore emerging as sufficient for permitting the achievement of the benefit relating to the deferred tax assets.

It is also disclosed that as at June 30th, 2017 there are deferred tax assets not provided for in the Financial Statements relating to tax losses for the period and for previous years for a total value of € 3,668 thousand, of which € 1,679 thousand relating to the subsidiary Isagro USA, Inc. and € 1,989 thousand relating to the parent Isagro S.p.A. Taking this into account, note that the parent's overall tax losses as at June 30th, 2017, amount to € 19,500 thousand, in relation to which deferred tax assets were recognised for only € 2,691 thousand, corresponding to € 11,214 thousand in tax losses retained.

"Deferred tax liabilities" include € 1,053 thousand misalignment between the statutory and tax depreciation and amortisation of tangible and intangible assets. In particular, this item includes € 1,043 thousand of the parent Isagro S.p.A., essentially related to capitalisation and amortisation of development costs for new products.

"Deferred tax assets and liabilities" include € 5,133 thousand and € 854 thousand, respectively, which are likely to be reversed beyond twelve months.

6. Inventories – 52,142

Breakdown	Book values Dec. 31st, 2016	Changes over the period: Increases/ decreases	Write-downs/ allocations to inventory write-down provision	Translation difference and other changes	Use of inventory write-down provision	Total change	Book values June 30th, 2017
Raw and ancillary materials and consumables	13,905	1,586	(150)	(204)	177	1,409	15,314
Work in progress and semi-finished goods	391	300	-	(22)	-	278	669
Finished products and goods	32,646	4,411	(100)	(906)	99	3,504	36,150
Payments on account	29	(20)	-	-	-	(20)	9
Total	46,971	6,277	(250)	(1,132)	276	5,171	52,142

The increase in the inventories of raw materials and finished products, compared to December 31st, 2016, is substantially due to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. which saw i) its inventories of raw materials and finished products increase to accommodate the higher sales expected in the second part of the year in view of a highly favourable monsoon season and ii) its sales slow down in the final part of the half year as a result of some distributors' decision to postpone their purchases in the first part of the second half of the year to benefit from a more favourable taxation on sales. The Indian Government introduced a new indirect tax (Goods and Services Tax), in force since July 1st, 2017, which replaced a number of federal and state taxes in force through June 30th, 2017.
Inventories include goods, for a value of € 2,569 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of obligations set out in the "Licence, development, distribution and supply" agreement that the parent Isagro S.p.A. concluded with Arysta LifeScience Corporation in 2013.
Inventories, net of the allowance for inventory obsolescence, relating to goods either obsolete or to be re-processed, amounted to € 951 thousand. The provision registered increases totalling € 250 thousand and decreases amounting to € 276 thousand during the first half of the year.

7. Trade receivables – 49,689

Breakdown	Book values Dec. 31st, 2016	Changes over the period: Increases/ decreases	Translation difference of provisions write-down	Write-downs/ allocations to provisions write-down	Use of provisions write-down	Other changes	Total change	Book values June 30th, 2017
Trade receivables	54,569	(859)	-	(13)	-	-	(872)	53,697
- bad debt provision	(3,355)	-	96	(90)	13	-	19	(3,336)
- bad debt provision def. int.	(617)	-	-	(91)	36	-	(55)	(672)
	50,597	(859)	96	(194)	49	-	(908)	49,689

The item shows a total decrease of € 908 thousand compared to December 31st, 2016. This change, however, is of little significance as a result of the seasonal nature of the crop protection products market. Therefore, comparing the trade receivables balance with the € 48,755 recorded as at June 30th, 2016 with sales substantially aligned to those of the first half of 2016, marked an increase of € 934 thousand, fundamentally due to the lower value of the receivables transferred without recourse of the parent Isagro S.p.A., with maturity after June 30th, in the first half of 2017 compared to those transferred in the first half of 2016.

These transfer transactions regarded receivables of approximately € 14,207 thousand, which is higher than the approximately € 5,168 thousand in receivables due after December 31st and factored during 2016, but partially decreased compared to the value of receivables factored in the first half of 2016 due after June 30th (€ 16,500 thousand).

During the half year, the provision for doubtful debts was used for € 13 thousand and was increased by € 90 thousand as a result of the amount allocated to it in the period. Interest on arrears was recognised for delays in payment from customers. A € 672 thousand provision was made for these receivables.

Regarding the total trade receivables due from related parties, please refer to Note no. 34.

Here below is the breakdown of trade receivables by geographic area based on the customer's location:

▪ Italy	4,558
▪ Other European countries	13,582
▪ Central Asia and Oceania	15,813
▪ Americas	12,831
▪ Far East	3,180
▪ Middle East	1,729
▪ Africa	2,004
Total	53,697

The average contractual maturity of trade receivables is the following:

- Italy 155 days
- Foreign countries 122 days.

The reported trade receivables are due within the following year.

8. Other current assets and other receivables – 5,011

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Other current assets and other receivables:			
- grants related to R&D	-	27	27
- advance payments to suppliers and creditors	807	(108)	699
- employees	84	159	243
- export incentives	98	(26)	72
- due from tax authorities for VAT and other taxes	2,315	(405)	1,910
- other and prepaid expenses	2,734	(365)	2,369
	6,038	(718)	5,320
- bad debt provision	(309)	-	(309)
Total	5,729	(718)	5,011

"Advance payments to suppliers and creditors" relate to payments on account made to suppliers, especially for services pertaining to research activities.

The item "due from tax authorities for VAT and other taxes" relates, in the amount of € 1,618 thousand, to VAT credits and other indirect taxes pertaining to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. and, in the amount of € 199 thousand, to the VAT credit pertaining to the parent Isagro S.p.A. The decrease compared to December 31st, 2016 is due to the parent Isagro S.p.A. which utilised almost the entire VAT credit reported in the Financial Statements as at December 31st, 2016 (€ 747 thousand) to offset the VAT payable for the initial months of 2017.
“Other” refers for € 538 thousand to the recovery of research and development costs incurred by the parent Isagro S.p.A. vis-à-vis the American company FMC Corporation under the agreement entered into between the two companies for the co-development of a new fungicide. Prepaid expenses, amounting to € 1,314 thousand, are also included in this item.
For the total amount of other receivables due from related parties, please refer to Note no. 34.
These receivables are due within the next year.

9. Tax receivables - 5,797

Breakdown	Book values Dec. 31st, 2016	Total change	Book values June 30th, 2017
Tax receivables:			
- direct taxes	4,085	772	4,857
- R&D tax credit	1,540	(600)	940
	5,625	172	5,797

This item essentially refers to amounts due to the parent Isagro S.p.A. (€ 2,168 thousand) of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 3,221 thousand) and the subsidiary Isagro USA, Inc. (€ 405 thousand). The increase in “direct taxes” compared to December 31st, 2016 is mainly attributable to payments on account made by the Indian subsidiary during the first half of the year.
The item “R&D tax credit” refers to the tax benefit due to the parent Isagro S.p.A. for research & development activities conducted in 2016, as described in the consolidated financial statements as at December 31st, 2016 to which reference should be made. The remaining credit will be used during the second half of the year to reduce payments of withholding tax and/or social security contributions.

10. Financial assets and liabilities for derivatives – 1,235

Current financial assets - 1,326

Non-current financial liabilities - 22

Current financial liabilities - 69

The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a listed price for the type of financial instruments the Group uses is not available, proper measurement techniques based on the discounting of expected Cash-Flows in connection with ownership of the derivatives were used. Such measurement particularly required that an adjustment factor for the risk of non-fulfilment referring to the counterparty for the financial assets and the credit risk of the Group for the financial liabilities (own credit risk) be included.
The following tables disclose the types of derivative contracts outstanding as at June 30th, 2017:

Description of derivatives	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Current financial assets:			
- foreign exchange	10	1,305	1,315
- commodities	11	-	11
	21	1,305	1,326
Non-current financial liabilities:			
- interest rates	-	(22)	(22)
	-	(22)	(22)
Current financial liabilities:			
- foreign exchange	(86)	47	(39)
- commodities	(5)	(25)	(30)
	(91)	22	(69)
Total	(70)	1,305	1,235

Description of derivatives	Fair value as at June 30th, 2017
Cash flow hedge derivatives:	
- interest rates	(22)
	(22)
Trading derivatives:	
- foreign exchange	1,276
- commodities (copper)	(19)
	1,257
Total	1,235

Cash flow hedge derivatives pertain to the hedging of the interest rate risk of a floating rate medium-long term loan, to transform it into a fixed rate loan. In particular, the item refers to the valuation of interest rate swap derivatives intended to hedge the fluctuation of the flows of interest expenses relating to a loan obtained by the parent Isagro S.p.A. on May 12th, 2017 from Unicredit S.p.A. (see note no. 13). The characteristics of these instruments are set out in the following table:

Interest rate swap (I.R.S.) derivatives

Characteristics of derivatives					Characteristics of related loans			
Stipulation date	Expiration date	Fixed (annual) interest rate	Notional value (Euro)/000	Fair value (Euro)/000	Disbursement date	Expiration date	Residual value (Euro/000)	Floating (annual) interest rate
May 12th, 2017	May 31st, 2021	0.17%	6,000	(22)	May 12th, 2017	May 31st, 2021	6,000	Euribor +0.95%
			6,000	**(22)**			**6,000**	

The IRS rate of 0.17% should be compared only with the floating rate of the loan, i.e. six month EURIBOR.

As provided by the main international accounting standards, the portion of profit or loss relating to the valuation of these derivatives was recognised, net of the related tax effect, among the other comprehensive income components, since the effectiveness of the hedge assured by these financial instruments has been demonstrated.

Trading derivatives refer to transactions that do not meet international accounting standard requirements for the application of hedge accounting.

These derivatives refer:

- as for foreign exchange derivatives, to forward contracts related to forward sales and purchases of US dollars and Indian rupees, described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Sale	USD/EUR	1.07	(20,300)	1,309
Forward - Purchase	USD/COP	3,038.26	602	(1)
Forward - Sale	USD/INR	65.32	(204)	1
			(19,902)	1,309
Forward - Purchase	INR	73.18	1,800	(33)
Total				1,276

- as regards the commodities, swap contracts for the purchase of copper, entered into with the aim of limiting the exposure to market price fluctuations of this strategic commodity, are described in the following table:

Contract type	Hedged quantity (tons)	Strike price (Euro)	Notional value (Euro/000)	Fair value (Euro/000)
Commodity swap (purchase)	574	5,170	3,065	(19)
	574		3,065	(19)

The measurement techniques used to calculate the fair value of derivative contracts are explained below:

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at June 30th, 2017, properly adjusted to consider the premium connected with the “compliance risk”;
- Copper: discounted cash flow method, where the expected cash flows to discount were calculated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange (L.M.E.) and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon rate as at June 30th, 2017, appropriately adjusted to take into account the premium connected with the “compliance risk”.
- Interest rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward interest rates seen in the curve of market rates as at the date of the financial statements and the contractual forward interest rates;

discounting was calculated on the basis of the zero coupon curve as at June 30th, 2017, properly adjusted to consider the premium connected with the "compliance risk".

Additional information required by IFRS 7 and IFRS 13 is included under note No. 32.

11. Cash and cash equivalents – 25,000

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Bank deposits:			
- demand deposits	16,440	(1,503)	14,937
	16,440	(1,503)	14,937
Securities maturing in less than three months	-	10,043	10,043
Cash on hand	19	1	20
Total	16,459	8,541	25,000

Cash and cash equivalents as at June 30th, 2017 respectively refer to the parent Isagro S.p.A. for € 11,834 thousand and the subsidiaries for € 13,166 thousand.

The increase in this item compared to December 31st, 2016 is essentially attributable to financial resources generated by operating activities, as better illustrated in the Cash-Flow statement to which reference should be made.

Demand deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits of the Group as at June 30th, 2017 was 0.36% per year.

The item "Securities maturing in less than three months" refers to investments in readily redeemable money market fund units by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. on which interest matured at the rate of 5.50%.

Note that for the purposes of the Cash-Flow statement, the item "cash and cash equivalents" coincides with the respective item in the Balance Sheet.

12. Equity attributable to owners of the parent – 105,220

The breakdown of and changes in Equity attributable to owners of the parent are explained in the "Consolidated Statement of changes in shareholders' equity in the first half of 2017".

The share capital of the parent Isagro S.p.A. amounted to € 24,961 thousand as at June 30th, 2017, fully subscribed and paid up, and comprised 24,549,960 Ordinary Shares and 14,174,919 "Growth Shares", which are included in a new class of special shares whose characteristics are described below.

The item "Reserves", amounting to € 48,156 thousand, comprises:

- Share premium reserve 44,910
- Hedge reserve (17)
- Translation difference (7,278)
- Other reserves:
  * merger surplus 7,023
  * legal reserve 3,680
  * treasury shares (162)

	10,541
- Total	48,156
	=====

The “share premium reserve” is recognised net of the costs incurred by the parent in relation to the share capital increase transactions carried out in previous years. These costs, net of the tax effect of € 1,228 thousand, amount to € 2,356 thousand. “Treasury shares” refer to the expense incurred by the parent in previous years to purchase 50,000 treasury shares.

The changes in “hedge reserve” are illustrated below; the item includes the loss, transited in the statement of comprehensive income, deriving from interest rate swap contracts classified as cash flow hedge contracts (see note no. 10):

Cash flow hedge instruments	
Losses generated in the period	(22)
Tax effect of the period	5
Net losses from cash flow hedge instruments	(17)

The negative change in the “Translation difference”, equal to € 1,456 thousand, is to be attributed mainly to the depreciation of the Indian Rupee against the Euro.

The increase in “Retained earnings”, € 30 thousand, indicated in the “Consolidated statement of changes in shareholders’ equity in the first half of 2017”, refers to the actuarial gains of the defined benefit plans (see note No. 14) recognised under “Other comprehensive income” net of the related tax effect.

Characteristics of the “Growth Shares”

The rights and characteristics of the Growth Shares issued by the parent Isagro S.p.A. are summarized hereunder. These shares were listed on the STAR segment of the Stock Market managed by Borsa Italiana, where the company’s ordinary shares are also listed.

No voting rights

Pursuant to Article 7 of the Company’s Articles of Associations, the Growth Shares are without voting rights in the Shareholders’ Meetings, while, pursuant to Article 14 of the Company’s Articles of Association, they have a voting right in the special Shareholders’ Meetings for owners of Growth Shares, pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the Growth Shares shall be approved by the aforesaid special Shareholders’ Meeting.

Privilege in the profit distribution

Pursuant to Article 24 of the Company’s Articles of Association, net profit resulting from the Financial Statements, duly approved by the Shareholders’ Meeting, after deducting 5% for the legal reserve, until reaching the threshold set by law, will be distributed according to decisions made by the Shareholders’ Meeting. "Growth shares" have a privilege on profit distribution decided by the Shareholders' Meeting, for amounts available as from the year ended December 31st, 2014. The division, in fact, shall be made so as each "growth shares" has a total dividend added by 20% with respect to the dividend assigned to ordinary shares. In the event of distribution to any other reserve, Growth Shares will have the same rights as Ordinary Shares.

Conversion into ordinary shares

All “Growth Shares” are automatically converted into Ordinary Shares, with a one-to-one ratio, in the event that Piemme S.r.l., which currently heads the Isagro Group’s chain of control, directly or indirectly reduces its interest to below 50%, or if one or more parties are required to launch a mandatory public offer, to which the holders of Growth Shares can then subscribe as a result of their shares being converted into Ordinary Shares with voting rights. Moreover, the “Growth Shares” will be converted in the event a voluntary offer is called for which the offeror who, at the close of the offer, would exceed the 30% limit set out by law, is not obliged to call for a subsequent offer, and when the holding Holdisa S.r.l. subscribed to this offer with a number of ordinary shares sufficient to reduce its equity investment to below 50%.

13. Current and non-current financial payables – 71,909

Current financial payables - 31,832

Non-current financial payables - 40,077

The following table illustrates changes in current and non-current financial payables:

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Current financial payables:			
- banks	28,259	3,224	31,483
- other lenders	907	(640)	267
- obligations under finance leases	80	2	82
	29,246	2,586	31,832
Non-current financial payables:			
- banks	37,929	391	38,320
- other lenders	1,794	(134)	1,660
- obligations under finance leases	138	(41)	97
	39,861	216	40,077
Total	69,107	2,802	71,909

Current payables due to banks and other lenders as at June 30th, 2017 include the current portion of the medium/long term loans, amounting to € 22,477 thousand.

The average interest rate on short-term bank loans (in Euro, US Dollars, Brazilian Reals, Indian Rupees and Colombian Pesos), except for finance leases, is approximately 2.13%.

The characteristics of the main medium/long-term loans granted to the parent Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at June 30th, 2017 include both the short-term portions of the loans described, included in the financial statements under current financial liabilities, and the accrued interest.

Amounts in thousands of Euro	
Loans outstanding as at December 31st, 2016	
Loan granted by the European Investment Bank (EIB) with a duration of 6 years, repayable in quarterly payments starting from 2013 and requiring compliance with covenants. S.A.C.E. issued a guarantee on this loan for € 5,750 thousand.	1,035

Loan granted by the European Investment Bank (EIB) with a duration of 6 years, repayable in quarterly payments starting from 2015 and requiring compliance with covenants. Banca Popolare di Sondrio issued a guarantee on this loan for € 3,997 thousand.	3,528
Loan granted by Banca Popolare di Sondrio with a duration of 4 years, repayable in quarterly payments starting from 2016.	1,018
Loan granted by UniCredit S.p.A. with a duration of 4 years, repayable in half-yearly payments starting from 2016.	2,715
Loan granted by Banca Popolare Commercio & Industria with a duration of 4 years, repayable in quarterly payments starting from 2015 and requiring compliance with covenants.	2,214
Loan granted by Banca Popolare di Milano with a duration of 3 years, repayable in monthly payments starting from 2015.	1,485
Loan granted by Banca Mediocredito Italiano with a duration of 5 years, repayable in quarterly payments starting from 2015 and requiring compliance with covenants.	3,594
Loan granted by Banco Popolare with a duration of thirty months, repayable in quarterly payments starting from 2015.	303
Loan granted by Banca Monte dei Paschi di Siena with a duration of 4 years, repayable in quarterly payments starting from 2015.	1,402
Loan granted by BPER: Banca (Banca Popolare dell'Emilia Romagna) with a duration of 42 months, repayable in half-yearly payments starting in 2016 and requiring compliance with covenants.	6,023
Loan granted by Banca del Mezzogiorno with a duration of 5 years, repayable in half-yearly payments starting from 2016 and requiring compliance with covenants.	3,983
Loan granted by Banco Popolare with a duration of 4 years, repayable in half-yearly payments starting from 2017.	1,994
Loan granted by Banca Popolare Commercio & Industria with a duration of 4 years, repayable in quarterly payments starting from 2016 and requiring compliance with covenants.	3,787
Loan granted by UBI Banca with a duration of 99 months, repayable in half-yearly payments starting from 2021.	214
Subsidised loan granted by Cassa Depositi e Prestiti in relation to the research project "Use of bio-IT platforms to identify new crop protection products", with a duration of 99 months, repayable in half-yearly payments starting from 2017.	1,927
Loan granted by Iccrea BancaImpresa S.p.A. with a duration of 4 years, repayable in quarterly payments starting from 2017. S.A.C.E. issued a guarantee on this loan for € 2,625 thousand.	4,339
Loan granted by Deutsche Bank with a duration of 48 months, repayable in half-yearly payments starting in 2016 and requiring compliance with covenants.	809
Loan granted by Banca CARIGE Italia S.p.A. with a duration of 4 years, repayable in half-yearly payments starting from 2017.	1,749
Loan granted by Cassa di Risparmio di Parma e Piacenza with a duration of 48 months, repayable in half-yearly payments starting from 2017 and requiring compliance with covenants.	4,381
Loan granted by Banca Popolare di Milano with a duration of 37 months and repayable in monthly payments starting from 2017.	2,896
Loans obtained in the first half of 2017	
Loan granted by UniCredit S.p.A. with a duration of 48 months, repayable in half-yearly payments starting in 2017 and requiring compliance with covenants.	5,983
Loan granted by Banca Nazionale del Lavoro with a duration of 48 months, repayable in quarterly payments starting in 2017 and requiring compliance with covenants.	3,988
Loan granted by Banca Mediocredito Italiano with a duration of 4 years, repayable in half-yearly payments starting from 2017 and requiring compliance with covenants.	2,991

In the first half of 2017, the parent Isagro S.p.A. obtained new medium/long-term loans from banks for a total of € 12,951 thousand.

The covenants to be complied with for a number of the aforementioned loans are described later in this report.

With reference only to the loans obtained in the first half of 2017, the main events, whose occurrence entitles the financing institution to withdraw from the agreement, are indicated below, while their description, referred to loans existing as at December 31st, 2016, reference is expressly made to the consolidated financial statements of 2016.

Loan granted by UniCredit S.p.A.:

- the parent Isagro S.p.A. uses the loans for purposes other than those for which it was granted;
- the parent Isagro S.p.A. does not arrange the full and prompt payment of even one loan repayment instalment;

- the parent Isagro S.p.A. is subject to enforcement orders or seizure of bank assets or if there is an objective risk detrimental to the loan;
- the parent Isagro S.p.A. or one of its subsidiaries fails to pay one of its financial debts on the due date;
- the parent Isagro S.p.A. fulfils neither one of the equity and economic parameters (covenants).

Loan granted by Banca Nazionale del Lavoro:

- the parent Isagro S.p.A. fails to pay a loan repayment instalment within thirty days of the due date;
- the parent Isagro S.p.A. ceases to carry out or communicates in writing that it is ceasing the activities it currently carries out or starting an activity that is substantially different from those per its current corporate purpose;
- the parent Isagro S.p.A. is required to repay any financial debt before the original maturity as a result of i) enforcement of the acceleration clause and/or ii) termination and/or iii) withdrawal by the creditor or iv) as a result of declaration of the occurrence of a cause for termination of the loan by the creditor;
- the parent Isagro S.p.A. is subjected to enforcement proceedings pertaining to its own assets for a value above € 500 thousand, unless Isagro demonstrates that it has sufficient financial resources to make the payments in relation to which the enforcement proceedings were promoted, or the enforcement proceedings are proven to be manifestly groundless;
- the parent Isagro S.p.A. is the subject of any administrative, tax-related, or any judicial measure that may cause a significant negative change in the financial, capital or income situation and/or may have such a significant negative impact on the activities of Isagro as to compromise the ability to punctually meet one or more obligations deriving from the loan agreement;
- the independent auditing firm expresses a negative opinion or issues a declaration on the impossibility of expressing an opinion on the annual and consolidated financial statements of the parent Isagro S.p.A.;
- the indirect control on the parent Isagro S.p.A. jointly held by the members of the Basile family is lost;
- the parent Isagro S.p.A. fulfils neither one of the equity and economic parameters (covenants).
  In addition:
- the parent Isagro S.p.A. may not, unless written consent is provided by the lender, i) establish or allow the existence of encumbrances pertaining to tangible or intangible assets and/or present and future receivables; ii) make any amendment to its bylaws or articles of association that entails the transformation of the company and/or a substantial change of its corporate purpose and/or the move of its headquarters abroad; iii) cease or change the nature of its own activity; iv) reduce its own share capital, unless required by Law and in any case without prejudice to the commitment to cover losses as prescribed by current laws and regulations; v) carry out extraordinary transactions such as demergers, splits, spin-offs and/or contributions, mergers, transactions involving capital and other transactions provided by laws other than Italian laws and having economic effects equivalent to those mentioned previously.

Loan granted by Banca Mediocredito Italiano S.p.A.:

- the parent Isagro S.p.A. does not meet the obligations assumed towards the lending entity for reasons other than the present agreement;
- the documentation produced or the statements made by the parent Isagro S.p.A. are found not to be true;
- the parent Isagro S.p.A. i) does not promptly notify the lending entity of every event that pertains to itself or other companies of the group of which it is a part, for which there is a public disclosure obligation per Italian Legislative Decree no. 58 of February 24th, 1998 and per Part III, Title II, of the implementing regulation for issuers per CONSOB resolution no. 11971 of May 14th, 1999 as amended; ii) does not send to the lending entity, no later than July 31st of every year, a statement containing some data related to the consolidated financial statements of the Isagro Group; iii) does not provide the lending entity with all documents prescribed by Sections IV and V of Part III, Title II, Paragraph II of the CONSOB regulation mentioned in point i);
- the parent Isagro S.p.A. does not allocate the loan exclusively to the realisation of the financed project;
- the lending entity becomes aware of liens, attachments or judicial distraints on assets owned by the parent Isagro S.p.A.;
- Piemme S.r.l., which currently indirectly controls the parent Isagro S.p.A., sells to third parties its shareholding that assures indirect control before the rights of the lending entity deriving from the loan are fulfilled and without the prior consent of the parent Isagro S.p.A.;
- the lending entity becomes aware of the breach of obligations of a credit or financial nature or of guarantees assumed by the parent Isagro S.p.A. with respect to other banks of the group to which the lending entity belongs or to any other party;
- the lending entity becomes aware, also through the media, of events which may, it its view, compromise, delay or suspend the realisation of the financed project;
- the parent Isagro S.p.A. fulfils neither one of the equity and economic parameters (covenants).

Current financial payables to other lenders, amounting to € 267 thousand as at June 30th, 2017, refer to the current portion of the subsidised loan granted by Cassa Depositi e Prestiti, already described in the previous table, while at December 31st, 2016 they referred for € 779 thousand to payables to factoring companies in relation to with-recourse factoring of receivables.

The item "obligations under finance leases" refers to the residual payable of € 154 thousand due to Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay, for a residual period of 33 months, for the supply of new analytical laboratory instruments used at the Novara research centre of the parent Isagro S.p.A.

The table below summarises the loans granted to the Group, broken down by currency:

Currency of the loan	Amount in thousands of euro	Amount in currency (thousands)	Effective average interest rate %
Euro	65,987	65,987	1.80%
US Dollars	4,385	5,004	4.00%
Indian Rupees	1,509	111,306	11.00%
Brazilian Reals	21	80	21.74%
Colombian Pesos	7	24,239	12.28%
Total	71,909		

The debt exposure of the Group broken down by maturity is shown in the table below:

	Payables broken down by maturity						
	Within 1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Payables due to banks							
- floating rate	30,005	16,670	12,082	5,105	62	125	64,049
- fixed rate	1,478	1,501	1,507	1,268	-	-	5,754
Total Payables due to banks	31,483	18,171	13,589	6,373	62	125	69,803
Payables due to other lenders							
- fixed rate	267	270	272	275	278	565	1,927
Total Other lenders	267	270	272	275	278	565	1,927
Obligations under finance leases							
- fixed rate	82	76	21	-	-	-	179
Total obligations under finance leases	82	76	21	-	-	-	179
Total	31,832	18,517	13,882	6,648	340	690	71,909

Lastly, it should be noted that, as at June 30th, 2017, the Group has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 90,852 thousand (including "trade" facilities for € 76,422 thousand, of which € 16,661 thousand used, and "financial" facilities of € 14,430 thousand, of which € 5,548 thousand used), as shown in the table below:

	Lines of credit	
	Granted	Used
Parent	80,150	17,039
Subsidiaries	10,702	5,170
Total	**90,852**	**22,209**

COVENANTS

In compliance with the CONSOB Communication of July 28th, 2006, the loans for which certain equity and economic requirements (covenants) must be satisfied are listed below, together with the features of such requirements. The amounts indicated are expressed gross of commissions and accessory charges.

Bank	**Nominal amount of the loan**	**Residual amount of the loan**	***Covenants***	**Effects**
E.I.B.	€ 22,500	€ 4,563	a) ratio between the consolidated net financial position and the consolidated EBITDA less than 4.5 as from 2014 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.

Cassa di risparmio di Parma e Piacenza	€ 5,000	€ 4,381	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2016 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2016 and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest. It should also be noted that if the ratio between consolidated net financial debt and EBITDA exceeds 3, the spread shall be equal to 1.40%, while if it is lower than or equal to 2.5, the spread shall be equal to 1%.
BPER: Banca (Banca Popolare dell'Emilia Romagna)	€ 7,000	€ 6,023	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2015 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2015 and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Banca Popolare Commercio & Industria	€ 10,000	€ 6,001	a) consolidated debt/EBITDA ratio of less than 3 as at December 31st, 2014 and until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 0.5 as at December 31st, 2014 and until full repayment of the residual debt.	Failure to satisfy even one of the financial indicators will result in an increase in the spread as follows: - with reference to the **debt/EBITDA ratio**: +0.25% if the ratio is greater than 3 and less than 3.5; +0.50% if the ratio is greater than 3.5 and less than 4; +0.75% if the ratio is greater than 4 and less than 4.5; +1 % if the ratio is greater than 4.5; - with reference to the **debt/equity ratio**: +0.25% if the ratio is greater than 0.5 and less than 0.75; +0.50% if the ratio is greater than 0.75 and less than 1; +0.75% if the ratio is greater than 1 and less than 1.5; +1% if the ratio is greater than 1.5. Failure to comply with both covenants with ratios exceeding 4.5 (for the consolidated debt/EBITDA ratio) and 1.5 (for the consolidated debt/equity ratio) shall result in termination of the loan and the repayment of all amounts still due including interest.
			a) consolidated debt/EBITDA ratio of less than 4.5 as at December 31st, 2015 and until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan

Mediocredito Italiano	€ 9,000	€ 6,585	b) consolidated debt/equity ratio of less than 1.5 as at December 31st, 2015 and until full repayment of the residual debt.	and the repayment of all amounts still due including interest.
Banca del Mezzogiorno	€ 5,000	€ 3,983	a) consolidated debt/EBITDA ratio of less than 4.5 until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Deutsche Bank	€ 1,000	€ 809	a) consolidated debt/EBITDA ratio of less than 4.5 until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
UniCredit S.p.A.	€ 6,000	€ 5,983	a) consolidated debt/EBITDA ratio of less than 4.5 until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Banca Nazionale del Lavoro	€ 4,000	€ 3,988	a) consolidated debt/EBITDA ratio of less than 4.5 until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.

The assessment of compliance with the above covenants, which is performed annually, as at June 30th, 2017 revealed no criticalities with the exception of the loans granted by Banca Popolare Commercio & Industria and by the Cassa di Risparmio di Parma e Piacenza, for which the covenant related to the consolidated debt/EBITDA ratio fell within the range of 3.5 and 4 expressed in the previous table and in the range above 3. If these indicators were in the same year as at December 31st, 2017 as well, the spread applied to the loans granted by Banca Popolare Commercio & Industria would increase by 0.50%, while the spread applied by Cassa di Risparmio di Parma e Piacenza would be equal to 1.40%.

NET FINANCIAL POSITION

As required by CONSOB Communication no. DEM/6064293/2006 of July 28th, 2006, and also in accordance with the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the net financial position of the Group as at June 30th, 2017 was as follows:

	June 30th, 2017	Dec. 31st, 2016
Bank deposits and cash	(14,957)	(16,459)
Securities	(10,043)	-
Cash (A)	**(25,000)**	**(16,459)**
Current financial receivables and other assets (B)	**-**	**-**
Current payables due to banks	9,355	9,979
Current payables due to other lenders	-	779
Current portion of non-current financial payables	22,477	18,488
Current financial payables (C)	**31,832**	**29,246**
Net current financial debt (A+B+C)	**6,832**	**12,787**

Non-current payables due to banks	38,320	37,929
Non-current payables due to other lenders	1,660	1,794
Obligations under finance leases	97	138
Non-current financial payables (D)	**40,077**	**39,861**
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**46,909**	**52,648**
Financial assets - derivatives	(1,326)	(21)
Financial liabilities - derivatives	91	91
Net financial debt of the Group	**45,674**	**52,718**

Compared to December 31st, 2016, the net financial position shows a decrease of € 7,044 thousand. This change, despite continued investment in intangible assets by the Group, was made possible from cash flows from operating activities as illustrated in the Cash-Flow statement.

14. Employee Benefits - 2,520

The following table illustrates the change in the severance indemnity fund (SIF) of the Group's Italian companies and in the "Gratuity Fund" of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., which can be classified, as per IAS 19, as "defined benefits plans" among "post-employment benefits":

	Severance Indemnity Fund	Gratuity Fund (pension fund)	Total
Value as at Dec. 31st, 2016	2,588	159	2,747
Cost of employee benefits	10	(9)	1
Settlements/transfers/payments	(224)	-	(224)
Translation difference	-	(4)	(4)
Value as at June 30th, 2017	2,374	146	2,520

Information on the Severance Indemnity Fund plan

The item "Severance Indemnity Fund" reflects the Group's residual obligation regarding the indemnity to pay Italian employees when their employment ceases. This indemnity can be partially paid in advance to the employee during his or her working life in certain circumstances. It is a defined unfunded benefit plan only in correction with the indemnity employees accrue up until December 31st, 2006. In fact, certain legislative changes turned the severance indemnity fund into a defined benefit plan starting from that date, resulting in the Group paying indemnities that accrued in each year (equal to about 7.41% of the employees' wages) into outside pension funds.

The actuarial valuations used to calculate the liabilities were made using the projected unit credit method.

The main demographic and financial assumptions used to measure the obligations were as follows:

- discounting rate: 1.10%
- staff turnover rate: 6.00%
- inflation rate: 1.50%
- annual rate of increase in severance indemnity fund (SIF): 2.62%

The probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate, whereas for the discounting rate it was decided to use the rate of return on AA-rated corporate securities in the Eurozone as reference.

The table below shows the total cost of the severance indemnity fund:

	Breakdown
Financial charges for the obligation	12
Actuarial (gains)/losses	(2)
Total	10

The actuarial gains and losses coming from remeasurement of the liabilities were recorded in "Other Comprehensive Income" and recognised under Group equity in the item "Retained earnings". Actuarial gains for the first half of 2017, € 2 thousand, include gains attributable to changes in the financial assumptions for € 34 thousand and costs attributable to changes in the demographic assumptions for € 32 thousand.

Sensitivity analyses were conducted as regards the option of changing the discounting rate of the obligation from which it emerged that a parameter increase of a quarter of a percentage point would bring about a € 41 thousand decrease in liabilities, while a decrease of a quarter of a percentage point in the rate would bring about an increase in liabilities of € 42 thousand.

<u>Information on the "Gratuity Fund" pension fund</u>

The "Gratuity Fund" is a funded defined benefit plan that the Group guarantees to the employees of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. The plan requires that the subsidiary pay in the equivalent of 15 days of wages for each year of service for every worker who has completed at least five years of service. The payment is made to a special trust fund that invests the funds received in financial assets with a low risk profile (insurance funds). The obligation recorded to the financial statements is therefore the net residual obligation for the Group, meant as the difference between current obligation value and the fair value as at the date of the financial statements of the assets serving the plan. If the pension fund is overfunded, an asset for defined benefits is recorded in the consolidated financial statements since the Group has the right to not fund the plan as long as this condition is maintained.

The actuarial valuations were made using the Projected Unit Credit Method for this plan as well. The main demographic and financial assumptions used were the following:

- discounting rate: 6.83%
- staff turnover rate: 6.00%
- expected wage increase: 10.00%
- expected rate of return of the assets serving the plan: 6.83%

The table below shows the breakdown of the cost of the plan:

	Breakdown
Current cost of the plan	29
Net financial charges	6
Revaluation of assets serving the plan	(37)
Actuarial (gains)/losses	(7)
Total	(9)

The actuarial components for the "Gratuity Fund" are also recognised among "Other Comprehensive Income" and under Group equity in the item "Retained earnings". Actuarial gains for the period, € 7 thousand, include costs attributable to changes in the financial assumptions for € 4 thousand and profits attributable to changes in the demographic assumptions for € 3 thousand.

The amount recognised to the Balance Sheet breaks down as follows:

Current value of the obligation	(658)
Fair value of the assets	512
Surplus (deficit) of the plan	(146)

Lastly, the following tables show the changes in the current value of the plan obligation and the fair value of the assets serving the plan:

Current initial value of the obligation	967
Financial charges	33
Current cost of the plan	29
Benefits paid	(346)
Actuarial (gains)/losses	(7)
Translation difference	(18)
Current final value of the obligation	658

Initial fair value of the assets	808
Financial income expected from the assets	27
Payments made during the year	-
Benefits paid	(346)
Revaluation of assets serving the plan	37
Translation difference	(14)
Final fair value of the assets	512

Based on legal requirements, the amount of the payments that the Group must make for this fund over the next 12 months is approximately € 70 thousand, while the amount of the benefits to pay outgoing employees, based on the projections and actuarial assumption of the plan, is € 89 thousand.

The Group also participates in the "pension funds" which, pursuant to IAS 19, can be classified "defined contribution plans" among the "post-employment benefits". In relation to these plans, the Group has no additional monetary obligations once the contributions have been paid.

In the first half of 2017, the total costs of such plans, included under "personnel costs", were € 542 thousand.

15. Other non-current liabilities - 740

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Payables: - guarantee deposits from customers	760	(20)	740
Total	760	(20)	740

This item reflects the amounts paid by certain customers of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. as guarantee for the performance of obligations connected to sale and purchase agreements for crop protection products.

16. Trade payables – 37,426

This item shows an increase of € 5,763 thousand compared to December 31st, 2016 (€ 31,663 thousand). This change, however, is of little significance as a result of the seasonal nature of the crop protection products market. Comparing the trade receivables balance with the € 33,287 thousand recorded as at June 30th, 2016 an increase of € 4,139 thousand is observed, strictly correlated with the increase in purchases, in particular by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., in turn correlated with the increase in inventories of raw materials and finished products described in Note no. 7.

For the total trade payables due to related parties, reference should be made to Note no. 34.Here below is the breakdown of trade payables by geographic area based on the supplier's location:

▪ Italy	18,091
▪ Other European countries	4,376
▪ Central Asia and Oceania	11,162
▪ Americas	3,417
▪ Far East	187
▪ Middle East and Africa	193
Total	37,426

It should be noted that trade payables have an average contractual maturity of approximately 110 days. The trade payables are due within the following year.

17. Current provisions – 996

The breakdown of the item and changes in current provisions are illustrated in the following table:

Breakdown	Book values Dec. 31st, 2016	Changes over the period				Book values June 30th, 2017
		Provisions	Uses	Other changes	Total change	
Current provisions:						
provision for goods destruction and disposal of obsolete materials	90	-	(12)	-	(12)	78
provision for employee participation bonus and manager/director bonus	1,901	777	(1,741)	(19)	(983)	918
Total	1,991	777	(1,753)	(19)	(995)	996

The provision for "goods destruction and disposal of obsolete materials" essentially refers to the costs the parent Isagro S.p.A. will incur for the disposal of obsolete materials, necessary to improve logistics and storage conditions at the Aprilia industrial complex.

18. Tax payables - 3,672

	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Tax payables:			
- due to tax authorities for direct taxes	2,596	1,076	3,672
	2,596	1,076	3,672

The item includes the payable due to the tax authorities for income taxes of the Isagro Group's foreign subsidiaries and comprises € 3,068 thousand of the tax payables of the subsidiary Isagro (Asia)

Agrochemicals Pvt. Ltd. The increase in the balance sheet item compared to December 31st, 2016 is attributable to the fact that the Indian subsidiary's tax payable for the previous year, approximately € 2,410 thousand at the exchange rate of June 30th, will be paid, net of the advances already paid, in the second part of the year.

19. Other current liabilities and other payables – 5,239

Breakdown	Book values Dec. 31st, 2016	Increases/ decreases	Book values June 30th, 2017
Payables:			
- due to social security and welfare institutions	1,181	9	1,190
- due to agents and canvassers	175	(34)	141
- due to employees	1,045	449	1,494
- due to tax authorities for VAT and similar taxes	104	55	159
- due to tax authorities for withholdings and other taxes	769	113	882
- advances from customers	410	17	427
- due to others	774	(134)	640
	4,458	475	4,933
Deferred income	346	(40)	306
Total	4,804	435	5,239

This item, on the whole, was essentially in line with the figure in the previous year.
Payables due to employees also include amounts for holiday entitlement accrued but not used, additional month payments and expense accounts.
The item "advances from customers" refers to the amounts paid by customers of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in relation to sales of crop protection products.
"Payables due to others" include € 180 thousand relating to the balance of the food safety grant, which was paid in July 2017.

20. Segment reporting

As already mentioned, the Isagro Group identified its operating segments pursuant to IFRS 8 in the geographic areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision maker to assess performance and resource allocation decisions, and for which separate Financial Statements figures are available.
The geographic areas that constitute the Group's operating segments are as follows:

- Europe
- Asia
- North America
- South America.

The Group assesses the performance of its operating segments on the basis of "Operating result"; the revenues of the above segments include revenue deriving from transactions with both third parties and other segments, measured at arm's length. In the Group's ordinary course of business, financial income and charges and taxes are recognised by the corporate entity, because they are not related to operating activities.

The table below shows the operating results of the operating segments for the first half of 2017:

1st half 2017	Continuing operations					
	Area Europe	Area Asia	Area North America	Area South America	Adjustments	Total
- Crop Protection Products	63,113	14,913	2,664	2,437	-	**83,127**
- Other	3,744	-	-	-	-	**3,744**
Revenue from third parties	**66,857**	**14,913**	**2,664**	**2,437**	**-**	**86,871**
Intra-segment revenue	5,298	1,959	513	376	(8,146)	-
Revenues	**72,155**	**16,872**	**3,177**	**2,813**	**(8,146)**	**86,871**
Operating result	**6,573**	**1,394**	**(938)**	**558**	**(216)**	**7,371**
Net financial charges						**(235)**
Profit/(loss) from associates						**83**
Pre-tax profit/(loss)						**7,219**
Income taxes						**(2,641)**
Net profit						**4,578**
Depreciation and amortisation	4,110	349	4	60	-	**4,523**
Allocations to provisions	655	13	96	13	-	**777**
Impairment losses on receivables	-	90	-	-	-	**90**
Severance indemnity fund and similar provisions	12	35	-	-	-	**47**

The table below shows the operating results of the operating segments for the first half of 2016:

1st half 2016	Continuing operations					
	Area Europe	Area Asia	Area North America	Area South America	Adjustments	Total
- Crop Protection Products	59,760	16,870	2,789	2,279	-	**81,698**
- Other	5,427	-	-	-	-	**5,427**
Revenue from third parties	**65,187**	**16,870**	**2,789**	**2,279**	**-**	**87,125**
Intra-segment revenue	2,913	6,110	78	233	(9,334)	-
Revenues	**68,100**	**22,980**	**2,867**	**2,512**	**(9,334)**	**87,125**
Operating result	**5,042**	**4,366**	**(1,489)**	**376**	**(1,287)**	**7,008**
Net financial income						**763**
Profit/(loss) from associates						**11**
Pre-tax profit/(loss)						**7,782**
Income taxes						**(3,309)**
Net profit						**4,473**
Depreciation and amortisation	4,103	335	4	60	-	**4,502**
Allocations to provisions	680	20	56	11	-	**767**
Impairment losses on receivables	300	165	-	-	-	**465**
Severance indemnity fund and similar provisions	19	39	-	-	-	**58**

As the location of the Group's operations is different from that of customers, the following table shows the breakdown of revenues based on the customers' location:

	1st half 2017	1st half 2016
Italy	19,977	21,482
Europe	31,916	32,970
Americas	15,609	10,961
Africa	1,902	2,074
Middle East	2,475	1,718
Central Asia and Oceania	12,102	13,795
Far East	2,890	4,125
Total	**86,871**	**87,125**

Intragroup transactions were carried out at arm's length.

Compared to the first half of 2016, turnover increased in the "Europe" segment as a result of higher sales by the parent Isagro S.p.A. in the American market, with an increase in the sale of crop protection products in particular in the United States.

With reference to the "Asia" segment, revenue from third parties declined along with intra-segment revenue; the decrease in revenue from third parties was essentially determined by some Indian distributors' decision to postpone their purchases in the first part of the second half of the year to benefit from a more favourable taxation on sales, because since July 1st, 2017 a new indirect tax entered into force in India ("Goods and Services Tax"), replacing a number of federal and state taxes in force through June 30th, 2017. The contraction in intra-segment revenues was brought about by the reduction in the sales to the parent Isagro S.p.A., in particular of M-Alcohol - an intermediate product for the production of Tetraconazole, a proprietary fungicide of the parent company - as a result of the parent company's decision to postpone purchases in the second half of 2017.

With reference to the operating result, compared to the first half of 2016 it improved in the "Europe" area (€ +1,531 thousand), due to the aforementioned increase in the sale of crop protection products, in "North America" (€ +551 thousand), thanks to an increase in the margins of sales, albeit in the presence of a slightly lower level of revenue, as well as to a reduction in overhead costs, and in "South America" (€ +182 thousand).

On the contrary, the "Asia" area worsened as a result of the aforementioned decline in sales.

The tables below show the segments' assets and liabilities, as well as investments in tangible and intangible assets, as at June 30th, 2017 and December 31st, 2016:

As at June 30th, 2017	Continuing operations					
	Area Europe	Area Asia	Area North America	Area South America	Adjustments Cancellations	Total
Segment assets	151,709	37,967	5,838	4,237	(13,135)	186,616
Investments in associates	396	-	-	-	-	396
Unallocated assets						42,167
						229,179
Segment liabilities	34,768	14,664	1,781	2,936	(8,269)	45,880
Unallocated liabilities						78,079
						123,959
Investments in intangible assets	4,459	61	-	-	-	4,520
Investments in tangible assets	345	26	-	43	-	414

As at December 31st, 2016	Continuing operations					
	Area Europe	Area Asia	Area North America	Area South America	Adjustments Cancellations	Total
Segment assets	147,428	32,918	8,109	3,411	(8,443)	183,423
Investments in associates	313	-	-	-	-	313
Unallocated assets						33,663
						217,399
Segment liabilities	30,679	9,384	3,363	1,669	(4,003)	41,092
Unallocated liabilities						74,222
						115,314
Investments in intangible assets	9,655	-	1	50	-	9,706
Investments in tangible assets	2,353	195	12	32	-	2,592

Segment assets include non-current assets, inventories, trade and other receivables, while tax and financial receivables, equity investments and cash are excluded; the excluded items were recognised as “Unallocated assets”. Liabilities pertaining to each segment do not include tax liabilities and liabilities connected with loans. These amounts were recognised under “Unallocated liabilities”.

With reference to segment assets, there was an increase in the assets of the “Asia” area as a result of the increase in the inventories of raw materials and finished products essentially to accommodate the higher sales expected in the second part of the year in view of a highly favourable monsoon season, on one hand, and of the aforementioned sales slowdown in the final part of the half year as a result of some distributors’ decision to postpone their purchases in the first part of the second half of the year to benefit from a more favourable taxation on sales, on the other hand.

With reference to segment liabilities, the “Asia” area experienced an increase in liabilities as a result of the increase in payables to suppliers for the purchases of raw materials and crop protection products carried out in the final part of the first half year of 2017 for the reasons described above.

INFORMATION ON THE INCOME STATEMENT

21. Revenues – 86,871

The breakdown of revenues is described in the table below:

Breakdown	1st half 2017			1st half 2016		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- crop protection products	19,231	63,896	83,127	20,328	61,370	81,698
- raw materials	54	225	279	123	314	437
	19,285	64,121	83,406	20,451	61,684	82,135
Revenue from services:						
- toll manufacturing	648	2,657	3,305	923	2,456	3,379
- royalties, licences and similar rights	-	20	20	10	1,000	1,010
- other	43	97	140	98	503	601
	691	2,774	3,465	1,031	3,959	4,990
Total	19,976	66,895	86,871	21,482	65,643	87,125

The item was substantially in line with the first half of 2016.

With reference to sales of crop protection products, a decline in sales was recorded in the Italian market in the first half of 2017 (€ -1 million compared to the first half of 2016) because of the well-known drought conditions that negatively affected the performance of the market, offset by an increase in the sales in the foreign market (€ +2.5 million compared to the first half of 2016). With reference to this market, sales increased by approximately € 5 million in the United States, thanks to the growth in the volumes of Tetraconazole-based and copper-based products, while they declined by approximately € 3 million in Asia and in particular in the Indian sub-continent (€ -1.3 million compared to the first half of 2016) as a result of the decision, by some local distributors, to postpone their purchases to the first part of the second half of the year to benefit from more favourable taxation on sales, as described in Note no. 7, to which reference is made.

In the first half of 2016, € 1,000 thousand of “Royalties, licences and similar rights” referred to an up-front payment which the Belgian company Belchim Crop Protection N.V./S.A. made to the parent

Isagro S.p.A. against the granting of the right to develop, formulate, distribute and sell mixtures of Tetraconazole and some of Belchim's proprietary active ingredients in Europe and for a period of ten years.

Belchim also committed to purchasing the Tetraconazole necessary for formulation of the above mixtures exclusively from Isagro for the entire term of the contract.

If Isagro should seriously violate the contractual terms, and if the situation is not remedied within forty-five days or if Isagro is not granted renewal of the Tetraconazole dossier, Belchim would have the right to receive an indemnity calculated on the basis of the effective duration of the contract. The amount that Isagro would be required to pay, equal to € 1,000 thousand if the violation occurs during the first year of the contract, is calculated in a manner inversely proportionate to the remaining years of the contract. Consequently, the total penalty decreases by € 100 thousand per year for each of the ten years' duration. In the opinion of the Directors of the parent Isagro S.p.A., the occurrence of a serious violation as described above is, at present, deemed unlikely.

With regard to the total revenues from related parties, please refer to Note no. 34.

22. Other operating revenues – 1,859

The breakdown of other operating revenues is described in the following table.

Breakdown	1st half 2017	1st half 2016
Grants related to R&D expenditure	27	403
Recovery of research costs	777	1,007
Export incentives	161	207
Indemnities from governmental authorities	630	-
Recovery of sundry costs and other income	264	377
Total	1,859	1,994

In the first half of 2017, "Grants related to R&D expenditure" referred to the residual portion (10%) of the grant disbursed by the Ministry for Economic Development following the access to benefits from the Technology Innovation Fund (TIF) for the parent Isagro S.p.A.'s project, "Use of bio-IT platforms to identify new crop protection products" which in the first half of 2016 had been recognised for € 242 thousand.

Of the item "Recovery of research costs", € 747 thousand refers to the recovery of 50% of costs incurred by the parent Isagro S.p.A. with the US company FMC Corporation, under the terms or the agreement signed by the two companies for the co-development of a new fungicide.

"Indemnities from governmental authorities" refers to the net income recognised by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. as a result of the expropriation by the Indian governmental railway authority of a portion of the land on which the Panoli plant stands for the construction of a railway corridor. It should be noted that the subsidiary had advanced a fee of INR 54.5 million (recorded under "prepaid expenses" among "Non-current receivables and other assets") for the right to use, for 99 years, the entire lot of land on which the Panoli industrial complex stands: the residual value of this fee was then reduced by approximately INR 8.2 million (equivalent to approximately € 115 thousand), i.e. the part of the fee pertaining to the portion of land that was expropriated; the indemnity paid by the governmental authority, which has already been fully collected, amounted to INR 53 million (equivalent to approximately € 745 thousand).

23. Raw materials and consumables used – 48,193

The breakdown of costs for the purchase of raw materials and consumables is described in the following table.

Breakdown	1st half 2017	1st half 2016
Raw and ancillary materials, consumables and goods:		
- raw materials, packaging and crop protection products	49,251	43,651
- technical materials and those for research activities	409	198
- change in inventories of raw and ancillary materials and consumables	(1,613)	27
- other	146	180
Total	48,193	44,056

The increase in "purchases of raw materials, packaging and crop protection products", compared to the first half of 2016, essentially refers to the higher purchases made by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in the final part of the half year to accommodate the higher sales expected in the second part of the year in view of a highly favourable monsoon season, with the consequent increase of inventories of raw materials and finished products.

For the total amount of purchases from related parties, please refer to Note no. 34.

24. Costs for services – 15,038

The breakdown of costs for services is described in the table below:

Breakdown	1st half 2017	1st half 2016
For services:		
- utilities	2,149	2,380
- technical maintenance	567	611
- transport and related purchase and sale transaction costs	3,721	2,702
- toll manufacturing	1,108	906
- consulting and professional services	1,714	1,467
- services connected to research	1,257	1,215
- ICT costs	248	237
- marketing costs	1,263	1,542
- allocation to provision for the destruction of goods	-	50
- provision for director bonuses	65	65
- leases and rents	621	600
- lease expense	550	540
- other services	1,775	1,791
Total	15,038	14,106

The item increased by € 932 thousand compared to the first half of 2016, essentially due to the increase in duties and costs for maritime transport (€ +715 thousand compared to the first half of 2016) included in "transport and related purchase and sale transaction costs", closely connected to the increase in sales in the United States, already described in Note no. 21.

For the total amount of costs for services from related parties, please refer to Note no. 34.

25. Personnel costs – 16,396

The breakdown of personnel costs is described in the following table:

Breakdown	1st half 2017	1st half 2016
Personnel costs:		
- wages and salaries	10,012	9,521
- social security charges	2,747	2,577
- employee benefits	29	35
- pension funds	542	546
- provision for bonuses	712	652
- costs for employee services	1,331	1,327
- costs for early retirement incentives	868	262
- other costs	155	185
Total	16,396	15,105

Compared to the first half of 2016, the item increased by € 1,291 thousand, of which € 661 thousand is due to the increase in "wages and salaries" and "social security charges", associated with an increase in the average number of employees in the first half 2017 compared to the first half of 2016, and € 606 thousand to the presence of higher costs for early retirement incentives. The latter essentially refer to the costs incurred during the first half of 2017 by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. for the early, mutually agreed termination of the employment with the Chief Executive Officer of the company.

Here below is the number of employees, broken down by category:

	Average for 1st half 2017	**Average for 1st half 2016**	**As at June 30th, 2017**	**As at June 30th, 2016**
- executives	54	53	53	55
- middle management	137	139	136	142
- white-collar workers	325	320	323	322
- special qualified workers	6	6	6	6
- blue-collar workers	112	106	103	96
TOTAL	**634**	**624**	**621**	**621**

26. Other operating costs – 3,117

The breakdown of this item is described in the following table:

Breakdown	1st half 2017	1st half 2016
- losses on disposal of assets	6	3
- impairment losses on receivables	90	465
- indirect, production and manufacturing taxes	2,623	2,091
- other operating costs	398	466
Total	3,117	3,025

The item as a whole was substantially in line with the first half of 2016.

However, while on one hand there was a decrease by € 375 thousand in the allocation to the bad debt provision during the period, on the other hand there was an increase in "indirect, production and manufacturing taxes" by € 532 thousand due essentially to the higher consumption and manufacturing taxes paid by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in relation to the higher production of the final part of the first half of 2017. In the first half of 2017 the subsidiary incurred costs of INR 149,143 thousand (equivalent to € 2,097 thousand), up by INR 32,098 thousand (equivalent to € 451 thousand) compared to the first half of 2016.

27. Costs capitalised for internal work - 1,198

The item refers to the capitalisation of personnel costs, overheads and consumption of technical material related to extraordinary protection costs, development expenditure and expenses for registration of the Group's new products. This item decreased by € 258 thousand compared to the first half of 2016, essentially due to greater use of the Group's internal resources for innovative research and ordinary defence activities, which according to Group accounting principles do not qualify as projects subject to capitalisation.

Services received from third parties relating to capitalised development projects are deducted directly from "consulting and professional services" under "costs for services".

28. Depreciation and amortisation - 4,523

Depreciation of tangible assets - 1,939
Amortisation of intangible assets - 2,584

Breakdown	1st half 2017	1st half 2016
Depreciation of tangible assets:		
- buildings	487	484
- plant and equipment	1,208	1,169
- industrial and commercial equipment	110	111
- furniture and fittings	22	26
- motor vehicles	14	15
- office equipment	98	91
	1,939	1,896
Amortisation of intangible assets:		
- development costs	809	902
- know-how	609	528
- patents, licenses, trademarks and registration	1,044	1,050
- other	122	126
	2,584	2,606
Total	4,523	4,502

29. Net financial charges – 235

Breakdown	1st half 2017	1st half 2016
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- gains/losses on derivatives:		
commodities	(453)	(114)
exchange rates	214	890
	(239)	776
- fair value adjustments to derivatives:		
commodities	(19)	159
exchange rates	1,274	17
	1,255	176
- gains on assets held for trading:		
securities and mutual funds	107	71
	107	71
	1,123	1,023
Interest income/expense on financial assets/liabilities not		

designated at fair value:		
- interest income on bank deposits	208	305
- interest and fees paid to banks and other lenders	(701)	(954)
- interest/financial discounts on trade receivables and payables	(33)	126
- finance lease costs	(4)	(6)
- actuarial gains/losses	159	138
	(371)	(391)
Other financial income/charges:		
- foreign currency gains/losses	(1,043)	114
- other	56	17
	(987)	131
Total	(235)	763

The negative change compared to the first half of 2016, amounting to € 998 thousand, was the result of a combined effect essentially caused by higher realised losses on derivatives, amounting to € 1,015 thousand and by a reduction by € 1,157 thousand in foreign currency gains, partially offset, indirectly, by higher gains from the adjustment to fair value of derivatives, totalling € 1,079 thousand.

30. Income taxes - 2,641

Breakdown	1st half 2017	1st half 2016
Consolidated Income Statement		
Current tax:		
- income taxes	1,406	2,391
- IRAP	285	224
- use of deferred tax liabilities/deferred tax assets	1,602	1,398
- contingent assets and liabilities, taxes on foreign income and tax credits	127	146
	3,420	4,159
Deferred tax assets and liabilities:		
- deferred tax liabilities	11	67
- deferred tax assets	(790)	(917)
	(779)	(850)
Total income taxes recognised in profit or loss (continuing operations)	2,641	3,309
Other comprehensive income		
Deferred tax assets and liabilities:		
- Tax effect on actuarial gains/losses regarding defined benefit plans	16	(30)
- Tax effect on derivatives (CFH)	(5)	-
	11	(30)
Total income taxes recognised in equity (continuing operations)	11	(30)

The item “Use of deferred tax assets/deferred tax liabilities”, equal to € 1,602 thousand, reflects the difference between the use of deferred tax assets, equal to € 1,791 thousand (€ 1,216 thousand of which for the use of tax losses, € 386 thousand for the use of taxed provisions and € 30 thousand relating to the tax effect of intercompany profits) and the use of deferred tax liabilities, equal to € 189 thousand.

The recognition of deferred tax assets of € 790 thousand refers mainly to the tax benefits expected from the future use of taxed provisions (€ 432 thousand) and the tax effect of netting intragroup profits for the period (€ 145 thousand).

“Contingent assets and liabilities, taxes on foreign income and tax credits” essentially refers to the contingent liability recorded by the parent Isagro S.p.A. following the decision to write down several withholdings at the source on foreign income in previous years, as the company management judged them difficult to recover over the time frame of the Company Plans. Lastly, note that the strong ratio between income taxes for the first half of the year and the pre-tax profit of the Group (36.5%), in spite of the reduction of the IRES rate of the parent company (from 27.5% to 24% since January 1st, 2017), is essentially attributable to the non-allocation, for prudential reasons, of deferred tax assets for around € 440 thousand in relation to the tax loss recorded during the first half of the year by the US subsidiary Isagro USA, Inc.

31. Earnings per Share

	1st half 2017	1st half 2016
Earnings per share (basic and diluted)		
Net profit for the year attributable to shareholders of the parent (thousands of euro)	4,578	4,473
Average number of Ordinary Shares and Growth Shares (thousands)	38,675	38,675
Earnings per share (basic and diluted) - Ordinary Shares	0.118	0.116
Increase of dividend for Growth Shares	0.024	0.023
Earnings per share (basic and diluted) - Growth Shares (euro)	0.142	0.139
Earnings per share (basic and diluted) from continuing operations		
Profit from continuing operations (in thousands of euro)	4,578	4,473
Average number of Ordinary Shares and Growth Shares (thousands)	38,675	38,675
Earnings per share (basic and diluted) from continuing operations - Ordinary Shares	0.118	0.116
Increase of dividend for Growth Shares	0.024	0.023
Earnings per share (basic and diluted) from continuing operations - Growth Shares (euro)	0.142	0.139
Earnings per share (basic and diluted) from discontinued operations		
Profit/loss from discontinued operations	-	-
Average number of Ordinary Shares and Growth Shares (thousands)	38,675	38,675
Earnings per share (basic and diluted) from discontinued operations - Ordinary Shares	-	-
Increase of dividend for Growth Shares	-	-
Earnings per share (basic and diluted) from discontinued operations - Growth Shares (euro)	-	-

	1st half 2017	1st half 2016
Average number of Ordinary Shares	24,499,960	24,499,960
Average number of Growth Shares	14,174,919	14,174,919
Total	**38,674,879**	**38,674,879**

The value of basic earnings per share is calculated based on the average number of Isagro S.p.A. shares outstanding, deducting the average number of treasury shares held, equal to 50,000 both in the first half of 2017 and in the first half of 2016.

Diluted earnings per share is calculated taking into account, in addition to the average number of shares outstanding, also any shares already resolved, but not yet subscribed. These situations did not occur either in the first half of 2017 or in the first half of 2016.

32. Fair value: measurement and hierarchical levels

IFRS 13 requires that Balance Sheet items measured at fair value be classified according to a hierarchy of levels that reflects the significance of the inputs used to calculate the fair value. The following levels are distinguished:

- Level 1 - prices (not adjusted) quoted on an active market for assets or liabilities to be assessed;
- Level 2 - inputs other than the quoted prices per the previous point, observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs not based on observable market data.

The following table shows the assets and liabilities measured at fair value as at June 30th, 2017 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	1,315	-	1,315
- derivatives on commodities - copper (future buy)	-	11	-	11
Total financial assets	**-**	**1,326**	**-**	**1,326**
Financial liabilities measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(39)	-	(39)
- derivatives on commodities - copper (future buy)	-	(30)	-	(30)
- derivatives on interest rates (interest rate swaps)	-	(22)	-	(22)
Total financial liabilities	**-**	**(91)**	**-**	**(91)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to Note no. 10.

In the first half of 2017, there were no shifts between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.

The fair value of (trade and other) receivables due beyond 12 months and loans obtained from banks is summarised in the table below; with reference to the receivables deriving from *Licensing & other Business Agreements* and to trade receivables, it should be pointed out that they also include the portion due within 12 months. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Arysta LifeScience	2,080	2,104
- Receivables from Gowan Company LLC	4,933	4,710
- Receivables from Rotam Agrochemical Company Ltd.	1,112	1,109
- Receivables from SumiAgro Europe Limited	1,018	1,067
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks - floating rate (current and non-current)	64,049	64,657
- Loans from banks - fixed rate (current and non-current)	5,754	5,792
- Loans from other lenders - fixed rate (current and non-current)	2,106	2,089

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the Discounted cash flow. Specifically, the parent Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in euro was calculated based on the market zero coupon rates curve as at June 30th, 2017, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US dollars was calculated based on the market zero coupon rates curve as at June 30th, 2017, obtained from the six-month LIBOR. The above-mentioned curves were adjusted to bear in mind the creditworthiness of the parent Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by the parent Isagro S.p.A. Please also note that, in order to render the fair value of medium/ long-term loans comparable with their book value, the related accessory charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

OTHER INFORMATION

33. Contingent liabilities, commitments and guarantees

<u>Legal proceedings</u>

Caffaro S.r.l. (in receivership)

During the second half of 2010 Isagro S.p.A. filed proceedings for admission as creditor of Caffaro S.r.l. (in receivership) in relation to the amount receivable under the guarantee issued in favour of Isagro S.p.A. as part of the preliminary business unit transfer agreement of July 4th, 2001 covering costs relating to reclamation works completed on the Aprilia site.
It should be recalled that, following lengthy and complex legal proceedings, in February 2015 the parties signed a settlement agreement, by virtue of which they waived legal redress to the statement of affairs, with subsequent annulment of proceedings and Isagro's admission as creditor of Caffaro for the unsecured receivable of € 2,250,000.
For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011 and, by decree of December 13th, 2011, the Court of Milan rejected Isagro S.p.A.'s appeal, considering the receivable possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.
Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.

Appeal against Polven.Re and M.Business

Following the rejection of the guarantee claim formulated by Polven.Re against Isagro S.p.A. by the Court of L'Aquila with its decision of March 2nd, 2016, the losing party Polven.Re promoted an appeal, requesting that the first degree decision be fully reformed. The hearing for the discussion of the appeal which had initially been set for May 23rd, 2017, was postponed by the Court to December 7th, 2017.

During the first degree proceeding, Polven.Re had been sued by M.Business which had complained of a series of contractual breaches and violations in relation to the land leased to it by Polven.Re. Since it is the same land that Polven.Re had purchased from Isagro S.p.A., Polven.Re had asked and obtained to summons Isagro S.p.A. itself to activate the contractual guarantee with respect to it. The damages claimed by M.Business had been quantified in € 709,547.26.

Polven.Re, which formulated a counterclaim against M.Business, amounting to € 628,769.63, and hence it asked to be held harmless by Isagro, which objected.

As indicated above, this counterclaim was rejected by the Court and Polven.Re was also ordered to repay the litigation expenses.

Polven.Re has already filed with the Court of Appeal of L'Aquila a petition for the suspension of the provisional enforcement of the first degree decision, which was discussed on May 25th, 2017: the Court decided to allow the petition.

The legal counsel of Isagro S.p.A. deems the risk of loss in the proceeding to be quite improbable at this time.

<u>Labour-related disputes</u>

With regard to the parent Isagro S.p.A., the following should be noted:

- an employee of the Bussi sul Tirino (PE) plant filed an urgent appeal against Isagro S.p.A. to challenge the dismissal due to assault against another worker; this employee was temporarily and urgently reinstated when the measure that had declared the dismissal legitimate was challenged. Isagro then filed suit to have the dismissal declared legitimate in order to protect the safety of the other employees and to prevent action brought by the employee for damages, already rejected on a temporary and urgent basis. The value of the proceeding is about € 50 thousand. The Court fixed the first hearing for February 27th, 2014; during the hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29th, 2014 to complete the investigation phase. By reason of the attempted agreement between the parties, the Court first postponed the case to the hearing on July 3rd, 2014, and then to October 2014 in order to complete the investigation phase. The case had undergone a series of further adjournments, so as to allow the parties to come to a cordial agreement, until February 10th, 2015. During this hearing, the Judge most recently assigned had returned the documentation to the Presiding Judge of the Court for a new reassignment of the case since, having already handled the case previously, the Judge had declared his desire to recuse himself from the case. The Presiding Judge had rejected the claim submitted for reassignment and the case had therefore again been assigned to the previously appointed judge who, at the hearing of April 14th, 2015, had adjourned the case to October 16th, 2015.

In the meantime, as the previously appointed Judge had terminated his office due to retirement, the Presiding Judge had appointed a new Judge who, at the hearing on October 16th, 2015, had confirmed the witness testimony previously admitted by the prior judge and had adjourned the case to December 11th, 2015. During the hearing, several witnesses had been heard and the Judge had once again adjourned the case to February 19th, 2016 to continue hearing witness testimony. Also during this hearing, a further two witnesses were heard and the Judge adjourned the case to June 17th, 2016 for the final discussion and ruling. At the hearing of June 17th, 2016, the judge pronounced the ruling, declaring fully legitimate the dismissal for just cause and repealing the preliminary orders issued previously. The aforesaid decision was appealed late by the worker before the Court of Appeal of L'Aquila - as noted by the Bench which, *inter alia,* rejected the interim relief petition to suspend the effects of the first degree decision - and the hearing for the discussion was set to November 16th, 2017.

It should also be noted that the employee, previously reinstated, has once again been dismissed for just cause following a new disciplinary sanction. The employee then challenged the dismissal out of court in accordance with law, and filed a conciliation attempt before the Regional Labour Commission of Pescara pursuant to article 410 of the Italian Code of Civil Procedure. At the same time, the indictment was handed down for the (fast-track) criminal proceedings brought against the employee under the terms of the criminal complaint filed by the company (versus parties unknown) in relation to the events associated with the aforementioned dismissal.

After a series of meetings before the Regional Labour Commission, the parties sought to identify a possible settlement agreement which, in any event, would envisage termination of the employment contract. For this purpose, a hearing was recently set for October 8th, 2015, so that the Conciliation Chambers can learn of the outcome of the pending criminal proceedings (expected at the end of September) and then formulate a settlement agreement for the parties. At that hearing, verifying that the criminal proceedings were still pending and that the parties were unable to reach a settlement agreement, the Conciliation Chambers declared the negative outcome of the procedure, without formulating a specific proposal.

Currently, the first degree case is pending before the Court of Pescara, which has already reached the preliminary stage; in 2016, some witnesses were heard and during the hearing of March 23rd, 2017 the Judge suspended the judgement until the completion of the aforementioned appeal proceeding.

It should also be noted that, in the meantime, the criminal proceeding against the worker was completed, fully acquitting the worker.

The company and its lawyers deem these requests to be patently groundless and the risk of an adverse outcome for the company in litigation to be improbable.

Tax dispute and tax assessments

Isagro S.p.A.

With regard to the parent Isagro S.p.A., it should be noted that:

- on December 22nd, 2006, the Italian Revenue Agency, subsequent to a general tax audit for 2003, served the Company with an assessment notice for IRPEG (the income tax for legal entities), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus penalties and interest. The Company appealed against this decision with the Provincial Tax Commission on May 14th, 2007. The Tax Commission with decision No. 22/25/08 of February 2008 allowed the appeal entirely and fully rescinded the assessment notice. Nevertheless, on March 25th, 2009, the Revenue Agency notified the Company that it had appealed against this decision. The company appeared on May 21st, 2009. The appeal was heard on January 22nd, 2010. On February 24th, 2010 sentence No. 28/6/10 was filed which fully accepted the Tax Authority's appeal. Since the Company deemed that the Court erred in law and logic, it filed an appeal with the Supreme Court of Cassation, with good prospects of an outcome in favour of the Company. It should be noted that as regards this dispute, the Company does not believe that there elements that could lead to an adverse outcome in litigation.
- on May 18th, 2017, the Regional Department of Revenue of Lombardy - Major Taxpayers Office opened a general tax audit pertaining to the tax years ended on December 31st, 2012, December 31st, 2013 and December 31st, 2014, which ended on July 31st. In the report on findings the auditors pointed out, for each of the three years, certain observations pertaining to direct taxes (IRES and IRAP) on transfer prices for purchase and sale of products between the parent company Isagro S.p.A. and certain subsidiaries, for a total amount of approximately € 7.8 million. These additional taxable amounts could abstractly lead, taking into account the use of tax losses available to the company and on which no deferred tax assets were recognised in the financial statements, to the assessment of higher direct taxes, in addition to interest and penalties, for a total amount of approximately € 510 thousand. Upon being served the report on findings, the company, which within the time interval prescribed by law shall file an explanatory brief arguing for the correctness of its conduct, objected to the entirety of the aforesaid observations, lamenting their groundlessness in law and in the merits. In light of the above, the Directors, agreeing with the opinion of their own tax advisors, deem that, taking into account also the fact that no tax assessment notice has yet been issued by the Revenue Agency, at the moment there are no elements on the basis of which a liability risk could exist for the parent company, such risk being considered as remote, all the more so considering the complexity of transfer pricing matters, which by its very nature is centred on valuation aspects on which the discretionary component can at times be significant and unpredictable in the first phases of proceedings.

Isagro (Asia) Agrochemicals Pvt. Ltd.

With reference to the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., it is hereby noted that there is an ongoing dispute with local taxation authorities regarding income taxes for the years 2007/2008, 2008/2009, 2009/2010, 2010/2011, 2011/2012 and 2012/2013, for a total of INR 43,690 thousand (equal to € 592 thousand). The dispute filed by Indian tax authorities allegedly refers to the non-recognition for tax purposes of certain costs incurred by the company. The subsidiary appealed with the relevant authorities, and to date it does not believe that there are elements that could lead to an adverse outcome in litigation.

Commitments and guarantees

Following the transfer in 2011 of the investment in Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., the parent Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is measured at € 7,500 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

As at June 30th, 2017 the Group also has the following long-term obligations outstanding:

- € 4,915 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,277 thousand) and lease expense (€ 3,638 thousand). In particular, the future fees due are as follows:
  - € 1,121 thousand within one year;
  - € 3,296 thousand between one and five years;
  - € 498 thousand after five years;
- € 714 thousand for payments due from the parent Isagro S.p.A. to Solvay Solexis S.p.A. in connection with the use, for a period of 99 years starting from 2005, of an area in the municipality of Bussi sul Tirino (Province of Pescara), where an industrial plant for the production of Tetraconazole was built.

The Group received a guarantee from the Belgian company Unifert Group S.A. for a total of € 1,000 thousand relating to trade receivables deriving from the sales by the parent Isagro S.p.A. to several companies in the Unifert Group in 2016 and 2017.

The third-party guarantees for the Group companies' commitments amounted to € 245 thousand.

The parent Isagro S.p.A. also issued contractual guarantees to Regentstreet B.V., purchaser of the investment in the company Sipcam Isagro Brasil sold in 2011, for a total of € 15,000 thousand to cover any future liabilities for damages and losses related to taxes, the environment, social security and labour. The expiry of these guarantees is correlated to time barring and lapse of the related events.

The guarantees received and issued in relation to loans are described in Note no. 13.

34. Related party disclosures

Here below are the Group's transactions with related parties, including:

- parent companies;
- associates;
- entities which hold a direct or indirect interest in the parent, its subsidiaries and its holding companies, and are presumed to have significant influence over the Group. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the parent, or when it owns over 5% and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of consolidated sales. These companies are known as "other related parties";
- directors, statutory auditors and key management personnel, and any family members.

The following table highlights the income statement and Balance Sheet amounts relating to transactions with the different categories of related parties:

Income Statement In thousands of Euro	1st half 2017	of which Related Parties Associates	Parent companies	Other related parties	Tot. related parties	% incidence on the financial statement item
Revenues	86,871	-	-	13,245	13,245	15.25%
Other operating revenues	1,859	-	11	-	11	0.59%
Raw materials	48,193	-	-	42	42	0.09%

Income Statement In thousands of Euro	1st half 2016	of which Related Parties Associates	Parent companies	Other related parties	Tot. related parties	% incidence on the financial statement item
Revenues	87,125	-	-	7,291	7,291	8.37%
Other operating revenues	1,994	-	11	123	134	6.72%
Raw materials	44,056	-	-	31	31	0.07%
Costs for services	14,106	83	-	-	83	0.59%
Other operating costs	3,025	-	-	1	1	0.03%

Balance sheet		of which Related Parties				
In thousands of Euro	As at June 30th, 2017	Associates	Parent companies	Other related parties	Tot. related parties	% incidence on the financial statement item
Non-current receivables and other assets	7,273	-	-	4,438	4,438	61.02%
Trade receivables	49,689	-	-	3,925	3,925	7.90%
Other current assets and other receivables	5,011	-	14	-	14	0.28%
Trade payables	37,426	-	-	27	27	0.07%

Balance sheet		of which Related Parties				
In thousands of Euro	As at December 31st, 2016	Associates	Parent companies	Other related parties	Tot. related parties	% incidence on the financial statement item
Non-current receivables and other assets	8,144	-	-	4,390	4,390	53.90%
Trade receivables	50,597	-	-	4,326	4,326	8.55%
Other current assets and other receivables	5,729	-	7	9	16	0.28%
Trade payables	31,663	-	-	1,025	1,025	3.24%

The above amounts, broken down by company in the following tables, essentially refer to commercial relations (purchases and sales of products, *Licensing & other Business Agreements*, processing fees, provision of administrative services), with the transactions carried out at arm's length and outlined in the various notes to the financial statements.

Relations with associates

Costs for services	1st half 2017	1st half 2016
Arterra Bioscience S.r.l.	-	83
Total	**-**	**83**

Relations with parents

Relations with the holding companies Piemme and Holdisa are limited to the provision of administrative services by the parent Isagro S.p.A. and occasional financial transactions.

Other operating revenues	1st half 2017	1st half 2016
Holdisa S.r.l.	7	7
Piemme S.r.l.	4	4
Total	**11**	**11**

Other current assets and other receivables	June 30th, 2017	Dec. 31st, 2016
Holdisa S.r.l.	9	4
Piemme S.r.l.	5	3
Total	**14**	**7**

Relations with other related parties

The item “other related parties” refers to the Gowan Group, which became a related party following its inclusion on October 18th, 2013 in the share capital of the former indirect holding company BasJes Holding S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) for 49% of its share capital. The trade receivables and revenues from the Gowan Group refer to the sale of crop protection products to companies of Gowan Group both on the part of the parent Isagro S.p.A. and of the US subsidiary Isagro USA, Inc., while the other receivables refer to the up-front payment recognised among revenues in the 2016 financial statements against the granting, by the parent Isagro S.p.A., of the exclusive right, for fourteen years, to develop, register, formulate, produce and market in Europe mixtures based on Kiralaxyl, for all types of use except for fertilizing seeds; for additional details relating to the aforesaid transactions, reference is made to Note no. 4.

Transactions with the Gowan Group were carried out at arm’s length.

Revenues	1st half 2017	1st half 2016
Gowan Group	13,245	7,291
Total	**13,245**	**7,291**

Other operating revenues	1st half 2017	1st half 2016
Gowan Group	-	123
Total	**-**	**123**

Raw materials	1st half 2017	1st half 2016
Gowan Group	42	31
Total	**42**	**31**

Other operating costs

	1st half 2017	1st half 2016
Gowan Group	-	1
Total	**-**	**1**

Non-current receivables and other assets

	June 30th, 2017	Dec. 31st, 2016
Gowan Group	4,438	4,390
Total	**4,438**	**4,390**

Trade receivables

	June 30th, 2017	Dec. 31st, 2016
Gowan Group	3,925	4,326
Total	**3,925**	**4,326**

Other current assets and other receivables

	June 30th, 2017	Dec. 31st, 2016
Gowan Group	-	9
Total	**-**	**9**

Trade payables

	June 30th, 2017	Dec. 31st, 2016
Gowan Group	27	1,025
Total	**27**	**1,025**

Remuneration for Directors and Statutory Auditors

The table below shows the economic benefits for the Directors of the parent company, and the members of the Board of Statutory Auditors for the first half of 2017 (amounts in Euro):

Party	**Description of office**		**Remuneration**		
	Office held	**Duration of the office**	**Emoluments for the office**	**Bonuses, other incentives and fringe benefits**	**Other remuneration**
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	250,000	1,269	173,950
Maurizio Basile	Deputy Chairman	3 years	30,000	59	20,874
Riccardo Basile	Director	3 years	10,000	-	-
Christina Economou	Director	3 years	10,000	-	-
Gianni Franco	Director	3 years	10,000	-	-
Enrica Maria Ghia	Chairman of the Control and Risk Committee	3 years	13,750	-	-
Adriana Silvia Sartor	Chairman of the Nomination and Remuneration Committee	3 years	11,500	-	-

Stavros Sionis	Member of the Control and Risk Committee and the Nomination and Remuneration Committee, Lead Independent Director	3 years	13,500	-	-
Family members of key management personnel (directors or managers):					
Alessandra Basile			-	-	15,000
Statutory Auditors:					
Filippo Maria Cova	Chairman	3 years	15,000	-	-
Giuseppe Bagnasco	Statutory Auditor	3 years	10,000	-	-
Claudia Costanza	Statutory Auditor	3 years	10,000	-	-

It should be noted that the term of office of the parent company's Board of Directors, appointed on April 24th, 2015, will end on approval of the Financial Statements as at December 31st, 2017, while that of the Board of Statutory Auditors, appointed on April 28th, 2016, will end on approval of the Financial Statements as at December 31st, 2018.

35. Significant non-recurring events and transactions

As in the first half of 2016, no significant non-recurring transactions were carried out during the first half of 2017.

36. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in the first half of 2017, the Group did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts about the accuracy of the information contained in the financial statements, the conflict of interest, the protection of the company's assets, or the safeguarding of minority shareholders.

37. Events subsequent to June 30th, 2017

No significant events occurred between June 30th, 2017 and the date of these financial statements, with the exception of those reported in the Directors' Management Report with regard to the "Tax assessment report".

38. List of the international accounting standards approved by the European Commission as of the date of preparation of the Financial Statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015

International Accounting Standards			Endorsement regulation
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015
IFRS	4	Insurance contracts	2236/2004-108/2006-1165/2009
IFRS	5	Non-current assets held for sale and discontinued operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and evaluation of mineral resources	1910/2005-108/2006
IFRS	7	Financial instruments: disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015
IFRS	8	Operating segments	1358/2007-632/2010-243/2010-28/2015
IFRS	9	Financial instruments	2067/2016
IFRS	10	Consolidated financial statements	1254/2012-313/2013-1174/2013-1703/2016
IFRS	11	Joint arrangements	1254/2012-313/2013-2173/2015
IFRS	12	Disclosure of interests in other entities	1254/2012-313/2013-1174/2013-1703/2016
IFRS	13	Fair value measurement	1255/2012-1361/2014-28/2015
IFRS	15	Revenue from contracts with customers	1905/2016
IAS	1	Presentation of financial statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015
IAS	2	Inventories	2238/2004
IAS	7	Statement of cash flows	1725/2003-2238/2004-243/2010
IAS	8	Accounting policies, changes in accounting estimates and errors	2238/2004-70/2009
IAS	10	Events after the reporting period	2236/2004-2238/2004-70/2009
IAS	11	Construction contracts	1725/2003
IAS	12	Income taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012
IAS	14	Segment reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Property, plant and equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenue	1725/2003-2236/2004
IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015
IAS	20	Accounting for government grants and disclosure of government assistance	1725/2003-2238/2004-70/2009
IAS	21	Effects of changes in foreign exchange rates	2238/2004-149/2011
IAS	23	Borrowing costs	1725/2003-2238/2004-1260/2008-70/2009
IAS	24	Related party disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Retirement benefit plans	1725/2003
IAS	27	Separate financial statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in associates and joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012-1703/2016
IAS	29	Financial reporting in hyperinflationary economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012

International Accounting Standards			Endorsement regulation
IAS	32	Financial instruments: presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim financial reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-2343/2015
IAS	36	Impairment of assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, contingent liabilities and contingent assets	1725/2003-2236/2004-2238/2004
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015
IAS	39	Financial instrument: recognition and measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013
IAS	40	Investment property	2236/2004-2238/2004-70/2009-1361/2014
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in existing decommissioning, restoration and similar liabilities	2237/2004
IFRIC	2	Members' shares in co-operative entities and similar instruments	1073/2005
IFRIC	4	Determining whether an arrangement contains a lease	1910/2005
IFRIC	5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1910/2005
IFRIC	6	Liabilities arising from participating in a specific market - Waste electrical and electronic equipment	108/2006
IFRIC	7	Applying the restatement approach under IAS 29 - Financial reporting in hyperinflationary economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of embedded derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim financial reporting and impairment	610/2007
IFRIC	11	IFRS 2 - Group and treasury share transactions	611/2007
IFRIC	12	Service concession arrangements	254/2009
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012
IFRIC	21	Levies	634/2014
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003

Interpretations			Endorsement regulation
SIC	12	Consolidation - Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly-controlled Entities - Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases - Incentives	1725/2003
SIC	25	Income Taxes - Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements - Disclosure	1725/2003
SIC	31	Revenue – Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets - Web Site Costs	1725/2003-2236/2004-2238/2004

39. Isagro Group Companies

Pursuant to CONSOB Resolution 11971 of May 14th, 1999, as amended (article 126 of the Regulation), the Isagro Group companies and equity-accounted investees are listed below.

The list includes all the companies operating in the crop protection products industry, broken down by consolidation method. The following are also shown for each company: corporate name, business description, registered office, country of incorporation and share capital denominated in the original currency. Furthermore, the list also shows the Group's consolidated share, as well as the ownership interest held by Isagro S.p.A. or any other subsidiaries. The percentage of voting rights in the various Ordinary Shareholders' meetings coincides with the ownership interest.

Corporate name and business description	Registered offices	Country	Share capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent							
Isagro S.p.A. (R&D, production, marketing of crop protection products)	Milan	Italy	24,961,207.65	EUR	-	-	-
Subsidiaries consolidated using the line-by-line method							
Isagro Argentina Limitada S.r.l. (Management of the registration of crop protection products and commercial development)	Buenos Aires	Argentina	2,960,390	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro (Asia) Agrochemicals Pvt. Ltd. (Development, production, marketing of crop protection products)	Mumbai	India	148,629,000	INR	100%	Isagro S.p.A.	100%
Isagro Australia Pty Ltd. (Management of the registration of crop protection products)	Sydney	Australia	395,000	AUD	100%	Isagro S.p.A.	100%
Isagro Brasil Ltda (Management of the registration of crop protection products and commercial development)	São Paulo	Brazil	1,307,210	BRL	100%	Isagro S.p.A. Isagro España S.L.	99% 1%
Isagro Chile Ltda (Management of the registration and commercial development of crop protection products)	Santiago	Chile	36,479,809	CLP	100%	Isagro S.p.A. Isagro España S.L.	90% 10%
Isagro Colombia S.A.S. (Distribution of crop protection products)	Cota	Colombia	2,000,000,100	COP	100%	Isagro S.p.A.	100%
Isagro España S.L. (Development and distribution of crop protection products)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Mexicana S.A. de C.V. (Management of the registration and	Mexico City	Mexico	50,000	MXN	100%	Isagro S.p.A.	90%

commercial development of crop protection products)						Isagro USA, Inc.	10%
Isagro Poland Sp. z o.o. (Management of the registration and commercial development of crop protection products)	Warsaw	Poland	10,000	PLN	100%	Isagro S.p.A.	100%
Isagro Shanghai Co. Ltd. (Management of the registration and commercial development of crop protection products)	Shanghai	People's Republic of China	235,000	USD	100%	Isagro S.p.A.	100%
Isagro Singapore Pte Ltd. (Management of the registration of crop protection products and commercial development)	Singapore	Singapore	300,000	EUR	100%	Isagro S.p.A.	100%
Isagro South Africa Pty Ltd. (Management of the registration of crop protection products and commercial development)	La Lucia	Republic of South Africa	871,000	ZAR	100%	Isagro S.p.A.	100%
Isagro USA, Inc. (Development, production, marketing of crop protection products)	Wilmington	United States	3,500,000	USD	100%	Isagro S.p.A.	100%
Isagro Vietnam Company Limited (Management of the registration of crop protection products and commercial development)	Ho Chi Minh City	Vietnam	1,113,750,000	VND	100%	Isagro Singapore Pte Ltd	100%
Associates accounted for using the equity method							
Arterra Bioscience S.r.l. (R&D biology & molecular genetics)	Naples	Italy	250,429	EUR	22%	Isagro S.p.A.	22%

on behalf of The Board of Directors

Giorgio Basile
Chairman and Chief Executive Officer

Milan, September 5th, 2017

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Attestazione del bilancio consolidato semestrale abbreviato ai sensi dell'art. 81-ter del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni

1. I sottoscritti Giorgio Basile, Presidente e Amministratore Delegato di Isagro S.p.A., e Ruggero Gambini, Dirigente preposto alla redazione dei documenti contabili societari di Isagro S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:
   - l'adeguatezza in relazione alle caratteristiche dell'impresa e
   - l'effettiva applicazione

   delle procedure amministrative e contabili per la formazione del bilancio consolidato semestrale abbreviato nel corso del primo semestre 2017.
2. Al riguardo non sono emersi aspetti di rilievo.
3. Si attesta, inoltre, che:

   3.1 il bilancio consolidato semestrale abbreviato al 30 giugno 2017:

   a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento CE n. 1606/2002 del Parlamento Europeo e del Consiglio Europeo del 19 luglio 2002;

   b) corrisponde alle risultanze dei libri e delle scritture contabili;

   c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento;

   3.2 la relazione intermedia sulla gestione comprende un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio e alla loro incidenza sul bilancio consolidato semestrale abbreviato, unitamente ad una descrizione dei principali rischi ed incertezze per i sei mesi restanti dell'esercizio; detta relazione comprende, altresì, un'analisi attendibile delle informazioni sulle operazioni rilevanti con parti correlate.

Milano, 5 settembre 2017

Presidente
e Amministratore Delegato

(Giorgio Basile)

Dirigente preposto alla redazione
dei documenti contabili societari

(Ruggero Gambini)

ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale: Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P. IVA 09497920158

INDEPENDENT AUDITORS' REPORT

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RELAZIONE DI REVISIONE CONTABILE LIMITATA
SUL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO

Agli Azionisti della
Isagro S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dal prospetto della situazione patrimoniale-finanziaria consolidata, dal conto economico consolidato, dal conto economico complessivo consolidato, dal rendiconto finanziario consolidato, dal prospetto dei movimenti di patrimonio netto consolidato e dalle relative note illustrative della Isagro S.p.A. e controllate (Gruppo Isagro) al 30 giugno 2017. Gli Amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Isagro al 30 giugno 2017 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Giacomo Bellia
Socio

Milano, 6 settembre 2017