FINEXSI AUDIT

ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

AgroGeneration

Year ended December 31, 2015

Statutory auditors' report
on the consolidated financial statements

FINEXSI AUDIT
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S.A. au capital de € 57.803

Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

AgroGeneration

Year ended December 31, 2015

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of AgroGeneration;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in notes 3.1, 2.4 and 4.5 to the consolidated financial statements regarding:

- the macroeconomic environment in Ukraine and its potential evolutions that could negatively affect the operating results, as well as the financial situation of the group, in a manner that cannot be assessed yet (note 3.1 *Political risks in Ukraine*);

- application by the group starting from January 1, 2015 of revaluation model to its tangible assets situated in Ukraine as well the impacts of this revaluation on the financial statements of the group (notes 4.5 *Fair value of fixed assets* and note 2.4 *Revaluation of the fixed assets*).

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Note 4 to the consolidated financial statements presents the accounting estimates and judgments used by management, in particular those related to the fair value of biological assets in accordance with IAS 41 standard and the impairment test of intangible assets.

According to the information we received, our work consisted in verifying the data and assumptions on which these judgments and estimates are made, and performing a sample review of the calculation done by the group. We have also compared the accounting judgments and estimates related to the previous financial year to the present one, performed the review of the approval procedures and we verified that the notes to the financial statements give appropriate information on the hypotheses and options used by your group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

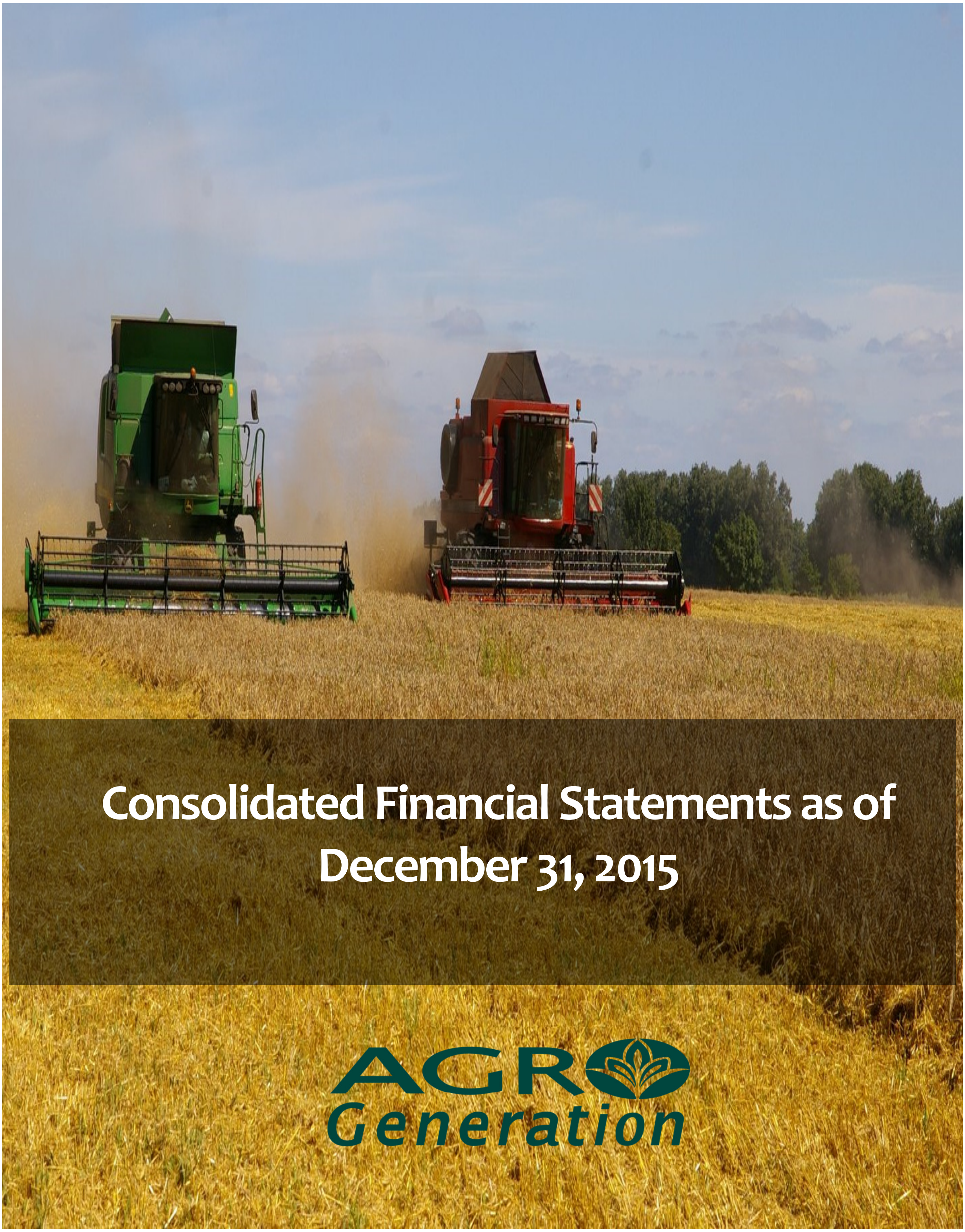
As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, April 29, 2016

The statutory auditors
French original signed by

FINEXSI AUDIT	ERNST & YOUNG et Autres
Olivier Péronnet	Jean-Christophe Goudard



Consolidated Financial Statements as of December 31, 2015

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Consolidated statement of financial position

(in thousands of Euros)

Assets	***Note***	**December 31, 2015**	**December 31, 2014**
Non-current assets		**81 428**	**63 560**
Intangible assets and leasehold rights	*8*	37 922	40 876
Property, plant and equipment	*9*	43 070	22 181
Financial assets	*10*	245	275
Biological assets	*13*	191	228
Deferred tax assets	*11.2*	-	-
Current Assets		**52 498**	**35 323**
Inventories	*12*	14 251	10 916
Financial assets	*10*	16 173	1 798
Biological assets	*13*	14 491	12 093
Trade and other receivables	*14*	3 652	5 101
Cash and cash equivalents	*15*	3 931	5 415
Total assets		**133 926**	**98 883**

Equity and Liabilities	***Note***	**December 31, 2015**	**December 31, 2014**
Equity		**69 462**	**6 569**
Share capital	*17*	4 925	4 618
Share premium	*17*	168 955	166 468
Other reserves		(59 421)	(101 199)
Retained earnings		(39 790)	(18 275)
Revaluation reserves		38 835	-
Currency translation differences		(36 114)	(23 378)
Net Income		(7 928)	(21 665)
Non-controlling interests		-	-
Non-current liabilities		**14 460**	**58 362**
Provisions	*18*	-	-
Non-current borrowings	*16*	14 282	58 362
Deferred tax liabilities	*11.2*	178	-
Current liabilities		**50 004**	**33 952**
Provisions	*18*	-	-
Current borrowings	*16*	40 265	24 241
Trade and other payables	*19*	8 277	8 894
Current income tax liability		1 462	817
Total equity and liabilities		**133 926**	**98 883**

Consolidated income statement

(in thousands of Euros)	Note	2015	2014
Revenue	21	**58 861**	**64 620**
Change in fair value of biological assets and finished goods	13	18 921	12 732
Cost of sales	22	(53 814)	(55 679)
Gross profit / (loss)		**23 968**	**21 673**
Selling, general and administrative expenses	22	(13 417)	(14 647)
Other income and expenses	23	855	6 085
Profit before interest and tax		**11 406**	**13 111**
Financial net expenses	24	(19 556)	(36 190)
Income tax expense	11.1	222	(15)
Profit / (loss) from continued operations		**(7 928)**	**(23 094)**
Profit after tax from discontinued operations (attributable to the Group)		-	1 429
Profit / (loss) for the period from continued and discontinued operations (attributable to the Group)		**(7 928)**	**(21 665)**
Non-controlling interests		-	-
Profit / (loss) for the period		**(7 928)**	**(21 665)**
Profit / (Loss) attributable to equity holders of the company (€, 000)		(7 928)	(21 665)
Weighted average number of ordinary shares		93 449 133	91 927 864
Basic earnings / (loss) per share (in Euros per share)	25	**(0,08)**	**(0,24)**
Profit / (loss) attributable to equity holders of the company after dilution (€, 000)		(7 928)	(21 655)
Weighted average number of ordinary and potential shares		93 449 133	91 927 864
Diluted earnings / (loss) per share (in Euros per share)	25	**(0,08)**	**(0,24)**

Consolidated statement of comprehensive income

(in thousands of Euros)	2015	2014
Profit / (loss) for the period	**(7 928)**	**(21 665)**
Items non-recyclable in income, net of tax	**38 985**	**-**
Gains on Property, plant and equipment revaluation	38 985	-
Items recyclable in income, net of tax	**(12 736)**	**(22 791)**
Currency translation differences	(12 736)	(22 791)
Total comprehensive income of the period	**18 321**	**(44 456)**

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Share premium	Other reserves	Retained earnings	Revaluation reserves***	Currency translation differences*	Total, Group share	Non-controlling interest	Total equity
Balance as of December 31, 2013	**4 618**	**166 468**	**(101 169)**	**(18 275)**	**-**	**(587)**	**51 055**	**-**	**51 055**
Issue of new shares	-	-	-	-	-	-	-	-	-
Change in scope	-	-	12	-	-	-	12	-	12
Currency translation differences	-	-	-	-	-	(22 791)	(22 791)	-	(22 791)
Shared-based payments	-	-	(4)	-	-	-	(4)	-	(4)
Own shares	-	-	(38)	-	-	-	(38)	-	(38)
Net Income / (loss) for the year	-	-	-	(21 665)	-	-	(21 665)	-	(21 665)
Balance as of December 31, 2014	**4 618**	**166 468**	**(101 199)**	**(39 940)**	**-**	**(23 378)**	**6 569**	**-**	**6 569**
Issue of new shares**	307	2 487	-	-	-	-	2 794	-	2 794
Issue of OSRANE**	-	-	41 759	-	-	-	41 759	-	41 759
Change in scope	-	-	(3)	-	-	-	(3)	-	(3)
Other comprehensive income/(expense)	-	-	-	-	38 985	(12 736)	26 249	-	26 249
Transfer from other comprehensive income to retained earnings****	-	-	-	150	(150)	-	-	-	-
Own shares	-	-	22	-	-	-	22	-	22
Net Income / (loss) for the year	-	-	-	(7 928)	-	-	(7 928)	-	(7 928)
Balance as of December 31, 2015	**4 925**	**168 955**	**(59 421)**	**(47 718)**	**38 835**	**(36 114)**	**69 462**	**-**	**69 462**

(*) Currency translation differences

Significant devaluation of Ukrainian hryvnia in 2014 and 2015 had significant impact on assets and liabilities of the Consolidated Financial Statements.

The negative impact of currency translation differences for 2015 amounts to €**12 736** and is composed of:

€ 24 961k 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 24).

€ 307k gain due to translation difference on ***current year income*** arising from the difference between average and closing rate (24,19 UAH/ EURO and 26,22 UAH/EURO respectively).

€ 11 918 K gain due to translating the opening net assets at a closing rate (26,22 UAH/EURO) that differs from the previous closing rate (19,23 UAH/EURO): the gain is due to the fact that retained earnings of Ukrainian entities are negative.

(**) OSRANE issue

During the year ended December 31, 2015 the Group issued OSRANE for a total amount of €59,6 m (net of issuance costs), which resulted in the increase of equity by 44,6 m.

(***) Revaluation reserves

Relates to the revaluation fixed assets, the impact of this revaluation recognised in other comprehensive income amounts to €39 m (cf. Note 2.4).

(****) Represent revaluation surplus related to the fixed assets disposed in 2015.

Consolidated cash flow statement

(in thousands of Euros)	Note	2015	2014
Profit / (loss) for the period		**(7 928)**	**(23 094)**
Depreciation on fixed assets		7 037	7 294
Provisions*		-	(546)
Capital (gains) / losses from disposals*		113	398
Net financial (income) / loss	24	19 556	36 190
Deferred and income taxes (income) / expense		(222)	15
Impairment of finished goods inventory		-	(363)
Biological assets and finished goods fair value decrease / (increase)		(6 048)	(2 169)
Impairment of fixed assets	23	1 385	-
Other (income) / expense with no cash impact		(8)	58
Cash flow from operating activities		**13 885**	**17 783**
Trade and other payables (decrease) / increase**		2 086	4 286
Inventories decrease / (increase)		(10 495)	(4 656)
Biological assets cost decrease / (increase)		4 380	1 952
Trade and other receivables decrease / (increase) ***		(140)	(713)
Income tax paid		-	(16)
Working capital variation		**(4 169)**	**853**
Net operating cash flow		**9 716**	**18 636**
Cash flow from investing activities			
Acquisition of subsidiaries		(3)	-
Purchase of property, plant and equipment		(1579)	(2 325)
Purchase of intangible assets		(55)	(64)
Purchase of financial assets****		(1 144)	(2 030)
Disposal of subsidiaries		-	1 284
Disposal of property, plant and equipment		136	84
Disposal of intangible assets		-	-
Disposal of financial assets		39	73
Net investing cash flow		**(2 606)**	**(2 978)**
Cash flow from financing activities			
Purchase/sale of treasury shares		22	93
Issue of OSRANE (net of issuance costs)		1 858	-
Pledged term deposits decrease / (increase)	10	(14 367)	-
Proceeds from borrowings		31 953	41 649
Repayment of borrowings		(16 268)	(37 781)
Gain / (losses) from realised foreign exchange	24	(2 491)	(12 330)
Paid interests		(8 298)	(6 568)
Net cash generated from financing activities		**(7 591)**	**(14 937)**
Effects of exchange rate changes on cash and cash equivalents		(1003)	(2 531)
Net movement in cash and cash equivalents		**(1 484)**	**(1 810)**
Cash and cash equivalents at beginning of period	15	**5 415**	**7 225**
Cash and cash equivalents at end of period	15	**3 931**	**5 415**

** The operating cash flows for 2014 included the impact of disposal of operations in Argentina of €1 018k, represented by provision write back of € 2 500k and € 1 482k of actual loss from the deal.*

*** In the consolidated balance sheet, the accounts receivable as of December 31, 2015 include prepayments made to suppliers of the Group in connection with inputs for the 2016 harvest. In the consolidated cash flow statement, the variation in prepayments to suppliers (negative cash flow / increase in receivable), which stands at €581k, not inclusive of exchange rate effects, is presented as a change in accounts payable.*

**** In the consolidated balance sheet, the accounts payable as of December 31, 2015 include prepayments received from Group customers in respect of upcoming deliveries at the beginning of 2016. In the consolidated cash flow statement, the change in customer prepayments (positive cash flow / increase in debt), which amounts to € 174k, not inclusive of exchange rate effects, is presented as a change in accounts receivable.*

*****The figures of 2014 include € 2001k of increase in pledged deposits. Starting from 2015, cash flow from decrease/increase of pledged deposits are presented in the cash flow from financing activities*

Notes to the Consolidated Financial Statements

The Consolidated Financial Statements of the AgroGeneration Group (“AgroGeneration”, “the Group” or “the Company”) for the year ending December 31, 2015 were authorized for issue by the Board of Directors on 19 April, 2016. 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 year ended December 31, 2015 include the accounts of AgroGeneration SA and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence. Please refer to the Note 30 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 18 rue Pasquier, 75008 Paris.

The information on ownership and governance is presented in the Note 28.1.

2. Major events of the period

2.1. Debt restructuring by issuing Subordinated Bonds Redeemable into New or Existing Shares (OSRANE)

AgroGeneration announced on 30 December 2014 its ***plan on debt restructuring*** which consisted in:

- redemption of the listed and non-listed bonds of the Company into Subordinated Bonds Redeemable into New or Existing Shares (OSRANE); and
- amendment of the loan granted by the European Bank for Reconstruction and Development ("EBRD") mainly consisting in waiving the ongoing breaches of financial ratios, an extension of the maturity of the loan granted and a reset of the financial ratios for the future (c.f. Note 2.2)

Being unable to obtain the unanimous consent of the holders of listed bonds, AgroGeneration filed for an Accelerated Financial Safeguard Procedure with the Paris Commercial Court on 15 January 2015. The court announced the procedure opened on 22 January 2015 and issued the decision approving the Financial Safeguard Plan on 27 February 2015.

During the year ended at December 31, 2015 the Group issued 625 753 OSRANE ("Obligations Subordonnées Remboursables en Actions Nouvelles ou Existantes") with a nominal value of €100 per OSRANE and a coupon interest of 8% payable semi-annually (on the 1st of April and 1st of October).

The issuance was settled partly in cash, €4 878 200, and partly, €57 697 100, against existing receivables including those of listed bondholders (€ 21,1 m), Konkur Investments Limited (€ 36 m), and other current liabilities (€ 0,6 m).

The OSRANE will be redeemed at maturity, on 1 April 2019, into 192 new or existing shares per OSRANE. At each coupon payment date, the bondholders might opt for early redemption and will be entitled to bonus shares (additional four shares per OSRANE and per each remaining half year). The maximum number of shares at early redemption is limited to 216 shares per OSRANE, as of March 31, 2016.

On 30 September 2015 some bondholders of OSRANE opted for early redemption. As a result 27 943 OSRANE subordinated bonds were exchanged for 6 147 460 shares and resulted in increase of capital by € 2.8 m (Note 17).

The OSRANE bonds are traded on the regulated market of Alternext Paris under the ISIN code: FR0012600872.

Recognition of OSRANE in the Consolidated Financial Statements as of 31 December 2015

OSRANE are recognised as ***compound financial instruments*** according to IFRS 32.28 "Financial instruments" comprising a <u>*debt component*</u> (repayment of coupon interest over 4 years) and an <u>*equity component*</u> for the remaining balance.

(in thousands of Euros)	*Nominal amount*	*Carrying amount at recognition date*
Issued OSRANE	62 575	
Issuance costs	(3 020)	
Debt component		15 599
Equity component		43 956
TOTAL	**59 555**	**59 555**

As at December 31, 2015 the carrying amount of the debt component (including accrued interest) is €12 704k (Cf. Note 16).

The present value of the debt component is calculated using a discount rate of 15%. The debt is amortised over 4 years using the effective average interest rate of 18,4% (this effective interest rate takes into account the issuance costs allocated to the debt and actual cash flow).

As of December 31, 2015 the debt of OSRANE within 1 year amounts to € 4 074k (cf. Note 16).

2.2. Amendment of EBRD loan

On 15 January 2015, the Group signed an amendment to the loan agreement with effective date on 31 March 2015 which included the following major changes:

- Postponing loan repayment schedule for a year (new terms: ten equal semi-annual instalments starting on the 1st March 2016 with the final repayment on 3 September 2020);
- Updating definitions and ratio calculations for covenants;
- Increasing of fixed part of interest rate from 8% to 8.5%.

2.3. Agroholding Tornado

A General Agreement was signed on February 2015 to acquire Agroholding Tornado, the owner of a grain elevator with a storage capacity of 39,100 tons. This acquisition was being financed with operating cash flow by monthly instalments.

By the end of the year 2015, the Group, considering that a number of underlying conditions which motivated the deal were no more completed at year end, decided to take no risk and cancel the deal. The down-payments (€0,7m) were written off as of 31 December 2015. The company is not exposed to any further risk related to this operation.

2.4. Revaluation of the fixed assets

The Group performed revaluation of all classes of tangible assets situated in Ukraine. In 2015 the revaluation was performed by independent appraiser as of January 1, 2015 and as of December 31, 2015. The fair value was determined in Ukrainian hryvnia and American dollar and accounted by the Ukrainian entities in their functional currency.

As of December 31, 2015, the total net impact from both revaluations (before tax) amounted to € 38,2m which included the increase of fair value for some assets by € 39,9m, recognised directly in other comprehensive income, and decrease for the other assets by €1,6m, recognised in the income statement (Cf Note 23). The details of both revaluations by class of asset are presented below:

(in thousands of Euros)	*Increase in value*	*Decrease in value*	*Net impact from revaluation*
Buildings	14 228	(746)	13 482
Machinery and equipment (including leasing)	24 950	(487)	24 463
Other tangible assets	669	(293)	376
Tangible assets in progress	43	(116)	(73)
Impact of revaluation as of December 31, 2015	**39 890**	**(1 642)**	**38 248**
Deferred tax on revaluation	(905)	-	**(905)**
Net impact of revaluation as of December 31, 2015	**38 985**	**(1 642)**	**37 343**

Tax impact of revaluation resulted in the initial recognition of the Deferred Tax Liability amounting to € 905k. These liabilities were recognised by the Ukrainian entities which are subject to the income tax. Part of these companies accumulated tax losses which can be off-set against future taxable profits, to reflect this, a Deferred Tax Asset has also been recognized for the amount of €727 k (Cf. Note 11.2).

Had the Group's fixed assets been measured on a historical cost basis, their carrying amount would have been as follows:

(in thousands of euros)	
Group of property, plant and equipment	**December 31, 2015**
Buildings	5 500
Machinery and equipment and others	7 956
Tangible assets in progress	152
Total	**13 608**

2.5. Share Warrants Issue

The 57 264 394 warrants issued to Konkur according to the terms of the agreement of merger with Harmelia (cf. Note 16 of Consolidated Financial Statements as of December 31, 2014) will not be exercisable and henceforth were cancelled in 2015.

On June 25, 2015 the Company held an Ordinary and Extraordinary General Shareholders’ Meeting which authorised the Board of Directors to issue warrants with cancellation of the preferential subscription rights in favour of Konkur Investments Limited. The Board of directors held on September 30, 2015 decided to issue in favour of Konkur 1 379 487 warrants for prices ranging from € 1,79 up to € 2,5.

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, high inflation, and significant imbalances in the public finance and foreign trade.

In 2015, Ukrainian political and economic situation continued to deteriorate significantly. The political and social unrest, which began in late 2013 and developed in 2014, combined with regional tensions led to the secession of the Autonomous Republic of Crimea to the Russian Federation, full-fledged armed confrontations with separatists in certain parts of the Donetsk and Lugansk regions, ultimately, to the significant deterioration of the political and economic relations of Ukraine with the Russian Federation. These factors have contributed to the decline of key economic indices, increase of the state budget deficit, depletion of the NBU's foreign currency reserves and, as a result, further downgrading of the Ukrainian sovereign debt credit ratings.

To date, the country's political and economic situation is slowly improving. The conflict zone seems to be frozen with no notable military activity. As well, following an agreement with its principal creditors, Ukraine obtained a USD 17 billion loan from the IMF this summer, an encouraging sign for the country's recovery. More recently, the Standard & Poors rating agency upgrade its rating from CCC+ to B-.

From January 1, 2015 till December 31, 2015, the Ukrainian Hryvnia (the "UAH") depreciated against US Dollar by approximately 50% and against EURO by approximately 35% calculated based on the National Bank of Ukraine (the "NBU") exchange rate of UAH to US Dollar and EURO. The NBU imposed certain restrictions on purchase of foreign currencies, cross border settlements, and also strengthened requirements on obligatory conversion of foreign currency proceeds into UAH.

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 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 the Government and securing continued financial support of Ukraine by international donors and international financial institutions.

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 December 31, 2015, the carrying value of the Group's assets located in the Kharkiv oblast is €45,4 m. Sowings of the Group in 2016 in Kharkiv oblast represents 63 278 ha.

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. To that respect and as indicated in the Events after the balance sheet date (note 5.1), the special VAT regime in the agricultural sector is expected not to be extended after 2016.

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 hryvnia continued its decline till 24 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 December 31, 2015, 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 year would have been € 528k (2014 — € 792k) higher/lower.

Foreign currency exchange rate sensitivity analysis

The Group's foreign currency denominated monetary assets and liabilities as of December 31, 2015 consist of US dollar denominated loans and other debts. Other monetary assets and liabilities are not significant.

At December 31, 2015, if the USD had weakened/increased by 10 per cent with all other variables held constant, pre-tax profit for the year would have been € 2 536k 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. By December 2015 the Group obtained the refinancing of 2015/2016 campaign from Alfa-Bank Ukraine for the maximum amount of $35m.

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 Financial Statements in conformity with IFRS 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 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).

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 December 31, 2015, would have been by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 2 719 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 re-valued 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 of 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 26 "Share-based compensation".

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. An external independent appraiser estimated the fair value of buildings, constructions, machinery and equipment and other assets located in Ukraine as at December 31, 2015. Previous valuation was performed as at January 1, 2015.

5. Events after the balance sheet date

5.1. Changes in the privileged VAT regime for agricultural companies

On December 24, 2015 the Parliament of Ukraine adopted the Law "On amending the Tax Code of Ukraine and certain other legislative acts of Ukraine in respect of ensuring the balanced budget revenues in 2016". Tax changes are effective from January 1, 2016. According to the Law, privileged VAT regime for agricultural companies will be cancelled starting from January 1, 2017. For 2016 it is effective, but agricultural crop producers can retain only 15% of the net VAT payable at the special account as opposite to 100% in 2014-2015 (Note 6.12 (b)).

5.2. Damage of winter crops

In March 2016 due to the unfavorable weather conditions the Group identified damage of certain area of winter wheat and winter rapeseed. The potential effect of this damage has been taken into account in the assessment of the input yields used in the fair value measurement model for biological assets as at December 31, 2015.

5.3. Early redemption of OSRANE bonds into shares

On March 30, 2016 some bondholders of OSRANE opted for early redemption. As a result 3 728 OSRANE subordinated bonds were exchanged for 805 248 shares. AgroGeneration's share capital is made up of 99,314,636 shares.

6. Summary of significant accounting policies

The principal accounting policies applied are summarized below.

6.1. Basis of preparation

AgroGeneration's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU) as of December 31, 2015. They comprise (i) the IFRS, (ii) the International Accounting Standards (IAS) and (iii) the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The Group's Consolidated Financial Statements include the Financial Statements of AgroGeneration and those of all its subsidiaries as of December 31, 2015. The Financial Statements of the subsidiaries are prepared for the same accounting period as those of the parent company and are based on the same accounting policies.

The IFRS accounting policies used by AgroGeneration in the preparation of these Consolidated Financial Statements as of December 31, 2015 are the same as for 2014 ones presented, except for those pertaining to the effect of the new or amended standards or interpretations detailed below.

(a) Standards and amendments for mandatory application in the European Union for financial year ended December 31, 2015

- IFRIC Interpretation 21 Levies
- Annual Improvements to IFRSs 2011–2013 Cycle

The application of these standards and amendments has had no significant impact on the Group's accounts as of December 31, 2015.

(b) Standards and Interpretations published by IASB and approved by the EU (application of the following texts published by the IASB is not yet mandatory for financial periods ended December 31, 2015)

The Group financial statements for the year ended December 31, 2015 do not include any potential impacts from the standards, interpretations and amendments endorsed by the EU as of December 31, 2015 for which adoption is only mandatory as of fiscal years beginning after December 31, 2015.

- 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

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

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

- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- 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

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 is 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 December 31, 2015.

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.

(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 December 31, 2015) 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:

	December 31, 2015		December 31, 2014	
Monetary unit per € 1	**Average**	**Closing**	**Average**	**Closing**
Ukrainian Hryvnia (UAH)	24,1905	26,2231	15,6833	19,2329
American Dollar (USD)	1,1110	1,0926	1,3287	1,2197

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.

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 6,5 years as of December 31, 2015.

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 December 31, 2015, 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 13).

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 December 31, 2015 are 33,33% in France, 18% in Ukraine (see (b) Agricultural tax schemes for agricultural concerns in Ukraine) and 12,5% in Cyprus.

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 and privileged VAT regime as described below.

- 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".
- Privileged VAT regime:
  - Revenues expenses and assets are recognized net of VAT, except where the VAT incurred on purchase of assets or services is not recoverable from tax authorities, in which case the VAT is recognized as part of the acquisition cost of the assets or as part of the expense item as applicable. Receivables, payables, prepayments made and advances received are stated with the VAT amounts included.

  - The net amount of VAT recoverable from or payable to the tax authorities is recorded in a specific account as part of other current assets or liabilities in the statement of financial position.

  - The entities eligible to the privileged VAT regime transfer net VAT payable to special restricted accounts and are allowed to use the funds accumulated on these accounts for the purchase of goods and services related to their agricultural activities, rather than remitting such amounts to the state budget, as other taxpayers are required to do. At the same time, such entities are not allowed to claim net VAT credit for refund from the state budget. The net amount of VAT payable, established at the entity level, is recorded as deferred income on government grants in the statement of financial position until the moment the respective entity incurred qualifying expenses, upon which the related amount was recognized in profit and loss as income from government grants.

Among the 25 legal entities that the Group controls in Ukraine in as of December 31, 2015, 15 are involved in agricultural production and are eligible for the special tax arrangements for agricultural companies in Ukraine in 2015.

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 16) 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

After the disposal of operations in Argentina occurred in 2014 (cf. Note 2.1 in Consolidated Financial statements as of December 31, 2014), the Group has one operating segment in Ukraine, which is composed of 25 agricultural legal entities operating around 120,000 hectares of farmland.

Furthermore, all operating and financing decisions are taken on the basis of agricultural season performances. Therefore, the Group presents contribution of each agricultural season (harvest) to the gross margin for the period.

(in thousands of Euros)	Financial year 2015							
	Crops							
	Harvest 2013	Harvest 2014	Harvest 2015	Harvest 2016	Total crops result	Livestock	Services & Other	Total result
Revenue	-	**2 062**	**55 089**	-	**57 151**	**308**	**1 402**	**58 861**
Cost of sale	-	(1 080)	**(51 154)**	-	**(52 234)**	(457)	(1 123)	(53 814)
Change in fair value of Biological Assets and finished goods	-	-	**14 092**	4 864	**18 956**	(35)	-	18 921
Gross Margin	-	**982**	**18 027**	**4 864**	**23 873**	**(184)**	279	**23 968**

(in thousands of Euros)	Financial year 2014							
	Crops							
	Harvest 2013	Harvest 2014	Harvest 2015	Harvest 2016	Total crops result	Livestock	Services & Other	Total result
Revenue	**3 931**	**58 988**	-	-	**62 919**	**399**	**1 302**	**64 620**
Cost of sale	(3 873)	(50 154)	-	-	(54 027)	(642)	(1 010)	(55 679)
Change in fair value of Biological Assets and finished goods	-	11 987	894	-	12 881	(149)	-	12 732
Gross Margin	**58**	**20 821**	**894**	-	**21 773**	**(392)**	**292**	**21 673**

8. Intangible fixed assets and land leases

(in thousands of Euros)	Gross value				Depreciation				Net value			
	Good-will (1)	Lease-hold rights (2)	Others (3)	Total	Good-will	Leasehold rights	Others	Total	Good-will	Leasehold rights	Others	Total
December 31, 2013	**34 350**	**15 072**	**816**	**50 238**	**-**	**(1 358)**	**(257)**	**(1 615)**	**34 350**	**13 714**	**559**	**48 623**
Change in scope	-	-	4	**4**	-	-	-	**-**	-	-	4	**4**
Purchases of assets	-	-	64	**64**	-	-	-	**-**	-	-	64	**64**
Depreciation	-	-	-	**-**	-	(1 694)	(99)	**(1 793)**	-	(1 694)	(99)	**(1 793)**
Exchange rate differences	(285)	(6 472)	(246)	**(7 003)**	-	892	90	**982**	(285)	(5 580)	(156)	**(6 021)**
Disposals of assets	-	-	(19)	**(19)**	-	-	18	**18**	-	-	(1)	**(1)**
Other transactions	-	124	(149)	**(25)**	-	-	25	**25**	-	124	(124)	**-**
December 31, 2014	**34 065**	**8 724**	**470**	**43 259**	**-**	**(2 160)**	**(223)**	**(2 383)**	**34 065**	**6 564**	**247**	**40 876**
Change in scope	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Purchases of assets	-	-	55	**55**	-	-	-	**-**	-	-	55	**55**
Depreciation	-	-	-	**-**	-	(1 098)	(74)	**(1 172)**	-	(1 098)	(74)	**(1 172)**
Exchange rate differences	(102)	(2 326)	(80)	**(2 508)**	-	661	31	**692**	(102)	(1 665)	(49)	**(1 816)**
Disposals of assets	-	-	(38)	**(38)**	-	-	17	**17**	-	-	(21)	**(21)**
Other transactions	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
December 31, 2015	**33 963**	**6 398**	**407**	**40 768**	**-**	**(2 597)**	**(249)**	**(2 846)**	**33 963**	**3 801**	**158**	**37 922**

(1) The goodwill as at December 31, 2015 is composed of:

- € 245K the goodwill arising from acquisition of Barvenkovskaya
- € 36K the goodwill arising from acquisition of Vybor
- €33 682K the goodwill arising from the consolidation of the ex-AgroGeneration Group on October 11, 2013

Goodwill - Impairment test

The group tests annually whether goodwill has suffered any impairment. Cash-generating unit (CGU) for the goodwill impairment test was determined to be equal to the operating segment "Ukraine" (Note 7).

The *recoverable amounts* of cash-generating units have been determined based on value-in-use calculations. Value in use was determined using the method of discounted cash flows (DCF) based on operational forecasts.

The main assumptions and the total amount recoverable obtained were compared with Market Capitalization for the reasonableness check.

The estimate was based on the specific *key assumptions* below, which represent the current best estimate by management at the date of these consolidated financial statements:

- The cash flow forecasts for the next five financial years relies on the 2016 budget,
- In the absence of long-term financial reference, the expected cash flows generated beyond the planning horizons are planned using the last year of the planning horizon,

- Cash flows were discounted at the rate of 13,25%, representing the WACC of the Group,
- A terminal growth of 1.5% has been used for the calculation of terminal values as of December 31, 2020.

Sensitivity analysis has been performed, especially on WACC, terminal growth and prices and cost of production assumptions. No reasonable change in the assumptions would generate a risk of impairment.

(2) Leasehold rights

As of December 31, 2015 the net carrying amount of land lease rights represents €3 801K which mostly arose from Purchase Price Allocation of fair value of AgroGeneration to the land lease agreements.

Total land bank of AgroGeneration included in the leasehold rights consists of c. 63 000 ha.

(3) Other intangible assets include administrative software.

9. Property, plant and equipment

(in thousands of Euros)	**Gross value**				**Depreciation**			**Net Book Value**			
	Build-ings	**Agricultu-ral machinery and others**	**Construction in progress and prepayments**	**Total**	**Build-ings**	**Agricultu-ral machinery and others**	**Total**	**Build-ings**	**Agricultu-ral machinery and others**	**Construction in progress and prepayments**	**Total**
December 31, 2013	**17 286**	**40 886**	**878**	**59 050**	**(2 070)**	**(12 027)**	**(14 097)**	**15 216**	**28 859**	**878**	**44 953**
Change in scope	-	37	(10)	**27**	-	(21)	**(21)**	-	16	(10)	**6**
Purchases of assets	248	1 884	131	**2 263**	-	-	-	248	1 884	131	**2 263**
Depreciation	-	-	-	-	(1 135)	(5 047)	**(6 182)**	(1 135)	(5 047)	-	**(6 182)**
Exchange rate differences	(7 546)	(18 587)	(285)	**(26 418)**	1 239	6 920	**8 159**	(6 307)	(11 667)	(285)	**(18 259)**
Disposals of assets	(176)	(456)	(12)	**(644)**	21	197	**218**	(155)	(259)	(12)	**(426)**
Other movements	51	59	(319)	**(209)**	21	14	**35**	72	73	(319)	**(174)**
December 31, 2014	**9 863**	**23 823**	**383**	**34 069**	**(1 924)**	**(9 964)**	**(11 888)**	**7 939**	**13 859**	**383**	**22 181**
Change in scope	-	-	-	-	-	-	-	-	-	-	-
Revaluation to fair value	13 482	24 839	(73)	**38 248**	-	-	-	13 482	24 839	(73)	**38 248**
Impact of revaluation on depreciation	(3 113)	(14 943)	-	**(18 056)**	3 113	14 943	**18 056**	-	-	-	-
Purchases of assets	388	1 149	52	**1 589**	-	-	-	388	1 149	52	**1 589**
Depreciation	-	-	-	-	(1 293)	(5 483)	**(6 776)**	(1 293)	(5 483)	-	**(6 776)**
Exchange rate differences	(4 636)	(7 831)	(76)	**(12 543)**	100	423	**523**	(4 536)	(7 408)	(76)	**(12 020)**
Disposals of assets	(50)	(159)	(1)	**(210)**	4	55	**59**	(46)	(104)	(1)	**(151)**
Other movements	122	11	(134)	**(1)**	-	-	-	122	11	(134)	**(1)**
December 31, 2015	**16 056**	**26 889**	**151**	**43 096**	**-**	**(26)**	**(26)**	**16 056**	**26 863**	**151**	**43 070**

At December 31, 2015, total net value of property, plant and equipment acquired under finance leases amounted to €4,2 million (December 31, 2014: €4,3 million).

The total net carrying amount of tangible assets pledged as of December 31, 2015 amounts to €13 326k (€ 4 658k pledge on buildings, and € 8 668k pledge on agricultural machinery and other tangible fixed assets).

In 2015 the revaluation of the tangible assets was performed by an independent appraiser (c.f. Note 2.4).

10. Financial assets

	Non-current			Current	Total
(in thousands of Euros)	**Non-consolidated subsidiaries (1)**	**Other financial assets (2)**	**Term deposit (3)**	**Other financial assets (4)**	
December 31, 2013	**192**	**202**	**-**	**-**	**394**
Change in scope	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
Purchases of financial assets	-	29	2 001	-	**2030**
Disposals of financial assets	-	(73)	-	-	**(73)**
Other transactions	-	(5)	-	-	**(5)**
Exchange rate difference	(70)	-	(203)	-	**(273)**
Depreciation	-	-	-	-	-
December 31, 2014	**122**	**153**	**1 798**	**-**	**2073**
Change in scope	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
Purchases of financial assets	-	34	16 792	1 089	**17 915**
Disposals of financial assets	-	(39)	(2 425)	-	**(2 464)**
Other transactions	-	-	-	-	-
Exchange rate difference	(25)	-	(997)	(84)	**(1 106)**
Depreciation	-	-	-	-	-
December 31, 2015	**97**	**148**	**15 168**	**1 005**	**16 418**

(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 December 31, 2015. Over the financial year 2015, and in the application of the liquidity contract, 929 000 securities were purchased at the average price of € 0,46 and 879 000 securities were sold at the average price of € 0,48.

As of December 31, 2015, the situation of the contract was as follows:

- 546 546 shares valued at € 224k (€ 0,41 / share) were owned by the Group under its liquidity contract (cf. Statement of change in consolidated shareholders' equity on page 7),
- The cash position available under this contract came to € 136k which was shown in "Other financial assets" in the above statement.

(3) As of December 31, 2015 the underlying amount is presented by €15 129k of term deposits and €39k 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 (cf. Note 16). They may be withdrawn after the repayment of the related loan tranches and are classified as "Financial assets (current)" (cf. Note 20).

(4) Other financial assets are presented by letter of credit.

11. Corporate income tax

11.1. Analysis of Income tax expense – Tax proof

Breakdown of income tax expense is presented below:

(in thousands of euros)	**December 31, 2015**	**December 31, 2014**
Current taxes	(566)	(15)
Deferred taxes	788	-
Income taxes from continued operations	**222**	**(15)**
Current taxes	-	(87)
Deferred taxes	-	(157)
Income taxes from discontinued operations	**-**	**(244)**
TOTAL income tax from continued and discontinued operations	**222**	**(259)**

The analysis of the income tax expense reveals the following factors:

(in thousands of euros)	December 31, 2015	December 31, 2014
Accounting profit before tax from continuing operations	(8 150)	(23 079)
Profit / (loss) before tax from discontinued operations	-	1 673
Accounting profit before tax	**(8 150)**	**(21 406)**
French corporate tax rate	33,33%	33,33%
Theoretical income tax (expense) / gain	**2 716**	**7 135**
Impact from:		
profit/(losses) of agricultural producers exempt from taxation in Ukraine (cf. Note 6.12)	1 359	(1 724)
unrecognised deferred tax assets and unused tax losses	(5 525)	(8 334)
permanent differences between accounting profit and taxable profit	2 514	7 530
used tax losses	788	
difference between French and foreign tax rates	(1 630)	(4 866)
Gain / (loss) out of effective taxation	**222**	**(259)**
Income tax expense reported in the consolidated income statement	222	(15)
Income tax attributable to discontinued operation	-	(244)

11.2. Deferred tax assets and liabilities

Most of the companies of the Group which are subject to income tax (Note 6.12) are in net deferred tax asset position due to accumulated tax losses. For reference, the total tax loss carry forward for AgroGeneration SA amounts to €29 926k as of December 31, 2015 and €27 096k as of December 31, 2014 (deferred tax asset €9 975k and €9 032k respectively). As well as for Ukrainian entities the total tax loss carry forward amounts to €21 542k as of December 31, 2015 and €3 471k as of December 31, 2014 (deferred tax asset €3 878k and €625k respectively)

As of December 31, 2015 the Group recognized EUR 727k of deferred tax assets in Ukrainian companies, which were offset with EUR 905k of deferred tax liabilities occurred on revaluation of fixed assets (Note 2.4). As a result of the above, as at December 31, 2015 the Group has Deferred Tax Liability of EUR 178k.

12. Inventories

	December 31, 2015			December 31, 2014		
(in thousands of Euros)	*Gross Value*	*Depreciation*	***Net value***	*Gross Value*	*Depreciation*	***Net value***
Raw materials and other supplies	3 404	(73)	**3 331**	2 469	(100)	**2 369**
Works in progress	6 793	-	**6 793**	6 069	-	**6 069**
Agricultural produce	4 127	-	**4 127**	2 478	-	**2 478**
Total	**14 324**	**(73)**	**14 251**	**11 016**	**(100)**	**10 916**

Raw materials and other supplies are inputs to be used in the agricultural campaign 2015/2016, including purchased seeds, fertilizers, fuel, spare parts and other suppliers. ***Work in progress*** includes costs accumulated before crop sowing.

As of December 31, 2015, ***agricultural produce*** representing €4 127 k, is mainly made up of 31,808 tons of grains from the 2014/2015 harvest (25 448 tons as of December 31, 2014).

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

As of December 31, 2015 2015 € 82.9k (320 tons) of raw materials and other supplies has been pledged for the trade financing credit facility (€ 59,4k (829 tons) of finished goods has been pledged for the trade financing credit facility as of December 31, 2014).

13. Biological assets

(in thousands of Euros)	December 31, 2015			December 31, 2014		
	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	-	-	-	12	-	12
Livestock	144	47	191	220	(4)	216
Total non-current biological assets	**144**	**47**	**191**	**232**	**(4)**	**228**
Current						
Crops in fields	9 380	4 916	14 296	11 346	585	11 931
Livestock	379	(184)	195	433	(271)	162
Total current biological assets	**9 759**	**4 732**	**14 491**	**11 779**	**314**	**12 093**
TOTAL BIOLOGICAL ASSETS	**9 903**	**4 779**	**14 682**	**12 011**	**310**	**12 321**

The Group's biological assets are cereals and oilseeds that are planted as of December 31, 2015 for harvest in the second half of 2016 in Ukraine. It also includes livestock consisting of milk and 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 December 31, 2015:

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

	December 31, 2015				December 31, 2014			
	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	38 850	4,3	134	9 518	45 750	4,6	120	8 001
Winter Barley	5 180	4,8	136	1 566	4 218	4,8	114	670
Winter Rapeseed	6 315	2,5	358	3 212	9 034	2,9	312	3 260
TOTAL	**50 345**			**14 296**	**59 002**			**11 931**

If the management team's assumptions as of December 31, 2015, would have been different by 10% better/lower, then the fair value of the biological assets and gross margin would increase/decrease by around € 2 719k.

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, 2014 and the December 31, 2015:

(in thousands of Euros)	**Crops**	**Livestock**	**TOTAL**
Book value as of December 31, 2013	**10 094**	**609**	**10 703**
Current Biological Assets	*10 073*	*325*	*10 398*
Non-current Biological Assets	*21*	*284*	*305*
Acquisition of subsidiaries	-	-	-
Acquisition of non-current biological assets	-	-	-
Reclassification of work in progress to biological assets	7 667	-	7 667
Costs incurred over the period	41 633	826	42 459
Biological assets decrease due to harvest	(54 643)	(642)	(55 285)
Gain/loss due to change in fair value	**12 881**	**(149)**	**12 732**
Impairment of biological assets	-	-	-
Exchange rate differences	(5 689)	(266)	(5 955)
Other movements	-	-	-
Book value as of December 31, 2014	**11 943**	**378**	**12 321**
Current Biological Assets	11 931	162	12 093
Non-current Biological Assets	*12*	*216*	*228*
Reclassification of work in progress to biological assets	4 825	-	4 825
Costs incurred over the period	39 702	609	40 311
Biological assets decrease due to harvest	(56 775)	(456)	(57 231)
Gain/loss due to change in fair value	**18 956**	**(35)**	**18 921**
Impairment of biological assets	(706)	-	(706)
Exchange rate differences	(3 649)	(110)	(3 759)
Other movements	-	-	-
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*

As of December 31, 2015 € 14 241k (50 236 ha) of biological assets have been pledged for the trade financing credit facility (€7 331k (38 409 ha) as of December 31, 2014) (cf. Note 16).

14. Trade and other receivables

(in thousands of Euros)	December 31, 2015	December 31, 2014
Trade receivables	1 228	993
Prepayments to suppliers (1)	726	287
Other receivables	510	1 325
Social and tax receivables (excl. VAT receivables)	127	169
VAT receivables (2)	903	1 417
Prepaid expenses	158	910
Trade and other receivables	**3 652**	**5 101**

(in thousands of Euros)	December 31, 2015	December 31, 2014
Currency:		
Denominated in EUR	248	236
Denominated in USD	876	1 227
Denominated in UAH	2 528	3 638
Trade and other receivables	**3 652**	**5 101**

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 2016 harvest.

(2) The VAT receivable of €903k includes:

€50k related to the Ukrainian entities enjoying special agricultural regime (Note 6.12 (b)).

€640k related to the Ukrainian entities that did not opt for the special tax scheme for agricultural producers. It represents input VAT received at purchases that has been declared and is to decrease future VAT obligations.

€213k related to the input VAT of AgroGeneration SA.

15. Cash and cash equivalents

(in thousands of euros)	December 31, 2015	December 31, 2014
Cash at bank and in hand	3 931	5 415
Investment securities	-	-
Cash and cash equivalents	**3 931**	**5 415**
Bank overdraft	-	-
Net cash & cash equivalent	**3 931**	**5 415**

The Cash and cash equivalents are denominated in the following currencies as of December 31, 2015:

	December 31, 2015	December 31, 2014
(in thousands of euros)	**Cash and cash equivalents**	**Cash and cash equivalents**
Currency :		
Denominated in EUR	2 557	48
Denominated in USD	1 071	2 602
Denominated in UAH	303	2 765
Total	**3 931**	**5 415**

16. Borrowings

(in thousands of euros)		December 31, 2015					December 31, 2014				
		Non-current	Current			TOTAL	Non-current	Current			TOTAL
		Borrow-ings	Borrow-ings	Interest	*Total*		*Borrow-ings*	Borrow-ings	Interest	*Total*	
OSRANE	(1)	**8 630**	2 869	1 205	**4 074**	**12 704**	-	-	-	-	-
Listed bonds		-	-	-	-	-	**19 784**		411	**411**	**20 195**
Konkur bonds		-	-	33	**33**	**33**	**32 795**		2 564	**2 564**	**35 359**
Financial lease	(2)	**527**	831	7	**838**	**1 365**	**1 191**	1 824	56	**1 880**	**3 071**
Bank borrowings	(3)	**5 125**	33 161	480	**33 641**	**38 766**	**4 592**	18 831	377	**19 208**	**23 800**
Other financial debt	(4)	-	1 658	21	**1 679**	**1 679**		159	19	**178**	**178**
Total borrowings		**14 282**	38 519	1 746	**40 265**	**54 547**	**58 362**	20 814	3 427	**24 241**	**82 603**

(1) The liability component of OSRANE (c.f. Note 2.1) was initially recognised at its fair value net of transaction costs and amounted to €15,6 m. As of December 31, 2015, the amortised cost amounts to €11,5 m and accrued interest to €1,2 m.

(2) Current and non-current lease payments are presented at the present value of the future minimum lease payments (cf. Note 27.2).

(3) Bank borrowings include borrowing from Alfa-Bank (€31,9 m), and EBRD (€6,4 m).

In the scope of the borrowings with Alfa-Bank, 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 13),
- Shares in Ukrainian and Cyprus subsidiaries
- Some of the inventories (cf Note 12)

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, Zito, Zeanovi, Azent and HAR, VYB, BAR, DON, NST, POD, AgroDom, ZACH, LAN, UNA, APK, ANN, AGZ, BUR are pledged to the benefit of Alfa Bank as part of loan agreement.

The loans granted by the Alfa-Bank are subject to covenants. The Group is not compliant with some of these covenants. The Group obtained a waiver relating to the breach of these covenants.

(4) Other financial debt relate to the borrowings from a private investor (€0.6 m) and related party SBT Investment (€1 m).

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

(in thousands of euros)	2016	2017	2018	2019 and after	Total
OSRANE	4 074	3 421	4 092	1 117	12 704
Konkur bonds	33	-	-	-	33
Financial lease	838	318	148	61	1 365
Bank borrowings	33 641	1 281	1 281	2 563	38 766
Other financial debt	1 679	-	-	-	1 679
Total borrowings	**40 265**	**5 020**	**5 521**	**3 741**	**54 547**

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

(in thousands of euros)	December 31, 2015 Variable	December 31, 2015 Fixed	December 31, 2014 Variable	December 31, 2014 Fixed
OSRANE	-	11 499	-	-
Bonds	-	-	-	52 579
Bank borrowings	6 362	31 924	5 684	17 739
Financial lease	694	664	1 291	1 724
Other financial debt	-	1 658	-	159
Total borrowings	**7 056**	**45 745**	**6 975**	**72 201**

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

(in thousands of euros)	December 31, 2015	December 31, 2014
Currency:		
EUR	13 006	21 117
USD	41 541	61 484
UAH	-	2
Total borrowings	**54 547**	**82 603**

The average interest rates of the Group by currency are:

Currency	December 31, 2015	December 31, 2014
EUR	8,4%	8,4%
USD	12.8%	10,6%
UAH	-	-

17. Share Capital

	Share capital in euros	Number of shares	Share premium in euros
December 31, 2013	**4 618 096**	**92 361 928**	**166 467 669**
Additional shares issued	-	-	-
December 31, 2014	**4 618 096**	**92 361 928**	**166 467 669**
Additional shares issued (OSRANE redemption)	307 373	6 147 460	2 486 927
December 31, 2015	**4 925 469**	**98 509 388**	**168 954 596**

Instruments in circulation as of December 31, 2015

As of December 31, 2015 the financial instruments in circulation and the respective numbers of shares that could be issued by exercise of these instruments are presented below:

	Number of instruments	Potential additional shares
BSPCE	5 327	106 540
Stock-options	1 317 833	1 317 833
EBRD warrants	850 000	850 000
OSRANE (1)	597 810	129 126 960
Konkur warrants	1 379 487	2 519 544
Total number of potential additional shares		**133 920 877**

(1) The number of OSRANE potential additional shares is calculated considering 216 shares per OSRANE (the number maximum which could be redeemed on December 31, 2015).

18. Provisions

(in thousands of euros)	Provisions for litigation	Provisions for liabilities and expenses	Provisions for restructuring	Total
December 31, 2013	**559**	**4**	**100**	**663**
Additionnal	-	-	-	-
Reversal (used)	(163)	-	(100)	**(263)**
Reversal (unused)	(279)	(4)	-	**(283)**
Change in perimeter	-	-	-	-
Other variations	-	-	-	-
Exchange rate differences	(117)	-	-	**(117)**
December 31, 2014	**-**	**-**	**-**	**-**
Additionnal	-	-	-	-
Reversal (used)	-	-	-	-
Reversal (unused)	-	-	-	-
Change in perimeter	-	-	-	-
Other variations	-	-	-	-
Exchange rate differences	-	-	-	-
December 31, 2015	**-**	**-**	**-**	**-**

The management closely monitors legal and tax litigations and assesses the relating risks. As of December 31, 2015, 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.

19. Trade and other payables

(in thousands of Euros)	December 31, 2015	December 31, 2014
Trade payables	5 383	5 029
Advance payments received	930	1 049
Social & tax payables	1 079	1 302
VAT payables (1)	426	468
Deffered income	-	281
Other payables	459	765
Trade and other payables	**8 277**	**8 894**

(1) VAT payables represents the amount paid to the special restricted account and can be used to fund the purchase of goods and services for agricultural activities. Once it is used, it will be reclassified to government grant in income statement (Note 6.12 (b)).

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

(in thousands of Euros)	December 31, 2015	December 31, 2014
Currency:		
Denominated in EUR	1 069	1 290
Denominated in USD	3 473	2 421
Denominated in UAH	3 735	5 183
Trade and other payables	**8 277**	**8 894**

20. 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 December 31, 2015

(in thousands of Euros)	Note	Measured at amortised cost	Measured at fair value		Total carrying amount December 31, 2015	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
			through profit or loss	*through share-holders' equity*			*Level 1: quoted prices and cash*	*Level 2: valuation based on obser-vable market data*	*Level 3: valuation based on unobser-vable market data*
Assets									
Financial assets (non-current)	10								
Shares in non-consolidated subsidiaries				97	97	97			
Other financial assets		2	146		148	2	146		
Financial assets (current)	10								
Term deposits			15 168		15 168		15 168		
Other financial assets			1 005		1 005		1 005		
Trade and other receivables	14	3 652			3 652	3 652			
Cash and cash equivalents	15		3 931		3 931		3 931		
Liabilities									
OSRANE	16	(12 704)			(12 704)	(12 704)			
Bonds	16	(33)			(33)	(33)			
Non-current and current bank borrowings	16	(38 766)			(38 766)	(38 766)			
Non-current and current financial lease	16	(1 365)			(1 365)	(1 365)			
Other financial debt	16	(1 679)			(1 679)	(1 679)			
Trade and other payables	19	(8 277)			(8 277)	(8 277)			

Financial assets and liabilities by category and fair value as of December 31, 2014

(in thousands of Euros)	Note	Measured at amortised cost	Measured at fair value		Total carrying amount December 31, 2014	Valued at cost	Financial instrument at fair value hierarchy under IFRS 7		
			through profit or loss	***through share-holders' equity***			***Level 1: quoted prices and cash***	***Level 2: valuation based on obser-vable market data***	***Level 3: valuation based on unobser-vable market data***
Assets									
Financial assets (non-current)	10								
Shares in non-consolidated subsidiaries				122	122	122			
Other financial assets		1	152		153	1	152		
Financial assets (current)	10								
Term deposits			1 798		1 798		1 798		
Trade and other receivables	14	5 101			5 101	5 101			
Cash and cash equivalents	15		5 415		5 415		5 415		
Liabilities									
Bonds	16	(55 554)			(55 554)	(55 554)			
Non-current and current bank borrowings	16	(23 800)			(23 800)	(23 800)			
Non-current and current financial lease	16	(3 071)			(3 071)	(3 071)			
Other financial debt	16	(178)			(178)	(178)			
Trade and other payables	19	(8 894)			(8 894)	(8 894)			

21. Revenues from operating activities

(in thousands of euros)	2015	2014
Sales of agricultural produce (1)	57 459	63 318
Services and others (2)	1 402	1 302
Total revenue from operating activities	**58 861**	**64 620**

(1) In 2015, AgroGeneration sold 341 275 tons of cereals and oilseeds

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

Detail of revenue by geographical region:

(in thousands of euros)	2015	2014
Ukraine	39 212	52 151
France	19 649	12 469
Total revenue excluding discontinued operations	**58 861**	**64 620**
Argentine - discontinued operations	-	2 726
Total revenue	**58 861**	**67 346**

There are two significant clients to which the Group sold the goods for €18,7 m in 2015 (€23,7 m in 2014) which represent 31,7% (36,7% in 2014) of the total revenue. The revenue from other clients is individually less than 10%.

22. Functional costs / costs by nature

(in thousands of euros)	2015	2014
Cost of sales	(53 814)	(55 679)
Administrative & Selling expenses	(13 417)	(14 647)
Costs by function	**(67 231)**	**(70 326)**
Raw materials, purchases services and leasing	(35 185)	(42 915)
Personnel costs	(6 635)	(8 300)
Depreciation	(7 037)	(7 294)
Fair value adjustment at the harvest date (for goods sold)	(12 873)	(10 562)
Other expenses	(5 501)	(1 255)
Costs by nature	**(67 231)**	**(70 326)**

On average, in 2015 the Group had 1 431 employees.

23. Other income and expense

(in thousands of euros)	2015	2014
Proceeds from fixed assets sold	62	84
Revers of litigation provision	-	279
Government grant	3 353	6 295
Other income	457	1 290
Other operating Income	**3 872**	**7 948**
Net book value of fixed assets sold	(175)	(426)
Impairment of fixed assets (*)	(1 385)	-
Other expenses	(1 457)	(1 437)
Other operating expenses	**(3 017)**	**(1 863)**
Other operating income and expenses	**855**	**6 085**

(*) Decrease in value of fixed assets consequent to the revaluation (cf Note 2.4). The difference between values of impairment of fixed assets recognized in the income statement and presented in Note 2.4 is attributed to the different exchange rates applied. In the Note 2.4 decrease in value of fixed assets was translated at the spot rate at the date of revaluation, whereas impairment of fixed assets recognized in the income statement was translated at the average exchange rate for 2015.

24. Net financial income / (expenses)

(in thousands of euros)		2015	2014
Cost of debt	(1)	(7 852)	(8 932)
Foreign exchange gains and losses		(13 350)	(27 176)
realised foreign exchange gains/losses	(2)	*(2 491)*	*(12 316)*
unrealised foreign exchange gains/losses	(3)	*(10 859)*	*(14 860)*
Other	(4)	1 646	(82)
Net financial expense		**(19 556)**	**(36 190)**

Interest expense

(1) Cost of debt is mostly composed of:

€2931 k interest on OSRANE, listed and Konkur bonds;
€4 111 k interest on bank loans.

Foreign exchange gains and losses

The Group's foreign currency denominated monetary assets and liabilities as of December 31, 2015 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 decrease from 15,77 UAH/USD on December 31, 2014 to 24,01 UAH/USD on December 31, 2015.

(2) Realised Foreign exchange gains and losses (net amount €2 491 k loss) generated by the Group in 2015 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 2015 due to the translation of all monetary items of Ukrainian entities (mostly bank loans and intercompany loans) from foreign currency (mostly USD) into functional currency (UAH). Unrealised foreign exchange loss generated included:

- €**5 502** k loss mostly related to the bank loans and other debt;
- €**3 716** k loss related to the inter-company loans, interest on loans and other ICO debt between Ukrainian, Cyprus and French entities.
- €**1 641** k loss related to the redemption of Konkur bonds with OSRANE.

Note that certain intercompany loans are classified as net investments (cf Note 6.3), therefore, corresponding unrealised foreign exchange loss (€ **24 961** k) is recognised directly in equity.

Other financial income and expenses

(4) The net amount of other financial mostly composed of:

€284 k of interest income on term deposits

€1 323 k reassessment of OSRANE debt component.

25. 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)	2015	2014
Net consolidated income / (loss) - group from continued activity (K€)	(7 928)	(23 094)
Net consolidated income / (loss) - group from discontinued activity (K€)	-	1 429
Net consolidated income / (loss) - group share (K€)	**(7 928)**	**(21 665)**
Dilution impact (K€)	-	-
Net consolidated income / (loss) after dilution impact	**(7 928)**	**(21 665)**
Weighted average number of ordinary shares	93 449 133	91 927 864
Potential dilution	-	-
Weighted average number of shares after dilution impact	**93 449 133**	**91 927 864**
Net income / (loss) per share (Euros) - group share	**(0,08)**	**(0,24)**
Net income / (loss) per share (Euros) after dilution - group share	**(0,08)**	**(0,24)**
Net income / (loss) per share (Euro) - from continued operations	(0,08)	(0,25)
Net income / (loss) per share (Euro) after dilution - from continued operations	(0,08)	(0,25)
Net income / (loss) per share (Euros) - from discontinued operations	-	0,02
Net income / (loss) per share (Euros) after dilution - from discontinued operations	-	0,02

Over the 2014 and 2015 financial years, the potential ordinary shares that would have been issued after the conversion of the stock-options , warrants or OSRANE are not included in the measurement, since they have an anti-dilutive effect.

26. Share-based compensation

26.1. Allocation of BSPCE warrants

(a) Plan of 50,000 enterprise founder share warrants (BSPCE warrants) (December 6, 2007).

There is a warrants plan for employees (BSPCE) of the Ex-AgroGeneration Group. The plan was implemented in December 2007 with a vesting period of three years. The exercise of a BSPCE provided entitlement to 20 shares with a nominal value of € 0.05. The exercise price of each BSPCE is € 2.50. The exercising conditions of the plan were changed in January 2010 according to the status of the beneficiaries (present and former employees):

- The beneficiaries, providing evidence of the status of employee or officer of the company as of January 26, 2010, can exercise half the BSPCE warrants that may be exercised on July 1, 2010, subject to providing evidence of the status of employee or officer of the company without interruption until July 1, 2010, and the other half on July 1, 2011 if they can provide evidence of the status of employee or officer of the company without interruption until that date. The maximum number of BSPCE warrants that may be exercised for this category of beneficiaries as of December 31, 2013 is 500.

- The former employees up to January 26, 2010 may exercise their warrants as of January 1, 2011, for twelve years as of the date of their issuance, and are subject to conditions of net minimum internal rate of return achieved by GreenAlliance on its investment within the Company. As of December 31, 2013, the maximum number of BSPCE warrants able to be exercised was 4 827.

This makes a total of 5 327 BSPCE warrants able to be exercised as of December 31, 2015.

(b) Summary of the BSPCE warrant subscription plan

	2015	2014
Number of share-warrants that can be issued at the beginning of the period	5 327	5 327
Number of share-warrants due to change in scope		
Number of share-warrants issued during the period		
Number of share-warrants converted during the period		
Number of share-warrants lost during the period		
Number of BSPCE that can be issued at the end of the period	**5 327**	**5 327**

(c) Valuation Model

These warrants were valued at their issuance using the Monte Carlo method. The main assumptions are:

- Risk free rate: 3.79%
- Turnover Rate: 0.00%
- Volatility: 50.00%

26.2. Allocation of stock-options

(a) Plan to issue 533 000 options (January 26, 2009)

On January 26, 2009, pursuant to the delegation given by the Special General Meeting held on June 26, 2008, after the consent of the Supervisory Board given on January 30, 2009, the Executive Board of Ex-AgroGeneration Group distributed 533 000 stock options. Each stock option provides entitlement to a share at the strike price of € 2,02. These stock options are approved in thirds over three years and can be exercised after the fourth year (on January 26, 2013) in blocks of 25% minimum until 2019.

This plan was replaced subsequently, for all the options but 50 000, by the plan dated January 26, 2010.

The number of remaining options as of December 31, 2015 is 50 000.

(b) Plan to issue 483 000 options (January 26, 2010)

On January 26, 2010, pursuant to the delegation given by the Special General Meeting held on December 7, 2009, after the consent of the Supervisory Board given on January 14, 2010, the Executive Board of Ex-AgroGeneration Group issued 483 000 stock options, each one providing entitlement to one share at the strike price of € 1,79. The beneficiary must provide evidence of his status as an employee or officer of the Group as of January 1, 2013, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- 1/6 of his / her options if he / she separates from the company after July 1, 2012 and before January 1, 2013,
- 2/6 of his / her options if he / she separates from the company after January 1, 2012 and before July 1, 2012,
- 3/6 of his / her options if he / she separates from the company after July 1, 2011 and before January 1, 2012,
- 4/6 of his / her options if he / she separates from the company after January 1, 2011 and before July 1, 2011,
- 5/6 of his / her options if he / she separates from the company after July 1, 2010 and before January 1, 2011,
- all of his / her options if he / she separates from the company after January 1, 2010 and before July 1, 2010.

The options can be exercised for ten years with a latency period of 4 years from the date of grant (January 26, 2014).

The number of remaining options as of December 31, 2015 is 405 333.

(c) Plan to issue 400,000 options (February 24, 2010)

On February 24, 2010, pursuant to the delegation given by the Special General Meeting held on December 7, 2009, and after the consent of the Supervisory Board given on February 23, 2010, the Executive Board of Ex-AgroGeneration Group decided to issue 400,000 stock options, the strike procedures of which are identical to the Plan to issue 483 000 options on January 26, 2010 (strike price of € 1,79, condition of presence, strike period of ten years including a four-year latency period).

The number of remaining options as of December 31, 2015 is 400 000.

(d) Plan to issue 850,000 options (December 9, 2011)

On December 9, 2011, pursuant to the delegation given by the Special General Meeting held on June 7, 2011, and after the consent of the Supervisory Board given on July 12, 2011, the Executive Board of Ex-AgroGeneration Group decided to issue 850 000 stock options, each one providing entitlement to one share pursuant to the following strike procedures:

- Strike price of € 1,95,
- Conditions of presence:

  If the beneficiary has more than three years of seniority as of December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2014, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- 1/6 of his / her options if he / she separates from the company after January 1, 2014 and before July 1, 2014,
- 2/6 of his / her options if he / she separates from the company after July 1, 2013 and before January 1, 2014,
- 3/6 of his / her options if he / she separates from the company after January 1, 2013 and before July 1, 2013,
- 4/6 of his / her options if he / she separates from the company after July 1, 2012 and before January 1, 2013,
- 5/6 of his / her options if he / she separates from the company after January 1, 2012 and before July 1, 2012,
- all of his / her options if he / she separates from the company before January 1, 2012.

If the beneficiary has between one and three years of seniority as of December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2015, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- 1/8 of his / her options if he / she separates from the company after January 1, 2015 and before July 1, 2015,
- 2/8 of his / her options if he / she separates from the company after July 1, 2014 and before January 1, 2015,
- 3/8 of his / her options if he / she separates from the company after January 1, 2014 and before July 1, 2014,
- 4/8 of his / her options if he / she separates from the company after July 1, 2013 and before January 1, 2014,
- 5/8 of his / her options if he / she separates from the company after January 1, 2013 and before July 1, 2013,
- 6/8 of his / her options if he / she separates from the company after July 1, 2012 and before January 1, 2013,
- 7/8 of his / her options if he / she separates from the company after January 1, 2012 and before July 1, 2012,
- all of his / her options if he / she separates from the company before January 1, 2012.

If the beneficiary has less than one year of seniority on December 9, 2011, he / she must provide evidence of his / her status as an employee or officer of the Group as of July 1, 2015, and if he / she separates from the company prior to that date, he / she will lose, unless authorized otherwise by the Executive Board:

- Half of his / her options if he / she separates from the company after July 1, 2013 and before July 1, 2015,
- All of his / her options if he / she separates from the company before July 1, 2013.
- Strike period of ten years including a 4-year latency period.

The number of remaining options as of December 31, 2015 is 462 500.

(e) Summary of the stock-options subscription plan

	2015	2014
Number of stock options at the beginning of the period	1 317 833	1 367 833
Number of stock options due to change in scope		
Number of stock options attributed during the period		
Number of stock options replaced during the period		
Number of stock options lost during the period		(50 000)
Number of stock options converted during the period		
Number of stock options at the end of the period	**1 317 833**	**1 317 833**

(f) Valuation model

The major computation assumptions used in the issuance of each stock option plan are as follows:

Plans	Risk-free rate	Turnover	Volatility	Valuation model
2009 and 2010	2.80%	0%	50%	Binomiale
December 9, 2011	2.85%	7.50%	31%	Black & Scholes

Expected volatility for the 2009 and 2010 plans was determined from the historical volatility of a group of comparable companies over a period comparable to the period of vesting.

The expected volatility of the 2011 plan was estimated on the basis of the historical volatility of AgroGeneration.

27. Commitments

27.1. Financing-related commitments

The Group’s commitments related to debt and financial instruments are discussed in Note 16.

27.2. Commitments related to operating activities

Non-current assets acquired under finance leases are recognized as an asset and a liability in the consolidated balance sheet.

At December 31, 2015, €1 358 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 €4,2 million at December 31, 2015 (December 31, 2014: €4,3 million).

(in thousands of Euros)	December 31, 2015	December 31, 2014
Future minimum lease payments		
Due within 1 year	1 043	2 307
Due in 1 to 5 years	670	1 506
Due beyond 5 years	-	-
Total minimum lease payments	**1 713**	**3 813**
Less finance cost	(355)	(798)
Present value of future minimum lease payments	**1 358**	**3 015**

Obligations under operating leases

The Group leases land, offices, manufacturing and warehouse equipment, vehicles and other equipment under various operating leases.

The amounts presented in the table below correspond to the future minimum payments that will need to be made in accordance with these contracts:

(in thousands of euros)	December 31, 2015	December 31, 2014
Due within 1 year	5 229	4 788
Due in 1 to 5 years	12 722	13 621
Due beyond 5 years	12 301	13 486
Total	**30 252**	**31 895**

The Group's commitments correspond mainly to rents on leased farmland (2015: 115 360 ha for an average residual term of 6,50 years, 2014: 116 691 ha for an average residual term of 6,90 years).

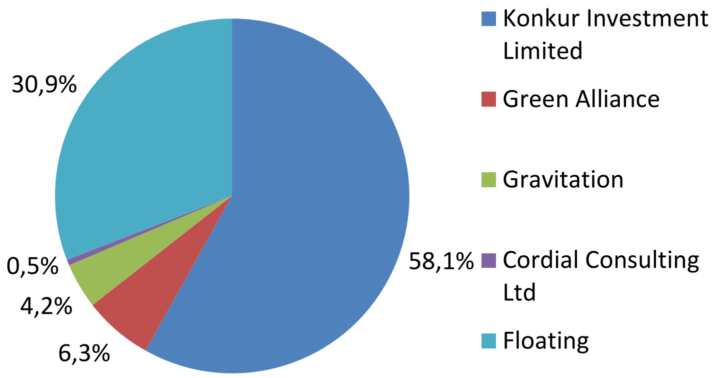
28. Related parties

28.1. Ownership and governance

(a) Ownership

As of December 31, 2015, the shareholding is divided as follows:

Shareholding Structure as at December 31, 2015



Konkur: investment holding company controlling by SigmaBleyzer fund, the ultimate parent for the Group.

Green Alliance: holding company of Charles Beigbeder and Alain Mallart

Gravitation: holding company of Charles Beigbeder

Neither the ultimate parent nor the next senior parents produce consolidated financial statements available for public use.

(b) Governance

On October 11th, 2013, the company changed its corporate governance from Executive Board and Supervisory Board to Board of Directors. The Board of Directors is composed of eleven members.

The company also has an Audit Committee and a Remuneration Committee which meet regularly and which are composed of some members of the Board of Directors, as explained below.

Following the debt restructuring, and in view of the new shareholders' structure after the issuance of OSRANE, the Group has changed its governance in April 2015: 4 out of 5 directors representing the historical shareholders left the Board. The Board of Directors is now composed of 7 members, presided by Michael Bleyzer, the Chairman, and, Pierre Danon, the Deputy Chairman.

Board of Directors
- Chairman: Michael Bleyzer
- Deputy Chairman: Pierre Danon

Other members:
- Lev Bleyzer (SigmaBleyzer) * / **
- Valeriy Ivanovich Dema (SigmaBleyzer)
- Neal Warren Sigda (SigmaBleyzer) * / **
- John Shmorhun (CEO AgroGeneration)
- Guillaume James (Gravitation)*

** member of the Remuneration Committee*
***member of the Audit Committee*

Compensation of the members of the Board of Directors

The general shareholders' meeting of AgroGeneration did not allocate any directors' fees or any other compensation for the members of the Board of Directors over this period. As a consequence, benefits to be disclosed only concern the CEO of the Group. The remuneration of John Shmorhun, CEO AgroGeneration, is mentioned in Note 28.2 *Transactions with related parties*.

28.2. Transactions with related parties

Material transactions entered into over the period and remaining balances as at December 31, 2015 with parties that have significant influence over the Group are as follows:

	December 31, 2015		2015		December 31, 2014		2014	
kEURO	ASSETS	LIABILITIES	INCOME	EXPENSE	ASSETS	LIABILITIES	INCOME	EXPENSE
***SigmaBleyzer group :** various entities under common control*								
Management Fees	-	(75)	-	(348)	-	-	-	(318)
Bonds issued to Konkur	-	-	-	-	-	(32 795)	-	-
Interest on bonds (Konkur)	-	(33)	-	(575)	-	(2 564)	-	(2 408)
Consulting services	-	-	-	(84)	-	(5)	-	(273)
Rent of premises	-	(1)	-	(5)	-	-	-	(6)
Loans	-	(994)	-	-	315	(83)	-	(1)
***Gravitation SAS :** shareholder*								
Re-invoicing of rent and office expenses	1	-	10		28	-	88	(3)
Consulting services	-	-	-	(29)	-	-	-	(151)
Group Vivescia *shareholder*								
Interest on debt	-	-	-	-	-	-	-	(15)
Other debt payable	-	-	-	-	-	(69)	-	-
***Safari Arms :** controlled by a member of the Board of Directors*								
Security services	-	(603)	-	(2 081)		(166)		(1 643)
Raw materials and other supplies	-	-	-	(17)				
John Smorhun *Key management*								
Consulting services	-	(47)	-	(437)		(82)		(412)
***Cordial Consulting :** Controlled by a member of the Board of Directors*								
Consulting services*	-	(23)	-	(96)		(77)		(193)
TOTAL	1	(1 776)	10	(3 672)	343	(35 841)	88	(5 424)

(*) During the year ended December 31, 2015 Cordial Consulting provided services related to the issue of OSRANE on the amount of € 183 k, which were capitalised.

29. Fees paid to the auditors

(in thousands of euros)	December 31, 2015	December 31, 2014
Certificatiion		
EY network	*334*	*355*
Finexsi Audit	*55*	*55*
Other audit related services		
EY network	*133*	*107*
Finexsi Audit	*60*	
Total audit fees	**582**	**517**

30. List of consolidated companies

All companies are fully consolidated.

	Name	Conso name	Registered office	Activity	December 31, 2015	December 31, 2014
					% 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	Haberly	Nicosia - Cyprus	Holding company	100%	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	Zito	Nicosia - Cyprus	Holding company	100%	100%
9	UCD Ukraine	UCD UA	Kiev - Ukraine	Service operating company	100%	100%
10	LLC Agro NovaNyva	ANN	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	Vinal Agro	VKD	Lviv - Ukraine	Agricultural producer	100%	100%
15	Knyazhi Lany (VKL)	VZL	Lviv - Ukraine	Agricultural producer	100%	100%
16	Zborivski Lany (VZB)	VZL	Ternopol - Ukraine	Agricultural producer	100%	100%
17	Agrodruzstvo Jevisovice Ukraine	AJU	Ternopol - Ukraine	Agricultural producer	100%	100%
18	Lishchynske*	VLY	Zhitomir - Ukraine	Agricultural producer	100%	100%
19	Vidrodzhennya*	VZH	Zhitomir - Ukraine	Service operating company	-	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	Zachepilovskoje LLC	ZACH	Kharkiv - Ukraine	Agricultural producer	100%	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	VYB	Kharkiv - Ukraine	Agricultural producer	100%	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	Register	Kharkiv - Ukraine	Service operating company	100%	100%

* Vidrodzhennya was merged with another subsidiary of the Group, Lishchynske, in February 2015 and ceased to exist as a separate legal entity.