



Interim Condensed Consolidated Financial Statements as of June 30, 2017 (unaudited)





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Consolidated statement of financial position

(in thousands of Euros)

Assets	Note	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Non-current assets		72 598	74 379
Intangible assets and leasehold rights	8	39 308	39 918
Property, plant and equipment	9	32 874	34 176
Financial assets	10	345	233
Biological assets	12	71	52
Deferred tax assets		-	-
Current Assets		69 868	47 684
Inventories	11	6 026	25 243
Financial assets	10	1 086	1 933
Biological assets	12	52 633	11 884
Trade and other receivables	13	6 823	2 922
Cash and cash equivalents	14	3 300	3 130
Total assets of disposal group classified as held for sale		-	2 572
Total assets		142 466	122 063
Equity and Liabilities	Note	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Equity		66 049	65 434
Share capital	16	5 027	5 009
Share premium	16	169 809	169 649
Other reserves		(60 035)	(60 039)
Retained earnings		(47 167)	(47 516)
Revaluation reserves		37 396	38 633
Currency translation differences		(38 676)	(39 414)
Net Income		(305)	(888)
Non-controlling interests		-	-
Non-current liabilities		4 599	5 514
Provisions	17	-	-
Non-current borrowings	15	4 450	5 358
Non-current payables	18	-	-
Deferred tax liabilities		149	156
Current liabilities		71 818	51 115
Provisions	17	508	539
Current borrowings	15	44 066	39 528
Trade and other payables	18	25 536	8 948
Current income tax liability		1 708	1 622
Total liabilities of disposal group classified as held for sale		-	478
Total equity and liabilities		142 466	122 063



Consolidated income statement

(in thousands of Euros)	Note	<u>first-half 2017</u>	<u>first-half 2016</u>
Revenue	20	11 429	3 828
Change in fair value of biological assets and finished goods	12	9 934	7 868
Cost of sales	21	(10 920)	(2 930)
Gross profit / (loss)		10 443	8 766
Selling, general and administrative expenses	21	(5 595)	(4 529)
Other income and expenses	22	(1 459)	(118)
Profit before interest and tax		3 389	4 119
Financial net expenses	23	(3 569)	(3 778)
Income tax expense		(125)	(108)
Profit / (loss)		(305)	233
Non-controlling interests		-	-
Profit / (loss) for the period		(305)	233
Profit / (Loss) attributable to equity holders of the company (€, 000)		(305)	233
Weighted average number of ordinary shares		221 189 667	225 805 236
Basic earnings / (loss) per share (in Euros per share)	24	(0,00)	0,00
Profit / (loss) attributable to equity holders of the company after dilution (€, 000)		(305)	233
Weighted average number of ordinary and potential shares		221 189 667	225 875 180
Diluted earnings / (loss) per share (in Euros per share)	24	(0,00)	0,00



Consolidated statement of comprehensive income

(in thousands of Euros)	<u>first-half 2017</u>	<u>first-half 2016</u>
Profit / (loss) for the period	(305)	233
Items non-recyclable in income, net of tax	-	-
Gains on Property, plant and equipment revaluation	-	-
Items recyclable in income, net of tax	738	(2 654)
Currency translation differences arising during the period	(1 030)	(2 654)
Currency translation loss reclassified to profit or loss during the period	1768	-
Total comprehensive income of the period	433	(2 421)



Consolidated statement of changes in equity

(in thousands of euros)

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Revaluation reserves***</u>	<u>Currency translation differences*</u>	<u>Total, Group share</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
Balance as of December 31, 2015	4 925	168 955	(59 421)	(47 718)	38 835	(36 114)	69 462	-	69 462
Issue of new shares**	41	332	-	-	-	-	373	-	373
Redemption of OSRANE**	-	-	(302)	-	-	-	(302)	-	(302)
Change in scope	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expenses)	-	-	-	-	-	(2 654)	(2 654)	-	(2 654)
Transfer from other comprehensive income to retained earnings****	-	-	-	72	(72)	-	-	-	-
Own shares	-	-	(35)	-	-	-	(35)	-	(35)
Net Income / (loss) for the year	-	-	-	233	-	-	233	-	233
Balance as of June 30, 2016	4 966	169 287	(59 758)	(47 413)	38 763	(38 768)	67 077	-	67 077
Issue of new shares**	43	362	-	-	-	-	405	-	405
Redemption of OSRANE**	-	-	(349)	-	-	-	(349)	-	(349)
Change in scope	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expenses)	-	-	-	-	-	(646)	(646)	-	(646)
Transfer from other comprehensive income to retained earnings****	-	-	-	130	(130)	-	-	-	-
Own shares	-	-	27	-	-	-	27	-	27
Share-based payments	-	-	41	-	-	-	41	-	41
Net Income / (loss) for the year	-	-	-	(1 121)	-	-	(1 121)	-	(1 121)
Balance as of December 31, 2016	5 009	169 649	(60 039)	(48 404)	38 633	(39 414)	65 434	-	65 434
Issue of new shares**	18	160	-	-	-	-	178	-	178
Redemption of OSRANE**	-	-	(154)	-	-	-	(154)	-	(154)
Change in scope	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expenses)	-	-	-	-	-	738	738	-	738
Transfer from other comprehensive income to retained earnings****	-	-	-	1237	(1237)	-	-	-	-
Own shares	-	-	117	-	-	-	117	-	117
Share-based payments	-	-	41	-	-	-	41	-	41
Net Income / (loss) for the year	-	-	-	(305)	-	-	(305)	-	(305)
Balance as of June 30, 2017	5 027	169 809	(60 035)	(47 472)	37 396	(38 676)	66 049	-	66 049



(*) Currency translation differences

Devaluation of Ukrainian hryvnia in 2015- first half 2017 had significant impact on assets and liabilities of the Consolidated Financial Statements.

The positive impact of currency translation differences for the first half 2017 amounts to €1 120 k and is composed of:

€ 3 048k loss related to inter-company loans of Ukrainian entities denominated in USD and translated into the functional currency, Ukrainian hryvnia, at the closing rate. These loans were treated as net investment (cf. Note 23).

€ 133k loss due to translation difference on **current year income** arising from the difference between average and closing rate (28.97 UAH/ EURO and 29,79 UAH/EURO respectively).

€ 2 151k gain due to translating the opening net assets at a closing rate (29,79 UAH/EURO) that differs from the previous closing rate (28.42 UAH/EURO): the gain is due to the fact that retained earnings of Ukrainian entities are negative.

€ 1 768k gain due to reclassification of cumulative translation losses consecutive to disposal of foreign operations, i.e. ZACH & VYB companies (see Note 2.1)

(**) OSRANE early redemption/issue of new shares

Relates to the early redemption of OSRANE and related issue of new shares. For more details on issue of OSRANE refer to the Cf. 2.1 Consolidated financial statements as of December 31, 2015.

(***) Revaluation reserves

Relates to the revaluation of the fixed assets, this revaluation recognised in other comprehensive income amounts to €39 m (cf. Note 2.4 of the consolidated financial statements as of December 31, 2015).

(****) Revaluation surplus on fixed assets disposed in 2015 - first half 2017.



Consolidated cash flow statement

(in thousands of Euros)	Note	first-half 2017	first-half 2016
Profit / (loss) for the period		(305)	233
Depreciation on fixed assets		1 798	1 322
Provisions		(30)	350
Capital (gains) / losses from disposals		803	10
Net financial (income) / loss	23	3 569	3 778
Deferred and income taxes (income) / expense		125	108
Biological assets and finished goods fair value decrease / (increase)		(6 620)	(7 501)
Other (income) / expense with no cash impact		49	5
Cash flow from operating activities		(611)	(1 695)
Trade and other payables (decrease) / increase*		11 108	9 482
Inventories decrease / (increase)		6 198	1 700
Biological assets cost decrease / (increase)		(21 420)	(18 874)
Trade and other receivables decrease / (increase) **		2 821	4 724
Income tax paid		-	-
Working capital variation		(1 293)	(2 968)
Net operating cash flow		(1 904)	(4 663)
Cash flow from investing activities			
Acquisition of subsidiaries		(1 258)	(343)
Purchase of property, plant and equipment		(3 431)	(1 188)
Purchase of intangible assets		(22)	(10)
Purchase of financial assets		(118)	(190)
Disposal of subsidiaries	2.1	2 725	-
Disposal of property, plant and equipment		30	25
Disposal of intangible assets		1	-
Disposal of financial assets		-	35
Net investing cash flow		(2 073)	(1 671)
Cash flow from financing activities			
Purchase/sale of treasury shares		118	(35)
Issue of OSRANE (net of issuance costs)		-	-
Pledged term deposits decrease / (increase)	10	774	10 258
Proceeds from borrowings		10 158	73
Repayment of borrowings		(3 048)	(968)
Gain / (losses) from realised foreign exchange	23	(440)	615
Paid interests		(3 467)	(4 676)
Net cash generated from financing activities		4 095	5 267
Effects of exchange rate changes on cash and cash equivalents		(57)	(1)
Net movement in cash and cash equivalents		61	(1 068)
Cash and cash equivalents at the beginning of the period	14	3 130	3 931
Cash arising from held for sale activities at the beginning of the period***		109	-
Cash and cash equivalents at the end of the period	14	3 300	2 863



* In the consolidated balance sheet, the accounts receivable as of June 30, 2017 include prepayments made to suppliers of the Group in connection with inputs for the 2017 harvest. In the consolidated cash flow statement, the variation in prepayments to suppliers (negative cash flow / increase in receivable), which stands at €894k, not inclusive of exchange rate effects, is presented as a change in accounts payable.

** In the consolidated balance sheet, the accounts payable as of June 30, 2017 include prepayments received from Group customers in respect of upcoming deliveries in the end of financial year 2017. In the consolidated cash flow statement, the change in customer prepayments (positive cash flow / increase in debt), which amounts to € 6400k, not inclusive of exchange rate effects, is presented as a change in accounts receivable.

*** Restatement of cash and cash equivalents that has been transferred to held for sale activities as of December 31, 2016 due to finalization of disposal in H1 2017 (cf Note 16 of Consolidated Financial Statements as of December 31, 2016 and Note 2.2)



Notes to the Consolidated Financial Statements

The Consolidated Financial Statements of the AgroGeneration Group (“AgroGeneration”, “the Group” or “the Company”) for the six months ended June 30, 2017 were authorized for issue by the Board of Directors on October 05, 2017. These Financial Statements are presented in thousands of euro for all financial years, except for the per-share information.

1. Scope of consolidation

The Group’s Consolidated Financial Statements for the six months ended June 30, 2017 include the accounts of AgroGeneration SA and of all companies controlled by the Group, as well as companies over which the Group exercises significant influence. Please refer to the Note 27 for the List of consolidated companies.

General information and background

AgroGeneration was created in March 2007. The parent company is a Joint Stock Company (AgroGeneration SA) recorded on the Paris Trade and Companies Register with number 494 765 951, whose shares have been listed on the Alternext market of NYSE-Euronext Paris since March 1, 2010.

The registered office address is 3 rue de la Pompe, 75116 Paris.



2. Major events of the period

2.1. Disposal of subsidiaries Zachepylivske LLC and Vybor LLC (ZACH and VYB)

In December 2016, the Board of Directors decided to sell the companies ZACH and VYB. Due to growing competition in the area, the company realized that it could replace disposed lands for larger farms of similar quality.

In compliance with IFRS 5 as of December 2016, ZACH and VYB were classified as disposal group held for sale.

The disposal was completed on May 15, 2017. The financial result from disposal is a loss of €0.74 million (cf Note 22).

The goodwill allocated to the disposal of ZACH and VYB as of 30 June 2017 is the historical carrying value. The analysis will be finalized at year-end to confirm which method better reflects the goodwill associated with the operation disposed of.

At disposal the Group recycled €1,77 million of cumulative translation differences (losses) attributed to the ZACH and VYB.

3. Financial risk management

3.1. Political risks in Ukraine

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

Following the significant deterioration in 2014 and 2015, Ukrainian economy was able to start recovery posting a growth of 2.2% in 2016. Ukrainian government continues to pursue a comprehensive structural reform agenda aiming at the removal of the existing imbalances in the economy, public finance and governance, fighting corruption, reforming judiciary system, etc. with the ultimate goal to ensure sustainable economic growth in the country.

After significant devaluation of the local currency (UAH) in 2014-2015 when it lost 2/3 of its value the exchange rate remained relatively stable in 2016-first half 2017. The National Bank built solid foreign currency reserves of \$16.7 billion as of April 5 2017, which are covering 3.6 months of imports. The improved stability of UAH was mainly due to significant support coming from the side of international financial institutions led by the IMF. The on-going IMF Extended Fund Facility Program totalling \$17.5 billion significantly diminished currency exchange risks.

The known and estimable effects of the above events on the financial position and performance of the Group in the reporting period have been taken into account in preparing these interim condensed consolidated financial statements.



The Government has committed to direct its policy towards the association with the European Union, to implement a set of reforms aiming at the removal of the existing imbalances in the economy, public finance and public governance, and the improvement of the investment climate.

Stabilisation of the Ukrainian economy in the foreseeable future depends on the success of the actions undertaken by authorities to move forward the reform agenda.

The Group has a number of farming subsidiaries in the Kharkiv oblast of Ukraine, where there is a limited risk in the escalation of protests and possible military conflicts as the situation has stabilized significantly. As of June 30, 2017, the carrying value of the Group's assets located in the Kharkiv oblast is €48.58 m. Sowings of the Group in 2017 in Kharkiv oblast represents 58 698ha.

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

3.2. Risks related to changes in the legal and fiscal environment

Ukraine currently lacks a comprehensive legal system allowing it to foster and consolidate a stable market economy. Its fundamental laws are relatively recent, little tested, subject to change and often characterised by ambiguity and inconsistency. While the pace of change of Ukraine's legislative framework is fast, several fundamental laws are still in the process of discussion or adoption by the Ukrainian parliament.

Uncertainties also arise due to the fact that different regulatory authorities can choose to reinterpret an applicable law, particularly in the field of taxation, possibly with retroactive effect. Also, the corpus of law relies on implementing decrees which have often not yet been promulgated, creating legal loopholes or else that have been promulgated with substantial differences in relation to the rules and conditions established by the corresponding law, which generates a lack of clarity and many conflicts between companies and the authorities.

No assurance can be given that the legal and fiscal environment in which the Company operates will become more stable in the near future. Insofar as Ukraine is continuing to develop its corpus of law, some existing laws might change and have a negative impact on the Company.

3.3. Risks related to changes in exchange rates

Incomes and expenses of the Group are partly exposed to changes in exchange rates, particularly the euro, the USD and the hryvnia.

Ukraine operations

Starting July 9, 2012 the National Bank of Ukraine (NBU) fixed the exchange rate for USD / hryvnia at the rate of 7,993 hryvnia per 1 USD. On February 6, 2014 this measure was released and NBU stopped



supporting the exchange rate of hryvnia. This measure together with the economic situation resulted in a sharp decline of hryvnia foreign exchange rate which reached 15,77 UAH/USD as of the end of 2014. During 2015 – first half 2017 hryvnia continued its decline till 26,1 UAH/USD.

The devaluation of hryvnia against the euro was in line with EURO/USD exchange rate.

Ukrainian legislation concerning the hryvnia prohibits the use of most of the exchange rate hedging instruments that are available in other countries. Options, futures, forwards, and swaps are not available in hryvnia. Therefore, AgroGeneration does not actively cover its exposure to fluctuations in the hryvnia on financial markets.

The Group is partially naturally hedged against a risk of change in exchange rate of the hryvnia against the USD. Indeed, in the scope of its operations in Ukraine, crop revenues and some of the Group's costs (seeds, chemicals, pesticides, etc.) are influenced by worldwide commodity market in USD even if denominated in UAH. In case the local price is not automatically adjusted to the international market, the Group has sufficient storage capacity to postpone its sales.

At last, the currency risk in relation to USD denominated liabilities for crop financing is partially mitigated by the existence of USD export sales.

Financial debt

Interest rate risk sensitivity analysis

At June 30, 2017, if interest rates (for both variable-rate and fixed-rate borrowings) at that date had been 10 basis points higher/lower with all other variables held constant, interest expense for the half year would have been € 464k (first half 2016 — € 497k) higher/lower.

Foreign currency exchange rate sensitivity analysis

The Group's foreign currency denominated monetary assets and liabilities as of June 30, 2017 consist of US dollar denominated loans and other debts. Other monetary assets and liabilities are not significant.

At June 30, 2017, if the USD had weakened/increased versus EUR by 10 per cent with all other variables held constant, pre-tax profit for the half year would have been € 4 061k lower/higher.

3.4. Risks related to commodities price changes

Due to the size of its grain production, the Group is exposed to fluctuations of crop prices.

For a few years now, agricultural markets have been characterized by high volatility of prices, which depend on world prices which are mainly formed on the stock exchanges of agricultural products. The main factors affecting prices are the climatic factors, the level of energy and inputs prices, and the seasonality of demand.

The market for agricultural commodities in Ukraine is subject to fluctuations in agricultural commodity prices on international markets. It is also subject to conditions of Ukraine's local demand and export capacity, especially when export quota policies are set up, as was the case in 2010. Since Ukraine is a member of the WTO, these quotas are intended to be exceptional and of limited duration, justified only by



a significant reduction in production on a country-wide scale. To limit this risk, the Group has developed its own storage capacity enabling it to better manage the pace of commercialization of its production.

The Group hedges against the pricing risk, making forward sales in Ukraine (sales at a fixed price with forward delivery, denominated in U.S. dollars) in the months prior to the harvest, so as to lock in its margin. The Group's goal is to be hedged at the rate of around 30% to 40% of its production prior to the harvest.

3.5. Liquidity risks on crop financing

The main liquidity risk arises from the seasonality of agricultural production. Costs and required working capital reach their peak in spring ahead of the harvest. The cash inflows are concentrated in the second half of the year after harvest. The Group remedies this seasonality by expanding its own storage capacity which allows it to sell its production throughout the year. In addition, the management team controls the liquidity risk by monitoring key performance indicators, including those regarding cash flow.

Companies face significant liquidity problems due to poor sources of foreign investment and low lending capacity by the domestic banking system.

The Group continues collaboration with Ukrainian private bank, Alfa-Bank Ukraine, which granted a crop financing "revolver" credit line of \$35m until 2019 subject to annual review, releasable in several instalments.

In addition to the above elements, the Group is putting in place alternative sources of financing, such as prepayments of forward contracts and the use of guaranteed promissory notes and extended credit terms provided by some of the input suppliers. These additional sources of financing give additional comfort to continue normal operations through the harvest season.

3.6. Counterparty risks

The Group is exposed to credit risks through its cash and cash equivalents, which are kept in current accounts and with financial institutions (local banks), its supplier credit and customer credit, which includes commitments towards third parties. Credit risks are not concentrated in a particular counterparty. Although the company receives lines of credit from many input suppliers during the season, there is no line of credit secured in advance by the company because the Group manages its positions on a case by case basis. The Group tends to work with banks and financial institutions owned by leading international groups.

3.7. Capital repatriation risks

Risks related to repatriation of capital come from the investments in its Ukrainian subsidiaries. To date, foreign groups are able to repatriate their capital through dividend payments or the repayment of shareholder loans without tax implications. AgroGeneration finances most of its investments in Ukraine via shareholder loans, normally through its Cypriot entities. The capital repatriation risks are linked to these investments. Possible changes in the political environment in Ukraine or in Cyprus could lead to restrictions on repatriation of capital invested in this country.



4. Critical accounting judgments and estimates

The preparation of Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Condensed Consolidated Financial Statements are the following.

Estimates and judgments are continually evaluated on the basis of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Impairment test on intangible assets

Intangible assets are tested for impairment at each balance sheet date and whenever there are indications of impairment. The outcome of this exercise is highly sensitive to certain assumptions (weighted average cost of capital, fluctuation of the commodities price). (cf Note 8 of Consolidated Financial Statements as of December 31, 2016)

4.2. Fair value of biological assets and net realisable value of agricultural produce

The Group's biological assets are measured at fair value less costs to sell at each balance sheet date. The fair value of biological assets varies according to climatic conditions during growth and harvest, yield potential and price development. A change in any of these estimates could lead to a material change in the income statement. If the management team's assumptions as of June 30, 2017, would have been by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 6 277 k.

The agricultural produce harvested by the Group is first fair valued at the harvest date when accounted for in inventory in the "Agricultural produce". They are later revalued at the lower of that fair value and the net realizable value at the balance sheet date. The value used for agricultural produce in the assessment of fair value at harvest time and subsequently for the net realizable value at the balance sheet date is determined based on the actual prices less costs to sell at the point of harvest and contract prices on the presold crops.

4.3. Equity-settled share-based transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and model used for payments made through shares within the Group are disclosed in the Note 27 of the Consolidated Financial statements as of and for the year ended December 31, 2016.



4.4. Pre-emptive rights on land leases

Due to the existence of a moratorium on any sale of arable land in Ukraine, either to nationals or foreigners, it has been decided to recognise land leases as operational leases, and not to take into account the pre-emptive rights to buy the land at the term of the lease in the assessment of the qualification of the lease. The moratorium will be lifted after the laws on the State land registry and the real estate market are passed. The deadline to pass these laws has already been pushed forward several times, and the Group is retaining this accounting method in the absence of any information concerning the actual lifting of the moratorium.

4.5. Fair value of fixed assets

Starting from January 1, 2015 the Group applies revaluation model to its tangible assets situated in Ukraine, such as buildings, constructions, machinery and equipment and other assets.

Under this model, property is carried at fair value less any subsequent accumulated depreciation and impairment losses. An impairment loss is recognized in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Estimating the fair value of property requires the exercise of judgment and the use of assumptions. At each reporting date, the Group carries out a review of the macroeconomic factors such as, inflation rate in Ukraine and depreciation of UAH, to determine whether the carrying amount of tangible assets differs materially from fair value. Based on the results of the review, the Group concluded that the carrying amount of building, constructions, machinery and equipment and other assets does not materially differ from the fair value as of June 30, 2017.

5. Events after the balance sheet date

5.1. Early redemption of OSRANE bonds into shares/Issue of 295 000 shares

On September 30, 2017 some bondholders of OSRANE opted for early redemption. As a result 1 829 OSRANE subordinated bonds were exchanged for 373 116 shares.

On July 5, 2017 the Group issued new 295 000 free shares distributed to some employees.

At the date of issue of this Interim Consolidated Financial Statements share capital of AgroGeneration SA is made up of 101,211,804 shares.



6. Summary of significant accounting policies

The principal accounting policies applied are summarized below.

6.1. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2017 are prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union. They do not include all information required for the complete annual financial statements and should be read in conjunction with the Group’s Consolidated Financial Statements for the year ended December 31, 2016.

Pursuant to IAS 34, the Notes to these Interim Condensed Consolidated Financial Statements are designed to:

- update the accounting and financial information contained in the last published Consolidated Financial Statements at December 31, 2016;
- include new accounting and financial information about significant events and transactions that occurred during the period.

Except for the application of standards, interpretation and amendments being mandatory as of January 1, 2017, the accounting principles used for the preparation of the Interim Condensed Consolidated Financial Statements are identical to those used for the preparation of the Consolidated Financial Statements for the year ended December 31, 2016. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2017.

(a) Standards and amendments for mandatory application in the European Union for financial period ended June 30, 2017

- Amendments to IAS 19 “Defined Benefit Plans”: Employee contributions
- Annual Improvements to IFRSs 2010–2012 Cycle
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities, Applying Consolidation Exception

The application of these standards and amendments has had no significant impact on the Group’s Interim Condensed Consolidated Financial Statements as of June 30, 2017.



(b) Standards for optional application in the European Union

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

(c) Standards and Interpretations published by the IASB but not yet endorsed by the EU

- IFRS 14 Regulatory Deferral Accounts
- IFRS 16 Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Clarifications to IFRS15 issued on April 12, 2016
- Annual improvements to IFRSs 2014-2016 Cycle, issued on December 8, 2016
- IFRIC22 “Foreign Currency Transactions and Advance Consideration”, issued on December 8, 2016
- Amendments to IFRS4 “Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts” issued on September 12, 2016
- Amendments to IAS40 “Transfers of Investment Property” issued on December 8, 2016

The potential impact of the above standards is currently under examination.

6.2. Consolidation

(a) Subsidiaries

All the subsidiaries in which the Group exercises control are fully consolidated. Control exists when all the following conditions are met:

- power over the subsidiary;
- exposure, or rights, to variable returns from its involvement with the subsidiary;
- the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Group does not exert joint control over any of the entities within its scope of consolidation as at June 30, 2017.

All intercompany balances and transactions as well as income, expenses and unrealised gain/losses, which are included in the net book value of assets, which derive from intercompany transactions, are fully eliminated.

(b) Accounting for business combinations



The acquisitions of subsidiaries from third parties (which constitute Business Combination under IFRS) are accounted for using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair values.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired subsidiary, and the fair value of the Group's previously held equity interest in the acquired subsidiary (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

In case identifiable net assets attributable to the Group, after reassessment, exceed the cost of acquisition, the difference is recognized in the Consolidated Income Statement as a bargain purchase gain.

6.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of each Group entity are measured using the currency of primary economic environment in which the entity operates ("the functional currency").

The functional currency of the parent and Cypriote subsidiaries is the euro (EUR) and the functional currency of Ukrainian subsidiaries is the hryvnia (UAH).

The presentation currency of the Consolidated Financial Statements is the euro (EUR).

(b) Foreign transactions

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income and expense in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Long-term intercompany loans to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are classified as net investments in the foreign operation.

Where a subsidiary that is a foreign operation repays a net investment loan but there is no change in the parent's proportionate percentage shareholding, cumulative translation adjustment is not reclassified from other comprehensive income to the income statement.

(c) Translation of Financial Statements expressed in foreign currencies

The income statements and statements of financial position of all Group entities that have a functional currency different from the presentation currency (none having a currency of a hyperinflationary economy as of June 30, 2017) are translated into the presentation currency as follows:



- Assets and liabilities of the statement of financial position are translated at the exchange rate of closing date,
- Revenues and charges in the income statement are translated at exchange rates at the dates of the transactions (for practical reasons, the Group translates items of income and expenses for each period presented in the financial statements using the average exchange rates for such an accounting period, if such translations reasonably approximate the results translated at exchange rates prevailing on the dates of the transactions),
- Residual foreign exchange differences are recognised in a separate component of equity.

The exchange rates used for translating Financial Statements of subsidiaries in Ukraine are the following:

Monetary unit per € 1	June 30, 2017		December 31, 2016		June 30, 2016	
	Average	Closing	Average	Closing	Average	Closing
Ukrainian Hryvnia (UAH)	28,9731	29,7868	28,3116	28,4226	28,4989	27,5635
American Dollar (USD)	1,0826	1,1413	1,1066	1,0453	1,1160	1,1090

The rates used for the hryvnia and the U.S. dollar are those of the National Bank of Ukraine (“NBU”) in force.

Exchange rate differences on a monetary item forming part of the net investment of the entity presenting the Financial Statements in a foreign operation are recognised in other comprehensive income and reclassified from equity to Income Statement upon partial or total disposal of this net investment.

Goodwill and fair value adjustments recognised in the acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and translated at closing exchange rate.

6.4. Intangible assets and leasehold rights

The main intangible assets recognised are goodwill and leasehold rights. These have been recognised as part of the business combination process.

Subsequent to initial recognition goodwill is recognized at initial cost less accumulated impairment losses, if any.

Cash-generating unit (CGU) for the goodwill impairment test was determined to be equal to the operating segment "Ukraine".

Subsequent to initial recognition, leasehold rights are recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of the leasehold rights is calculated on a linear basis using average residual useful lives until the term of the lease contract. The average residual term of depreciation of the leasehold rights is 5 years as of June 30, 2017.



6.5. Property, plant and equipment

Starting from January 1, 2015 the Group applies revaluation model for fixed assets situated in Ukraine. Under this model, fixed assets are carried at fair value less any subsequent accumulated depreciation and impairment losses.

Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the date of reporting period.

The acquisition cost of the tangible fixed assets includes all the expenses directly attributable to the acquisition of the fixed assets. Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The carrying amount of the replaced limited-life component is derecognised.

Fixed assets are depreciated over their estimated useful lives:

- Buildings 10 – 55 years
- Machinery and equipment 5 – 30 years
- Other tangible assets 3 - 30 years

Production facilities represent immobile agricultural production equipment, mainly dryers and cleaners. Machinery and vehicles include other mobile agricultural equipment (tractors, combines, harvesters, seed planters, trucks etc.).

The assets' useful lives are reviewed, and adjusted if appropriate, at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

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

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of construction in progress commences when the assets are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management.

On the subsequent sale or retirement of revalued assets, the revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.



6.6. Impairment of non-financial assets

Non-financial assets other than goodwill are reviewed for possible impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized immediately in the Consolidated Income Statement unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

6.7. Financial assets and liabilities

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of financial instruments. Financial instruments are classified according to the following categories:

- financial assets or financial liabilities recognized at fair value through the profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets - are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.
- loans and receivables - are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.
- other financial liabilities.

The classification depends on the nature and purpose of financial assets or financial liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The effective interest method calculates the amortized cost of a debt instrument and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate,



transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

(a) Accounts receivable

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Accounts receivable, which are non-interest bearing, are stated at their nominal value.

Appropriate allowances for estimated irrecoverable amounts are recognized in the Consolidated Income Statement when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

If collection of accounts receivable is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are defined as above, less bank overdrafts.

(c) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortized cost using the method of determining the effective interest rate.

(d) Bank borrowings and other long-term payables

Interest-bearing borrowings and other long-term payables are initially measured at fair value net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognized over the term of the borrowings and recorded as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the date of closing of accounts



6.8. Agriculture

(a) Definitions

The Group accounting policies for agricultural activities are based on IAS 41 "Agriculture".

Agricultural activity is defined as a biological transformation of biological assets into agricultural products or into other biological assets.

Group classifies following biological assets: crops in field and livestock.

Agricultural produce are the products of the harvest of biological assets of the Group and produce received from cattle breeding, i.e. harvested grain that is stored, milk, meat and other livestock produce.

The Group recognizes a biological asset or an agricultural produce when the Group controls the asset as a result of past events, and it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

(b) Biological assets

Biological assets are measured at initial recognition and at each balance sheet date at their fair value less costs to sell, with any resulting gain or loss recognized in the income statement. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

Biological assets are measured using the present value of expected net cash flows from the sale of an asset discounted at a current market determined rate. The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset. The difference between fair value less costs to sell and total production costs is allocated to biological assets held in stock as of each reporting date as a fair value adjustment.

Based on the above policy, the principal groups of biological assets are stated as follows:

(i) Crops in fields

The fair value of crops in fields is determined by reference to the discounted cash flows that will be obtained from sales of harvested crops, with an allowance for costs to be incurred and risks to be faced during the remaining transformation process.

The fair value of plant-growing Biological assets is determined based on, among other estimates, weather conditions, quality of soils, growth potential, yields, harvest conditions and price development.

As of June 30, 2017, the Group had identified for each type of plant growing biological asset their respective principle market, and measures their fair value based on the following:

in determining prices

- Management assessment of future prices at the date of harvest reconciled to the Ukrainian FOB prices or Western markets offset prices on the balance sheet date. These prices have been reduced by fobbing and transport costs.

in determining yields



- Management assessment of future yields for crop based on the most relevant recent data from the crop surveys carried out in the fields.

Given the nature of these input parameters, the fair value of the biological assets is categorised as Level 3 as defined by IFRS 13. Change in any estimates could lead to recognition of significant fair values changes in income statement.

(ii) *Livestock*

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. Cattle, for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, are measured using the present value of expected net cash flows from the asset discounted at a current market-determined pre-tax rate.

Biological assets are recorded as current or non-current assets based on the operational cycle of the Group's biological assets.

(c) *Agricultural produce*

Agricultural produce harvested by the Group is initially measured at the time of harvest at its fair value less cost to sell at the point of harvest. It is subsequently recorded as inventory in "Agricultural produce" and stated at the lower of fair value at the time of harvest and net realizable value. This valuation at net realizable value is presented in the form of inventory depreciation. ("Change in fair value of finished goods", cf. Note 12).

The value of agricultural produce used for the assessment of fair value at the time of harvest and subsequent net realizable value is determined based on the actual prices less costs to sell at the point of harvest and contract prices on the presold crops.

(d) *Work in progress (inventory of work in progress)*

Work in progress is represented by the costs of preparing the land which has not been sown at balance sheet date (case of spring plants in Ukraine – corn, soybean, sunflower, etc. – when valued as of December 31). The soil preparation costs are measured on the basis of the historical costs incurred by the Group.

6.9. Government grants

An unconditional government grant is recognised as income when the government grant becomes receivable.

If a government grant is conditional, the Group recognises the government grant as income when the conditions attaching to the government grant are met (area-aid environmental subsidies) and until then aid received is recognised as a liability (Cf. Note 6.12 (b)).



6.10. Inventories

(a) Raw material and other supplies

Inventories are stated at the lower of cost and net realizable value. Costs comprise raw materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present locations and condition.

Cost is calculated using the weighted average cost method. Net realizable value is determined as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(b) Finished goods (agricultural produce)

Cf. note 6.8 (c) – Agriculture.

(c) Work in progress

Cf. note 6.8 (d) – Agriculture.

6.11. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or to the exercise of new options are recorded directly in equity as a deduction from the issue premium, net of tax effects.

6.12. Current and deferred income tax

(a) General tax treatment

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

The tax rates applicable on June 30, 2017 are 33,33% in France, 18% in Ukraine (see (b) Agricultural tax schemes for agricultural concerns in Ukraine) and 12,5% in Cyprus.

Starting from January 1, 2019 according to French legislation tax rate for the companies with revenues below €1 billion will be decreased to 28%.

The deferred tax is determined using the tax rate and the tax regulations in effect or in effect in essence at the balance sheet date and which are likely to be applied when the deferred tax assets will be used or when the deferred tax liability will be paid.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred



tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

However, the deferred tax is not accounted for if at initial recognition of an asset or a liability at the time of a transaction other than a business combination the transaction has no implications for the accounting income or the taxable income.

Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when:

- The Group has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities;
- The Group has an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

(b) Agricultural tax scheme for agricultural companies in Ukraine

In Ukraine, a company is considered to be a farming company if at least 75% of its revenues from the previous fiscal year arise from the sale of agricultural products. In this case, a farming company enjoys special regime on corporate income tax.

Starting from January 1, 2017, the privileged VAT regime for agricultural companies has been cancelled. For more detailed refer to the Consolidated Financial Statements as of December 31, 2016.

Corporate income tax: agricultural companies are not subject to corporate income tax but to the tax on land which is calculated on the basis of a percentage of the value of the land used for agricultural production. The related corresponding costs are classified in “Cost of sales”.

Among the 25 legal entities that the Group controls in Ukraine as of June 30, 2017, 13 are involved in agricultural production and are eligible for the special tax regime for agricultural companies in Ukraine in 2017.

6.13. Employees benefits

(a) Pension obligations

The Group does not operate any significant pension schemes. The contributions to the local pension funds are treated as defined contribution benefits.



(b) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

6.14. Provisions

Provisions must be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

6.15. Revenue

Revenue represents the proceeds from ordinary business activities. These proceeds are measured at fair value of the counterparty received or to be received for the sale of goods or services in the scope of the Group's typical operations.

The proceeds from typical operations presented for the Group's Ukrainian activities exclude the VAT collection on sales (other operating income) made by entities benefiting from the special tax scheme in that country for agricultural concerns (Note 6.12 (b)).

These same proceeds from agricultural operations are presented net of discounts and rebates, and after elimination of intra-Group sales.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

- **Sale of Goods and Finished Products** – Revenue is recognized when the significant risks and rewards of ownership of goods for resale and finished products have passed to the buyer, the amount of revenue can be measured reliably and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The point of transfer of risk, which may occur at delivery or shipment, varies for contracts with different types of customers.
- **Rendering of Services** – Revenue is recognized in the accounting period in which services are rendered.

The Group's main revenue arises from the sales of agricultural produce.

6.16. Leases – The Group as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.



Leases in which the risks and rewards incidental to the ownership of an asset are transferred substantially to the Group as a lessee are classified as finance leases. At the commencement of the lease, the Group recognizes the asset purchased on finance lease term (cf. note 9) and the relative debt (cf. note 15) on its Statement of Financial position at the amount equal to the fair value of the leased asset or, if it is lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized directly to the Consolidated Income Statement and are classified as finance costs. The assets acquired under finance leases are depreciated over the shorter of their useful life or lease term.

6.17. Share-based payment

The fair value of services assumed to have been received in exchange for the equity instruments (warrants) issued is recognised as an expense in the income statement and in other reserves in equity during the vesting period (from the grant date of warrants until the vesting date). The fair value of the services received is determined by reference to the fair value (market value) of equity instruments granted at the grant date.



7. Segment reporting

The Group has one operating segment in Ukraine, which is composed of 25 legal entities operating around 120,000 hectares of farmland.

8. Intangible fixed assets and land leases

(in thousands of Euros)	Gross value				Depreciation				Net value			
	Good-will	Leasehold rights	Others	Total	Good-will	Leasehold rights	Others	Total	Good-will	Leasehold rights	Others	Total
December 31, 2015	33 963	6 398	407	40 768	-	(2 597)	(249)	(2 846)	33 963	3 801	158	37 922
Change in scope*	3 021	-	-	3 021	-	-	-	-	3 021	-	-	3 021
Purchases of assets	-	-	195	195	-	-	-	-	-	-	195	195
Depreciation	-	-	-	-	-	(732)	(59)	(791)	-	(732)	(59)	(791)
Exchange rate differences	(92)	(495)	(19)	(606)	-	204	8	212	(92)	(291)	(11)	(394)
Disposals of assets	-	-	(3)	(3)	-	-	3	3	-	-	-	-
Transfer toward assets held for sale	(33)	(94)	(3)	(130)	-	94	1	95	(33)	-	(2)	(35)
December 31, 2016	36 859	5 809	577	43 245	-	(3 031)	(296)	(3 327)	36 859	2 778	281	39 918
Change in scope	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of assets	-	-	22	22	-	-	-	-	-	-	22	22
Depreciation	-	-	-	-	-	(277)	(28)	(305)	-	(277)	(28)	(305)
Exchange rate differences	(198)	(266)	(19)	(483)	-	150	6	156	(198)	(116)	(13)	(327)
Disposals of assets	-	-	(1)	(1)	-	-	1	1	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-	-
June 30, 2017	36 661	5 543	579	42 783	-	(3 158)	(317)	(3 475)	36 661	2 385	262	39 308

(*) The goodwill arising from the acquisition of Tornado (cf. Consolidated Financial Statements as of December 31, 2016 Note 2.1)

As of June 30, 2017 the group did not identify any indicator of impairment.



9. Property, plant and equipment

(in thousands of Euros)	Gross value				Depreciation			Net Book Value			
	Buildings	Agricultural machinery and others	Construction in progress and prepayments	Total	Buildings	Agricultural machinery and others	Total	Buildings	Agricultural machinery and others	Construction in progress and prepayments	Total
December 31, 2015	16 056	26 889	151	43 096	-	(26)	(26)	16 056	26 863	151	43 070
Change in scope	729	3	-	732	-	-	-	729	3	-	732
Purchases of assets	230	1 718	155	2 103	-	-	-	230	1 718	155	2 103
Depreciation	-	-	-	-	(1 269)	(6 030)	(7 299)	(1 269)	(6 030)	-	(7 299)
Exchange rate differences	(1 255)	(2 085)	(11)	(3 351)	5	23	28	(1 250)	(2 062)	(11)	(3 323)
Disposals of assets	(9)	(141)	(1)	(151)	1	56	57	(8)	(85)	(1)	(94)
Other movements	207	(171)	(36)	-	(89)	89	-	118	(82)	(36)	-
Transfer toward assets held for sale	(831)	(336)	(5)	(1 172)	97	62	159	(734)	(274)	(5)	(1 013)
December 31, 2016	15 127	25 877	253	41 257	(1 255)	(5 826)	(7 081)	13 872	20 051	253	34 176
Purchases of assets	283	2 921	220	3 424	-	-	-	283	2 921	220	3 424
Depreciation	-	-	-	-	(611)	(2 700)	(3 311)	(611)	(2 700)	-	(3 311)
Exchange rate differences	(702)	(1 271)	(15)	(1 988)	74	342	416	(628)	(929)	(15)	(1 572)
Disposals of assets	(48)	(37)	-	(85)	3	18	21	(45)	(19)	-	(64)
Other movements	82	318	(116)	284	(1)	(62)	(63)	81	256	(116)	221
June 30, 2017	14 742	27 808	342	42 892	(1 790)	(8 228)	(10 018)	12 952	19 580	342	32 874

At June 30, 2017, total net value of property, plant and equipment acquired under finance leases amounted to €2,7 million (December 31, 2016: €0,7 million).

The total net carrying amount of tangible assets pledged as of June 30, 2017 amounts to €12 608k (€ 4 675k pledge on buildings, and € 7 933k pledge on agricultural machinery and other tangible fixed assets).



10. Financial assets

(in thousands of Euros)	<u>Non-current</u>		<u>Current</u>		<u>Total</u>
	<u>Non-consolidated subsidiaries (1)</u>	<u>Other financial assets (2)</u>	<u>Term deposit (3)</u>	<u>Other financial assets (4)</u>	
December 31, 2015	97	148	15 168	1 005	16 418
Change in scope	-	(176)	-	-	(176)
Acquisition of subsidiaries	-	-	-	-	-
Purchases of financial assets	-	218	5 175	-	5 393
Disposals of financial assets	-	(45)	(17 349)	(924)	(18 318)
Other transactions	-	3	-	-	3
Exchange rate difference	(5)	-	(1 022)	(81)	(1 108)
Depreciation	(7)	-	-	-	(7)
Transfer toward assets held for sale	-	-	(39)	-	(39)
December 31, 2016	85	148	1 933	-	2 166
Change in scope	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
Purchases of financial assets	-	118	10 304	-	10 314
Disposals of financial assets	-	-	(11 040)	-	(10 932)
Other transactions	-	-	-	-	-
Exchange rate difference	(3)	-	(111)	-	(114)
Depreciation	(3)	-	-	-	(3)
June 30, 2017	79	266	1 086	-	1 431

(1) Non-consolidated subsidiaries include 8,96% shares of Agro-Farme, acquired in March 2013, and 10% shares of Agropervomaisk, acquired in 2008.

(2) The “Other financial assets” are mainly a deposit made with a specialized financial intermediary in the scope of liquidity contract concerning transactions on the AgroGeneration share on the NYSE Euronext Alternext market. This contract has been in place since March 1, 2010, the date that the AgroGeneration security was admitted to Alternext. It is in line with the code of ethics of the AFEI approved by the AMF by decision of September 11, 2006.

The amount allocated to this liquidity contract is € 800k as of June 30, 2017. Over the half year 2017, and in the application of the liquidity contract, 860 000 securities were purchased at the average price of € 0,38 and 1 120 000 securities were sold at the average price of € 0,40.

As of June 30, 2017, the situation of the contract was as follows:



- 354 500 shares valued at € 181k (€ 0,51 / share) were owned by the Group under its liquidity contract.
- The cash position available under this contract came to € 246k which was shown in “Other financial assets” in the above statement.

(3) As of June 30, 2017 the underlying amount is presented by €1 061k of term deposits and €25k of accrued interest income related to these term deposits.

These term deposits of the Ukrainian subsidiaries are pledged as security for liabilities under the loan contracts with Alfa-Bank Ukraine (cf. Note 15). They may be withdrawn after the repayment of the related loan tranches and are classified as “Financial assets (current)”

(4) As at December 31, 2015 other financial assets are presented by letter of credit.

11. Inventories

(in thousands of Euros)	<u>June 30, 2017</u>			<u>December 31, 2016</u>		
	Gross Value	Depreciation	Net value	Gross Value	Depreciation	Net value
Raw materials and other supplies	5 141	(65)	5 076	4 579	(68)	4 511
Works in progress	430	-	430	7 702	-	7 702
Agricultural produce	638	(118)	520	13 030	-	13 030
Total	6 209	(183)	6 026	25 311	(68)	25 243

Raw materials and other supplies are inputs to be used in the agricultural campaign 2017/2018, including purchased seeds, fertilizers, fuel, spare parts and other suppliers. **Work in progress** includes costs accumulated before crop sowing.

As of June 30, 2017, **agricultural produce** representing €520 k, is mainly made up of 4 358 tons of crops from the 2016 harvest (77 783 tons as of December 31, 2016).

Depreciation represents write-down provisions of inventory to the net realizable value at the reporting date.

As of June 30, 2017 finished goods has not been pledged (€8 223k (50 431 tons) of finished goods has been pledged for the trade financing credit facility as of December 31, 2016)).



12. Biological assets

(in thousands of Euros)	June 30, 2017			December 31, 2016		
	Biological assets at cost	Adjustment to fair value	Fair value	Biological assets at cost	Adjustment to fair value	Fair value
Non-current						
Crops in fields	-	-	-	-	-	-
Livestock	104	(33)	71	77	(25)	52
Total non-current biological assets	104	(33)	71	77	(25)	52
Current						
Crops in fields	39 347	13 160	52 507	8 071	3 714	11 785
Livestock	134	(8)	126	130	(31)	99
Total current biological assets	39 481	13 152	52 633	8 201	3 683	11 884
TOTAL BIOLOGICAL ASSETS	39 585	13 119	52 704	8 278	3 658	11 936

The Group's biological assets are cereals and oilseeds that are planted as of June 30, 2017 for harvest in the second half of 2017 in Ukraine. It also includes livestock consisting of meat cows and other cattle.

The biological assets of the Group are measured at fair value less estimated costs to sell and are within level 3 of the fair value hierarchy (for more details refer to Note 6.8). At the balance sheet date, the fair value of **the current crops in fields** is determined on the basis of the planted area and the following significant unobservable inputs as of June 30, 2017:

- Crops price
- Crops yields (tonnes per hectare)
- Expected production costs

	June 30, 2017				December 31, 2016			
	Cultivated area (in hectares)	Average yields (ton / ha)	Average price (EURO/ton)	Fair value (in kEURO)	Cultivated area (in hectares)	Average yields (ton / ha)	Average price (EURO/ton)	Fair value (in kEURO)
Winter Wheat	29 642	5,2	123	15 555	30 233	4,6	128	7 236
Winter Barley	4 382	4,1	117	1 732	4 381	5,2	118	1 080
Winter Rapeseed	4 013	2,6	355	3 350	7 316	2,4	375	3 469
Spring barley	4 208	3,8	125	1 517				
Corn	9 280	7,3	122	5 644				
Sunflower	30 277	2,2	294	14 992				
Pea	13 361	2,5	182	4 793				
Chick-pea	2 202	1,2	492	1 044				
Soy	6 586	2,3	308	3 426				
Other	1 173			454				
TOTAL	105 124			52 507	41 930			11 785

If the management team's assumptions as of June 30, 2017, would have been different by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 6 277k.



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

- Average number of heads and its weight
- Expected future inflows from livestock

The following table represents movements in biological assets for the year ended December 31, 2016 and the first half 2017:

(in thousands of Euros)	Crops	Livestock	TOTAL
Book value as of December 31, 2015	14 296	386	14 682
Current Biological Assets	14 296	195	14 491
Non-current Biological Assets	-	191	191
Reclassification of work in progress to biological assets	6 793	-	6 793
Costs incurred over the period	41 541	377	41 918
Biological assets decrease due to harvest	(70 231)	(489)	(70 720)
Gain/loss due to change in fair value	22 276	(94)	22 182
Impairment of biological assets	(835)	-	(835)
Assets held for sale	(453)	-	(453)
Exchange rate differences	(1 602)	(29)	(1 631)
Book value as of December 31, 2016	11 785	151	11 936
Current Biological Assets	11 785	99	11 884
Non-current Biological Assets	-	52	52
Reclassification of work in progress to biological assets	7 702	-	7 702
Costs incurred over the period	25 894	83	25 977
Biological assets decrease due to harvest	(21)	(33)	(54)
Gain/loss due to change in fair value	9 930	4	9 934
Impairment of biological assets	(913)	-	(913)
Revaluation of ZACH and VYB	(24)	-	(24)
Exchange rate differences	(1 846)	(8)	(1 854)
Book value as of June 30, 2017	52 507	197	52 704
Current Biological Assets	52 507	126	52 633
Non-current Biological Assets	-	71	71

As of June 30, 2017 €48 778k (98 077 ha) of biological assets have been pledged for the trade financing credit facility (€11 785 (41 930 ha) as of December 31, 2016) (cf. Note 15).



13. Trade and other receivables

(in thousands of Euros)	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Trade receivables	99	341
Prepayments to suppliers (1)	1001	133
Other receivables	753	817
Social and tax receivables (excl. VAT receivables)	408	498
VAT receivables (2)	4 507	1 104
Prepaid expenses	55	29
Trade and other receivables	6 823	2 922

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Currency:		
Denominated in EUR	134	151
Denominated in USD	6	500
Denominated in UAH	6 683	2 271
Trade and other receivables	6 823	2 922

The maximum exposure to credit risk as at the balance sheet date amounts to the fair value of each class of receivables mentioned above. The Group has no collateral for hedging.

(1) The advances paid correspond to prepayments to suppliers of inputs for the 2017 harvest.

(2) The VAT receivable mostly includes:

€4 413k represents input VAT of Ukrainian entities received at purchases.

€88k related to the input VAT of AgroGeneration SA.

14. Cash and cash equivalents

(in thousands of euros)	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Cash at bank and in hand	3 300	3 130
Investment securities	-	-
Cash and cash equivalents	3 300	3 130



The Cash and cash equivalents are denominated in the following currencies as of June 30, 2017:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
(in thousands of euros)		
Currency :	<u>Cash and cash equivalents</u>	<u>Cash and cash equivalents</u>
Denominated in EUR	200	135
Denominated in USD	2 892	891
Denominated in UAH	208	2 104
Total	3 300	3 130

15. Borrowings

(in thousands of euros)		<u>June 30, 2017</u>				TOTAL	<u>December 31, 2016</u>				TOTAL
		Non-current	Current		Borrowings		Non-current	Current		Borrowings	
		Borrowings	Borrowings	Interest			Total	Borrowings	Interest		
OSRANE	(1)	3 219	3 678	1 173	4 851	8 070	5 141	3 375	1 187	4 562	9 703
Konkur bonds		-	-	-	-	-	-	-	-	-	-
Financial lease	(2)	1 231	965	-	965	2 196	217	329	-	329	546
Bank borrowings	(3)	-	34 886	480	35 366	35 366	-	30 840	461	31 301	31 301
Other financial debt	(4)	-	2 471	413	2 884	2 884	-	2 976	360	3 336	3 336
Total borrowings		4 450	42 000	2 066	44 066	48 516	5 358	37 520	2 008	39 528	44 886

(1) As of June 30, 2017, the amortised cost of OSRANE amounts to €6.9 m and accrued interest to €1,17 m.

(2) Current and non-current lease payments are presented at the present value of the future minimum lease payments (cf. Note 25.2).

(3) Bank borrowings include borrowing from Alfa-Bank Ukraine (€30,6 m), and EBRD (€4,3 m).

In the scope of the borrowings with Alfa-Bank Ukraine, the Group has pledged part of its current and non-current assets including:

- Some of the Fixed assets (Buildings and Agricultural machinery; cf. Note 9),
- Short-term deposits (cf. Note 10),
- Some of the biological assets (cf. Note 12),
- Shares in Ukrainian and Cyprus subsidiaries
- Some of the inventories (cf Note 11)

The shares in the subsidiaries Marrimore, AJU, AFU and UCD are pledged to the benefit of the European Bank of Reconstruction and Development (EBRD) in the scope of the financing agreement signed in 2011.



In accordance with the agreement signed on September 29, 2011, EBRD obtained 850 000 warrants which entitle EBRD for additional 850 000 shares with exercise price of €2,05, these warrants have been classified as equity instruments.

The shares in Harmelia, Wellaxo, Zeanovi, Azent and HAR, BAR, DON, NST, POD, AgroDom, LAN, UNA, APK, AGG UA, Tornado, AGZ, BUR are pledged to the benefit of Alfa-Bank Ukraine as part of loan agreement.

The loans granted by the Alfa-Bank Ukraine and EBRD are subject to covenants. The Group is not compliant with some of these covenants. The loan granted by EBRD was classified as short-term as of June 30, 2017.

(4) Other financial debt relates to the borrowings from a private investor (€1.7 m) and related party Konkur (€0.75m).

The maturity of the current and non-current borrowings is as follows:

(in thousands of euros)	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 and after</u>	<u>Total</u>
OSRANE	4 851	3 219	-	-	8 070
Konkur bonds	-	-	-	-	-
Financial lease	965	662	513	56	2 196
Bank borrowings	35 366	-	-	-	35 366
Other financial debt	2884	-	-	-	2 884
Total borrowings	44 066	3 881	513	56	48 516

Details of the variable-rate and fixed-rate borrowings (excluding interest):

(in thousands of euros)	<u>June 30, 2017</u>		<u>December 31, 2016</u>	
	Variable	Fixed	Variable	Fixed
OSRANE	-	6 897	-	8 516
Bank borrowings	4 266	30 620	5 323	25 517
Financial lease	482	1 714	401	145
Other financial debt	-	2 471	-	2 976
Total borrowings	4 748	41 702	5 724	37 154

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in thousands of euros)	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Currency:		
EUR	8 860	9 703
USD	39 656	35 183
Total borrowings	48 516	44 886

The average interest rates of the Group by currency are:

Currency	<u>June 30, 2017</u>	<u>December 31, 2016</u>
EUR	8,4%	8,0%
USD	12,5%	12,7 %



16. Share Capital

	<u>Share capital in euros</u>	<u>Number of shares</u>	<u>Share premium in euros</u>
December 31, 2015	4 925 469	98 509 388	168 954 596
Additional shares issued (OSRANE redemption)	83 203	1 664 060	694 697
December 31, 2016	5 008 672	100 173 448	169 649 293
Additional shares issued (OSRANE redemption)	18 512	370 240	159 488
June 30, 2017	5 027 184	100 543 688	169 808 781

Instruments in circulation as of June 30, 2017

As of June 30, 2017 the financial instruments in circulation and the respective numbers of shares that could be issued by exercise of these instruments are presented below:

	<u>Number of instruments</u>	<u>Potential additional shares</u>
BSPCE	5 327	106 540
Stock-options	1 317 833	1 317 833
EBRD warrants	850 000	850 000
OSRANE (1)	588 251	120 003 204
Konkur warrants	1 379 487	2 519 544
Free shares	295 000	295 000
Total number of potential additional shares		125 092 121

(1) The number of OSRANE potential additional shares is calculated considering 204 shares per OSRANE (the number maximum which could be redeemed on June 30, 2017).



17. Provisions

(in thousands of euros)	Provisions for litigation	Provisions for liabilities and expenses	Total
December 31, 2015	-	-	-
Additionnal	49	490	539
Reversal (used)	-	-	-
Reversal (unused)	-	-	-
Change in perimeter	-	-	-
Other variations	-	-	-
Exchange rate differences	-	-	-
December 31, 2016	49	490	539
Additionnal	-	21	21
Reversal (used)	-	-	-
Reversal (unused)	(40)	(11)	(51)
Change in perimeter	-	-	-
Other variations	-	-	-
Exchange rate differences	(1)	-	(1)
June 30, 2017	8	500	508

The management closely monitors legal and tax litigations and assesses the relating risks.

As of June 30, 2017 the Group accrued a provision of EUR0.47m for tax risks related to Cyprus affiliates of the Group.

As of June 30, 2017, the Group is not exposed to any other significant legal or tax litigation.

For more details on the risks of changes related to the legal and fiscal environment refer to the Note 3.2.

18. Trade and other payables

(in thousands of Euros)	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Trade payables	11 620	2 435
Advance payments received	7 197	477
Social & tax payables	1 473	1 741
VAT payables	58	755
Deffered income	-	57
Other payables (1)	3 909	830
Payables on the purchase of subsidiary	1 279	2 653
Trade and other payables	25 536	8 948

(1) Other Payables include EUR 3 525k of payable for the use of land



The Trade and other payables are denominated in the following currencies :

(in thousands of Euros)	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Currency:		
Denominated in EUR	1 398	1 077
Denominated in USD	8 996	4 425
Denominated in UAH	15 142	3 446
Trade and other payables	25 536	8 948

19. Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 7:

Financial assets and liabilities by category and fair value as of June 30, 2017

(in thousands of Euros)		Measured at amortised cost	Measured at fair value		Total carrying amount June 30, 2017	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
	<i>Note</i>		<u>through profit or loss</u>	<u>through share-holders' equity</u>			<u>Level 1: quoted prices and cash</u>	<u>Level 2: valuation based on observable market data</u>	<u>Level 3: valuation based on unobservable market data</u>
Assets									
Financial assets (non-current)									
Shares in non-consolidated subsidiaries	10			79	79	79			
Other financial assets		12	254		266	12	254		
Financial assets (current)									
Term deposits	10		1 086		1 086		1 086		
Other financial assets									
Trade and other receivables	13	852			852	852			
Cash and cash equivalents	14		3 300		3 300		3 300		
Liabilities									
OSRANE	15	(8 070)			(8 070)	(8 070)			
Non-current and current bank borrowings	15	(35 366)			(35 366)	(35 366)			
Non-current and current financial lease	15	(2 196)			(2 196)	(2 196)			
Other financial debt	15	(2 884)			(2 884)	(2 884)			
Trade and other payables	18	(16 808)			(16 808)	(16 808)			



Financial assets and liabilities by category and fair value as of December 31, 2016

(in thousands of Euros)		Measured at amortised cost	Measured at fair value		Total carrying amount December 31, 2016	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
Note	<i>through profit or loss</i>		<i>through share-holders' equity</i>	Level 1: <i>quoted prices and cash</i>			Level 2: <i>valuation based on observable market data</i>	Level 3: <i>valuation based on unobservable market data</i>	
Assets									
Financial assets (non-current)	10								
Shares in non-consolidated subsidiaries				85	85	85			
Other financial assets		12	97		109	12	97		
Financial assets (current)	10								
Term deposits			1 972		1 972		1 972		
Other financial assets									
Trade and other receivables	13	1 158			1 158	1 158			
Cash and cash equivalents	14		3 130		3 130		3 130		
Liabilities									
OSRANE	15	(9 703)			(9 703)	(9 703)			
Non-current and current bank borrowings	15	(31 301)			(31 301)	(31 301)			
Non-current and current financial lease	15	(546)			(546)	(546)			
Other financial debt	15	(3 336)			(3 336)	(3 336)			
Trade and other payables	18	(8 891)			(8 891)	(8 891)			

20. Revenues from operating activities

(in thousands of euros)	first half 2017	first half 2016
Sales of agricultural produce (1)	11 146	3 580
Services and others (2)	283	248
Total revenue from operating activities	11 429	3 828

(1) In the first half 2017, AgroGeneration sold 65 952 tons of cereals and oilseeds

(2) The services are mainly composed of activities of drying, storage or loading grain for third parties.



21. Functional costs / costs by nature

(in thousands of euros)	<u>first half 2017</u>	<u>first half 2016</u>
Cost of sales	(10 920)	(2 930)
Administrative & Selling expenses	(5 595)	(4 529)
Costs by function	(16 515)	(7 459)
Raw materials, purchases services and leasing	(8 236)	(3 411)
Personnel costs	(2 549)	(1 633)
Depreciation	(1 798)	(1 322)
Fair value and impairment adjustment (for goods sold)	(3 314)	(367)
Other expenses	(618)	(726)
Costs by nature	(16 515)	(7 459)

On average, in first half 2017 the Group had 1 402 employees.

22. Other income and expense

(in thousands of euros)	<u>first half 2017</u>	<u>first half 2016</u>
Proceeds from fixed assets sold	31	25
Reversal of provision for liabilities and expenses	40	-
Government grant	193	426
Other income	56	602
Other operating Income	320	1 053
Net book value of fixed assets sold	(93)	(35)
Provision for liabilities and expenses	-	(350)
Net result (loss) from sale of investment (1)	(741)	
Other expenses	(945)	(786)
Other operating expenses	(1 779)	(1 171)
Other operating income and expenses	(1 459)	(118)

(1) Relates to disposal of ZACH and VYB (cf Note 2.1)

23. Net financial income / (expenses)

(in thousands of euros)		<u>first half 2017</u>	<u>first half 2016</u>
Cost of debt	(1)	(3 422)	(3 850)
Foreign exchange gains and losses		8	(133)
<i>realised foreign exchange gains/losses</i>	(2)	(440)	615
<i>unrealised foreign exchange gains/losses</i>	(3)	448	(748)
Other		(155)	205
Net financial expense		(3 569)	(3 778)



Interest expense

(1) Cost of debt is mostly composed of:

€751 k interest on OSRANE

€2 354 k interest on bank loans.

Foreign exchange gains and losses

The Group's foreign currency denominated monetary assets and liabilities as of June 30, 2017 consist of USD and EURO denominated loans and other debts. Other monetary assets and liabilities are not significant.

Due to the impact of the current political situation on the volatility of Ukrainian hryvnia (cf. Note 3.3), the exchange rate Ukrainian hryvnia/USD fluctuated during the year and as of reporting date changed from 27.1909 UAH/USD on December 31, 2016 to 26,10 UAH/USD on June 30, 2017.

(2) Realised Foreign exchange gains and losses (net amount €440 k loss) generated by the Group in the first half 2017 due to the change in foreign exchange rate between the dates when the liability/asset was recognised and when it was settled.

(3) Unrealised Foreign exchange gains and losses generated by the Group in the first half 2017 due to the translation of all monetary items of Ukrainian entities and holding companies (mostly bank loans and intercompany loans) from foreign currency (mostly USD) into functional currency (UAH and EUR respectively). Unrealised foreign exchange loss generated included:

- €1 916 k gain mostly related to the bank loans and other debt;
- €1 468 k loss related to the inter-company loans, interest on loans and other ICO debt between Ukrainian, Cyprus and French entities.

Note that certain intercompany loans are classified as net investments (cf Note 6.3 (b)), therefore, corresponding unrealised foreign exchange loss (€ 3 048 k) is recognised directly in equity.

24. Earnings per share

The basic earnings per share are calculated by dividing:

- The net earnings (group share)
- By the weighted average number of ordinary shares in circulation during the financial year.

The diluted earnings per share are calculated by dividing:

- The net earnings (group share) taking into account the instruments that cause dilution,
- By the weighted average number of ordinary shares in circulation during the financial year plus the weighted average number of ordinary shares that would have been issued following the conversion of all the potential ordinary shares that cause dilution into ordinary shares.



(in thousands of euros)	<u>first half 2017</u>	<u>first half 2016</u>
Net consolidated income / (loss) - group share (K€)	(305)	233
Dilution impact (K€)	-	-
Net consolidated income / (loss) after dilution impact	(305)	233
Weighted average number of ordinary shares	221 189 667	225 805 236
Potential dilution	-	69 944
Weighted average number of shares after dilution impact	221 189 667	225 875 180
Net income / (loss) per share (Euros) - group share	(0,00)	(0,00)
Net income / (loss) per share (Euros) after dilution - group share	(0,00)	(0,00)

Over the first half 2017, the potential ordinary shares that would have been issued after the conversion of the stock-options, warrants or BSPCE are not included in the measurement, since they have an anti-dilutive effect.

25. Commitments

25.1. Financing-related commitments

The Group's commitments related to debt and financial instruments are discussed in Note 15.

25.2. Commitments related to operating activities

Non-current assets acquired under finance leases are recognized as an asset as well the liabilities related to its financing are recognized in the consolidated balance sheet.

At June 30, 2017, €2 649 thousands of future minimum lease payments due under finance leases concerned agricultural machinery and vehicles. Total assets under finance leases recognized in consolidated assets amounted to €2,7 million at June 30, 2017 (December 31, 2016: €0,7 million).



(in thousands of Euros)

June 30, 2017

December 31, 2016

Future minimum lease payments

Due within 1 year	1 218	418
Due in 1 to 5 years	1 431	268
Due beyond 5 years	-	-

Total minimum lease payments	2 649	686
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Less finance cost	(453)	(140)
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Present value of future minimum lease payments	2 196	546
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26. Transactions with related parties

Material transactions entered into over the period and remaining balances as at June 30, 2017 with parties that have significant influence over the Group are as follows:

kEURO	June 30, 2017		first half 2017		December 31, 2016		first half 2016	
	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
SigmaBleyzer group : various entities under common control								
Management Fees	-	(63)	-	(143)	-	(115)	-	(110)
Consulting services	-	-	-	(41)	45	(102)	-	(135)
Rent of premises	-	-	-	(1)	-	-	-	(1)
Payment of legal and tax expenses	-	-	-	-	34	-	-	-
Prepayment	-	-	-	-	324	-	-	-
Loans	-	(752)	-	-	-	(1099)	-	-
Interest on loans	-	(37)	-	(60)	-	(132)	-	(58)
Safari Arms : controlled by a member of the Board of Directors								
Security services	-	(446)	-	(524)	-	(625)	-	(502)
John Smorhun Key management								
Consulting services	-	(26)	-	(433)	-	-	-	(239)
Cordial Consulting : Controlled by a member of the Board of Directors								
Consulting services	-	(11)	-	(58)	-	(24)	-	(45)
TOTAL	-	(1335)	-	(1260)	403	(2 097)	-	(1 090)



27. List of consolidated companies

All companies are fully consolidated.

#	Name	Conso name	Registered office	Activity	June 30, 2017	December 31, 2016
					% of interest	% of interest
1	AgroGeneration	AgroGeneration	Paris - France	Group Holding	Consolidating entity	Consolidating entity
2	Marrimore Holdings Ltd	Marrimore	Nicosia - Cyprus	Holding company	100%	100%
3	Haberly Properties Ltd (1)	Haberly	Nicosia - Cyprus	Holding company	-	100%
4	Harmelia Investments Limited	Harmelia	Nicosia - Cyprus	Holding company	100%	100%
5	Zeanovi Limited	Zeanovi	Nicosia - Cyprus	Holding company	100%	100%
6	Wellaxo Investments Limited	Wellaxo	Nicosia - Cyprus	Holding company	100%	100%
7	Azent Limited Company	Azent	Nicosia - Cyprus	Holding company	100%	100%
8	Zito Investments Limited (1)	Zito	Nicosia - Cyprus	Holding company	-	100%
9	UCD Ukraine	UCD UA	Kiev - Ukraine	Service operating company	100%	100%
10	AgroGeneration Ukraine LLC	AGG UA	Kiev - Ukraine	Service operating company	100%	100%
11	Agrofuel Ukraine	Agrofuel	Kiev - Ukraine	Trading company	100%	100%
12	AFT-Agro	AFT	Kiev - Ukraine	Service operating company	100%	100%
13	Agroziom	AGZ	Sumy - Ukraine	Agricultural producer	100%	100%
14	APK Agroziom LLC (2)	AGZ	Sumy - Ukraine	Service operating company	100%	-
15	Vinal Agro	VKD	Lviv - Ukraine	Agricultural producer	100%	100%
16	Knyazhi Lany (VKL)	VZL	Lviv - Ukraine	Agricultural producer	100%	100%
17	Zborivski Lany (VZB)	VZL	Ternopol - Ukraine	Agricultural producer	100%	100%
18	Agrodruzstvo Jevisovice Ukraine	AJU	Ternopol - Ukraine	Agricultural producer	100%	100%
19	Lishchynske	VLY	Zhitomir - Ukraine	Agricultural producer	100%	100%
20	Agro Fund Terestchenko	AFT	Zhitomir - Ukraine	Agricultural producer	100%	100%
21	APK Novy Stil LLC	NST	Kharkiv - Ukraine	Service operating company	100%	100%
22	APK Donets LLC	DON	Kharkiv - Ukraine	Agricultural producer	100%	100%
23	Burlukskoje PC	BUR	Kharkiv - Ukraine	Agricultural producer	100%	100%
24	Zachepylivske LLC (3)	ZACH	Kharkiv - Ukraine	Agricultural producer	-	100%
25	AF Barvenkovskaya LLC	BAR	Kharkiv - Ukraine	Agricultural producer	100%	100%
26	APK Ukraina Nova LLC	APK	Kharkiv - Ukraine	Service operating company	100%	100%
27	AF Podoljevskaja LLC	POD	Kharkiv - Ukraine	Agricultural producer	100%	100%
28	FG Podoljevskaja	POD	Kharkiv - Ukraine	Service operating company	100%	100%
29	AF Ukraina Nova LLC	UNA	Kharkiv - Ukraine	Agricultural producer	100%	100%
30	Lan LLC	LAN	Kharkiv - Ukraine	Agricultural producer	100%	100%
31	Vybor LLC (3)	VYB	Kharkiv - Ukraine	Agricultural producer	-	100%
32	Harmelia Trading LLC	HAR	Kharkiv - Ukraine	Trading company	100%	100%
33	Agro Dom Plus	AgroDom	Kharkiv - Ukraine	Service operating company	100%	100%
34	Register LLC	Registr	Kharkiv - Ukraine	Service operating company	100%	100%
35	Tornado Agro-holding PC	Tornado	Kharkiv - Ukraine	Service operating company	100%	100%

(1) As a result of Group restructuring starting from January, 2017 Zito Investments Limited and Haberly Properties are merged with Harmelia Investments Limited and Marrimore Holdings Ltd (correspondingly) and ceased to exist as separate legal entities.

(2) On January 16, 2017 the Group established legal entity APK Agroziom.

(3) In May 15, 2017 the Group sold Vybor LLC and Zachepylivske LLC