

**ISAGRO - A company directed and coordinated  
by Holdisa S.r.l.**

Condensed consolidated Half-Year Financial Statements  
as at June 30<sup>th</sup>, 2016

## **BOARD OF DIRECTORS**

*Chairman and Chief Executive Officer*

Giorgio Basile

*Deputy Chairman*

Maurizio Basile

*Directors*

Riccardo Basile

Christina Economou

Gianni Franco

Enrica Maria Ghia

Adriana Silvia Sartor

Stavros Sionis

## **BOARD OF STATUTORY AUDITORS**

*Chairman*

Filippo Maria Cova

*Statutory Auditors*

Giuseppe Bagnasco

Claudia Costanza

## **INDEPENDENT AUDITORS**

Deloitte & Touche S.p.A.

## DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Group's condensed consolidated half-year financial statements as at June 30<sup>th</sup>, 2016 disclosed at the Income Statement level **Revenues** of € 87.1 million (+6.2% compared to the first half of 2015), **EBITDA** of € 11.5 million (compared to € 7.5 million in the first six months of 2015) and **Net profit** of € 4.5 million (compared to the € 21 thousand net profit of the first half of 2015).

The aforementioned increase in **Revenues** in the first six months of 2016 compared to 2015 is attributable to higher sales of formulations based on the proprietary fungicide Tetraconazole and, to a lesser extent, of biostimulants and pyrethroids, mainly in the EU, the Middle East and the United States, the latter being the market where continued the scheduled sales of stock repurchased at 2014-end from a previous distributor.

As regards the Balance Sheet, as at June 30<sup>th</sup>, 2016 your Group disclosed **Net financial debt** of € 42.1 million (compared to € 43.4 million as at June 30<sup>th</sup>, 2015 and € 47.2 million as at December 31<sup>st</sup>, 2015), with a **debt/equity ratio** of 0.41. Net financial debt, moreover, is entirely against Net working capital, with Equity (increasing from € 977 million as at December 31<sup>st</sup>, 2015 to € 102.3 million as at June 30<sup>th</sup>, 2016) contributing to financing the Net working capital itself for approximately € 19 million.

In addition, in the first six months of this year a free cash flow of € 5.1 million was generated, deriving for € 1.8 million from the decrease in Net working capital and for € 3.3 million from the cash flow generated from operations, net of dividends paid to Shareholders for around € 1.0 million.

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With regard to the outlook for the Group, the sales are expected to be affected:

- *in the short term* (second half of the current year), by a negative situation on the important Brazilian market, with expected sales lower than in the second half of 2015;
- *in the medium term* (by 2020), by the continuation of the implementation of Isagro's Strategic lines and the new initiatives currently underway (development of the Biosolutions business, with significant growth in sales of the new Biofumigant, development of sales of copper-based formulations and growth in East Asia), confirming the target of consolidated sales at around € 200 million.

## **EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET**

In the first half of 2016 the crop protection products market was still characterised by prices of agricultural commodities generally below the historic averages and by high levels of stock, which are expected to remain high even at year-end.

As at the preparation date of this Report, the major agrochemical companies (Bayer CropScience, Syngenta, Du Pont, BASF, Dow and Monsanto) posted sales results in local currencies for the second quarter that were lower than those achieved in the same period of the previous year.

As regards the market trends in the main geographic areas for the rest of the year, based on available public information sources, it shall be noted that:

- in the European Union, the EU's Trade Association for agricultural goods reports a slight increase in surface areas planted with cereals and oil seed crops, and a decline in that for maize. The production forecasted for these same goods is up slightly;
- in the United States, according to forecasts from the USDA, the US Department of Agriculture, throughout 2016 the land planted with maize, soybean and cotton is expected to rise, to the detriment of wheat which is forecast to decline;
- in Brazil a growth in the land area planted with soybean is forecasted, whilst maize will remain stable. Production is expected to be lower due to the unfavourable climatic conditions during last season;
- in the South American Cone (Argentina, Chile, Uruguay and Paraguay) the land dedicated to soybean is forecasted to remain stable, as are wheat and maize.
- in India, the monsoon season, which forms the basis for the continent's agricultural production cycle, began late and affected around half of the subcontinent, allowing crops to be sown but with demand expected to be lower than in 2015.

With reference to the individual market trends, it shall be noted that:

- in **Europe**, the wheat and oil seed crop prices remain low, despite the slight upturn in the trend. The mild winter and the cool, damp weather that extended into the summer, along with the full introduction of the EU's agricultural policy (in terms of reduced subsidies and area refocusing), have curbed the optimism of the first quarter as regards the 2016 market trend. In Spain the recent climatic conditions aided the development of cereal and oil seed crops, with production expected above the average. In Italy the durum wheat prices have seen a strong drop (-44%) compared to 2015. The good level of rainfall in the main cereal growing regions of Russia and the Ukraine boosted production yields, allowing an upturn in the production forecasts;
- in **North America**, the fungicides segment retained good sales levels and confirms the signals of a drop in the high quantities of stocks at distribution level, with potential positive repercussions on future repurchase levels. In Canada, 2016 has seen the development of a potential market following the decrease in land dedicated to wheat and rape to the benefit of

the more profitable oil seed crops after the decline last harvest in the use of crop protection products;

- in **South America**:
  - Brazil's agricultural economy continues to be weakened by the effects of the gradual strengthening of the Brazilian Real against the US Dollar that began at the beginning of this year, from the low prices for agricultural goods and the high cost of credit. The present hot, dry climate trend will have an impact on the second maize harvest, with potentially lower production. The ban on second harvests of soybean has limited the spread of Asian rust in Mato Grosso and Paraná;
  - in Argentina, the market conditions remain difficult due to high inflation and problems in accessing credit, despite a strong potential for recovery next season due to elimination of the tax on maize and wheat exports and the cut in the tax on soybean, resulting in forecasts of a market recovery.
- in **Asia**, figures reported by the CCPIA, the China Crop Protection Industry Association, suggest that in China the average price index for crop protection products recorded a decrease compared to the previous year. The heavy rainfall in its main cereal-growing areas has damaged crops. In Australia, the forecasts for rapeseed are up slightly, those for cereals are down and the drought conditions are gradually diminishing. In Indonesia the market has suffered due to a long period of drought. Thailand saw a cut in government subsidies which led to a decline in the rice market. Despite this, also as a result of completion of the plan to reduce rice stocks - now at a 5-year low - prices have begun to record an upward trend. Lastly, Vietnam saw the end of an intense drought.

#### **INCOME STATEMENT - SUMMARY DATA**

Consolidated **Revenues** for the first half of 2016 amounted to € 87.1 million, up by € 5.0 million (+6.2%) compared to € 82.1 million in the first six months of 2015.

This increase in sales in the first six months of 2016 compared to the same period of last year was made possible by higher sales of:

- Tetraconazole, for around € 3 million, mainly in the USA and Europe;
- Biostimulants, for approximately € 1 million, mainly in Europe;
- Pyrethroids, for € 1 million, mainly in Asia,

which, along with proceeds from Licensing agreements of € 1 million (nil in the first half of 2015), have more than offset the lower sales in the period of copper-based products, following the drop in copper commodity prices (however, without negative effect on margins).

With regard to the breakdown of sales from only crop protection products by geographic area, in the first half of 2016:

- sales in Italy represented approximately 25% of sales (compared to 31% in the first half of 2015), for a total of € 20.3 million (decreasing by € 3.9 million compared to the first half of 2015);

- sales in other EU countries represented approximately 36% of sales (compared to 33% in the first half of 2015), for a total of € 29.5 million (up by € 3.5 million compared to the first half of 2015);
- sales in the Americas represented approximately 12% of sales (compared to 9% in the first half of 2015), for a total of € 10.2 million (up by € 2.6 million compared to the first half of 2015);
- sales in Asia represented approximately 22% of sales (compared to 23% in the first half of 2015), for a total of € 17.9 million (essentially in line with sales for the first half of 2015);
- sales in the Rest of the World represented approximately 5% of sales (compared to 4% in the first half of 2015), for a total of € 3.8 million (up by € 0.9 million compared to the first half of 2015).

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 75%.

(€ 000)	1 <sup>st</sup> half 2016		Change	1 <sup>st</sup> half 2015	
Italy	20,328	24.9%	-16.2%	24,267	30.9%
Rest of Europe	29,485	36.1%	+13.3%	26,035	33.1%
Americas	10,189	12.5%	+35.0%	7,547	9.6%
Asia	17,913	21.9%	+0.2%	17,870	22.7%
Rest of the World	3,783	4.6%	+31.9%	2,869	3.7%
<b>Crop protection products subtotal</b>	<b>81,698</b>	100.0%	<b>+4.0%</b>	<b>78,588</b>	100.0%
Other products and services	5,427		+55.9%	3,480	
<b>Consolidated Revenues</b>	<b>87,125</b>		<b>+6.2%</b>	<b>82,068</b>	

*Table 1: Consolidated Revenues by Geographic Area*

During the first six months of 2016, Isagro carried on its **Research, Innovation & Development** activity incurring total costs of € 7.4 million (compared to € 7.2 million in the first half of 2015), of which € 5.3 million capitalised (compared to capitalisation of € 5.0 million in the first half of 2015) specifically for co-development of the new IR9792 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.

With specific regard to the new SDHi molecule, Isagro estimates that:

- registration of the active ingredient will be completed in 2021;
- sales at maturity will be around € 100 million.

**EBITDA** for the first half of 2016 thus came to € 11.5 million, up by € 4.0 million (+52.9%) compared to € 7.5 million in the first six months of 2015, with margins on Revenues increasing from 9.2% in the first half of 2015 to 13.2% in the first half of 2016.

The above increase in EBITDA in the first half of 2016 compared to the first half of 2015 was the result of:

- higher margins on sales of products and services for € 3.0 million, as previously summarised in comments on the increase in revenues, and
- higher proceeds from agreements with third parties for € 1.0 million, as the indirect exploitation of Isagro's Intellectual Property through Licensing.

Then as regards the **Amortisation, depreciation and impairment losses** for the period, these amounted to € 4.5 million, a little more than the €4.3 million recorded in the same period of the previous year.

Your Group therefore closed the first half of 2016 with an **Operating result** of € 7.0 million, a € 3.8 million increase compared to the € 3.2 million profit for the first six months of last year.

With reference to financial management, in the first half of 2016, compared to the first half of 2015, your Group incurred:

- lower **Interest fees, commissions and financial charges** of € 0.4 million, though there was an increase in financial debt, as a result of the improved funding conditions obtained from the parent Isagro S.p.A. due to an improvement in its rating from banks and benefiting from increased available liquidity in the framework of financial intermediation;
- **Net gains on foreign exchange and derivatives** amounting to € 1.1 million, compared to losses of € 1.3 million in the first half of 2015, attributable to derivative contracts signed for hedging the interest rate risk associated with sales in US Dollars and generated by the strong depreciation of the US Dollar against the Euro.

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 interest rate of the budget, the Group arranges USD 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)	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015	Differences		Year 2015
<b>Revenues</b>	<b>87,125</b>	<b>82,068</b>	<b>+5,057</b>	<b>+6.2%</b>	<b>156,048</b>
Memo: Labour costs and provision for bonuses	(15,105)	(14,840)	-265		(28,832)
<b>EBITDA</b>	<b>11,510</b>	<b>7,526</b>	<b>+3,984</b>	<b>+52.9%</b>	<b>19,457</b>
<i>% on Revenues</i>	<i>13.2%</i>	<i>9.2%</i>			<i>12.5%</i>
Depreciation and amortisation:					
- tangible assets	(1,896)	(1,850)	-46		(3,748)
- intangible assets	(2,606)	(2,386)	-220		(5,146)
- write-off of tangible and intangible assets and asset revaluation (IFRS 10)	-	(44)	+44		(776)
<b>EBIT</b>	<b>7,008</b>	<b>3,246</b>	<b>+3,762</b>	<b>N/S</b>	<b>9,787</b>
<i>% on Revenues</i>	<i>8.0%</i>	<i>4.0%</i>			<i>6.3%</i>
Interest, fees and financial discounts	(303)	(663)	+360		(1,127)
Gains/losses on foreign exchange and derivatives	1,066	(1,250)	+2,316		(1,296)
Profits from associated companies	11	32	-21		54
<b>Result before taxes</b>	<b>7,782</b>	<b>1,365</b>	<b>+6,417</b>	<b>N/S</b>	<b>7,418</b>
Current and deferred taxes	(3,309)	(1,344)	-1,965		(4,036)
<b>Net result from continuing operations</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,382</b>
Net result of discontinued operations	-	-	-		(250)
<b>Net result</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,132</b>

Table 2: Consolidated Income Statement - Summary Data

The consolidated **Result before taxes** was therefore a profit of € 7.8 million, up by € 64 million compared to the € 1.4 million recorded in the first six months of 2015.

In terms of tax management, as at June 30<sup>th</sup>, 2016 were recorded current tax and deferred tax liabilities at debt of € 3.3 million, up by € 2.0 million compared to the € 1.3 million in the first half of 2015, mainly due to higher current income taxes for Isagro S.p.A. and Isagro Asia associated with the higher taxable income and in the absence of deferred tax assets allocated on the loss for the period of the Isagro USA subsidiary.

As a result of the above, the Group ended the first half of 2016 with a € 4.5 million **Net profit**, compared with a profit of € 21 thousand in the first six months of 2015.

#### **BALANCE SHEET - SUMMARY DATA**

As regards equity, consolidated **Net invested capital** as at June 30<sup>th</sup>, 2016 amounted to € 144.4 million, up by € 3.2 million compared to € 141.2 million as at June 30<sup>th</sup>, 2015.

(€ 000)	June 30 <sup>th</sup> , 2016	June 30 <sup>th</sup> , 2015	Differences		Dec. 31 <sup>st</sup> , 2015
<b>Net fixed assets</b>	<b>86,268</b>	<b>85,301</b>	<b>+967</b>	<b>+1.1%</b>	<b>85,558</b>
<b>Net current assets</b>	<b>60,988</b>	<b>58,708</b>	<b>+2,280</b>	<b>+3.9%</b>	<b>64,349</b>
<i>of which:</i>					
<i>Net Working Capital</i>	<i>61,529</i>	<i>58,318</i>	<i>+3,211</i>		<i>63,321</i>
<b>Severance Indemnity Fund (SIF)</b>	<b>(2,867)</b>	<b>(2,843)</b>	<b>-24</b>	<b>+0.8%</b>	<b>(2,872)</b>
<b>Net invested capital</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>
<b>Held for sale non-financial assets and liabilities</b>	-	-	-	-	-
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>
<i>Financed by:</i>					
<b>Equity</b>	<b>102,268</b>	<b>97,738</b>	<b>4,530</b>	<b>4.6%</b>	<b>99,858</b>
<b>Net financial position</b>	<b>42,121</b>	<b>43,428</b>	<b>-1,307</b>	<b>-3.0%</b>	<b>47,177</b>
<i>Debt/Equity Ratio</i>	<i>0.41</i>	<i>0.44</i>			<i>0.47</i>
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>

Table 3: Consolidated Balance Sheet - Summary Data

More specifically, **Net fixed assets** as at June 30<sup>th</sup>, 2016 amounted to € 86.3 million, up by € 0.7 million compared to € 85.6 million as at December 31<sup>st</sup>, 2015 and by € 1.0 million compared to € 85.3 million as at June 30<sup>th</sup>, 2015. These differences are mainly due to changes in the following items:

- **Other intangible assets**, amounting to € 48.2 million as at June 30<sup>th</sup>, 2016, up by € 2.9 million compared to December 31<sup>st</sup>, 2015 and by € 4.9 million compared to June 30<sup>th</sup>, 2015 as a result of the increasing volume of investments in Research, Innovation and Development incurred by the Group, mainly attributable to the new SDHi broad spectrum fungicide which more than offset the amortisation for the period;
- **Tangible assets**, amounting to € 22.8 million as at June 30<sup>th</sup>, 2016, down by € 1.0 million compared to December 31<sup>st</sup>, 2015 and by € 1.7 million compared to June 30<sup>th</sup>, 2015, due to reduced investments for the period;
- **Other medium/long term assets and liabilities**, amounting to € 11.4 million as at June 30<sup>th</sup>, 2016, down by € 1.3 million compared to December 31<sup>st</sup>, 2015 and by € 2.0 million compared to June 30<sup>th</sup>, 2015, essentially due to the reversal of deferred tax assets against tax losses.

Furthermore, the **Net working capital** as at June 30<sup>th</sup>, 2016 amounted to € 61.5 million, down by € 1.8 million compared to December 31<sup>st</sup>, 2015 and up by € 3.2 million compared to June 30<sup>th</sup>, 2015.

More specifically, compared to December 31<sup>st</sup>, 2015:

- the value of **Inventories** decreased by € 3.0 million due to the reduction in strategic stock levels built up during the previous year;
- **Trade payables** decreased by € 4.4 million as a result of a lower purchases during the first six months of 2016, with the aim of consuming the existing strategic stock and its replenishment in the third quarter of 2016;
- **Trade receivables** decreased by € 3.2 million despite the higher level of sales.

The **Severance Indemnity Fund (SIF)** amounted to € 2.9 million as at June 30<sup>th</sup>, 2016, substantially in line with the value of € 2.9 million as at December 31<sup>st</sup>, 2015 and € 2.8 million as at June 30<sup>th</sup>, 2015.

As for funding, consolidated **Equity** as at June 30<sup>th</sup>, 2016 amounted to € 102.3 million, up € 2.4 million compared to € 99.9 million as at December 31<sup>st</sup>, 2015 and up by € 4.6 million compared to € 97.7 million in the first half of 2015, 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)** at debt as at June 30<sup>th</sup>, 2016 thus amounted to € 42.1 million, down by € 5.1 million compared to € 47.2 million as at December 31<sup>st</sup>, 2015 and by € 1.3 million compared to € 43.4 million as at June 30<sup>th</sup>, 2015. As stated, this decrease in the Net financial position is attributable to the changes in Net working capital for € 1.8 million and to generated cash flow for € 3.3 million net of dividends paid to shareholders for € 1.0 million.

With regard to the breakdown of the Net Financial Position as at June 30<sup>th</sup>, 2016, it shall be noted that medium/long-term debt amounted to € 36.6 million, increasing compared to the value of € 25.6 million as at December 31<sup>st</sup>, 2015 and of € 26.8 million as at June 30<sup>th</sup>, 2015 mainly due to new medium/long-term funding being obtained.

These transactions were performed by the parent Isagro S.p.A. with a view to optimising the cost of medium/long-term borrowing and seeking greater alignment between the timing of the investments undertaken - particularly those relating to development of the new SDHi broad spectrum fungicide - and that of the sources of finance supporting these investments.

It is also noted that, as at June 30<sup>th</sup>, 2016, **Net fixed assets** were entirely financed by Equity, which also funded the net working capital for approximately € 19 million. As a consequence, the total amount of net financial debt is related to 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 0.41 compared to 0.47 as at December 31<sup>st</sup>, 2015 and 0.44 as at June 30<sup>th</sup>, 2015.

Lastly, note that the parent Isagro S.p.A., which concentrates most of R,I&D, synthesis and formulation activities and includes amounts related to investments in subsidiaries, reported a Net financial position at debt of € 48.7 million, against available, unutilized bank credit lines of various types amounting to over € 60 million.

## **RESEARCH AND DEVELOPMENT ACTIVITIES**

During the first six months of 2016, Isagro incurred Research, Innovation & Development costs for a total of € 7.4 million, of which € 5.3 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 € 7.2 million, of which € 5.0 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 over the next twelve months: this activity focused on:

- a new series of broad spectrum fungicides, additional with respect to that belonging to the SDHi class launched under development in 2012;
- new candidates to combat soil parasites: the necessary in-depth testing is continuing on molecules previously identified as promising;
- a new series of herbicides (grass weed and dicotyledons control) for pre-emergence and post-emergence use on arable crops at global level.

The study also continued, and is now at advanced stage, for the identification of new copper-based formulations capable of acting at low dosages and with a broader spectrum than those already on the market.

Lastly, the evaluation of new biostimulant products, alone or in combination with other molecules, is still underway. In this respect, a new formula proving interesting from “top profile” studies has now moved on to pre-marketing assessment stage, whilst second generation formulas are already being tested.

### ***B) PRODUCT DEVELOPMENT***

The main development activities carried out during the first half of 2016 are highlighted below:

#### **IR9792 (or Succinate dehydrogenase inhibitor or SDHi) - a broad spectrum fungicide**

The main regulatory studies on the active ingredient continued and can at present be confirmed as in line with the plan envisaged for submission of the dossier in Europe.

The 2016 programme of experiments and field testing for registration purposes was established by covering the strategic areas of Europe, Brazil and China and, in addition to the baseline formulations for registration purposes, technical profiling programmes are envisaged for

various other formulations of potential interest in terms of segmentation, distribution and optimisation of costs. The main results in Brazil, particularly important for evaluating the active ingredient, have confirmed the technical value of IR9792 in the combinations tested.

#### IR6141 (or Kiralaxyl® or Benalaxyl-M) - fungicide for grapevines and vegetables

The development activity focused on the following projects:

- continuing preparation of the registration dossier for Kiralaxyl for seed treatment in the USA. In particular, the focus was on study programming (timing, costs and protocols) with a view to improving the product toxicology profile as discussed during the meeting with the EPA;
- 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;
- continued action in support of the Fantic M WG registration in China, as per agreements with Rotam;
- support to Gowan for preparation of the Kiralaxyl + Zoxamide combination dossier;
- updating of the registration dossier for the Fantic M WG registration in France.

For this year, tests for registration purposes are also planned for Fantic M in China.

#### Tetraconazole - a broad spectrum fungicide

Activities were focused on the following projects:

- 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;
- evaluation of studies for re-registration in the USA;
- identification and evaluation of studies sent for US registration in anticipation of any request to third parties for data compensation against their requests to cite our data. In April, Sipcam Agro USA, Inc. issued a request in the form of a letter, definable under the US regulatory system as an “Offer to Pay”, in which Sipcam cites studies for which it would be willing to pay a user fee;
- conclusion of the residue studies to obtain registration and labels extension in the USA, Canada and Brazil, as envisaged in the agreement with Arysta.

Lastly, again in 2016 field testing programmes are in progress in two areas of key importance:

- Brazil: continuation of programmes for new technical positioning on soybean in various mixtures;
- Europe: registration confirmation programmes and new optimised formulations.

#### Copper-based products

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

- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- participation in the European Copper Task Force's follow-up for the renewal of copper Salts approval at European level;
- completion of the registration dossier of formulations containing oxychloride and hydroxide for Algeria and support to Bayer for the registration in Russia of a mixture containing copper oxychloride;
- follow-up of the registration process in Central Europe of the Airone SC and Airone WG formulations. In particular, activity focused on commenting on the draft Registration Report (dRR) prepared by the Czech Republic as the area's Reporting Member State.

For copper as well, in 2016 testing programmes are in progress in three areas of key importance:

- Brazil: continuation of programmes for technical positioning and labels extension for soybean;
- Europe: completion of the registration and extension programmes for Airone in the Southern and Central EU area;
- China: Airone registration programme.

#### Biofumigant

With regard to the Biofumigant, the following is noted:

- support for activities to obtain registration in California (USA);
- support for registration activities in Canada and Mexico;
- follow-up of the registration process in Turkey;
- follow-up for the registration dossier in the United Arab Emirates and Egypt.

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 end of 2017, is its main reference market.

#### Biostimulants

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

#### Microbiological products

Main activities:

- evaluation of studies necessary for renewal of the active ingredient approval in the European Union and meetings with other companies to set up a task force to share costs and defence strategies, in view of the meetings with the Swedish regulatory authorities, appointed as Reporting Member State for *Trichoderma spp*;

- issue of the renewal notice to the competent authorities and start-up of the studies and dossier preparation for renewal.

#### Pheromones

- completion of follow-up of the European approval process for a new molecule and related registration in Italy;
- continuation of activities to set up a task force for renewal of the active ingredient approvals in Europe.

#### *C) REGISTRATIONS OBTAINED*

In the first half of 2016 a total of 17 sales authorisations were obtained, including Tamarak (the trade name used for Siapton) in Australia, Talendo extra (a Tetraconazole + proquinazid mixture) in Russia, Ecodian SL in Italy, Scatto (25 g/L Deltametrine) in Poland and the Czech Republic. The Czech Republic also approved the registration of Airone SC and, as the Reporting Member State for the area, this opens the process for obtaining registration also in other Central European countries.

### **SIGNIFICANT EVENTS IN THE FIRST HALF OF 2016**

#### *A) APPROVAL OF 2015 FINANCIAL STATEMENTS WITH DIVIDEND DISTRIBUTION AND APPOINTMENT OF A NEW INDEPENDENT DIRECTOR*

On April 28<sup>th</sup>, 2016 the Shareholders' Meeting of Isagro S.p.A.:

- acknowledged the consolidated results of the Isagro Group and approved the 2015 financial statements of Isagro S.p.A., accompanied by the Directors' Management Report, as approved by the Company's Board of Directors on March 14<sup>th</sup>, 2016 and already disclosed to the Market, allocating profit for the year of €3,395,071 as follows:
  - to the Legal reserve: € 169,754;
  - to Shareholders: on the basis of 2.5 Eurocents for each of the 24,499,960 Ordinary Shares (excluding treasury shares) for a total of €612,499 and 3.0 Eurocents for each of the 14,174,919 Growth Shares, for a total of € 425,248. As a result, the total dividend amounts to € 1,037,747;
  - to "Retained earnings" for the remaining part of €2,185,570, to be registered, pursuant to article 24 of the By-Laws, in a specific Equity reserve;
- appointed Enrica Maria Ghia as Member of the Board of Directors (Independent Director) until the date of the Shareholders' Meeting called to approve the financial statements as at December 31<sup>st</sup>, 2017. It should be remembered that this appointment became necessary following the resignation from office of Independent Director Daniela Mainini on March 14<sup>th</sup>, 2016, due to incompatibility following a recent public assignment.

It should be recalled that the dividend as approved by the Shareholders' Meeting was made payable, for both categories of Shares, on May 18<sup>th</sup>, 2016. The ex-dividend date (coupon no. 7 for Ordinary Shares, no. 1 for Growth Shares) was on May 16<sup>th</sup>, 2016 and the record date on May 17<sup>th</sup>, 2016.

On the same date, the Shareholders' Meeting resolved in favour of the Report on Remuneration for Directors, General Managers and Key Management Personnel (if any) – first section - prepared pursuant to article 123-ter, Italian Legislative Decree 58/1998 and article 84-quater of the Issuers' Regulation adopted by CONSOB Resolution no. 11971/1999.

#### ***B) APPOINTMENT OF THE NEW BOARD OF STATUTORY AUDITORS***

On April 28<sup>th</sup>, 2016 the Shareholders' Meeting of Isagro S.p.A. also appointed the new Board of Statutory Auditors, which will remain in office for three years and will expire on the date of the Shareholders' Meeting called to approve the financial statements as at December 31<sup>st</sup>, 2018. The members of the new Board of Statutory Auditors (all appointed from the single list submitted and presented by the majority shareholder, Holdisa S.r.l.) are as follows:

Statutory Auditors:

1. Filippo Maria Cova, Chairman
2. Giuseppe Bagnasco
3. Claudia Costanza

Substitute Auditors:

1. Renato Colavolpe
2. Eleonora Ferraris

#### ***C) APRILIA TEMPORARY LAY-OFFS***

On May 30<sup>th</sup>, 2016 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 June 27<sup>th</sup>, 2016 until September 25<sup>th</sup>, 2016 (13 weeks in total).

The reasons for recourse to the CIGO can be attributed to economic and transitional factors mainly due, on the one hand, to the market crisis in South America where the parent Isagro S.p.A. has operated for several years and, on the other hand, to the non-confirmation of toll manufacturing contracts.

The return to production, based on work contracts already finalised and those pending finalisation, is planned for September 27<sup>th</sup>, 2016.

#### ***EVENTS SUBSEQUENT TO JUNE 30<sup>th</sup>, 2016***

No significant events occurred between June 30<sup>th</sup>, 2016 and the date of this Report.

## **HUMAN RESOURCES**

The actual workforce as at June 30<sup>th</sup>, 2016 of the Isagro Group came to 621 employees, split into the following categories:

<b>Number of employees</b>	<b>June 30<sup>th</sup>, 2016</b>	<b>June 30<sup>th</sup>, 2015</b>	<b>Difference</b>
Executives	55	51	+4
Middle managers	142	136	+6
Office workers*	328	338	-10
Blue-collar	96	97	-1
<b>Total</b>	<b>621</b>	<b>622</b>	<b>-1</b>

\*includes the workers with special skill level

The workforce as at June 30<sup>th</sup>, 2016 therefore decreased by 1 employee compared to the first half of 2015. This decrease is due to a reduction of 5 employees among the foreign subsidiaries and an increase of 4 employees of the parent Isagro S.p.A.

Specifically, in the reporting period and for employees with unlimited-term contracts, 13 new resources were hired and 11 were terminated at Isagro S.p.A., of which 7 as a result of normal turnover and 4 when the reorganisation and optimisation process for the Isagro S.p.A. structure was completed on December 31<sup>st</sup>, 2015.

With regard to recruitments from July 1<sup>st</sup>, 2015 to June 30<sup>th</sup>, 2016, there were three important additions: the Group Director Marketing & Sales, the Raw Materials & Packaging Purchases Manager and the Area Manager East Asia. The Group Director Human Resources & Communication was also appointed, already present in the Group.

As part of the sales reorganisation, as previously reported, Isagro Singapore Pte. Ltd. was established in last October. Responsibility for this company was assigned to an expatriate, a resource already present in the Group, with the aim of strengthening Isagro's presence in Asia.

With regard to the parent Isagro S.p.A., in the first half of 2016 relations with the Trade Unions generally remained on a mutual cooperation basis which allowed for excellent results within the sphere of industrial relations management.

Main activities undertaken:

- agreement and finalisation of specific working hours agreements which include all flexible options offered in the National Collective Bargaining Contract and 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;
- renewal of productivity objectives agreements for the industrial sites, relating to second level contracting of the participation bonus;
- signing on May 30<sup>th</sup>, 2016, 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 2016”.

#### *A) TRAINING*

In compliance with the matters envisaged by the annual plan implemented in all the operating units in Italy, training activities continued with reference to Quality, Safety and Environment, learning foreign languages (specifically English and Spanish) and specific technical training for specialist professional skills.

Note that in 2015 a significant training programme began, in collaboration with the Milan Polytechnic University, involving 40 employees in the Novara and Milan offices, to “Promote a Project Management Culture”, using the grant allocated with Fondimpresa to partially cover the cost. The programme will conclude in 2016. In the first half of 2016 the personnel involved began to apply the skills learned to the management of corporate projects.

With regard to the Group, a Key Position identification and management process was launched, based on the critical nature of these positions in the organisation. The preparation of Succession Plans also began for these positions through the identification of short-term, medium-term and long-term successors.

#### *B) SELECTION*

As regards selection, given the increasingly dynamic and competitive market, Isagro entered into an agreement with the professional social network “LinkedIn” to recruit specific professionals with highly specialised skills.

Isagro has also cooperated with a number of headhunters to identify particularly strategic profiles, the inclusion of which was reported previously.

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

On May 16<sup>th</sup>, 2016 the Board of Directors of Isagro S.p.A. revised the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also “Model”) in accordance with the latest regulatory and law requirements.

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 31<sup>st</sup>, 2017.

### **LEGAL PROCEEDINGS**

With reference to legal proceedings in progress, there are no significant updates to report compared to those reported as at December 31<sup>st</sup>, 2015.

For greater details, reference should be made to the specific paragraph in 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 30<sup>th</sup>, 2016 the Isagro Group was showing a sound and balanced financial structure, with a **debt/equity** ratio of 0.41, Equity exceeding Fixed Assets and with a portion of approximately € 19 million of Net working capital directly financed by Equity. In addition, in the reporting period, through direct and indirect exploitation of its Intellectual Property, your Group achieved levels of sales and EBITDA sufficient for self-financing the entire requirement generated by its investment projects, excluding the financial needs relating to Working capital, which, follow more short-term opportunity logics and for which significant unutilized credit lines are available.

Then, during the first few months of 2016, the parent Isagro S.p.A. rescheduled the average maturity of its financial debt, obtaining new medium/long-term loans.

Moreover, as illustrated, note that the parent Isagro S.p.A., which has pooled most of the consolidated debt, had over € 60 million in bank credit facilities unutilized as at June 30<sup>th</sup>, 2016, for the most part represented by bill-discounting lines and advances on invoices, as well as financial lines.

In light of the above, the consolidated financial statements as at June 30<sup>th</sup>, 2016 have been prepared on a going concern basis, since no significant uncertainties have come to light regarding the business outlook for the Group in the next twelve months.

### **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.

In particular, "Current tax and deferred tax liabilities" as at June 30<sup>th</sup>, 2016 were estimated - based on updated and reliable accounting data - on a company-by-company basis according to their pre-

tax income, adjusted up or down by all tax recoveries offered under current regulations and suitably adjusted by the necessary consolidation entries.

Reference should be made to the paragraph “Uncertainty in the use of estimates” in the Explanatory Notes for further considerations on the use of estimates in preparing the financial statements and the consolidated half-year financial report.

### **OUTLOOK FOR THE CURRENT YEAR**

It is confirmed that 2016 represents a year of consolidation of 2015 results.

In relation to this year, it is highlighted that:

- the first half 2016 results are encouraging, also vis-à-vis the implementation of Isagro’s Strategic Guidelines;
- the second half of 2016 is expected to be negatively influenced by weaker sales on the important Brazilian market, with higher fixed costs versus 2015 for the development of the commercial structure.

For the medium term, Isagro confirms the target of around € 200 million revenues at a consolidated level, based on the implementation of our Strategic Guidelines:

1. discovery of new molecules alone;
2. development of new molecules mostly through attribution of rights to a “main developer” while retaining rights for Isagro on selected segments/markets;
3. value extraction from our Intellectual Property and retained rights also through Licensing;
4. growth in the Biosolutions business, also through acquisitions;
5. opportunistic development of off-patented products;
6. expansion of the global commercial organisation.

### **COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO SHARES**

With reference to the prices of Ordinary Shares and Growth Shares of Isagro on the “S.T.A.R.” segment of the stock market managed by Borsa Italiana S.p.A., it is believed appropriate to note that:

1. the total market capitalisation of Isagro at August 1<sup>st</sup>, 2016, i.e., considering both the capitalisation of Ordinary Shares and that of Growth Shares, amounted to 46% of the book value of Equity as at June 30<sup>th</sup>, 2016, 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 15% as at August 1<sup>st</sup>, 2016, in the opinion of the Group’s management is not justified from an economic/financial standpoint.

In relation to the above, the achievement of Isagro’s mid-term target of a level of consolidated sales of around € 200 million 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 reference to the second point referred to at the start of this section, 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 FOR THE FIRST HALF OF 2016

(€ 000)	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015	Differences		Year 2015
<b>Revenues from sales and services</b>	<b>87,125</b>	<b>82,068</b>	<b>+5,057</b>	<b>+6.2%</b>	<b>156,048</b>
Other revenues and income	1,994	1,370	+624		2,895
Consumption of materials and external services	(60,402)	(67,875)	+7,473		(117,822)
Changes in inventories of products	(2,628)	5,512	-8,140		5,028
Costs (capitalised) for internal work	1,456	1,852	-396		3,507
Allowances and provisions	(930)	(561)	-369		(1,367)
Labour costs	(14,453)	(14,317)	-136		(27,240)
Bonus accruals	(652)	(523)	-129		(1,592)
<b>EBITDA</b>	<b>11,510</b>	<b>7,526</b>	<b>+3,984</b>	<b>+52.9%</b>	<b>19,457</b>
<i>% on Revenues</i>	<i>13.2%</i>	<i>9.2%</i>			<i>12.5%</i>
Depreciation and amortisation:					
- tangible assets	(1,896)	(1,850)	-46		(3,748)
- intangible assets	(2,606)	(2,386)	-220		(5,146)
- write-down of tangible and intangible assets and asset revaluation (IFRS 10)	-	(44)	+44		(776)
<b>EBIT</b>	<b>7,008</b>	<b>3,246</b>	<b>+3,762</b>	<b>N/S</b>	<b>9,787</b>
<i>% on Revenues</i>	<i>8.0%</i>	<i>4.0%</i>			<i>6.3%</i>
Interest, fees and financial discounts	(303)	(663)	+360		(1,127)
Gains/losses on foreign exchange and derivatives	1,066	(1,250)	+2,316		(1,296)
Profits from associated companies	11	32	-21		54
<b>Result before taxes</b>	<b>7,782</b>	<b>1,365</b>	<b>+6,417</b>	<b>N/S</b>	<b>7,418</b>
Current and deferred taxes	(3,309)	(1,344)	-1,965		(4,036)
Profit/(loss) from continuing operations attributable to non-controlling interests	-	-	-		-
<b>Net result from continuing operations</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,382</b>
Net profit/(loss) from discontinued operations	-	-	-		(250)
<b>Net result</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,132</b>

*Attachment 2*

**RECLASSIFIED CONSOLIDATED BALANCE SHEET AS AT JUNE 30<sup>TH</sup>, 2016**

(€ 000)	June 30 <sup>th</sup> , 2016	June 30 <sup>th</sup> , 2015	Differences		Dec. 31 <sup>st</sup> , 2015
<b><u>Net fixed assets</u></b>					
Goodwill	3,549	3,773	-224		3,447
Other intangible assets	48,145	43,199	+4,946		45,282
Tangible assets	22,848	24,587	-1,739		23,850
Financial assets	307	274	+33		296
Other medium/long term assets and liabilities	11,419	13,468	-2,049		12,683
<b>Total net fixed assets</b>	<b>86,268</b>	<b>85,301</b>	<b>+967</b>	<b>+1.1%</b>	<b>85,558</b>
<b><u>Net current assets</u></b>					
Inventories	46,061	49,400	-3,339		49,010
Trade receivables	48,755	48,129	+626		52,000
Trade payables	(33,287)	(39,211)	+5,924		(37,689)
<b>Subtotal of Net Working Capital</b>	<b>61,529</b>	<b>58,318</b>	<b>+3,211</b>		<b>63,321</b>
Current provisions	(890)	(865)	-25		(1,746)
Other current assets and liabilities	349	1,255	-906		2,774
<b>Subtotal of Other assets and liabilities</b>	<b>(541)</b>	<b>390</b>	<b>-931</b>		<b>1,028</b>
<b>Total net current assets</b>	<b>60,988</b>	<b>58,708</b>	<b>+2,280</b>	<b>+3.9%</b>	<b>64,349</b>
<b>Invested capital</b>	<b>147,256</b>	<b>144,009</b>	<b>+3,247</b>	<b>+2.3%</b>	<b>149,907</b>
<b>Severance Indemnity Fund (SIF)</b>	<b>(2,867)</b>	<b>(2,843)</b>	<b>-24</b>	<b>+0.8%</b>	<b>(2,872)</b>
<b>Net invested capital</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>
<b>Held for sale non-financial assets and liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>
<i>financed by:</i>					
<b><u>Equity</u></b>					
Capital stock	24,961	24,961	-		24,961
Reserves and retained earnings	80,240	78,303	+1,937		78,227
Translation reserve	(7,406)	(5,547)	-1,859		(6,462)
Total profit/(loss) of the Group	4,473	21	+4,452		3,132
<b>Total equity</b>	<b>102,268</b>	<b>97,738</b>	<b>+4,530</b>	<b>+4.6%</b>	<b>99,858</b>
<b><u>Net financial position</u></b>					
<i>Medium/long term debts:</i>					
- due to banks	34,451	26,554	+7,897		25,457
- due to other lenders and leasing companies	2,128	227	+1,901		191
<b>Total medium/long term debts</b>	<b>36,579</b>	<b>26,781</b>	<b>+9,798</b>	<b>+36.6%</b>	<b>25,648</b>
<i>Short-term debts:</i>					
- due to banks	25,152	34,830	-9,678		35,947
- due to other lenders and leasing companies	3,925	256	+3,669		2,395
- other assets (liabilities) and derivatives	(173)	488	-661		(99)
<b>Total short-term debts</b>	<b>28,904</b>	<b>35,574</b>	<b>-6,670</b>	<b>-18.7%</b>	<b>38,243</b>
<b>Cash and cash equivalents/bank deposits</b>	<b>(23,362)</b>	<b>(18,927)</b>	<b>-4,435</b>	<b>+23.4%</b>	<b>(16,174)</b>
<b>Total net financial position</b>	<b>42,121</b>	<b>43,428</b>	<b>-1,307</b>	<b>-3.0%</b>	<b>47,177</b>
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>	<b>147,035</b>

*Attachment 3*

**CONSOLIDATED CASH FLOW STATEMENT JANUARY-JUNE 2016**

(€ 000)	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
<b>Cash and cash equivalents (as at January 1<sup>st</sup>)</b>	<b>16,714</b>	<b>17,149</b>
<i>Operating activities</i>		
<b>Net profit/(loss) for the year from continuing operations</b>	<b>4,473</b>	<b>21</b>
<b>Net profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
- Depreciation of tangible assets	1,896	1,850
- Amortisation of intangible assets	2,606	2,386
- Impairment of tangible and intangible assets	-	44
- Provisions (including severance indemnity fund)	825	636
- Net capital losses on disposal of tangible and intangible assets	2	-
- Interest receivable and other income from assets held for trading	(71)	(126)
- Net interest expenses due to financial institutes and leasing companies	655	834
- Losses/(Gains) on derivatives	(952)	2,491
- Share of profit/(loss) of equity-accounted investees	(11)	(32)
- Income taxes	3,309	1,344
<i>Cash flow from current operations</i>	<i>12,732</i>	<i>9,448</i>
- Decrease in trade receivables	2,684	2,791
- (Increase)/decrease in inventories	2,606	(8,088)
- Decrease in trade payables	(4,088)	(6,925)
- Net change in other assets/liabilities	2,072	462
- Use of provisions (including severance indemnity fund)	(1,787)	(1,647)
- Net interest expenses due to financial institutes and leasing companies paid	(690)	(994)
- Financial flow from derivatives	877	(2,621)
- Income taxes paid	(1,714)	(478)
<b>Cash flow from/(for) operating activities</b>	<b>12,692</b>	<b>(8,052)</b>
<i>Investment activities</i>		
- Investments in intangible assets	(5,438)	(5,073)
- Investments in tangible assets	(1,055)	(2,022)
- Net sale price on disposal of tangible and intangible assets	1	-
- Dividends collected from associates	-	11
- Cash flow from assets held for trading	71	126
<b>Cash flow from/(for) investment activities</b>	<b>(6,421)</b>	<b>(6,958)</b>
<i>Financing activities</i>		
- Contracting of non-current financial payables:	21,182	18,000
- Repayment of non-current financial payables:	(7,364)	(9,873)
- Contracting/(repayment) of current financial payables	(11,969)	4,625
- Decrease in financial receivables and time deposits	-	2,875
- Dividend distribution	(1,038)	-
<b>Cash flow from financing activities</b>	<b>811</b>	<b>15,627</b>
<b>Change in translation difference</b>	<b>(434)</b>	<b>1,161</b>
<b>Cash flow for the period</b>	<b>6,648</b>	<b>1,778</b>
<b>Cash and cash equivalents (as at June 30<sup>th</sup>)</b>	<b>23,362</b>	<b>18,927</b>

## **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 equates 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", "Equity-accounted investees", "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 working capital**, 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".

### **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 art. 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 25<sup>th</sup>, 2012, pursuant to article 3 of CONSOB Resolution no. 18079 of January 20<sup>th</sup>, 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 these condensed consolidated interim financial statements as at June 30<sup>th</sup>, 2016 is consistent with the entries in the accounting books and records.

## **CONSOLIDATED FINANCIAL STATEMENTS**

- Consolidated Statement of Financial Position
- Consolidated Income Statement
- Consolidated Statement of Other Comprehensive Income
- Consolidated Cash flow Statement
- Consolidated Statement of Changes in Shareholders' Equity

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)					
	Notes	June 30 <sup>th</sup> , 2016	of which Related Parties	Dec. 31 <sup>st</sup> , 2015	of which Related Parties
<b>NON-CURRENT ASSETS</b>					
Tangible assets	1	22,848	-	23,850	-
Intangible assets	2	48,145	-	45,282	-
Goodwill	3	3,549	-	3,447	-
Equity-accounted investees		307	-	296	-
Non-current receivables and other assets	4	5,502	-	6,230	-
Deferred tax assets	5	8,090	-	8,810	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>88,441</b>		<b>87,915</b>	
<b>CURRENT ASSETS</b>					
Inventories	6	46,061	-	49,010	-
Trade receivables	7	48,755	2,351	52,000	6,383
Other current assets and other receivables	8	5,508	7	5,614	15
Tax receivables	9	5,581	-	4,715	-
Financial assets - derivatives	10	396	-	441	-
Cash and cash equivalents	11	23,362	-	16,714	-
<b>TOTAL CURRENT ASSETS</b>		<b>129,663</b>		<b>128,494</b>	
<b>Non-current assets held for sale and discontinued operations</b>		<b>-</b>		<b>-</b>	
<b>TOTAL ASSETS</b>		<b>218,104</b>		<b>216,409</b>	
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		24,961		24,961	
Reserves		48,045		48,819	
Retained earnings and profit for the period		29,262		26,078	
<b>Equity attributable to owners of the parent</b>		<b>102,268</b>		<b>99,858</b>	
<b>Equity attributable to non-controlling interests</b>		<b>-</b>		<b>-</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	12	<b>102,268</b>		<b>99,858</b>	
<b>NON-CURRENT LIABILITIES</b>					
Non-current financial payables and other financial liabilities	13	36,579	-	25,648	-
Employee Benefits - Severance indemnity fund	14	2,867	-	2,872	-
Deferred tax liabilities	5	1,459	-	1,646	-
Other non-current liabilities	15	714	-	711	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>41,619</b>		<b>30,877</b>	
<b>CURRENT LIABILITIES</b>					
Current financial payables and other financial liabilities	13	29,077	-	38,342	-
Financial liabilities - derivatives	10	223	-	342	-
Trade payables	16	33,287	82	37,689	137
Current provisions	17	890	-	1,746	-
Tax payables	18	4,690	-	2,523	-
Other current liabilities and other payables	19	6,050	-	5,032	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>74,217</b>		<b>85,674</b>	
<b>TOTAL LIABILITIES</b>		<b>115,836</b>		<b>116,551</b>	
<b>Liabilities associated with discontinued operations</b>		<b>-</b>		<b>-</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>218,104</b>		<b>216,409</b>	

## CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	1 <sup>st</sup> half 2016	of which Related Parties	1 <sup>st</sup> half 2015	of which Related Parties
Revenues	21	87,125	7,291	82,068	5,174
Other operating revenues	22	1,994	134	1,370	11
<b>Total revenues</b>		<b>89,119</b>		<b>83,438</b>	
Raw materials and consumables	23	(44,056)	(31)	(49,991)	(292)
Costs for services	24	(14,106)	(83)	(15,072)	(126)
Personnel costs	25	(15,105)	-	(14,840)	-
Other operating costs	26	(3,025)	(1)	(3,290)	(5)
Change in inventories of finished products and work in progress		(2,773)	-	5,429	-
Costs (capitalised) for internal work	27	1,456	-	1,852	-
<b>EBITDA</b>		<b>11,510</b>		<b>7,526</b>	
Depreciation and amortisation:					
- Depreciation of tangible assets	28	(1,896)	-	(1,850)	-
- Amortisation of intangible assets	28	(2,606)	-	(2,386)	-
- Impairment of tangible and intangible assets		-	-	(44)	-
<b>Operating result</b>		<b>7,008</b>		<b>3,246</b>	
Net financial charges	29	763	-	(1,913)	-
Profit/(loss) from associates		11	-	32	-
<b>Pre-tax profit/(loss)</b>		<b>7,782</b>		<b>1,365</b>	
Income taxes	30	(3,309)	-	(1,344)	-
<b>Net profit/(loss) from continuing operations</b>		<b>4,473</b>		<b>21</b>	
<b>Net profit/(loss) from discontinued operations</b>		<b>-</b>		<b>-</b>	
<b>Net profit</b>		<b>4,473</b>		<b>21</b>	
Attributable to:					
<b>Owners of the Parent</b>		<b>4,473</b>		<b>(21)</b>	
<b>Non-controlling interests</b>					
-					
<b>Earnings per share (in Euro):</b>					
		<b>1<sup>st</sup> half 2016</b>		<b>1<sup>st</sup> half 2015</b>	
Earnings per share (basic = diluted)					
Ordinary Share		0.116		-	
Growth Share		0.139		-	

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
(in thousands of euro)			
<b>Net profit</b>		<b>4,473</b>	<b>21</b>
<b>Components that will later be reclassified in the profit/(loss) for the year:</b>			
Change in translation reserve (difference)	12	(944)	2,445
<b>Total</b>		<b>(944)</b>	<b>2,445</b>
<b>Components that will not be later reclassified in the profit/(loss) for the year:</b>			
Actuarial loss regarding defined benefit plans		(111)	(20)
Income taxes		30	6
<b>Total</b>	12	<b>(81)</b>	<b>(14)</b>
<b>Other comprehensive income</b>		<b>(1,025)</b>	<b>2,431</b>
<b>Total other comprehensive income</b>		<b>3,448</b>	<b>2,452</b>
Attributable to:			
<b>Owners of the Parent</b>		<b>3,448</b>	<b>2,452</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)	Notes	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
<b>Cash and cash equivalents - opening balance</b>	11	<b>16,714</b>	<b>17,149</b>
<b><u>Operating activities</u></b>			
Profit/(loss) from continuing operations		4,473	21
- Depreciation of tangible assets	28	1,896	1,850
- Amortisation of intangible assets	28	2,606	2,386
- Impairment of tangible and intangible assets		-	44
- Provisions (including severance indemnity fund)	24.25	825	636
- Net capital losses on disposal of tangible and intangible assets	21.25	2	-
Interest receivable from assets held for trading	29	(71)	(126)
- Net interest expenses due to financial institutes and leasing companies	29	655	834
- Net losses/(gains) on derivatives	29	(952)	2,491
- Share of profit/(loss) of equity-accounted investees		(11)	(32)
- Income taxes	30	3,309	1,344
<b>Cash flow from current operations</b>		<b>12,732</b>	<b>9,448</b>
- Decrease in trade receivables	7(*)	2,684	2,791
- (Increase)/decrease in inventories	6(*)	2,606	(8,088)
- Decrease in trade payables	16(*)	(4,088)	(6,925)
- Net change in other assets/liabilities		2,072	462
- Use of provisions (including severance indemnity fund)	14.17	(1,787)	(1,647)
- Net interest expenses due to financial institutes and leasing companies paid		(690)	(994)
- Financial flow from derivatives		877	(2,621)
- Income taxes paid		(1,714)	(478)
<b>Cash flow from/(for) operating activities</b>		<b>12,692</b>	<b>(8,052)</b>
<b><u>Investment activities</u></b>			
- Investments in intangible assets	2	(5,438)	(5,073)
- Investments in tangible assets	1	(1,055)	(2,022)
- Sale price on disposal of tangible and intangible assets	1.2	1	-
- Dividends collected from equity-accounted investees		-	11
- Cash flow from assets held for trading		71	126
<b>Cash flow from/(for) investment activities</b>		<b>(6,421)</b>	<b>(6,958)</b>
<b><u>Financing activities</u></b>			
- Contracting of non-current financial payables		21,182	18,000
- Repayment of non-current financial payables		(7,364)	(9,873)
- Contracting/(repayment) of current financial payables	13(*)	(11,969)	4,625
- Collection of financial receivables		-	2,875
- Dividend distribution		(1,038)	-
<b>Cash flow from financing activities</b>		<b>811</b>	<b>15,627</b>
<b>Change in translation difference</b>		<b>(434)</b>	<b>1,161</b>
<b>Cash flow for the period</b>		<b>6,648</b>	<b>1,778</b>
<b>Cash and cash equivalents – closing balance</b>	11	<b>23,362</b>	<b>18,927</b>

(\*) 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 2015

(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)	Non-distributable reserves	Other reserves	Total				
Balance as at Dec. 31 <sup>st</sup> , 2014	24,961	44,922	(7,992)	-	10,371	47,301	23,024	95,286	-	95,286
Changes for the period:										
Profit for the period	-	-	-	-	-	-	21	21	-	21
Other comprehensive Income	-	-	2,445	-	-	2,445	(14)	2,431	-	2,431
Total Comprehensive Income	-	-	2,445	-	-	2,445	7	2,452	-	2,452
Total changes for the period	-	-	2,445	-	-	2,445	7	2,452	-	2,452
Balance as at June 30 <sup>th</sup> , 2015	24,961	44,922	(5,547)	-	10,371	49,746	23,031	97,738	-	97,738

## 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 attributabl e 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				
<b>Balance as at Dec. 31<sup>st</sup>, 2015</b>	24,961	44,910	(6,462)	10,371	48,819	26,078	99,858	-	99,858
<b>Changes for the period:</b>									
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
<b>Balance as at June 30<sup>th</sup>, 2016</b>	24,961	44,910	(7,406)	10,541	48,045	29,262	102,268	-	102,268

# 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 30<sup>th</sup>, 2016 were authorised for issue by the Board of Directors on August 4<sup>th</sup>, 2016.

### Compliance with IFRS

The Isagro Group condensed consolidated interim financial statements as at June 30<sup>th</sup>, 2016 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 31<sup>st</sup>, 2015.

### Basis of presentation

The consolidated financial statements comprise the Statement of Financial Position, the Income Statement, the Statement of comprehensive income, the Cash Flow Statement, the 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 Statement of Financial Position;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include 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", which 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 27<sup>th</sup>, 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 30<sup>th</sup>, 2016 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 2016, which confirm the feasibility of the 2016-2020 Industrial projects, the availability of unutilized bank credit facilities for a total of € 76.8 million (of which € 66.5 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 30<sup>th</sup>, 2016 the Group reported a net financial position that is balanced in relation to the equity and financial structure. This was due to the share capital increase carried out in 2014 by the parent Isagro S.p.A. as well as the contracting of new medium/long-term loans to supporting investment activities, with the resulting increase in the duration of financial debt.

The performance of Basic Business in the first half of 2016 showed essential alignment in terms of sales and margins with the forecast figures. With reference to Licensing business, for which income of around € 6 million is forecast in the 2016 Budget, note that during the first half of the year the development of sales contacts continued with a view to signing new agreements, which has already allowed the Group to achieve income for approximately € 1 million. Also in consideration of this, the Directors believe that cash flows envisaged in the 2016–2020 Industrial projects, 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.

What is described above is therefore considered adequate for mitigating the liquidity risk in the foreseeable future.

### **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 31<sup>st</sup>, 2015, to which reference should be made, with the exception of what is explained in the following paragraph.

### **Accounting standards, amendments and interpretations applied as from January 1<sup>st</sup>, 2016**

- On December 17<sup>th</sup>, 2014, by means of Regulation No. 28/2015, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 2 Share Based Payments - Definition of vesting condition. Changes to the definitions of “vesting condition” and “market condition” are introduced, and further definitions of “performance condition” and “service condition” are added (previously included in the definition of “vesting condition”)
  - IFRS 3 Business Combinations - Accounting for contingent consideration. The amendment explains that a contingent consideration classified as a financial asset or liability must be measured at fair value at every year end date; the changes in fair value are entered into the Income Statement or amongst the statement of comprehensive income components based on the requirements of IAS 39 (or IFRS 9).
  - IFRS 8 Operating segments - Aggregation of operating segments. The changes require an entity to provide information on the measurements made by management when applying the aggregation criteria for the operating segments, including a description of the aggregated operating segments and the economic indicators considered when determining whether these operating segments have “similar economic characteristics”.
  - IFRS 8 Operating segments - Reconciliation of the total of the reportable segments’ assets to the entity’s assets. The amendments clarify that the reconciliation between the total of the assets of the operating segments and the total of the entity’s assets must be presented only if the total of the assets of the operating segments is regularly reviewed by the highest decision-making level.
  - IFRS 13 Fair Value Measurement - Short-term receivables and payables. Amendments were made to the Basis for Conclusions to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility to enter the current trade receivables and payables without entering the effects of a discounting should said effects proved immaterial remains valid.
  - IAS 16 Property, Plant and machinery and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization. The amendments eliminated the inconsistencies in the entry of depreciation/amortisation when a tangible or intangible asset is revalued. The new requirements clarify that the gross book value is adequate to the extent consistent with the revaluation of the book value of the asset and that the accumulated depreciation is equal to the difference between gross book value and the book value net of recorded impairments.
  - IAS 24 Related Parties Disclosures - Key management personnel. It is clarified that in the event the services of the executives with strategic responsibilities are

supplied by an entity (and not by an individual), said entity is considered a related party.

The adoption of these improvements had no effect on the Group's consolidated financial statements.

- On December 17<sup>th</sup>, 2014, by means of Regulation No. 29/2015, the European Commission endorsed the amendment to IAS 19 Defined Benefit Plans: Employee Contributions which proposes presenting the contributions (relating to just the service provided by the employee during the year) made by employees or third parties to defined benefit plans, reducing the service cost for the year in which this contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is deemed that these contributions should be interpreted as part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution must be distributed over the years of service of the employee.

The adoption of this amendment had no effect on the Group's consolidated financial statements.

- On November 23<sup>rd</sup>, 2015, with Regulation no. 2113/2015, the European Commission endorsed the amendments to IAS 16 - Property, Plant and machinery and IAS 41 - Agriculture, which requires that bearer plants that produce annual crops be recorded in accordance with the requirements of IAS 16 (rather than those of IAS 41). This means that those assets must be measured at cost instead of at the fair value net of costs to sell (however, it is possible to use the revaluation method proposed by IAS 16). The changes proposed are restricted to plants used to seasonally produce fruit, not to be sold as living plants or subject to harvesting as agricultural products. These plants shall fall under the scope of IAS 16 also while they are reaching biological maturity, meaning until they are capable of producing agricultural products.

The adoption of this amendment had no effect on the Group's consolidated financial statements.

- On November 24<sup>th</sup>, 2015, with Regulation no. 2173/2015, the European Commission endorsed the amendments to IFRS 11 Joint Arrangements - Accounting for acquisitions of interests in joint operations, which regards the accounting for the acquisition of interests in a joint operation whose assets constitute a business as defined by IFRS 3. The amendments require that for these cases, criteria set forth by IFRS 3 and related to the recognition of the effects of a business combination be applied.

The adoption of this amendment had no effect on the Group's consolidated financial statements.

- On December 2<sup>nd</sup>, 2015, by means of Regulation No. 2231/2015, the European Commission endorsed certain amendments to IAS 16 - Property, plant and machinery and to IAS 38 - Intangible assets - Clarification of acceptable methods of depreciation and amortisation. The amendments to IAS 16 set out that revenue-based methods of depreciation are not appropriate due to the fact that, according to the amendments, revenues generated by a business which involves the use of an asset subject to depreciation generally

reflect factors that differ from only consumption of the economic benefits embodied in the asset, a condition that, instead, is required for depreciation. The amendments to IAS 38 introduce the assumption that a revenue-based method of amortisation is not generally considered appropriate for the same reasons highlighted by the amendments to IAS 16. In the case of intangible assets, this presumption can also be overcome, but only under limited and specific circumstances.

The adoption of these amendments had no effect on the Group's consolidated financial statements.

- On December 15<sup>th</sup>, 2015, by means of Regulation No. 2343/2015, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. The amendment to the standard introduces specific guidance for cases in which an entity reclassifies an asset (or disposal group) from the held-for-sale category to held-for-distribution (or vice versa), or when the requirements for classifying an asset as held-for-distribution no longer apply. The amendments establish that (i) for these reclassifications the same classification and measurement criteria remain valid; (ii) the assets which no longer meet the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset which ceases to be classified as held-for-sale;
  - IFRS 7 - Financial Instruments: Disclosure. The amendments discipline the introduction of additional guidelines to clarify whether a servicing contract represents a residual involvement in an asset transferred, for the purposes of the disclosure required in relation to transferred assets. Furthermore, it is clarified that the disclosure on the netting of financial assets and liabilities is not usually explicitly requested for interim financial statements, with the exception of significant information.
  - IAS 19 - Employee Benefits. The document introduces a number of amendments to IAS 19 for the purpose of clarifying that high quality corporate bonds used for determining the discount rate of post-employment benefits should be in the same currency used for payment of the benefits. The amendments specify that the basket of high quality corporate bonds market to be considered is that at currency level, not the country of the entity subject to reporting;
  - IAS 34 - Interim Financial Reporting. The document introduces amendments for the purpose of clarifying the requisites to be observed in the event that the disclosure required is presented in the interim financial report, but outside the interim financial statements. The amendment specifies that this disclosure should be included by means of cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to the intended audience of the financial statements in the same manner and as per the same timescales as the interim financial statements.

The adoption of these improvements had no effect on the Group's consolidated financial statements.

- On December 18<sup>th</sup>, 2015, by means of Regulation No. 2406/2015, the European Commission endorsed the amendment to IAS 1 - Disclosure Initiative. The amendments aim to provide clarification on aspects of the disclosure that could be perceived as impediments to the clear and intelligible preparation of financial statements. The amendments made are as follows:
  - materiality and aggregation: clarifies that an entity should not obscure information by aggregating or disaggregating it, and that materiality considerations apply to the financial statements, explanatory notes and specific IFRS disclosure requirements. The document specifies that the disclosures specifically required under IFRSs must only be provided if the information is material;
  - statement of financial position and statement of comprehensive income: clarifies that the list of items specified by IAS 1 for these statements must be disaggregated or aggregated as appropriate. Additional guidance has been added on the presentation of subtotals in these statements;
  - presentation of items of Other Comprehensive Income (OCI): clarifies that the entity's share of the OCI of associates and joint ventures accounted for at equity must be presented as aggregated into a single item, in turn subdivided into elements subject (or not) to future reclassification to the income statement;
  - explanatory notes: clarifies that entities have flexibility in defining the structure of the explanatory notes and provides guidance on systematic ordering of the notes, e.g.:
    - i. giving a prominent position to those most significant to understanding the financial position (for example, by grouping together information on particular assets);
    - ii. grouping together elements measured according to the same criterion (for example, assets measured at fair value);
    - iii. following the order of elements presented in the statements.

The adoption of this amendment had no significant effects on aggregations of information currently used in the Group's consolidated financial statements.

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

As at the date of these condensed consolidated interim financial statements, 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 May 28<sup>th</sup>, 2014, the IASB issued the standard “**IFRS 15 Revenue from Contracts with Customers**”, which will replace the standards 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 Revenues - 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 1<sup>st</sup>, 2018, but early application is permitted.

- On July 24<sup>th</sup>, 2014, the IASB published the final version of **IFRS 9 - Financial instruments**. The document contains the results of the phases relating to “Classification and measurement”, “Impairment” and “Hedge accounting” of the IASB project aimed at replacing IAS 39. The new standard, which replaces the previous versions of IFRS 9, must be applied to the financial statements starting on or after January 1<sup>st</sup>, 2018. After the 2008 financial crisis, at the request of the main financial and political institutions, the IASB launched the project aimed at replacing IFRS 9 and proceeded by stages. In 2009, the IASB published the first version of IFRS 9 which dealt solely with the “Classification and measurement” of financial assets; subsequently, in 2010, the criteria were published relating to the classification and measurement of financial liabilities and derecognition (the latter aspect was transposed from IAS 39 without changes). In 2013, IFRS 9 was amended so as to include the general hedge accounting model. Further to the current publication, which also includes “Impairment”, IFRS 9 should be considered complete with the exception of criteria regarding macro hedging, on which the IASB has undertaken an independent project. 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 modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding 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) 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;
  - greater flexibility of the new accounting rules is counterbalanced by additional requests for information about the risk management activities of the company.
- On September 11<sup>th</sup>, 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 December 18<sup>th</sup>, 2014, the IASB published the document "**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**", containing amendments relating to issues emerging from application of the consolidation exception granted to investment entities. The amendments introduced by the document must be applied as from the accounting periods beginning on or after January 1<sup>st</sup>, 2016. Early adoption is permitted.

- On January 13<sup>th</sup>, 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 1<sup>st</sup>, 2019, but early application is permitted only for companies which implemented early application of IFRS 15 - Revenue from Contracts with Customers.
- On January 19<sup>th</sup>, 2016, the IASB published the document “**Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)**”. The document aims 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. The amendments will apply from January 1<sup>st</sup>, 2017, and early application is allowed.
- On January 29<sup>th</sup>, 2016, the IASB published the document “**Disclosure Initiative (Amendments to IAS 7)**”. The document aims 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 1<sup>st</sup>, 2017, and early application is allowed. The presentation of comparative data relating to previous years is not required.
- On June 20<sup>th</sup>, 2016, the IASB published the document “**Classification and measurement of share-based payment transactions (Amendment to IFRS 2)**”. The amendments provide a number of clarifications on recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with the characteristics of net settlements and the recognition of changes to the terms and conditions of a share-based payment that amend the cash-settled classification to equity-settled. The amendments will apply from January 1<sup>st</sup>, 2018, and 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. Note that 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 Group companies' 2016-2020 Industrial projects 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). These were reconfirmed by Group management, also taking into consideration the results achieved in the first half of 2016. 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 30<sup>th</sup>, 2016, the Isagro Group's financial statements recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 3.5 million (€ 4.6 million as at December 31<sup>st</sup>, 2015). 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. It cannot be ruled out a priori that a further worsening of the current financial and economic crisis, as well as postponement in the timescales envisaged for obtaining new registrations and new Licensing agreements may raise doubts about the timing and methods predicted in the Group companies' budgets and Industrial projects concerning the recoverability of these items.

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 31<sup>st</sup>, 2015.

### **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 31<sup>st</sup>, 2015, 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 30 <sup>th</sup> , 2016	Average exchange rate 1 <sup>st</sup> half 2016	Exchange rate as at Dec. 31 <sup>st</sup> , 2015	Exchange rate as at June 30 <sup>th</sup> , 2015	Average exchange rate 1 <sup>st</sup> half 2015
Australian Dollar	1.4929	1.52206	1.4897	1.455	1.42595
Singapore Dollar	1.4957	1.54018	1.5417	N/A	N/A
US Dollar	1.1102	1.11553	1.0887	1.1189	1.11585
Argentine Peso	16.5802	15.98963	14.0972	10.1653	9.83888
Chilean Peso	735.5	769.2615	772.713	714.921	693.05667
Colombian Peso	3,244.47	3,485.44333	3,456.01	2,896.45	2,770.36
South African Rand	16.4461	17.20373	16.953	13.6416	13.29908
Brazilian Real	3.5898	4.13492	4.3117	3.4699	3.30765
Chinese Renminbi (Yuan)	7.3755	7.29366	7.0608	6.9366	6.9411
Indian Rupee	74.9603	74.97762	72.0215	71.1873	70.12237

### 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 STATEMENT OF FINANCIAL POSITION

### 1. Tangible assets – 22,848

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

Breakdown	Dec. 31 <sup>st</sup> , 2015			Total	June 30 <sup>th</sup> , 2016		
	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	18,602	(8,605)	9,997	(407)	18,640	(9,050)	9,590
	18,602	(8,605)	9,997	(407)	18,640	(9,050)	9,590
Plant and machinery: - owned assets	39,655	(30,079)	9,576	(643)	39,820	(30,887)	8,933
- capital grants	(357)	357	-	-	(357)	357	-
- leased assets	392	(186)	206	(28)	392	(214)	178
	39,690	(29,908)	9,782	(671)	39,855	(30,744)	9,111
Industrial and commercial equipment: - owned assets	5,030	(4,394)	636	76	5,142	(4,430)	712
- leased assets	353	(59)	294	8	390	(88)	302
	5,383	(4,453)	930	84	5,532	(4,518)	1,014
Other assets: - furniture and fittings	1,198	(937)	261	(20)	1,207	(966)	241
- motor vehicles	254	(191)	63	(14)	257	(208)	49
- data processors	2,858	(2,375)	483	6	2,939	(2,450)	489
	4,310	(3,503)	807	(28)	4,403	(3,624)	779
Assets under development and payments on account - owned assets	1,281	-	1,281	20	1,301	-	1,301
	1,281	-	1,281	20	1,301	-	1,301
<b>Total</b>	<b>70,319</b>	<b>(46,469)</b>	<b>23,850</b>	<b>(1,002)</b>	<b>70,784</b>	<b>(47,936)</b>	<b>22,848</b>

Changes for the period	Translation difference (hist. cost)	Purchases	Reclassifications (hist. cost)	Disposals	Translation difference (acc. depr)	Depreciation	Use acc. depr.	Total change
Land	-	-	-	-	-	-	-	-
Industrial Buildings: - owned assets	(105)	13	130	-	39	(484)	-	(407)
	(105)	13	130	-	39	(484)	-	(407)
Plant and machinery: - owned assets	(366)	105	470	(44)	291	(1,141)	42	(643)
- leased assets	-	-	-	-	-	(28)	-	(28)
	(366)	105	470	(44)	291	(1,169)	42	(671)
Industrial and commercial equipment: - owned assets	(13)	94	67	(36)	10	(82)	36	76
- leased assets	-	37	-	-	-	(29)	-	8
	(13)	131	67	(36)	10	(111)	36	84
Other assets: - furniture and fittings	3	5	1	-	(3)	(26)	-	(20)
- motor vehicles	3	-	-	-	(2)	(15)	-	(14)
- data processors	(5)	100	-	(14)	3	(91)	13	6
	1	105	1	(14)	(2)	(132)	13	(28)
Assets under development and payments on account: - owned assets	(13)	701	(668)	-	-	-	-	20
	(13)	701	(668)	-	-	-	-	20
Total	(496)	1,055	-	(94)	338	(1,896)	91	(1,002)

The main changes during the first half of the year essentially regarded:

- the completion of investments to increase plant efficiency and the level of safety of the Adria and Aprilia production sites of the parent Isagro S.p.A; the conclusion of these projects led to an increase in the historic cost of the item “Industrial buildings” for € 118 thousand and of the item “Plant and machinery” for € 227 thousand. As at December 31<sup>st</sup>, 2015 these investments were posted under “Assets under development” for € 283 thousand;
- the parent’s purchase of new analytical laboratory instruments for the Research Centre in Novara. This investment led to an increase in the historic cost of the item “Industrial and commercial equipment” for € 86 thousand;
- the completion of a new packaging line for formulations at the Panoli production site of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. The conclusion of this investment, recorded under Assets under development as at December 31<sup>st</sup>, 2015, led to an increase in the historic cost of the item “plant and machinery” for € 132 thousand;
- the parent’s acquisition under a finance lease of industrial equipment (forklift truck) for the Aprilia production plant. The contract envisages payment of a monthly instalment of € 1 thousand for 36 months, plus a final balloon payment of € 3 thousand to redeem the asset.

The item “Assets under development”, amounting to €1,301 thousand, essentially comprises:

- the construction of a new plant for cryogenic reduction of gaseous emissions of toluene at the parent’s production site in Bussi (€ 519 thousand);
- the realisation of investments (€ 398 thousand) to increase plant efficiency and the level of safety of the parent’s Adria and Aprilia production sites. Also note that investments are in progress at the two production sites in new product packaging lines (€ 98 thousand);

- the installation of a new CCTV system at the parent's research centre in Novara (€ 79 thousand).

Note that in relation to the two investments in new product packaging lines at the Adria and Aprilia plants, contractual commitments were in place as at June 30<sup>th</sup>, 2016 for € 497 thousand with the machinery suppliers.

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 – 48,145

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

Breakdown	Dec. 31 <sup>st</sup> , 2015			Total	June 30 <sup>th</sup> , 2016		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	13,678	-	13,678	2,768	16,446	-	16,446
- new formulations	1,029	-	1,029	92	1,121	-	1,121
	14,707	-	14,707	2,860	17,567	-	17,567
Process development costs	29	-	29	159	188	-	188
Product know-how:							
- fungicide IR 6141	10,196	(6,291)	3,905	(339)	10,196	(6,630)	3,566
- other fungicides	81	(38)	43	(3)	81	(41)	40
- Remedier	773	(500)	273	(27)	773	(527)	246
- biostimulants and fumigants	1,249	(224)	1,025	(38)	1,249	(262)	987
	12,299	(7,053)	5,246	(407)	12,299	(7,460)	4,839
Process know-how	1,409	(622)	787	(121)	529	137	666
Extraordinary protection	10,037	(6,336)	3,701	505	8,723	(4,517)	4,206
Patents, licences, trademarks and registrations	17,889	(7,554)	10,335	192	19,131	(8,604)	10,527
Other:							
- commercial relations	638	(415)	223	(22)	652	(451)	201
- software	1,240	(803)	437	(17)	1,313	(893)	420
	1,878	(1,218)	660	(39)	1,965	(1,344)	621
Assets under development and payments on account:							
- registrations	9,817	-	9,817	(286)	9,531	-	9,531
	9,817	-	9,817	(286)	9,531	-	9,531
	68,065	(22,783)	45,282	2,863	69,933	(21,788)	48,145

Changes for the period	Translation difference	Acquisitions/ capitalisations	Reclassifications	Amortisation/ write-downs	Total change
Product development costs:					
- fumigants and SDHi	-	2,768	-	-	2,768
- new formulations	-	92	-	-	92
	-	2,860	-	-	2,860
Process development costs	-	159	-	-	159
Product know-how:					
- fungicide IR 6141	-	-	-	(339)	(339)
- other fungicides	-	-	-	(3)	(3)
- Remedier	-	-	-	(27)	(27)
- biostimulants and fumigants	-	-	-	(38)	(38)
	-	-	-	(407)	(407)
Process know-how	-	-	-	(121)	(121)
Extraordinary protection	-	1,407	-	(902)	505
Patents, licences, trademarks and registrations	17	33	1,192	(1,050)	192
Other:					

- commercial relations	14	-	-	(36)	(22)
- software	-	73	-	(90)	(17)
	14	73	-	(126)	(39)
Assets under development and payments on account:					
- registrations	-	906	(1,192)	-	(286)
	-	906	(1,192)	-	(286)
	31	5,438	-	(2,606)	2,863

The Group's intangible assets include "assets not yet available for use" for a total value of € 27,286 thousand, which include:

- € 16,446 thousand in costs incurred for the launch of the development phase of new proprietary products, of which € 15,056 thousand for the fungicide named SDHi, for which a co-development agreement has been entered into with the US company FMC Corporation, and € 1,390 thousand for a Biofumigant for the Mediterranean area in particular;
- € 1,121 thousand in development costs incurred for the start-up of new formulations of crop protection products;
- € 188 thousand in development costs for new production processes;
- € 9,531 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 € 1,192 thousand.

"Extraordinary protection", amounting to € 4,206 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, the costs incurred were not written down. As previously pointed out in the financial statements as at December 31<sup>st</sup>, 2015, after obtaining specific loans from the European Investment Bank (EIB), in support of the Group's research and development activities (see Note no. 13), the portion of finance costs incurred in the year relating to intangible assets under development was capitalised. The capitalised financial charges amounted to € 157 thousand. The average rate used to determine their amount was 3.07%, 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 € 10,527 thousand, comprises:

- registrations of crop protection products	9,889
- trademarks, patents and licences	638.

Assets not yet available for use - 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 31<sup>st</sup>. 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 criteria described previously:

	ASSETS WITH A DEFINITE USEFUL LIFE		
	Assets not yet available for use	Assets available for use	Total book value
Assets relating to research and development activities:			
- Kiralaxyl (IR6141)	2,283	9,069	11,352
- Tetraconazole	3,323	3,986	7,309
- Biological and biostimulant products	487	1,723	2,210
- Copper	2,566	1,426	3,992
- SDHi	15,123	302	15,425
- Pyrethroids	376	694	1,070
- Fumigants	3,095	1,856	4,951
- Other	33	1,073	1,106
	27,286	20,129	47,415
Other intangible assets:			
- Commercial relations	-	201	201
- Software	-	420	420
- Trademarks and licences	-	109	109
	-	730	730
	27,286	20,859	48,145

The performance of the cash generating units in the first half of 2016 compared to the 2016-2020 Industrial projects saw no significant misalignment with the forecast figures used to perform impairment tests for the financial statements as at December 31<sup>st</sup>, 2015. Consequently, management still deems the original forecasts of 2016 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 31<sup>st</sup>, 2015.

### 3. Goodwill - 3,549

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. 31 <sup>st</sup> , 2015	Changes over the period				Value as at June 30 <sup>th</sup> , 2016
		Translation difference	Acquisitions/ disposals	Write-downs	Total change	
- "Copper"	886	-	-	-	-	886
- "Biological products"	461	-	-	-	-	461
- Isagro (Asia) Agrochemicals	192	(7)	-	-	(7)	185
"Tetraconazole"	209	-	-	-	-	209
- "Formulations"	20	-	-	-	-	20
- Isagro Colombia S.A.S.	1,679	109	-	-	109	1,788
<b>Total</b>	<b>3,447</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>3,549</b>

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	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 31<sup>st</sup> 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 2016 compared to the 2016-2020 Industrial projects indicated no significant misalignment with the forecast figures used to perform impairment tests for the financial statements as at December 31<sup>st</sup>, 2015. Consequently, management still deems the original forecasts of results over the period covered by the Industrial projects to be valid.

During the first half of the year, no endogenous or exogenous impairment indicators were identified that would require impairment tests to be carried out, despite 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 2016, based on information currently available, that could imply the need for impairment tests.

#### 4. Non-current receivables and other assets - 5,502

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Receivables and other non-current assets:			
- guarantee deposits	534	47	581
- know-how usage licences	4,035	(522)	3,513
- prepaid expenses	638	(29)	609
- tax	123	5	128
- security deposits	900	(229)	671
	6,230	(728)	5,502

The item “know-how usage licences” includes:

- € 1,963 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, € 7,540 thousand of which was collected in total as of the date of these financial statements (€ 5,000 thousand paid in December 2013 and € 1,300 thousand paid in October 2014 and 1,240 thousand paid in October 2015). The residual receivable, equal to € 3,360 thousand, which will be paid in three annual instalments on October 31<sup>st</sup> of each year, in the period 2016-2018, was discounted back at a 6% rate. The current portion of the present value of the receivable, equal to € 1,157 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 contractually-established events occur (details of which are provided in the consolidated financial statements as at December 31<sup>st</sup>, 2015), the probability of which, at present, is still remote:
- € 534 thousand referring to the non-current portion of the residual receivable, maturing May 31<sup>st</sup>, 2018 and including the interest accrued, relating to the up-front payment acknowledged in 2014 to the parent Isagro S.p.A. by the Hong Kong-based company Rotam Agrochemical Company Ltd., described in the consolidated financial statements as at December 31<sup>st</sup>, 2015 to which reference should be made, for a total of € 2 million payable in four annual sums of € 500 thousand each, plus interest calculated at the annual fixed rate of 4.50%. The current portion of the receivable, equal to € 534 thousand and due May 31<sup>st</sup>, 2017, was recorded under “trade receivables”.
- € 1,106 thousand referring to the non-current portion of the residual receivable relating to the up-front payment of € 2 million acknowledged in 2015 to the parent Isagro S.p.A. by the UK-based company SumiAgro Europe Limited, details of which are provided in the consolidated financial statements as at December 31<sup>st</sup>, 2015. The residual receivable of €

1,500 thousand will be paid in three annual instalments of € 500 thousand each on December 1<sup>st</sup> every year in the period 2016-2018, plus period interest calculated at the 12M Euribor floating rate + 3% spread. The current portion of the receivable, equal to € 508 thousand, was recorded under “trade receivables”.

“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 a 54.5 million Indian Rupees consideration to acquire a 99-year leasehold over the land plot where the Panoli plant is located.

The item “security deposits”, stated net of a write-down provision of € 850 thousand, refers to the estimated realisable value of the payment of € 1,750 thousand made by the parent Isagro S.p.A. on April 8<sup>th</sup>, 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, details of which are provided in the consolidated financial statements as at December 31<sup>st</sup>, 2015. Note that on July 15<sup>th</sup>, 2016 a partial reimbursement for € 229 thousand was made on the security deposit by the Japanese company following the collection of a number of trade receivables, the collection of which was guaranteed by the parent Isagro S.p.A., and this amount was consequently restated under the item “other current assets and other receivables”.

## 5. Deferred tax assets and liabilities - 6,631

*Deferred tax assets - 8,090*

*Deferred tax liabilities - 1,459*

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Changes over the period				Book values June 30 <sup>th</sup> , 2016
		Provisions	Uses	Other changes	Total change	
Deferred tax assets	8,810	917	(1,659)	22	(720)	8,090
Deferred tax liabilities	(1,646)	(67)	261	(7)	187	(1,459)
Total	7,164	850	(1,398)	15	(533)	6,631

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. 31 <sup>st</sup> , 2015		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities June 30 <sup>th</sup> , 2016	
	Taxable base	Taxation	Provisions	Uses	Other changes	Translation difference and other changes	Taxable base	Taxation
<b>Deferred tax assets</b>								
- tax losses	18,720	4,562	8	(1,048)	-	-	14,690	3,522
- allocations to taxed provisions	4,314	1,402	454	(263)	-	(4)	5,006	1,589
- grants related to R&D	298	83	-	(8)	-	-	272	75
- intragroup profits	6,505	1,900	329	(44)	(5)	3	7,802	2,183
- other	2,982	863	126	(296)	(2)	30	2,858	721
Total deferred tax assets	32,819	8,810	917	(1,659)	(7)	29	30,628	8,090
<b>Deferred tax liabilities</b>								
- amortisation/	4,336	1,222	6	(38)	-	-	4,240	1,190

depreciation for tax purposes								
- fair value assets from business combinations	260	88	-	(14)	-	5	232	79
- dividends from subsidiaries	600	120	-	-	-	-	600	120
- other	777	216	61	(209)	-	2	259	70
Total deferred tax liabilities	5,973	1,646	67	(261)	-	7	5,331	1,459
TOTAL	26,846	7,164	850	(1,398)	(7)	22	25,297	6,631

The item “Deferred tax assets” includes € 3,522 thousand related to tax losses, of which € 3,515 thousand referring to the parent Isagro S.p.A., € 7 thousand to the tax effect on grants relating to development projects, which, pursuant to tax laws, are taxed on a cash basis rather than on an accrual basis, € 2,183 thousand referring to the tax effect of the elimination of intragroup profits and € 1,589 thousand relating to taxed risk and expense provisions.

The 2016–2020 Industrial projects were taken into consideration when recognising and assessing the recoverability of deferred tax assets. Although the Industrial projects 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 important recovery in the turnover relating to the sale of crop protection products, hit hard in the last few 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 to a lower level than that estimated in the 2016–2020 Industrial projects, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction of the parent Isagro S.p.A. in 2014;
- the financial support from the share capital increase described above to the investments forecast in the 2016-2020 Industrial projects;
- 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 previous 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 and in the first half of this year by the parent Isagro S.p.A. 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 30<sup>th</sup>, 2016 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 € 3,031 thousand, of which € 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 30<sup>th</sup>, 2016, amount to € 22,932 thousand, in relation to which deferred tax assets were recognised for only € 3,515 thousand, corresponding to € 14,645 thousand in tax losses retained.

“Deferred tax liabilities” include € 1,190 thousand misalignment between the statutory and tax Depreciation and amortisation of tangible and intangible assets. In particular, this item includes € 1,177 thousand of the parent Isagro S.p.A., essentially related to capitalisation and amortisation of development costs for new products.

The item “Fair value assets from business combinations” refers to the residual amount of the tax effect of the fair value measurement of the assets identified subsequent to the purchase of 50% of Barpen International S.A.S. (now Isagro Colombia S.A.S.) occurred in 2011, while the item “Dividends from subsidiaries” refers to the tax effect of the expected distribution of dividends which, in light of the results achieved in 2015, the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd plans to carry out on behalf of the parent Isagro S.p.A. in 2016.

Deferred tax assets and liabilities include € 6,282 thousand and € 1,086 thousand, respectively, which are likely to be reversed beyond the next year.

## 6. Inventories - 46,061

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Changes over the period					Book values June 30 <sup>th</sup> , 2016
		Increases/ decreases	Write-downs/ allocations to inventory write- down provision	Translation difference and other changes	Use of inventory write-down provision	Total change	
Raw and ancillary materials, consumables and goods	13,187	96	(205)	(73)	82	(100)	13,087
Work in progress and semi-finished goods	434	(155)	-	(17)	-	(172)	262
Finished products and goods	35,252	(2,513)	(145)	(266)	40	(2,884)	32,368
Payments on account	137	194	-	13	-	207	344
<b>Total</b>	<b>49,010</b>	<b>(2,378)</b>	<b>(350)</b>	<b>(343)</b>	<b>122</b>	<b>(2,949)</b>	<b>46,061</b>

The decrease in inventories compared to December 31<sup>st</sup>, 2015 is essentially related to use of the strategic stock of finished products, in particular Kiralaxyl and Tetraconazole-based products, set up at the end of the previous year to cover sales in the first half of 2016.

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 € 769 thousand. The provision registered increases totalling € 350 thousand and decreases amounting to € 122 thousand during the first half of the year.

## 7. Trade receivables - 48,755

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Changes over the period						Book values June 30 <sup>th</sup> , 2016
		Increases/ decreases	Translation differences of write-down provisions	Write-downs/ allocations to write-down provisions	Use of write- down provisions	Other changes	Total change	
Trade receivables	54,193	(2,768)	-	(17)	-	-	(2,785)	51,408
- bad debt provision	(1,596)	-	(12)	(465)	17	-	(460)	(2,056)
- bad debt provision def. int.	(597)	-	-	(45)	45	-	0	(597)
	52,000	(2,768)	(12)	(527)	62	-	(3,245)	48,755

The balance sheet item shows a decrease of € 3,245 thousand compared to December 31<sup>st</sup>, 2015. 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 € 48,129 thousand recorded as at June 30<sup>th</sup>, 2015 marks an increase of € 626 thousand. This increase, however, was less than the growth in sales recorded during the first half of the year, not only due to depreciation of the Indian Rupee (in which receivables of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. are expressed) versus the Euro, but also because most of the increase in sales revenues of crop protection products was recorded in the first part of the year and so as at June 30<sup>th</sup> a portion had already been collected.

It should be also noted that the non-recourse factoring of trade receivables, due after the balance sheet date, carried out by the parent Isagro S.p.A., contributed to the change in trade receivables. These transactions regarded receivables for about € 16,500 thousand, which is higher than the approximately € 7,600 thousand in receivables due after December 31<sup>st</sup> and factored during 2015, but essentially in line with the value of receivables factored in the first half of 2015 due after June 30<sup>th</sup> (€ 17,700 thousand).

The bad debt provision was used for € 12 thousand in the period, increasing by € 465 thousand as a result of allocations by the parent Isagro S.p.A. and by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

Interest on arrears was recognised for delays in payment from customers. A € 597 thousand provision was made for these receivables.

Regarding the total trade receivables due from related parties, please refer to Note no. 35.

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

▪ Italy	3,729
▪ Other European countries	15,265
▪ Central Asia and Oceania	14,065
▪ Americas	12,202
▪ Far East	2,834
▪ Middle East	1,358
▪ Africa	1,955
Total	51,408

The average contractual maturity of trade receivables is the following:

- Italy 148 days
- Foreign countries 125 days.

The reported trade receivables are due within the following year.

## 8. Other current assets and other receivables - 5,508

Breakdown	Book values Dec. 31 <sup>st</sup> i, 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Other current assets and other receivables:			
- advance payments to suppliers and creditors	556	(15)	541
- employees	65	169	234
- export incentives	369	13	382
- due from tax authorities for VAT and other taxes	2,162	(467)	1,695
- other and prepaid expenses	2,753	185	2,938
	5,905	(115)	5,790
- bad debt provision	(291)	9	(282)
Total	5,614	(106)	5,508

“Advance payments to suppliers and creditors” relate to payments on account made to suppliers over the first half of the year, especially for services pertaining to research activities.

The item “due from tax authorities for VAT and other taxes” relates, in the amount of € 1,421 thousand, to VAT credits and other indirect taxes pertaining to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. and in the amount of € 114 thousand to the VAT credit of the parent Isagro S.p.A.

“Other” refers to € 830 thousand as 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, € 155 thousand as the compensation paid by third party companies to access scientific data relating to the toxicological dossier owned by the Group and, lastly, € 229 thousand as the receivable due from Sumitomo Chemical Co., Ltd. relating to the partial reimbursement of the security deposit described previously in Note no. 4. Prepaid expenses, amounting to € 1.209 thousand, are also included in this item.

For the total amount of other receivables due from related parties, please refer to Note no. 35.

These receivables are due within the next year.

## 9. Tax receivables - 5,581

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Total change	Book values June 30 <sup>th</sup> , 2016
Tax receivables:			
- direct taxes	3,803	1,218	5,021
- R&D tax credit	912	(352)	560
	4,715	866	5,581

This item mainly refers to amounts due to the parent Isagro S.p.A. (€ 1,971 thousand), the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 3,267 thousand) and the subsidiary Isagro USA, Inc. (€ 343 thousand). The increase in “indirect taxes” compared to December 31<sup>st</sup>, 2015 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 residual value of the tax benefit due to the parent Isagro S.p.A. for research & development activities conducted in 2015, as described in the consolidated financial statements as at December 31<sup>st</sup>, 2015 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 - derivatives - 173

*Current financial assets - 396*

*Current financial liabilities - 223*

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 30<sup>th</sup>, 2016:

Description of derivatives	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Current financial assets:			
- foreign exchange	401	(164)	237
- commodities	40	119	159
	441	(45)	396
Current financial liabilities:			
- foreign exchange	(339)	116	(223)
- commodities	(3)	3	-
	(342)	119	(223)
Total	99	74	173

Description of derivatives	Fair value as at June 30 <sup>th</sup> , 2016
Trading derivatives:	
- foreign exchange	14
- commodities (copper)	159
	173
Total	173

“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	1.12	(22,400)	(54)
Forward - Purchase	USD/COP	3,170.95	582	(38)
Forward - Sale	USD/INR	71.43	(1,416)	2
Forward - Purchase	INR	77.48	(23,234)	(90)
			374,101	104
Total				14

- 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)	250	4,155	1,039	159
	250		1,039	159

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 30<sup>th</sup>, 2016, properly adjusted to consider the premium connected with the non-fulfilment risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon curve as at June 30<sup>th</sup>, 2016, properly adjusted to consider the premium connected with the non-fulfilment risk.

Information required by IFRS 7 and IFRS 13 is included under Note no. 33.

## 11. Cash and cash equivalents - 23,362

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Bank deposits:			
- demand deposits	15,165	8,177	23,342
	15,165	8,177	23,342
Securities maturing in less than three months	1,528	(1,528)	-
Cash on hand	21	(1)	20
Total	16,714	6,648	23,362

Cash and cash equivalents (bank deposits and cash on hand) as at June 30<sup>th</sup>, 2016 respectively refer to the parent Isagro S.p.A. for € 10,665 thousand and the subsidiaries for € 12,697 thousand.

The increase in this item compared to December 31<sup>st</sup>, 2015 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 30<sup>th</sup>, 2016 was 3.50% per year.

The item “Securities maturing in less than three months” reported as at December 31<sup>st</sup>, 2015 referred to investments in readily redeemable money market fund units by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., financed from surplus liquidity.

Note that for the purposes of the cash flow statement, the item “cash and cash equivalents” coincides with the respective item in the Statement of Financial Position.

## 12. Equity attributable to owners of the parent - 102,268

The breakdown of and changes in equity attributable to owners of the parent are explained in the “Statement of changes in consolidated equity in the first half of 2016”.

The share capital of the parent Isagro S.p.A., fully subscribed and paid up, amounted to € 24,961 thousand as at June 30<sup>th</sup>, 2016, 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 € 48,045 thousand comprises:

- Share premium reserve	44,910
- Translation difference	(7,406)
- Other reserves:	
* merger surplus	7,023
* legal reserve	3,680
* treasury shares	(162)
	-----
	10,541
	-----
- Total	48,045
	=====

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 negative change in the “Translation difference”, equal to € 944 thousand, is to be attributed mainly to the depreciation of the Indian Rupee against the Euro.

The decrease in “Retained earnings”, € 81 thousand, indicated in the “Consolidated statement of changes in shareholders’ equity in the first half of 2016”, refers to the actuarial losses 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 Electronic Stock Market of 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. The Growth Shares have a privilege on profit distribution decided by the Shareholders’ Meeting, for amounts available as from the year ended December 31<sup>st</sup>, 2014. The distribution, in fact, shall be made so that each Growth Share has a total dividend plus 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 - 65,656**

*Current financial payables - 29,077*

*Non-current financial payables - 36,579*

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

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Current financial payables:			
- banks	35,947	(10,795)	25,152
- other lenders	2,325	1,519	3,844
- obligations under finance leases	70	11	81
	38,342	(9,265)	29,077
Non-current financial payables:			
- banks	25,457	8,994	34,451
- other lenders	-	1,951	1,951
- obligations under finance leases	191	(14)	177
	25,648	10,931	36,579
<b>Total</b>	<b>63,990</b>	<b>1,666</b>	<b>65,656</b>

Current payables due to banks and other lenders as at June 30<sup>th</sup>, 2016 include the current portion of the medium/long term loans, amounting to € 13,876 thousand.

The average interest rate on short-term bank loans and loans from other lenders (in Euro, US Dollars and Colombian Pesos), except for finance leases, is 2.24%.

The characteristics of the 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 30<sup>th</sup>, 2016 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	
<b>Loans outstanding as at December 31<sup>st</sup>, 2015</b>	
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.	2,034
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 € 5,773 thousand.	5,093
Loan granted by Cassa di Risparmio di Parma e Piacenza with a duration of 4 years, repayable in quarterly payments starting from 2015 and requiring compliance with covenants. Early settlement of this loan was arranged in July 2016.	1,892
Loan granted by Banca Popolare di Sondrio with a duration of 4 years, repayable in quarterly payments starting from 2015	2,015
Loan granted by UniCredit S.p.A. with a duration of 4 years, repayable in half-yearly payments starting from 2016	4,019
Loan granted by Banca Popolare Commercio & Industria with a duration of 4 years, repayable in quarterly payments starting from 2015	3,436
Loan granted by Banca Popolare di Milano with a duration of 3 years, repayable in monthly payments starting from 2015	3,075
Loan granted by Banca Mediocredito Italiano with a duration of 5 years, repayable in quarterly payments starting from 2015 and requiring compliance with covenants.	4,793
Loan granted by Banca Popolare with a duration of thirty months, repayable in quarterly payments starting from 2015	700
Loan granted by Banca Monte dei Paschi di Siena with a duration of 4 years, repayable in quarterly payments starting from 2015	2,024
<b>Loans obtained in the first half of 2016</b>	
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.	6,993
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.	4,975
Loan granted by Banca Popolare with a duration of 4 years, repayable in half-yearly payments starting from 2017	1,990
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.	

	4,995
Loan granted by UBI Banca with a duration of 99 months, repayable in half-yearly payments starting from 2021	212
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	1,951

In the first half of 2016, the parent Isagro S.p.A. obtained new medium/long-term loans from banks and other lenders for a total of € 21,182 thousand.

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

Current financial payables to other lenders, amounting to € 2,325 thousand as at December 31<sup>st</sup>, 2015 and € 3,844 thousand as at June 30<sup>th</sup>, 2016, refer to amounts due to factoring companies in relation to with-recourse factoring of receivables.

Non-current payables to other lenders refer solely to the subsidised loan granted by Cassa Depositi e Prestiti, described in the previous table.

The item “obligations under finance leases” refers to the residual payable of € 218 thousand due to Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay, for 59 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	62,031	62,031	2.15%
US Dollars	3,607	4,005	3.85%
Brazilian Reals	10	35	28.00%
Colombian Pesos	8	25,159	30.75%
Total	65,656		

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	25,152	15,273	10,887	6,580	1,523	188	59,603
Total Payables due to banks	25,152	15,273	10,887	6,580	1,523	188	59,603
Payables due to other lenders							
- floating rate	3,844	-	-	-	-	-	3,844
- fixed rate	-	272	276	277	279	847	1,951
Total Other lenders	3,844	272	276	277	279	847	5,795
Obligations under finance leases							
- fixed rate	81	80	76	21	-	-	258
Total obligations under finance leases	81	80	76	21	-	-	258
Total	29,077	15,625	11,239	6,878	1,802	1,035	65,656

Lastly, it should be noted that, as at June 30<sup>th</sup>, 2016, the Group has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 108,439 thousand (including “trade” facilities for € 94,576 thousand of which € 28,047 thousand used, and “financial” facilities of € 13,863 thousand, of which € 3,607 thousand used), as shown in the table below:

	Lines of credit	
	Granted	Used
Parent	97,031	27,652
Subsidiaries	11,408	4,002
<b>Total</b>	<b>108,439</b>	<b>31,654</b>

## COVENANTS

In compliance with the CONSOB Communication of July 28<sup>th</sup>, 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	€ 7,127	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	€ 3,000	€ 1,892	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 31 <sup>st</sup> , 2014 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 31 <sup>st</sup> , 2014 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.
BPER: Banca (Banca Popolare dell'Emilia Romagna)	€ 7,000	€ 6,993	a) consolidated debt/EBITDA ratio of less than 4.5 for each year starting from that ended December 31 <sup>st</sup> , 2015 until full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31 <sup>st</sup> , 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			a) consolidated debt/EBITDA ratio of less than 3 as at December 31 <sup>st</sup> , 2014 and until full repayment of the	Failure to satisfy even one of the financial indicators will result in an increase in the spread as follows: - with reference to the <b>debt/EBITDA ratio</b> : +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 <b>debt/equity ratio</b> : +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;

Commercio & Industria	€ 10,000	€ 8,431	b) residual debt. consolidated debt/equity ratio of less than 0.5 as at December 31 <sup>st</sup> , 2014 and until full repayment of the residual debt.	+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.
Mediocredito Italiano	€ 6,000	€ 4,793	a) consolidated debt/EBITDA ratio of less than 4.5 as at December 31 <sup>st</sup> , 2015 and until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 as at December 31 <sup>st</sup> , 2015 and 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 del Mezzogiorno	€ 5,000	€ 4,975	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, did not reveal any criticalities on any loans as at June 30<sup>th</sup>, 2016, except those granted by Banca Popolare Commercio & Industria 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. If this ratio should also be in the same range as at December 31<sup>st</sup>, 2016, the spread applied on the loans granted would increase by 0.5%.

#### NET FINANCIAL POSITION

Pursuant to CONSOB Communication no. DEM/6064293/2006 of July 28<sup>th</sup>, 2006, and also in conformity with the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10<sup>th</sup>, 2005, the net financial position of the Group as at June 30<sup>th</sup>, 2016 was as follows:

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Bank deposits and cash	(23,362)	(15,186)
Securities	-	(1,528)
<b>Cash (A)</b>	<b>(23,362)</b>	<b>(16,714)</b>
<b>Current financial receivables and other assets (B)</b>	<b>-</b>	<b>-</b>
Current payables due to banks	11,357	25,433
Current payables due to other lenders	3,844	2,325
Current portion of non-current financial payables	13,876	10,584
<b>Current financial payables (C)</b>	<b>29,077</b>	<b>38,342</b>
<b>Net current financial indebtedness (A+B+C)</b>	<b>5,715</b>	<b>21,628</b>
Non-current payables due to banks	34,451	25,457
Non-current payables due to other lenders	1,951	-

Obligations under finance leases	177	191
<b>Non-current financial payables (D)</b>	<b>36,579</b>	<b>25,648</b>
<b>Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)</b>	<b>42,294</b>	<b>47,276</b>
Financial assets - derivatives	(396)	(441)
Financial liabilities - derivatives	223	342
<b>Net financial indebtedness of the Group</b>	<b>42,121</b>	<b>47,177</b>

Compared to 2015, the net financial position shows a decrease of € 5,056 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 - 2,867

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. 31 <sup>st</sup> , 2015	2,785	87	2,872
Cost of employee benefits	146	23	169
Settlements/transfers/payments	(170)	-	(170)
Translation difference	0	(4)	(4)
Value as at June 30 <sup>th</sup> , 2016	2,761	106	2,867

#### 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 connection with the indemnity employees accrue up until December 31<sup>st</sup>, 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:	0.70%
- staff turnover rate:	9.00%
- 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	19
Actuarial (gains)/losses	127
Total	146

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”.

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 € 42 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 € 43 thousand.

#### Information on the “Gratuity Fund” pension fund

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: 7.65%
- staff turnover rate: 6.00%
- expected wage increase: 10.00%
- expected rate of return of the assets serving the plan: 7.65%.

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

	Breakdown
Current cost of the plan	35
Net financial charges	4
Actuarial (gains)/losses	(16)
Total	23

The actuarial components for the “Gratuity Fund” are also recognised among “Other Comprehensive Income” and under Group equity in the item “Retained earnings”.

The amount recognised to the Statement of Financial Position breaks down as follows:

Current value of the obligation	(831)
Fair value of the assets	725
Surplus (deficit) of the plan	(106)

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	808
Financial charges	31
Current cost of the plan	35
Benefits paid	(22)
Actuarial (gains)/losses	11
Translation difference	(32)
Current final value of the obligation	831

Initial fair value of the assets	721
Financial income expected from the assets	27
Benefits paid	(22)
Actuarial gains/(losses)	27
Translation difference	(28)
Final fair value of the assets	725

Based on legal requirements, the amount of the payments that the Group must make for this fund over the next 12 months is approximately € 79 thousand, while the amount of the benefits to pay outgoing employees, based on the projections and actuarial assumption of the plan, is € 303 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 2016, the total costs of such plans, included under “personnel costs”, were € 546 thousand.

#### 15. Other non-current liabilities - 714

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Payables: - guarantee deposits from customers	711	3	714
Total	711	3	714

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 - 33,287

The balance sheet item shows a decrease of € 4,402 thousand compared to December 31<sup>st</sup>, 2015 (€ 37,689 thousand). This change, however, is of little significance as a result of the seasonal nature of the crop protection products market. In fact, comparing the trade payables balance with the € 39,211 thousand recorded as at June 30<sup>th</sup>, 2015 marks a decrease of € 5,924 thousand, essentially attributable to the strong drop in purchases of raw materials, packaging, goods for resale and consumables compared to the first half of 2015, the reasons for which are described in Note no. 23 to which reference should be made.

For the total trade payables due to related parties, reference should be made to Note no. 35.

Here below is the breakdown of trade payables by geographic area based on the supplier’s location:

▪ Italy	13,877
▪ Other European countries	5,658
▪ Central Asia and Oceania	9,506
▪ Americas	2,421
▪ Far East	1,730
▪ Middle East and Africa	95
Total	<u>33,287</u>

It should be noted that trade payables have an average contractual maturity of approximately 96 days.

The trade payables are due within the following year.

### 17. Current provisions - 890

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

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Changes over the period				Book values June 30 <sup>th</sup> , 2016
		Provisions	Uses	Other changes	Total change	
Current provisions:						
- provision for goods destruction and disposal of obsolete materials	75	50	(41)	-	9	84
- provision for employee participation bonus and manager/director bonus	1,671	717	(1,576)	(6)	(865)	806
Total	1,746	767	(1,617)	(6)	(856)	890

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 - 4,690

	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Tax payables:			
- due to tax authorities for direct taxes	2,523	2,167	4,690
	2,523	2,167	4,690

The item includes the payable due to the tax authorities for income taxes and IRAP, of which € 4,153 thousand refers to the tax payables of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. The increase in the balance sheet item compared to December 31<sup>st</sup>, 2015 is attributable to the fact that the Indian subsidiary’s tax payable for the previous year, approximately € 2,365 thousand at the exchange rate of June 30<sup>th</sup>, was paid in the second part of the year.

### 19. Other current liabilities and other payables - 6,050

Breakdown	Book values Dec. 31 <sup>st</sup> , 2015	Increases/ decreases	Book values June 30 <sup>th</sup> , 2016
Payables:			
- due to social security and welfare institutions	1,213	23	1,236
- due to agents	155	(31)	124
- due to employees	1,033	742	1,775
- due to tax authorities for VAT and similar taxes	111	22	133
- due to tax authorities for withholdings and other taxes	789	32	821
- advances from customers	795	53	848
- due to others	669	(99)	570
	4,765	742	5,507
Deferred income	267	276	543
<b>Total</b>	<b>5,032</b>	<b>1,018</b>	<b>6,050</b>

The increase in this item compared to December 31<sup>st</sup>, 2015 is essentially due to the increase in the amounts due to employees, mainly higher provisions for additional month payments to Isagro S.p.A. management personnel for leave not taken and for 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 € 209 thousand relating to the balance of the food safety grant, which was paid in July 2016.

## 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 2016:

1 <sup>st</sup> half 2016	Continuing operations					
	Europe	Asia	North America	South America	Adjustments	Total
- Crop Protection Products	59,760	16,870	2,789	2,279	-	81,698
- Other	5,427	-	-	-	-	5,427
<b>Revenue from third parties</b>	<b>65,187</b>	<b>16,870</b>	<b>2,789</b>	<b>2,279</b>	-	<b>87,125</b>
Intra-segment revenue	2,913	6,110	78	233	(9,334)	-

<b>Revenues</b>	<b>68,100</b>	<b>22,980</b>	<b>2,867</b>	<b>2,512</b>	<b>(9,334)</b>	<b>87,125</b>
<b>Operating result</b>	<b>5,042</b>	<b>4,366</b>	<b>(1,489)</b>	<b>376</b>	<b>(1,287)</b>	<b>7,008</b>
Net financial income						763
Profit/(loss) from associates						11
<b>Pre-tax profit/(loss)</b>						<b>7,782</b>
Income taxes						(3,309)
<b>Net profit</b>						<b>4,473</b>
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

The table below shows the operating results of the operating segments for the first half of 2015:

<b>1<sup>st</sup> half 2015</b>	<b>Continuing operations</b>					
	<b>Europe</b>	<b>Asia</b>	<b>North America</b>	<b>South America</b>	<b>Adjustments</b>	<b>Total</b>
- Crop Protection Products	58,344	16,989	1,311	1,944	-	78,588
- Other	3,480	-	-	-	-	3,480
<b>Revenue from third parties</b>	<b>61,824</b>	<b>16,989</b>	<b>1,311</b>	<b>1,944</b>	<b>-</b>	<b>82,068</b>
Intra-segment revenue	1,851	6,090	24	277	(8,242)	-
<b>Revenues</b>	<b>63,675</b>	<b>23,079</b>	<b>1,335</b>	<b>2,221</b>	<b>(8,242)</b>	<b>82,068</b>
<b>Operating result</b>	<b>1,313</b>	<b>3,722</b>	<b>(1,185)</b>	<b>152</b>	<b>(756)</b>	<b>3,246</b>
Net financial charges						(1,913)
Profit/(loss) from associates						32
<b>Pre-tax profit/(loss)</b>						<b>1,365</b>
Income taxes						(1,344)
<b>Net profit</b>						<b>21</b>
Depreciation and amortisation	3,709	363	90	74	-	4,236
Allocations to provisions	502	4	71	12	-	589
Impairment losses on receivables	300	46	-	-	-	346
Severance indemnity fund and similar provisions	10	37	-	-	-	47

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:

	<b>1<sup>st</sup> half 2016</b>	<b>1<sup>st</sup> half 2015</b>
Italy	21,482	25,555
Europe	32,970	27,762
Americas	10,961	7,978
Africa	2,074	1,936
Middle East	1,718	933
Central Asia and Oceania	13,795	14,395
Far East	4,125	3,509
<b>Total</b>	<b>87,125</b>	<b>82,068</b>

Intragroup transactions were carried out at arm's length.

Compared to the first half of 2015, an increase in sales was recorded in "Europe" segment, affected by the stronger sales of fungicides, particularly Tetraconazole and Kiralaxyl, and increased sales in the "North America" segment as a result of continued disposal of the stock of finished products

bought back by the subsidiary Isagro USA, Inc. in 2014. This increase, however, did not translate to a higher operating result for the segment in view of the low margins on the products sold.

Furthermore, the operating result of the “Europe” segment increased compared to the first half of 2015, also as a result of revenues from Licensing activities (€ 1 million) described in Note no. 21 to which reference is made.

The tables below show the segments’ assets and liabilities, as well as investments in tangible and intangible assets, as at June 30<sup>th</sup>, 2016 and December 31<sup>st</sup>, 2015:

As at June 30 <sup>th</sup> , 2016	Continuing operations					Total
	Europe	Asia	North America	South America	Adjustments Cancellations	
Segment assets	149,144	34,074	5,769	3,570	(14,394)	178,163
Investments in associates	307	-	-	-	-	307
Unallocated assets						39,634
						218,104
Segment liabilities	36,112	13,530	1,437	1,575	(9,800)	42,854
Unallocated liabilities						72,982
						115,836
Investments in intangible assets	5,437	-	1	-	-	5,438
Investments in tangible assets	928	119	6	2	-	1,055

As at December 31 <sup>st</sup> , 2015	Continuing operations					Total
	Europe	Asia	North America	South America	Adjustments Cancellations	
Segment assets	148,829	32,521	8,282	2,575	(9,428)	182,779
Investments in associates	296	-	-	-	-	296
Unallocated assets						33,334
						216,409
Segment liabilities	39,033	11,635	1,245	1,370	(6,133)	47,150
Unallocated liabilities						69,401
						116,551
Investments in intangible assets	10,469	-	918	11	-	11,398
Investments in tangible assets	2,935	471	6	3	-	3,415

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”.

The decrease in assets in the “North America” segment compared to December 31<sup>st</sup>, 2015 is attributable to the reduction in the stock of finished products deriving from repurchase in 2014 by the subsidiary Isagro USA, Inc. of products still present in the distribution channel, whilst the decrease in liabilities of the “Europe” and “Asia” segments is attributable to the lower payables for the purchase of raw materials following management’s decision to postpone replenishment of the strategic stocks to the third quarter of 2016, as described in Note no. 23.

## INFORMATION ON THE INCOME STATEMENT

### 21. Revenues - 87,125

The breakdown of revenues is described in the table below:

Breakdown	1 <sup>st</sup> half 2016			1 <sup>st</sup> half 2015		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- crop protection products	20,328	61,370	81,698	24,267	54,321	78,588
- raw materials	123	314	437	19	-	19
	20,451	61,684	82,135	24,286	54,321	78,607
Revenue from services:						
- toll manufacturing	923	2,456	3,379	1,233	2,094	3,327
- product defence and development	-	-	-	8	5	13
- royalties, licences and similar rights	10	1,000	1,010	-	-	-
- other	98	503	601	27	94	121
	1,031	3,959	4,990	1,268	2,193	3,461
Total	21,482	65,643	87,125	25,554	56,514	82,068

With respect to the first half of 2015, the item presents an increase of € 5,057 thousand, essentially caused by the increase in sales of crop protection products and in Licensing activities, recognised under “royalties, licences and similar rights”.

As regards the sales of crop protection products, in the first half of 2016 an increase was recorded in the sales of fungicides on the European market (+€3 million compared to the first half of 2015), particularly for the Tetraconazole- and Kiralaxyl-based products, with a recovery in sales of the latter especially in France. Vice versa, sales in the first half of 2016 on the Italian market recorded a significant decline (-€ 4 million compared to the first half of 2015), the causes of which can be attributed to the presence in the distribution channel of stocks not yet fully reabsorbed due to the delayed launch of the 2016 campaign.

In the item “royalties, licences and similar rights”, amounting to € 1,010 thousand, € 1,000 thousand refers to an up-front payment which the Belgian company Belchim Crop Protection N.V./S.A. agreed to pay within thirty days of signing the contract, on June 30<sup>th</sup>, 2016, to the parent Isagro S.p.A. against the granting of the right to develop, formulate, distribute and sell mixtures of Tetraconazole and a number 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 probability of a serious violation as described above is, at present, deemed remote.

With regard to the total revenues from related parties, please refer to Note no. 35.

## 22. Other operating revenues - 1,994

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

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Royalties, licences and similar rights	-	49
Grants related to R&D expenditure	403	-
Recovery of research costs	1,007	834
Export incentives	207	171
Recovery of sundry costs and other income	377	316
Total	1,994	1,370

The item “Grants related to R&D expenditure” refers to:

- € 242 thousand as 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”;
- € 161 thousand as the grant disbursed by the Piedmont Regional Government for the “ECOMOL” project.

Of the item “Recovery of research costs”, € 808 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 of the agreement signed by the two companies for the co-development of a new fungicide, and € 199 thousand refer to fees paid by third-party companies to access scientific data relating to the Group-owned toxicology dossiers.

## 23. Raw materials and consumables - 44,056

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

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Raw and ancillary materials, consumables and goods:		
- raw materials, packaging and crop protection products	43,651	51,642
- technical and research-related materials	198	475
- change in inventories of raw and ancillary materials, consumables and goods	27	(2,354)
- other	180	228
Total	44,056	49,991

The decrease in purchases of “raw materials, packaging and crop protection products”, compared to the first half of 2015, was the result of management’s decision to cover most sales in the first half of 2016 from the strategic stocks built up at the end of 2015 and to arrange replenishment only during the third quarter of 2016 to cover sales expected in the last quarter of the year.

For the total amount of purchases from related parties, please refer to Note no. 35.

## 24. Costs for services - 14,106

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

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
For services:		
- utilities	2,380	2,860
- technical maintenance	611	643
- transport and related purchase and sale transaction costs	2,702	2,622
- toll manufacturing	906	1,576
- consulting and professional services	1,467	1,536
- services connected to research	1,215	867
- ICT costs	237	189
- marketing costs	1,542	1,407
- allocation to provision for the destruction of goods	50	-
- provision for director bonuses	65	65
- leases and rents	600	607
- lease expense	540	600
- other services	1,791	2,100
<b>Total</b>	<b>14,106</b>	<b>15,072</b>

Compared to the first half of 2015, this item decreased by € 966 thousand, essentially due on the one hand to the reduction in toll manufacturing costs and utilities (-€ 1,150 thousand), and on the other hand to the increase in costs for research-related services (+€ 348 thousand).

The previously mentioned decision to cover most sales in the first half of 2016 from stocks held and to arrange replenishment only during the third quarter of 2016, led to a significant decrease in utility costs and toll manufacturing costs.

For the total amount of costs for services from related parties, please refer to Note no. 35.

## 25. Personnel costs - 15,105

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

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Personnel costs:		
- wages and salaries	9,521	9,517
- social security charges	2,577	2,699
- employee benefits	35	21
- pension funds	546	541
- provision for participation bonus	652	524
- costs for employee services	1,327	1,234
- costs for early retirement incentives	262	164
- other costs	185	140
<b>Total</b>	<b>15,105</b>	<b>14,840</b>

Compared to the first half of 2015, this item recorded an increase of € 265 thousand, though in the presence of a decrease in the average number of Group employees, as indicated in the table below. This situation is attributable to the higher provisions for employee bonuses compared to the first half of 2015, on the one hand, and to the changes in the composition of the Group's workforce, on the other. Though the average number of white-collar workers and blue-collar workers decreased, the average number of middle management staff increased, leading to an increase in personnel costs overall.

"Costs for early retirement incentives" essentially refers to the costs incurred during the first half of 2016 by the subsidiary Isagro USA, Inc. for early, agreed termination of several employment contracts with its executives and employees.

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

	Average for 1 <sup>st</sup> half 2016	Average for 1 <sup>st</sup> half 2015	As at June 30 <sup>th</sup> , 2016	As at June 30 <sup>th</sup> , 2015
- executives	53	51	55	51
- middle management	139	135	142	136
- white-collar workers	320	333	322	331
- special qualified workers	6	7	6	7
- blue-collar workers	106	116	96	97
<b>TOTAL</b>	<b>624</b>	<b>642</b>	<b>621</b>	<b>622</b>

## 26. Other operating costs - 3,025

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

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
- losses on disposal of assets	3	-
- impairment losses on receivables	465	346
- losses on receivables	-	100
- indirect, production and manufacturing taxes	2,091	2,424
- other operating costs	466	420
<b>Total</b>	<b>3,025</b>	<b>3,290</b>

The decrease of € 265 thousand in this item, compared to the first half of 2015, is attributable on the one hand to lower costs for indirect, consumption and manufacturing taxes for € 333 thousand, essentially referring to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., following management's decision to postpone certain production to the third quarter of 2016, and on the other hand to greater allocation to the bad debt provision for € 119 thousand.

The losses on receivables of € 100 thousand, recorded in the first half of 2015, derived from the early collection - though for an amount lower than that due and as a result of a settlement agreement, of the parent Isagro S.p.A.'s receivable from Isam S.r.l.

## 27. Costs (capitalised) for internal work - 1,456

The item refers to the capitalisation of personnel costs, overheads and consumption of technical material amounting to € 1,299 thousand and financial charges of € 157 thousand, related to extraordinary protection costs, development expenditure and expenses for registration of the Group's new products. This item decreased by € 396 thousand compared to the first half of 2015, 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 - 4,502

*Depreciation of tangible assets - 1,896*

*Amortisation of intangible assets - 2,606*

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Depreciation of tangible assets:		
- buildings	484	439
- plant and machinery	1,169	1,149
- industrial and commercial equipment	111	142
- furniture and fittings	26	24
- motor vehicles	15	22
- office equipment	91	74
	1,896	1,850
Amortisation of intangible assets		
- development costs	902	934
- know-how	528	531
- patents, licenses, trademarks and registrations	1,050	782
- other	126	139
	2,606	2,386
Total	4,502	4,236

## 29. Net financial income - 763

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- gains/losses on derivatives:		
commodities	(114)	134
exchange rates	890	(2,137)
	776	(2,003)
- fair value adjustments to derivatives:		
commodities	159	(17)
exchange rates	17	(471)
	176	(488)
- gains on assets held for trading:		
securities and mutual funds	71	126
	71	126
	1,023	(2,365)
Interest income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	305	177
- interest and fees paid to banks and other lenders	(954)	(1,002)
- interest/financial discounts on trade receivables and payables	180	(44)
- finance lease costs	(6)	(9)
- actuarial gains/losses	84	56
	(391)	(822)
Other financial income/charges:		
- foreign currency gains/losses	114	1,241
- other	17	33
	131	1,274
Total	763	(1,913)

The positive change compared to the previous year, amounting to € 2,676 thousand, was the result of a combined effect essentially caused by:

- additional gains realised on and from the adjustment of derivative fair values for € 3,443 thousand, indirectly offset by lower net exchange gains for € 1,127 thousand;
- a decrease in interest and fees paid to banks and other lenders for € 48 thousand, though in the presence of growing average financial debt compared to the first half of 2015, due to the drop in market interest rates;

- an increase in interest income on bank deposits of € 128 thousand, mainly attributable to the deposits of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

### 30. Income taxes - 3,309

Breakdown	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
<b>Consolidated Income Statement</b>		
<i>Current tax:</i>		
- income taxes	2,391	1,598
- IRAP	224	92
- use of deferred tax liabilities/deferred tax assets	1,398	210
- tax on share repurchase transactions	-	479
- contingent assets and liabilities, taxes on foreign income and tax credits	146	(37)
	4,159	2,342
<i>Deferred tax assets and liabilities:</i>		
- deferred tax liabilities	67	319
- deferred tax assets	(917)	(1,311)
- write-downs/contingent deferred tax assets	-	(6)
	(850)	(998)
Total income taxes recognised in profit or loss (continuing operations)	3,309	1,344
<b>Other comprehensive income</b>		
<i>Deferred tax assets and liabilities:</i>		
- tax effect on actuarial gains/losses regarding defined benefit plans	(30)	(6)
	(30)	(6)
Total income taxes recognised in equity (continuing operations)	(30)	(6)

The item “Use of deferred tax liabilities/deferred tax assets”, equal to € 1,398 thousand, reflects the difference between the use of deferred tax assets, equal to € 1,659 thousand (€ 1.048 thousand of which for the use of tax losses, € 263 thousand for the use of taxed provisions and € 44 thousand relating to the tax effect of intragroup profits) and the use of deferred tax liabilities, equal to € 261 thousand (€ 205 thousand of which against the parent Isagro S.p.A.’s realisation of net exchange gains allocated as at December 31<sup>st</sup>, 2015 which are taxed on a cash rather than an accrual basis). The recognition of deferred tax assets of € 917 thousand refers mainly to the tax benefits expected from the future use of taxed provisions (€ 454 thousand) and the tax effect of netting intragroup profits for the period (€ 329 thousand).

Lastly, note that the strong ratio between income taxes for the first half of the year and the pre-tax profit of the Group (42.5%) is essentially attributable to the non-allocation, for prudent reasons, of deferred tax assets for around € 720 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

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
<b>Earnings per share (basic and diluted)</b>		
Net profit for the year attributable to shareholders of the parent (thousands of euro)	4,473	21
Average number of Ordinary Shares and Growth Shares (thousands)	38,675	38,675
Earnings per share (basic and diluted) - Ordinary Shares	0.116	0.000
Increase of dividend for Growth Shares	0.023	0.000
Earnings per share (basic and diluted) - Growth Shares (euro)	0.139	0.000

<b>Earnings per share (basic and diluted) from continuing operations</b>			
Profit from continuing operations	(in thousands of euro)	4,473	21
Average number of Ordinary Shares and Growth Shares	(thousands)	38,675	38,675
Earnings per share (basic and diluted) from continuing operations - Ordinary Shares		0.116	0.000
Increase of dividend for Growth Shares		0.023	0.000
Earnings per share (basic and diluted) from continuing operations - Growth Shares	(euro)	0.139	0.000
<b>Earnings per share (basic and diluted) from discontinued operations</b>			
Profit from discontinued operations		0	0
Average number of Ordinary Shares and Growth Shares	(thousands)	38,675	38,675
Earnings per share (basic and diluted) from discontinued operations - Ordinary Shares		0.000	0.000
Increase of dividend for Growth Shares		0.000	0.000
Earnings per share (basic and diluted) from discontinued operations - Growth Shares	(euro)	0.000	0.000
		<b>1<sup>st</sup> half 2016</b>	<b>1<sup>st</sup> half 2015</b>
Average number of Ordinary Shares		24,499,960	24,499,960
Average number of Growth Shares		14,174,919	14,174,919
<b>Total</b>		<b>38.674.879</b>	<b>38.674.879</b>

Basic earnings per share is calculated based on the average number of shares outstanding, deducting the average number of treasury shares held, equal to 50,000 both in the first half of 2016 and in the first half of 2015.

Diluted earnings per share are calculated taking account of any shares already resolved, but not yet subscribed. These situations did not occur either in the first half of 2016 or in the first half of 2015.

The basic and diluted earnings per share for the first half of 2016 were calculated based on the average number of Isagro S.p.A. shares outstanding in the period.

### 32. Distributed dividends

In the first half of 2016, dividends were distributed by the parent Isagro S.p.A. in the amount of 2.5 Eurocents for each of the 24,499,960 Ordinary Shares (excluding treasury shares) and 3 Eurocents for each of the 14,174,919 Growth Shares, for a total of € 1,038 thousand, as approved by the ordinary Shareholders' Meeting of April 28<sup>th</sup>, 2016.

### 33. Fair value: measurement and hierarchical levels

IFRS 13 requires that Statement of Financial Position 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 30<sup>th</sup>, 2016 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)	-	237	-	237
- derivatives on commodities - copper (future buy)	-	159	-	159
Total financial assets	-	396	-	396
Financial liabilities measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(223)	-	(223)
Total financial liabilities	-	(223)	-	(223)

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 2016, 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. 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
<b>Receivables and other assets:</b>		
<i>Receivables measured at amortised cost:</i>		
- Receivables from Arysta LifeScience	3,120	3,188
- Receivables from Rotam Agrochemical Company Ltd.	1,068	1,069
- Receivables from SumiAgro Europe Limited	1,614	1,578
<b>Financial liabilities:</b>		
<i>Financial liabilities measured at amortised cost:</i>		
- Loans from other lenders (non-current)	1,951	1,932
- Loans from banks (current and non-current)	59,603	60,549

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 30<sup>th</sup>, 2016, 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 30<sup>th</sup>, 2016, 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

### 34. Contingent liabilities, commitments and guarantees

#### Legal proceedings

##### *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 4<sup>th</sup>, 2001 covering costs relating to reclamation works completed on the Aprilia site.

It should be remembered 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 27<sup>th</sup>, 2011 and, by decree of December 13<sup>th</sup>, 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.

##### *Gamma International S.r.l. insolvency*

On December 23<sup>rd</sup>, 2014, the parent Isagro S.p.A. applied to prove claims in the Gamma International S.r.l. bankruptcy proceedings and filed an application for the return of machinery loaned free of charge to the bankrupt company when it was still a going concern. The credit which the parent company has requested to prove in the proceedings amounted to € 97 thousand, of which € 9 thousand plus VAT, in the capacity of privileged creditor as per Article 2764 of the Italian Civil Code, by way of lease fee for 2014.

The Receiver has proposed full acceptance of the claims made by the parent Isagro S.p.A., the return of the machinery loaned free of charge and has agreed termination of the contracts outstanding with the bankrupt company.

During the hearing held on January 28<sup>th</sup>, 2015, fixed for verification of the creditor status, the appointed Judge fully upheld the petition of the parent and distribution of the assets is now pending.

#### Labour-related disputes

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. Currently the case is in its investigation phase and to this purpose, the Court fixed the first hearing for February 27<sup>th</sup>, 2014. During the aforesaid hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29<sup>th</sup>, 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 3<sup>rd</sup>, 2014, and then to October 2014 in order to complete the investigation phase. The case suffered a series of further adjournments, so as to allow the parties to come to an amicable agreement, until February 10<sup>th</sup>, 2015. During this hearing the Judge most recently assigned 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 same declared his desire to refrain from handling the merits. The Presiding Judge rejected the claim submitted for reassignment and the case was therefore again assigned to the previously appointed judge who, at the hearing of April 14<sup>th</sup>, 2015, adjourned the case to October 16<sup>th</sup>, 2015. In the meantime, as the previously appointed Judge terminated his office due to retirement, the Presiding Judge appointed a new Judge who, at the hearing on October 16<sup>th</sup>, 2015, confirmed the witness testimony previously admitted by the prior judge and adjourned the case to December 11<sup>th</sup>, 2015. During this hearing, several witnesses were heard and the Judge once again adjourned the case to February 19<sup>th</sup>, 2016 to continue hearing witness testimony. Also during this hearing, a further two witnesses were heard and the Judge adjourned the case to June 17<sup>th</sup>, 2016 for the final discussion and ruling. At the hearing of June 17<sup>th</sup>, 2016, the judge pronounced the ruling, declaring fully legitimate the dismissal for just cause and repealing the preliminary orders issued previously. It should be noted that the new order can be challenged, with a strong likelihood that the former employee would appeal.

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, postponement of sentencing was arranged in 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 8<sup>th</sup>, 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 instance proceedings are pending before the Court of Pescara, which have reached the introductory phase, in which the Judge admitted the investigation briefs of the parties, adjourning the case to March 8<sup>th</sup>, 2016 in order to hear witness testimony. During this hearing, one witness was heard for each side, and the Judge adjourned the case to May 5<sup>th</sup>, 2016 when other witnesses were heard. The case was again adjourned to July 19<sup>th</sup>, 2016 to allow any additional witnesses to testify. At the hearing of July 19<sup>th</sup>, 2016, the judge again heard one witness for each side and once again adjourned the case to October 20<sup>th</sup>, 2016 to continue to hear witness testimony.

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 disputes

##### *Isagro S.p.A.*

With reference to the parent Isagro S.p.A., on December 22<sup>nd</sup>, 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 14<sup>th</sup>, 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 25<sup>th</sup>, 2009, the Revenue Agency notified the Company that it had appealed against this decision. The company appeared on May 21<sup>st</sup>, 2009. The appeal was heard on January 22<sup>nd</sup>, 2010. On February 24<sup>th</sup>, 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.

##### *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 and 2011/2012, for a total of INR 51,896 thousand (equal to around € 692 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 30<sup>th</sup>, 2016 the Group also has the following long-term obligations outstanding:

- € 2,035 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,388 thousand) and lease expense (€ 647 thousand). In particular, the future fees due are as follows:
  - € 1,131 thousand within one year;
  - € 904 thousand between one and five years;
- € 730 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 that will derive 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 € 244 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 from third parties in relation to loans are described in Note no. 13

### **35. 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	1 <sup>st</sup> half	of which Related Parties				% incidence on the financial statements item
		Associates	Parent companies	Other related parties	Tot. related parties	
In thousands of Euro						
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%

Income Statement	1 <sup>st</sup> half	of which Related Parties				% incidence on the financial statements item
		Associates	Parent companies	Other related parties	Tot. related parties	
In thousands of Euro						
Revenues	82,068	-	-	5,174	5,174	6.30%
Other operating revenues	1,370	-	11	-	11	0.80%
Raw materials	49,991	-	-	292	292	0.58%
Costs for services	15,072	99	-	27	126	0.84%
Other operating costs	3,290	-	-	5	5	0.15%

Balance sheet	As at	of which Related Parties				% incidence on the financial statements item
		Associates	Parent companies	Other related parties	Tot. related parties	
In thousands of Euro						
Trade receivables	48,755	-	-	2,351	2,351	4.82%
Other current assets and other receivables	5,508	-	7	-	7	0.13%
Trade payables	33,287	50	-	32	82	0.25%

Balance sheet	As at	of which Related Parties				% incidence on the financial statements item
		Dec. 31 <sup>st</sup> , 2015	Associates	Parent companies	Other related parties	
In thousands of Euro						
Trade receivables	52,000	-	-	6,383	6,383	12.28%
Other current assets and other receivables	5,614	-	10	5	15	0.26%
Trade payables	37,689	67	-	70	137	0.36%

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

#### Relations with associates

##### Costs for services

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Arterra Bioscience S.r.l.	83	99
<b>Total</b>	<b>83</b>	<b>99</b>

##### Trade payables

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Arterra Bioscience S.r.l.	50	67
<b>Total</b>	<b>50</b>	<b>67</b>

#### 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

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Holdisa S.r.l.	7	7
Piemme S.r.l.	4	4
<b>Total</b>	<b>11</b>	<b>11</b>

Other current assets and other receivables

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Holdisa S.r.l.	4	4
Piemme S.r.l.	3	6
Total	<b>7</b>	<b>10</b>

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 18<sup>th</sup>, 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 related to the Gowan Group essentially refer to the sales of crop protection products to Gowan Group companies by both the parent Isagro S.p.A. and the US subsidiary Isagro USA, Inc.

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

Revenues

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gowan Group	7,291	5,174
Total	<b>7,291</b>	<b>5,174</b>

Other operating revenues

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gowan Group	123	-
Total	<b>123</b>	<b>-</b>

Raw materials

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gowan Group	31	292
Total	<b>31</b>	<b>292</b>

Costs for services

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gowan Group	-	27
Total	<b>-</b>	<b>27</b>

Other operating costs

	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2015
Gowan Group	1	5
Total	<b>1</b>	<b>5</b>

Trade receivables

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Gowan Group	2,351	6,383
Total	<b>2,351</b>	<b>6,383</b>

Other assets and other receivables

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Gowan Group	-	5
Total	-	5

Trade payables

	June 30 <sup>th</sup> , 2016	Dec. 31 <sup>st</sup> , 2015
Gowan Group	32	70
Total	32	70

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 (amounts in Euro):

Party	Description of office		Remuneration		
	Office held	Duration of office	Emoluments for the office	Bonuses, other incentives and fringe benefits	Other remuneration
<i>Directors:</i>					
Giorgio Basile	Chairman and C.E.O.	3 years	250,000	1,270	56,750
Maurizio Basile	Deputy Chairman	3 years	30,000	76	8,702
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 Risk and Control Committee since May 16 <sup>th</sup> , 2016	3 years	3,507	-	-
Adriana Silvia Sartor	Chairman of the Appointments and Remuneration Committee	3 years	11,500	-	-
Stavros Sionis	Member of the Risk and Control Committee and the Appointments and Remuneration Committee, Lead Independent Director	3 years	13,500	-	-
Daniela Mainini	Former Director, former Chairman of the Risk and Control Committee	in office until March 14 <sup>th</sup> , 2016	5,618	-	-
<i>Family members of key management personnel (directors or managers):</i>					
Alessandra Basile			-	-	15,000
<i>Statutory Auditors:</i>					
Filippo Maria Cova	Chairman	3 years	5,000	-	-
Giuseppe Bagnasco	Statutory Auditor	3 years	10,000	-	-
Claudia Costanza	Statutory Auditor	3 years	10,000	-	-

Piero Gennari	Former Chairman of the Board of Statutory Auditors	in office until April 28 <sup>th</sup> , 2016	10,000	-	-
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It should be noted that the term of office of the parent company's Board of Directors, appointed on April 24<sup>th</sup>, 2015, will end on approval of the financial statements as at December 31<sup>st</sup>, 2017, while that of the Board of Statutory Auditors, appointed on April 28<sup>th</sup>, 2016, will end on approval of the financial statements as at December 31<sup>st</sup>, 2018.

### 36. Significant non-recurring events and transactions

As in the first half of 2015, no significant non-recurring transactions were carried out during the first half of 2016.

### 37. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28<sup>th</sup>, 2006, it is specified that, in the first half of 2016, 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.

### 38. Events subsequent to June 30<sup>th</sup>, 2016

No significant events occurred between June 30<sup>th</sup>, 2016 and the date of these financial statements.

### 39. Isagro Group companies

Pursuant to CONSOB Resolution 11971 of May 14<sup>th</sup>, 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 %
<b>Holding company</b>							
<i>Parent</i>							
Isagro S.p.A. (R&D, production, marketing of crop protection products)	Milan	Italy	24,961,207.65	EUR	-	-	-
<b>Subsidiaries consolidated using the line-by-line method</b>							
Isagro Argentina Limitada (Management of the registration of crop protection products and commercial development)	Buenos Aires	Argentina	1,312,100	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro (Asia) Agrochemicals Pvt. Ltd. (Development, production, marketing)	Mumbai	India	148,629,000	INR	100%	Isagro S.p.A.	100%

of crop protection products)							
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 of crop protection products and commercial development)	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 & distribution of crop protection products)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Shanghai Co. Ltd. (Management of the registration of crop protection products and commercial development)	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)	Amanzimtoti	Republic of South Africa	671,000	ZAR	100%	Isagro S.p.A.	100%
Isagro USA, Inc. (Development, production, marketing of crop protection products)	Wilmington	United States	1,500,000	USD	100%	Isagro S.p.A.	100%
<b>Associates accounted for using the equity method</b>							
Arterra Bioscience S.r.l. (R&D biology & molecular genetics)	Naples	Italy	250,429	EUR	22%	Isagro S.p.A.	22%

The Board of Directors

Milan, August 4<sup>th</sup>, 2016



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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 2016.

2. Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che:

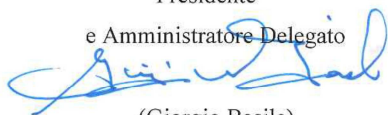
3.1 il bilancio consolidato semestrale abbreviato al 30 giugno 2016:

- 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;

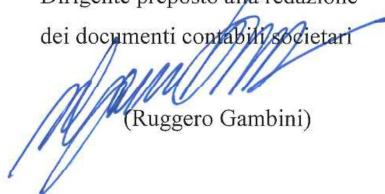
3.2 la relazione intermedia sulla gestione comprende un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio e alla loro incidenza sul bilancio consolidato semestrale abbreviato, unitamente ad una descrizione dei principali rischi ed incertezze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

Milano, 4 agosto 2016

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 e amministrativa: Caldera Business Park - Via Caldera, 21 - 20153 Milano - Italia  
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## RELAZIONE DELLA SOCIETA' DI REVISIONE

**Deloitte.**

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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 2016. 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.

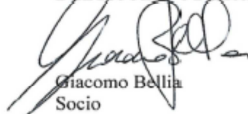
#### **Portata della revisione contabile limitata**

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 2016 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, 4 agosto 2016

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova  
Palermo Parma Roma Torino Treviso Verona

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