2014

REPORT AND FINANCIAL STATEMENTS

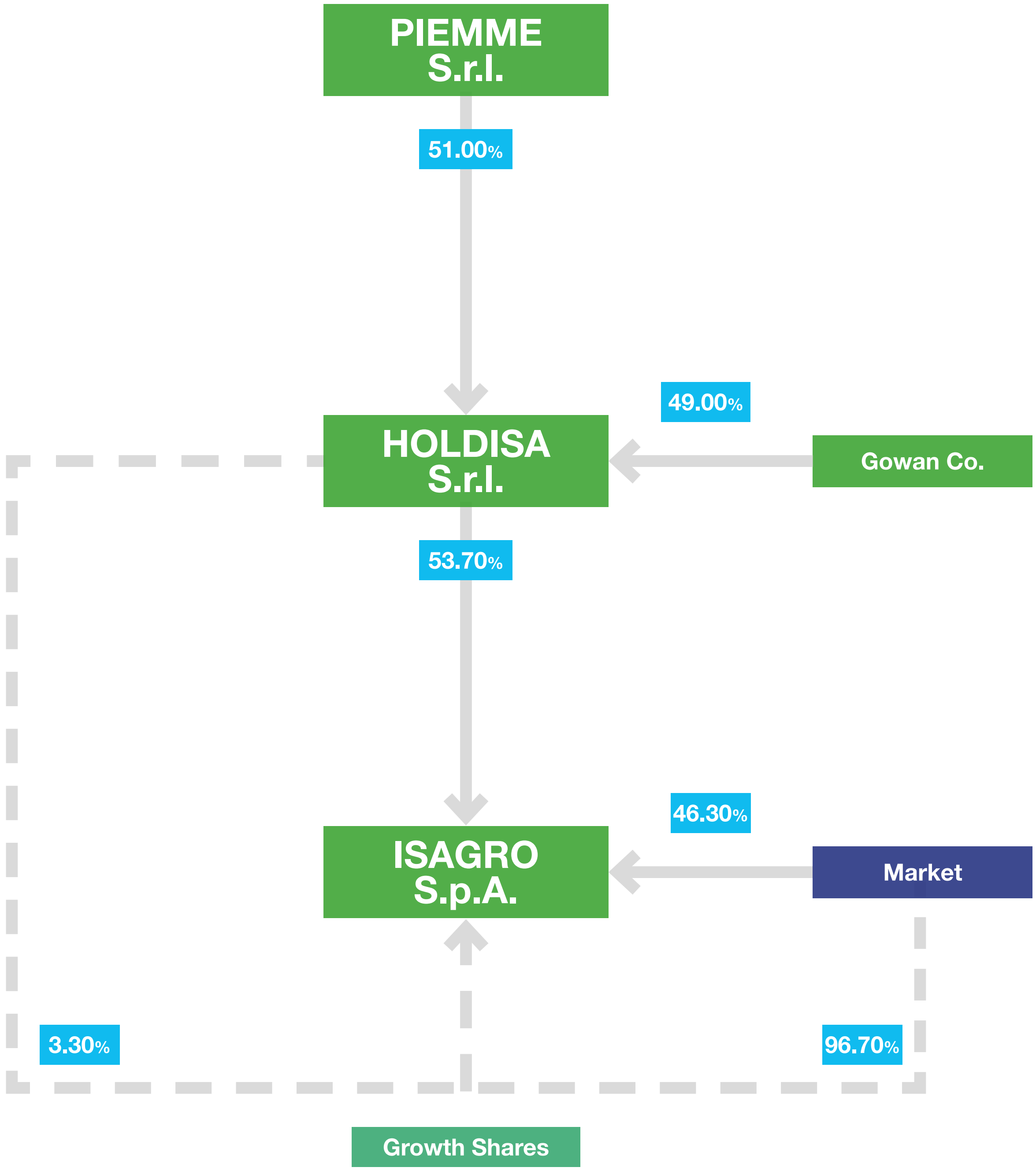
ISAGRO

Italian creativity for plant health

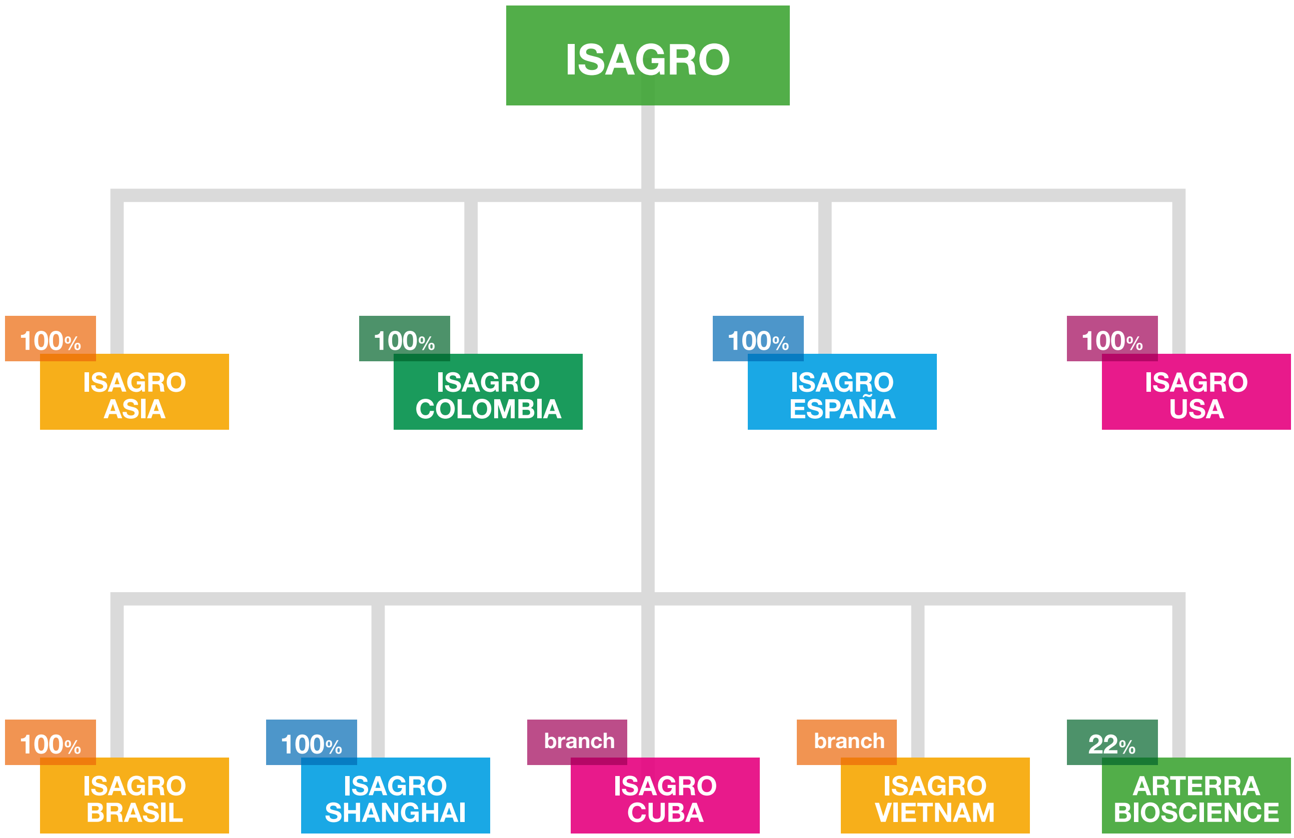

ISAGRO S.p.A.
A company directed
and coordinated
by Holdisa S.r.l.

INDEX

CONTROLLING SCHEME ISAGRO S.p.A.



STRUCTURE OF THE GROUP



Isagro is also present in Argentina, Australia, Chile and South Africa with Companies for the ownership of Group registrations

Board of Directors

Chairman and Chief Executive Officer
Giorgio Basile

Deputy Chairman
Maurizio Basile

Directors
Riccardo Basile
Christina Economou
Gianni Franco
Adriana Silvia Sartor
Elena Vasco
Antonio Zoncada

Board of Statutory Auditors

Chairman
Piero Gennari

Statutory Auditors
Giuseppe Bagnasco
Claudia Costanza

Independent Auditors

Deloitte & Touche S.p.A.

2014

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Company's consolidated financial statements as at December 31st, 2014 disclose **Revenues** amounting to € 145.94 million (+4.4% with respect to 2013, which included € 10.0 million in revenues from licensing, compared with € 2.0 million in 2014, or +10.9% excluding said revenues), **EBITDA** of € 12.47 million (compared with € 14.84 million last year) and a **Loss** of € 0.88 million (compared with a loss of € 4.33 million as at December 31st, 2013) after having recognised provisions, amortisation, depreciation and impairment write-downs totalling € 10.89 million, with a **Net financial position** at debt to the tune of € 29.69 million and a **debt/equity ratio** equal to 0.31 (compared with € 53.93 million and 0.83 respectively at the end of 2013).

From a commercial standpoint, 2014 was marked by the expected growth in sales versus 2013, the latter having been a period negatively influenced by the "carried-over effect" of the drought which in 2012 had affected some important markets for Isagro: in 2014, revenues from products and services (so-called Basic Business), or rather excluding the Licensing component, disclosed an increase of 10.9% with respect to the previous year, despite a weak fourth quarter due to the unfavourable market conditions in Brazil.
This growth took place in a period which saw important changes for Isagro in the following terms:

- **strategic** (co-development and Licensing);
- **management/operational** (greater focus on "market and customer", with strengthening of the Research, Innovation & Development and Marketing & Sales teams);
- **financial** (share capital increase);
- regarding **corporate governance** (streamlining of the Group controlling structure).

From a strategic standpoint, action adopted by Isagro management, which led to the achievement of the results described briefly above and which is working towards the accomplishment of the objectives outlined in the 2014-2018 Business Plan presented to the market in April 2014, is steered by the following five Strategic Guidelines, that represent the result of an enhancement of the "Small global player" business model adopted by the Group:

1. defining the guidelines for innovative research and carrying out independently all research activities, which need neither a large scale nor strong financial resources;
2. developing new products (i) in partnerships for new investment-intensive active ingredients with worldwide sales potential and requiring high investments, and (ii) autonomously to develop the active ingredients with sales potential in specific segments/areas and moderate levels of investment;
3. developing the new Licensing business, in this way adding to the core business of selling proprietary formulations the promotion of active ingredients, by granting rights against upfront payments and the entering into of long-term supply agreements;
4. developing the company's product portfolio by means of (i) new mixtures with proprietary molecules, (ii) the launch of new products (Fumigant, Bio-solutions and generic products) and (iii) the development of direct distribution coverage on selected markets, preferably via partnerships;
5. performing business while maintaining a level of financial debt not exceeding Net Working Capital.

In this sense, 2014 was the first "full year" for application of these strategies.

From a managerial and operational standpoint, activities continued in 2014 for:

- the strengthening of the Research, Innovation and Development (R,I&D) and Marketing and Sales units with the addition of new professional profiles;
- commercial enhancement, with particular attention towards the markets with a high growth rate (e.g. China) and generic products (initially for India);
- greater focus on "market and customer", confirming that on the "products".

The progress - from as early as 2014 with respect to 2013 - in the operating results achieved by the Group, reflects its first effects in the afore-mentioned action, from which we expect a gradually increasing contribution as from 2015.

From a financial standpoint, 2014 was marked by the success of the share capital increase for € 29 million (of which € 16 million contributed by the controlling system, deriving from the alliance with Gowan in July 2013), which concluded in May. The parent company Isagro S.p.A. used these proceeds during 2014 to finance (and will continue to do so in 2015) the portion of investments in Research, Innovation and Development (R,I&D) of the Group not covered by the operating cash flows.

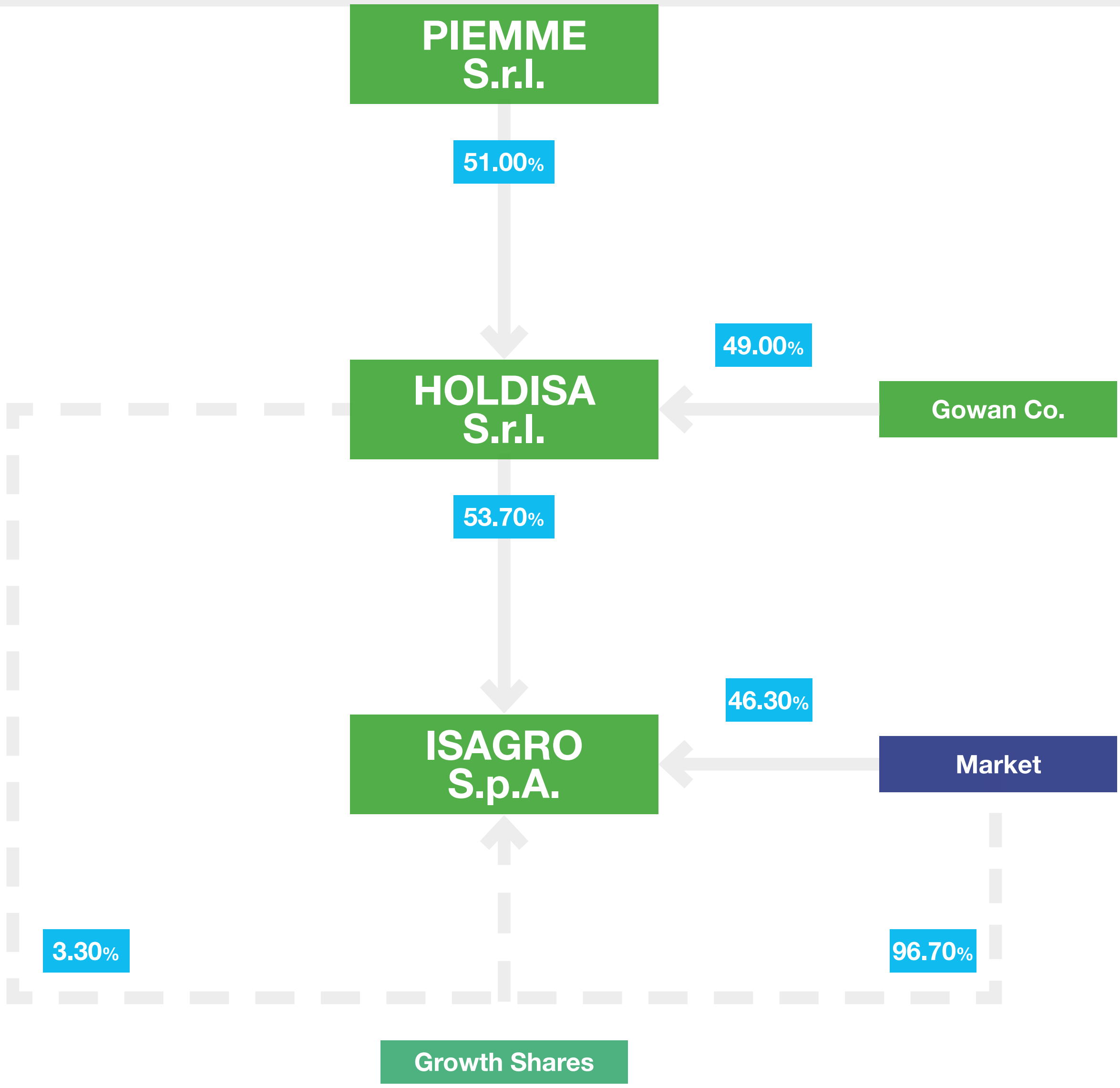
The share capital increase enabled Isagro:

- to transfer in Isagro S.p.A. the majority of the financial resources allocated to BasJes Holding S.r.l. by the partner Gowan between October 2013 and March 2014;
- to launch a new class of special shares, called Growth Shares, specifically tailored for companies having a Controlling Subject and that, against the absence of voting right, remunerate the investor with an extra-dividend (20% for Isagro) with respect to the Ordinary Shares and safeguard the same through the automatic conversion into Ordinary Shares in the event the Controlling Subject loses control, and in any event of a compulsory public offer (OPA);

to achieve an important streamlining and tightening of the Isagro Group's controlling structure.

In terms of Group corporate governance in fact, during 2014 and further to the share capital increase, the minority shareholders of the "old" controlling system organised on three corporate levels (Holdisa/Manisa/BasJes), with Piemme as Controlling Subject, transferred their holdings to BasJes Holding S.r.l., subscribing Growth Shares and thereby permitting the subsequent merger via incorporation of the two sub-holding companies Manisa S.r.l. and Holdisa S.r.l. within BasJes Holding S.r.l. (a company 51% invested in by Piemme, Controlling Entity of Isagro S.p.A., and 49% by Gowan), subsequently named Holdisa S.r.l..
Thus the new Holdisa S.r.l. directly holds 53.7% of the voting rights in Isagro S.p.A., while Piemme S.r.l. continues to cover the role of Controlling Subject.

Isagro control structure



A more detailed description of the afore-mentioned aspects is provided in the section "Main events of 2014" of this Report.

The Crop protection Market

The so-called "conventional" crop protection (or agrochemicals) market - in other words excluding genetically-modified seeds - according to the estimates provided by the research company Phillips McDougall, reached a value of about US$ 56 billion at distribution level in 2014, with an increase in nominal terms of 3.6% compared to 2013.

The progressive weakening of the prices of the main commodities, such as maize, soya bean, rice and cotton, continued until the end of 2014 due to the rise in production yields and the presence of stock deriving from the previous 2013 season.

In Europe, the generally mild and rainy climatic conditions, especially the seasonal averages in the first half of the year, encouraged the use of fungicides, except in Eastern Europe where little rainfall was seen.

With regard to America, the western and southern states also saw little rainfall. The northern part of South America, including the sugar cane area in Brazil, experienced exceptional drought.

Likewise, Australia experienced a dry season which led to the disbursement of government aid.

The forecasts of the USDA (the US administration's agricultural department) for global production of foodstuffs in the 2014-2015 sales season with respect to that in the previous period disclosed essential staying power in the **wheat** production level, deriving from the good weather conditions in Europe and the high production in Argentina, the Ukraine and Kazakhstan.

With regard to **soya bean**, an increase in production is envisaged of 9% from the 2013-2014 sales season to that underway mainly due to increases in China, Russia and the Ukraine and the drop in Brazil due to little rainfall. The production of **maize** is envisaged to reach 990 million tonnes, a level which has never been seen before, with increases in Argentina and Europe, despite the drops in the Ukraine, Belarus and Russia due to the drought conditions registered in the Summer. The global production of rice for the season underway is estimated to come to 475 million tonnes, in line with that last year. The same applies to **cotton**, in relation to which the USDA envisages production of 26 million tonnes for the current season, in line with that in the last one.

With regard to the usage trend for land used for the main crops in the various geographic areas, in general terms it is pointed out that in Europe, the United States and Canada a reduction has been registered in the surface area used for maize (-4.5%) in favour of an increase in that sown with soya bean (+5.6%), while the land dedicated to cereals remained more or less stable +2.4%).

In Europe, according to estimates issued by the EU Association for the trade of agricultural products, the surface area used for cereal crops (47.6 million hectares) remained essentially unchanged compared to the same period last year, as did land used for rape and maize crops (6.7 and 9.6 million hectares, respectively).

According to ministerial sources (USDA), in the United States, the land used for soya bean crops increased to an all-time high of 34 million hectares (+8.9% over 2013), land used for maize decreased to 37 million hectares (-5.0% over 2013) and that for cotton rose to 4.5 million hectares (+6.1% compared with 2013).

Compared to the same period in the previous year, local ministerial sources estimate an increase of 4.4% in land used for soya bean crops in Brazil (31 million hectares), a reduction of 4.2% in land used to grow maize (15.1 million hectares) and more or less stability for land used for wheat (2.7 million hectares).

In Argentina, land used to grow soya bean remained stable compared to the previous year (20 million hectares) according to ministerial sources.

The main information on the market trends concerning crop protection products in the first six months of 2014, divided by geographic areas, is summarised hereunder.

In **EUROPE**, the prices of cereals and rape remained unchanged compared to the same period of the previous year, despite the increase in production reported in the area. The climatic conditions were favourable to the maintenance of fungicide consumption during the second part of the year. In Northern Europe, Autumn sowing conditions were much better than those last year.

In **NORTH AMERICA**, the consistent development of crops and yields of maize and soya bean led to a drop in prices of the commodities and lower consumption of fungicides used as improvers for the health of the crop.

In Canada, due to the excellent production of the previous year, wheat stocks remained high during the year and this limited the production potential in 2014.

In **SOUTH AMERICA**, the agrochemicals market in Brazil was characterised by a stronger US Dollar on the Real, which reduced exports of commodities, by high interest rates, by the carry-over effect of the stocks deriving from the excellent yields of the previous year and from a lowering in the prices of soya bean and maize.

In Argentina, market conditions are difficult due to high inflation rates and custom duties on exports of soya bean and wheat.

In **ASIA**, a drop was seen in the price of rice due to the stock clearance programme implemented by the Thai government. Phillips McDougall reports a reduction in the prices of palm oil and rice. According to the Agrow website, the average of the prices of agrochemicals at December 2014 in China was 11.5% lower than in the previous year. Estimates of the International Cotton Advisory Committee suggest that there was an increase in production of cotton in China of up to 6.4 million tonnes during 2014.

Lastly, as for the **PACIFIC** area, a severe drought hit the South-western areas of the Australian continent; accordingly the Australian government provided aid. In Japan, the figures of the local agrochemicals industry trade association indicate an increase of 2.0% in total sales of agrochemicals in the period October 2013 - September 2014. According to Philips McDougall, in Australia the continuation of particularly dry climatic conditions and harsh temperatures in the southern part of the country have partly obstructed seasonal sowing, damaged the emerging crops and reduced the intensity of the pests of the crops, with a consequent slowdown in sales of agrochemicals.

Progress of the 2014-2018 Business Plan

In March 2014, the parent Isagro S.p.A.'s Board of Directors approved the 2014-2018 Business Plan, subsequently published in April, as illustrated fully in the Half-year report as at June 30th, 2014, to which you are referred.

In addition to the Strategic Guidelines referred to in the introduction of this Report, the main work hypotheses followed are summarised below:

- Group **Revenues** generated by the two business areas:
  - **"Agrochemicals and Services (Basic Business)"**: innovative research, development, production and sale (and direct distribution on markets where the Group operates through its local sales networks) worldwide of Agrochemicals, mainly owned by Isagro, as well as the sale of services to third parties (i) through outsourcing, by using the production capacity available at the Group plants and (ii) research and development, by using the R&D capacity at the company's sites in Novara (labs) and Galliera (field tests).

    With reference to this Business Area, revenues of more than € 200 million are estimated in 2018;
  - **"Licensing":** promotion and exploitation of proprietary products through upfront payments by means of the concession to third-party operators of licences for the right to develop products or mixtures made of their active ingredients combined with Isagro's active ingredients and by executing long-term supply contracts.

    The Group intends to enter agreements like the agreement signed with Arysta in 2013 and with Rotam in 2014, obtaining additional upfront payments for a total amount of € 11 million by the end of 2018;
- **Investments** over the 2014-2018 period, equal to around € 80 million, of which over € 60 million destined for R&D, are mainly related to:
  - the progress of the work for the registration dossier for the broad-spectrum fungicide SDHi (that will be possibly launched later than the period covered by the Plan) for the main reference markets (Europe, United States of America, Brazil, China), and the fumigant to a lesser extent;
  - the drawing up of new registration dossiers for proprietary products and formulations based on proprietary active ingredients;
  - the implementation of studies for the Extraordinary Defence of proprietary products;
  - the hypothesis to start, in 2017, the development of a new product, resulting from Isagro's innovative research.

With reference to 2014, the final figures indicate:

- with regard to the Basic Business, a level of revenues in line with those of the Plan (€ 143.94 million as at December 31st, 2014 compared with € 144.0 million hypothesised in the Plan) and a higher EBITDA level (€ 10.47 million as at December 31st, 2014 compared with € 6.8 million hypothesised in the Plan), thanks to an improved sales mix and lower overheads;
- with regard to Licensing, revenues (and the related contribution to the EBITDA, the EBIT and the pre-tax Result) amounting to € 2.0 million, € 6.0 million lower with respect to the € 8.0 million hypothesised in the Business Plan for 2014; nevertheless, in light of the developments in existing contacts and the prospects of this new business line, Isagro is fully confident of the power to achieve, if not surpass, the ceiling of

€ 13.0 million envisaged for the entire duration of the Plan. In this sense, the change with respect to the Business Plan should be understood as the result of a differing timescale for the generation of the income indicated before;

- a total level of EBITDA amounting to € 12.47 million, around € 2.3 lower with respect to the € 14.8 million hypothesised in the Business Plan for 2014;

The above is proof of the effective launch of a growth cycle for the operating results based on the greater exploitation of the proprietary products, thus revealing great discontinuity with the previous period. The positive result in terms of turnover of the Basic Business registered in 2014 were also supported by the projections for the first quarter of 2015, which indicate further growth with respect to the same period of 2014, in line with the hypotheses of the Plan for the current year.
In this connection, it is hereby revealed that, as described in detail in the section "Subsequent events", on February 25th, 2015 the parent Isagro S.p.A.'s Board of Directors approved the up-date of the 2014-2018 Business Plan relating to the Group's consolidated figures ("Revised 2015 Budget and 2016-2018 Estimates: confirmation of growth").
At this time, the growth expectations for EBITDA were confirmed within the sphere of the process outlined in the same 2014-2018 Business Plan already communicated to the Market.

Income Statement - summary data

Consolidated **Revenue** of the Group in 2014 amounted to € 145.94 million, up by € 6.16 million (+4.4%) compared to € 139.78 million in 2013, with:

- Revenues from sales of agrochemicals and services (Basic Business) for € 143.94, up € 14.16 million (+10.9%), with respect to the € 129.78 million last year, thanks to:
  - o the expected pick-up in turnover with respect to 2013, a period that had been negatively influenced by the "carried-over effect" of the drought which in 2012 had affected certain markets of great importance for Isagro, also thanks to the commencement of the new commercial partnership with Gowan, which took steps to purchase Isagro products to be sold through its distribution networks in Italy and the USA;
  - a marked increase in sales of copper products, especially in Italy and the USA;
  - greater sales of generic products of third parties, marketed in India and in a number of other countries by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.;

- Licensing incomes of € 2.0 million, compared with € 10.0 million in 2013. With reference to this aspect, moreover, the expectations of a total value of Licensing revenues equal to at least € 13.0 million in the period 2014-2018 is confirmed, with a different timescale with respect to that envisaged in the Plan in the individual years of the same.

Consolidated sales by geographic area

(€ 000)	2014		*Change*	2013	
Italy	24,438	18.0%	+18.4%	20,635	16.8%
Rest of Europe	31,863	23.5%	+17.2%	27,191	22.1%
Americas	43,033	31.7%	+8.8%	39,545	32.2%
Asia	30,806	22.7%	+1.6%	30,330	24.7%
Rest of the World	5,643	4.2%	+9.1%	5,172	4.2%
Agrochemicals Subtotal	135,783	100.0%	+10.5%	122,873	100.0%
Other products and services	8,156		+18.1%	6,904	
Basic Business Subtotal	143,939		+10.9%	129,777	
Licensing Revenues	2,000		-80.0%	10,000	
Consolidated revenue	145,939		+4.4%	139,777	

With reference then to the distribution of the turnover by geographic area, Isagro confirms itself to be a global group addressing foreign markets, with 82% of its turnover from agrochemicals generated outside Italy in more than 70 countries. Furthermore, mention is made of how, within the sphere of generalised growth in turnover, Italy represented the geographic area with the highest growth rate in 2014 when compared with 2013 (+18.0%), partly thanks to the afore-mentioned launch of the commercial partnership with Gowan. In the Americas (+8.8% of turnover compared to 2013), the excellent results achieved in particular in the USA, also here with the important contribution of Gowan, were partly counterbalanced by minor sales achieved in Brazil in the fourth quarter, when compared with the same period last year, further to the reduced purchases by local distribution systems, due to the need to clear stock and the afore-mentioned weakening in the local market conditions, in particular for Isagro fungicides.

Summary of Consolidated Income Statement

(€ 000)	2014	2013	Differences	
Revenues	**145,939**	**139,777**	**+6,162**	**+4.4%**
of which:				
Basic Business	***143,939***	***129,777***	***+14,162***	
Licensing	***2,000***	***10,000***	***-8,000***	
Memo: Labour costs and provision for bonus	*(27,397)*	*(26,754)*	*-643*	
EBITDA	**12,467**	**14,840**	**-2,373**	**-16.0%**
% on Revenues	*8.5%*	*10.6%*		
of which:				
Basic Business	***10,467***	***4,840***	***+5,627***	
Licensing	***2,000***	***10,000***	***-8,000***	
Amortisation/Depreciation:				
- tangible assets	(3,678)	(3,965)	+287	
- intangible assets	(5,082)	(5,422)	+340	
- write-off of assets and assets revaluation (IFRS 10)	(187)	(162)	-25	
EBIT	**3,520**	**5,291**	**-1,771**	**-33.5%**
% on Revenues	2.4%	3.8%		
of which:				
Basic Business	***1,520***	***(4,709)***	***+6,229***	
Licensing	***2,000***	***10,000***	***-8,000***	
Interest, fees and financial discounts	(2,807)	(4,807)	+2,000	
Gains/losses on foreign exchange and derivatives	108	(185)	+293	
Impairment/reversals of impairment of equity investments	59	10	+49	
Result before taxes	**880**	**309**	**571**	**N/S**
Current tax and deferred tax liabilities	(1,758)	(4,038)	+2,280	
Profit/(loss) of the Group from discontinued operations	**(878)**	**(3,729)**	**2,851**	-
Profit/(loss) from discontinued operations	-	(600)	+600	
Net result	**(878)**	**(4,329)**	**3,451**	**N/S**

The EBITDA generated by the Basic Business during 2014 amounted to € 10.47 million, up € 5.63 million (+116.3%) with respect to the € 4.84 million in 2013, due to an improved sales mix (especially with regard to copper-based products) and lower fixed costs, thereby demonstrating the effective launch of the progressive growth process for sales of products and services already in 2014, thanks to the new Group sales strategies aimed at more fully developing company products.

The most important decisive aspects with regard to the Basic Business EBITDA include:

- **Raw material consumption** totalling € 115.24 million, up by € 15.64 million compared to the € 99.60 million reported as at December 31st, 2013, mainly as a direct consequence of the rise in the turnover described above and the need to re-establish the inventory stock necessary for covering the orders for the first quarter of 2015;
- **Changes in product inventories** amounting to € 4.64 million compared with € -2.91 million recorded as at December 31st, 2013, in relation to the matters indicated in the previous point;
- **Allocations to provisions for expenses and bad/doubtful debt provisions** for € 0.70 million vs. € 1.72 million in 2013;
- **Other non-recurring revenues** amounting to zero, compared with € 1.25 million as at December 31st, 2013, essentially represented by capital gains generated following the transfer of all the rights and fixed assets concerning the proprietary herbicide Orthosulfamuron, by ISEM S.r.l., a 50-50 joint venture between Isagro and Chemtura, which took place in October;
- **Labour costs** equal to € 26.15 million, marginally higher than the € 25.45 million recorded at year-end 2013, due to the inflation trend in the various countries in which the Group operates;
- **Other non-recurring expenses** for € 1.17 million, compared with € 1.68 million in 2013, essentially in relation to additional allowances to the provision for redundancy incentives and lay-off procedures, with respect to that already set aside at the end of the previous year, and expense incurred in relation to the termination of the employment relationship between Isagro and certain Group executives. For greater details relating to the rationalisation plan for the two-year period 2014-2015, please see the "Human Resources" section;
- **Provisions for bonuses** for € 1.24 million, in line with the € 1.31 million in 2013.

The Licensing EBITDA, equal to the related income (since the latter does not have any directly correlated costs), came to € 2.0 million, compared with € 10.0 million in 2013.

Consequently, the overall **EBITDA** for 2014 amounted to € 12.47 million, down € 2.37 million with respect to the € 14.84 million in the previous year.

With reference then to **Amortisation, Depreciation and Impairment Write-downs**, they totalled € 8.95 million in 2014, down € 0.60 million compared to the value of € 9.55 million in the previous year.

The Operating result generated by the Basic Business came to € 1.52 million, up € 6.23 million with respect to the operating loss of € 4.71 million as at December 31st, 2013.

As seen in relation to the EBITDA, the Operating result generated by the Licensing business came to € 2.0 million, compared with € 10.0 million in the previous year.

Consequently, Isagro ended the year 2014 with an **Operating result** of € 3.52 million, down € 1.77 million compared to the value of € 5.29 million in 2013.

With reference to **Financial items**, these amounted to € 2.64 million overall, improving by € 2.34 million (-47.0%) compared to € 4.98 million in 2013, mainly due to:

- lower interest fees, commissions and financial charges, amounting to € 2.0 million, resulting from better credit terms obtained by the parent Isagro S.p.A. thanks to the equity-financial strengthening achieved between the last quarter of 2013 (transfer of the herbicide Orthosulfamuron, entrance of Gowan as minority shareholder in the Group controlling system and Licensing agreement signed with Arysta) and the first half of 2014 (share capital increase of around € 29 million), as well as to the lower use of more onerous bank credit lines;
- a € 0.11 million gain on foreign currency hedging transactions and from the increase in copper prices, compared with a € 0.19 million loss in 2013.

With regard to the hedging transactions carried out during the year by Your Group, it should be recalled that they are exclusively for operational transactions and therefore not for speculative purposes; however, as they do not meet the requirements of IAS 39 for the hedging of "specific" risks, they are considered as "trading" transactions and are therefore recognised directly as financial items in the Income Statement, both for the realised and unrealised portion.

As an effect of what is explained above, in 2014 the **Result before taxes** was positive for € 0.88 million compared to € 0.31 million recorded in 2013.

The allocations for taxes for the period 2014 were then € 1.76 million (compared with € 4.04 million provided for as at December 31st, 2013). This amount included allocations for prepaid taxes of around € 1.5 million for the tax loss of the parent Isagro S.p.A..

Consequently, the Group ended the year 2014 with a € 0.88 million Loss, compared with a loss of € 4.33 million in 2013 (which included a € 0.60 million loss from discontinued operations).

Balance Sheet - Summary Data

Consolidated **net invested capital** rose from € 119.15 million as at December 31st, 2013 to € 124.97 million as at December 31st, 2014, showing a € 5.82 million increase, attributable to the rise in tangible and intangible assets, partly offset by a reduction in Net working capital.

Consolidated Balance Sheet

(€ 000)	12.31.2014	12.31.2013	*Differences*	
Net fixed assets	**81,577**	**73,495**	**+8,082**	**+11.0%**
Net working capital	**46,433**	**49,174**	**-2,741**	**-5.6%**
Severance indemnity fund (SIF)	**(3,038)**	**(3,517)**	**+479**	**-13.6%**
Net invested capital	**124,972**	**119,152**	**+5,820**	**+4.9%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	**-**
Total	**124,972**	**119,152**	**+5,820**	**+4.9%**
Financed by:				
Equity	**95,286**	**65,222**	**30,064**	**46.1%**
Net financial position	**29,686**	**53,930**	**-24,244**	**-45.0%**
Debt/Equity Ratio	*0.31*	*0.83*		
Total	**124,972**	**119,152**	**+5,820**	**+4.9%**

More specifically, **Net fixed assets** passed from € 73.50 million as at December 31st, 2013 to € 81.58 million as at December 31st, 2014, up € 8.08 million, mainly due to:

- the net increase in **Intangible assets** and **Goodwill** for a total of € 4.80 million, due to the rise in the volume of investments in Research, Innovation and Development incurred by the Group, mainly attributable to the new broad-spectrum fungicide SDHi and the new fumigant launched in the USA during the last quarter of the year, which more than offset the amortisation for the period;
- the increase in **Tangible assets** for € 1.05 million, mainly attributable to the investments incurred for the renovation of the Novara research centre, which will be opened in April 2015;
- the rise in **Other medium/long-term net assets** for € 2.19 million, which include (i) additional allocations for prepaid taxes at parent Isagro S.p.A. level for around € 1.5 million, (ii) the recognition of a receivable for € 1.5 million due from Rotam, being the medium/long-term portion of the upfront payment for a total of € 2.0 million relating to the Licensing agreement entered into in December 2014 (as more fully described in note No. 6 of the Explanatory Notes to these consolidated financial statements), (iii) the reduction for around

€ 1.0 million (against an identical amount collected) in the receivable due from Arysta originally recognised for € 4.0 million as at December 31st, 2013 (as more fully described in note No. 6 of the explanatory notes to these consolidated financial statements) and (iv) the recognition of a receivable amounting to € 1.15 million due from the customer Sumitomo Chemical Italia (as more fully described in note No. 6 of the Explanatory Notes to these consolidated financial statements).

Net working capital as at December 31st, 2014 amounted to € 46.43 million, down € 2.74 million compared to the € 49.17 million as at December 31st, 2013, being the combined effect of:

- an increase in **Inventories** of € 6.16 million, mainly due to the repurchase of stock in the USA from the previous local distributor by the associate Isagro USA. In this connection, it is hereby revealed that said repurchases came to around $ 12 million (of which around half already re-invoiced to the new distributor in the USA Gowan), which will be settled in 2015;
- the rise in **Trade receivables** for € 2.88 million, in relation to the increase in 2014 sales turnover, with a time-related trend in collections better than in 2013;
- an increase in **Trade payables** for € 14.37 million, mainly due to the deferred payment in relation to the aforesaid repurchase of stock in the USA.

The **Employee benefits** (Severance Indemnity Fund or S.I.F.) as at December 31st, 2014 amounted to € 3.04 million, down € 0.48 million with respect to 2013, due to the termination of the employment relationship with a number of Group executives.

As for funding, consolidated **Equity** as at December 31st, 2014 amounted to € 95.29 million, up € 30.06 million compared to € 65.22 million as at December 31st 2013, primarily due to the following:

- the share capital increase, mentioned in the introduction to this Report and described in greater detail in “Significant events during 2014”, via which the parent Isagro S.p.A. raised € 29,009,584.23 through the issue of 6,999,960 new Ordinary Shares and 14,174,919 Growth Shares, at a price of € 1.37 each (of which € 1.02 as share premium). The amount raised was then booked, for € 7,411,207.65, to the Share capital, which accordingly increased from € 17,550,000.00 to € 24,961,207.65, and for € 21,598,376.58, to the Share premium reserve;
- the loss of € 0.88 million pertaining to the year, compared with the loss of € 4.33 million reported at the end of 2013;
- the **Translation reserve**, equal to around € -7.99 million, up by € 2.67 million compared to € -10.66 million as at December 31st, 2013, by effect of the revaluation of the Indian rupee on currency markets, in turn involving a higher book value, in terms of Euro, of items in the consolidated financial statements relating to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd..

The consolidated **Net Financial Position (NFP)** as at December 31st, 2014, amounted to € 29.69 million, down by € 24.24 million compared to € 53.93 million reported as at December 31st, 2013, as a direct result of the afore-mentioned share capital increase.
With regard to the breakdown of the Net financial position as at December 31st, 2014:

- medium/long-term payables were up € 19.77 million, as a result of:
  - the reclassification under “Medium/long-term debt” of the portion totalling € 13.89 million of the original loan for € 22.50 million disbursed by the EIB, as described in detail in the section “Significant events during 2014”;
  - the obtainment of new funding, in the form of two medium/long-term loans for a total of € 7.0 million - € 5.74 million of which due beyond 12 months after December 31st, 2014 - taken out by the parent Isagro S.p.A. with a view to seeking greater alignment between the timing of the investments undertaken, particularly those relating to the development of the new broad-spectrum fungicide SDHi, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, as well as for reasons of cost-related opportunities;
- short-term payables were down € 40.97 million, as a result of:
  - the afore-mentioned classification for € 13.89 million from the item “Short term debts” to the item “Medium/long term debts”;
  - the reduction in the uses of the more onerous bank credit lines, in particular the factoring lines;
  - the discharge of the loan granted to Isagro S.p.A. by BasJes Holding S.r.l., amounting to € 8.81 million as at December 31st, 2013.

It is also noted that, as at December 31st, 2014, net fixed assets were entirely financed by equity, which also funded a portion of the working capital for around € 17 million, while the portion of net fixed assets that was not funded directly by equity as at December 31st, 2013 came to € 8.27 million.
In light of the above, the **debt/equity ratio** (i.e. the ratio between net financial position and equity) at consolidated level decreased to 0.31 compared to 0.83 as at December 31st, 2013.
As at December 31st, 2014, the operating companies reported a positive aggregate Net financial position of € 7.13 million, while the parent Isagro S.p.A., which concentrates most of R,I&D, synthesis and formulation activities and includes amounts related to investments in subsidiaries, reported a Net financial position at debt of € 36.81 million, against unused bank credit lines of various types amounting to around € 61.30 million.

Main financial indicators

The table below shows the key financial indicators of the Isagro Group:

Main financial indicators

	2014	2013
Average No. of shares in circulation * (000)	**31,014**	**17,500**
Basic earnings per share (€)	**(0.03)**	**(0.25)**
Equity per share (€)	**3.07**	**3.73**
R.O.E.	**-0.9%**	**-6.6%**
R.O.I.	**2.9%**	**4.4%**
Net financial position / EBITDA	**2.38**	**3.63**

*50,000 treasury shares not included

With reference to the key financial indicators, it is noted that the improvement in the net result for the year compared with 2013 led to a profit per share close to zero (-0.03) compared to a negative value of € 0.25 last year. Consequently, an improvement was seen in the R.O.E. (Return on Equity or the net profit/(loss) to equity ratio) of -0.9%, compared to -6.6% in 2013, but at the same time a deterioration in the R.O.I. (Return on Investment or the Operating result to net invested capital ratio), dropping from 4.4% in 2013 to 2.9% as at December 31st, 2014, as the combined effect of the drop on the Operating result and the rise in invested capital.

Also the ratio between the Net financial position and EBITDA by contrast disclosed a considerable improvement, passing from 3.63 in 2013 to 2.38 as at December 31st, 2014, due to the drop of 45.0% in the NFP when compared with last year, despite a parallel decrease in the EBITDA of 16.0%.

Results of the parent Isagro S.p.A.

In order to better represent the Group's financial performance and position as well as strategic results, it was deemed appropriate to present the main items relating to the parent Isagro S.p.A. as well, which does not only provide coordination and strategic guidance, as the Group's holding company, but also acts as a production, marketing and sales centre.
It is hereby disclosed that the comparative balances of the parent Isagro S.p.A. for 2013 also include the proportional share of the revenues and costs of the joint-operation ISEM S.r.l., recorded in compliance with the provisions of the IFRS 11 accounting standard, generating a lower loss for the parent Isagro S.p.A. in 2013 of € 1.94 million.
Therefore, with reference to the 2014 results of Isagro S.p.A., they were represented by:

- **Revenues** amounting to € 96.01 million, down by € 4.12 million (-4.1%) compared to € 100.14 million in the previous year (or, net of Licensing, revenues for € 94.01 million, up € 3.87 million (+4.3%) compared with € 90.14 million in 2013);
- **EBITDA** of € 3.37 million, down by € 5.69 million (-62.8%) compared to € 9.07 million in 2013;
- **Operating result** of € -5.12 million, compared to € 0.1 million last year;
- **Result before taxes** was a loss of € 6.68 million, disclosing a negative change of € 2.34 million compared to € -4.33 million as at December 31st, 2013;
- a **Loss** of € 5.41 million vs. the loss of € 6.96 million in 2013.

Comments on the stock market value and on the spread between Ordinary Shares and Growth Shares

With reference to the prices on the stock market of the two categories of Isagro shares, it is believed appropriate to make a number of comments with regard to the following two aspects:

- the market value of Isagro's equity, which is considerably lower than the book value of the shareholders' equity and is not indicative of the assets market value;
- the average discount applied by the Market to the Growth Shares with respect to the ordinary Shares, equal to approximately 21% (struck as from May 16th, 2014, date of introduction of the Growth Shares, until December 31st, 2014), which, in the Company's opinion, is not justified from an economic/financial standpoint.

With reference to the first point, it is emphasised that as at the date of December 31st, 2014 Isagro S.p.A.'s market capitalisation came to € 55.55 million (the result of around 24.55 million Ordinary Shares listed at a market price of € 1.424 and around 14.17 million Growth Shares at a market price of € 1.199), corresponding to less than 60% of the book value of the consolidated Equity (€ 95.29 million), which can be said to be in relation to the Net fixed assets (81.58 million), and, more specifically, the original cost of the registration capital (especially new registrations and registrations being obtained) and know-how of the proprietary products (new molecules and patents), net of the related accumulated amortisation.
Considering that the current two leading Isagro products, Tetraconazole and Copper-based products, which in 2014 generated consolidated aggregate turnover of around € 81 million, had a residual book value as at December 31st, 2014 of around € 22 million, and that proprietary molecules and the know-how disposals realised over the last few years have disclosed a market value of the Group assets based on important multiples of the sales, it appears clear that the book value of Isagro's equity underestimates the "intrinsic" / market value of its assets.
In light of the above, the possible important margin of appreciation of the share prices therefore appears evident, in fact depending in the future on the ability of the Group to implement a suitable extraction of value from its registration capital and know-how.
In this connection, it is believed that all the profound changes which have affected the Group over the last two years, and in particular during 2014, have made it possible to place Isagro in the right conditions for being able to proceed with a full extraction of value from its financial statement assets, whose manifestation is expected during the coming years by means of the progressive transfer of the value intrinsic today from the Balance Sheet to the Income statement and the cash flows.

With reference to the second point, it should be recalled that Growth Shares, issued by Isagro at the time of the share capital increase successfully concluded last May and which has been fully illustrated further on in this Report, are a new class of Special Shares, specially tailored for companies having a Controlling Subject (in Isagro's case, Piemme S.r.l.), that (i) in the absence of the voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) envisage an innovative protection mechanism for the investor, according to which, if the Controlling Subject loses control, and in any event of a compulsory public offer (OPA), Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.3 million Ordinary Shares, which makes them a more liquid financial instrument than the latter.

For the afore-mentioned reasons, the Growth Shares have been offered, in the subscription stage, at the same price as the Ordinary Shares and Isagro discloses that the current spread applied by the Market - equal to around 21% in the period between May 16th, 2014, date of introduction of this new financial instrument, and December 31st, 2014 - is not rationally justified from a economic/financial standpoint.

Within this sphere, the Directors, despite not finding rational logics for the differentials described previously, in any event deemed it appropriate to proceed with the verification of the recoverability of the assets recorded on the basis of the cash flows envisaged for the Group in the 2014-2018 plan. This analysis revealed an ample recoverability of the invested capital, further confirmation of the fact that the market underestimates the intrinsic value of the Group.

Observations on the financial profile and the business as a going concern

2014 saw the conclusive finalisation of the financial and strategic enhancement transaction launched in July 2013, which envisaged (i) the inclusion of the minority business partner Gowan in the Group control chain (October 2013), (ii) the share capital increase for around € 30 million, also by means of the issue of new Growth Shares (May 2014), and (iii) the streamlining and tightening of the Isagro controlling structure (December 2014).

The above points represented the pre-conditions to be satisfied so that the project for re-launching the business of the Group, based on the five Strategic Guidelines previously illustrated and formalised via the 2014-2018 Business Plan, can become reality.

As at December 31st, 2014 the Isagro Group disclosed a sound and balanced financial structure, with the **debt/equity ratio** of 0.31 and own Equity exceeding the Fixed capital, with a portion of around € 17 million in Working capital funded by equity furthermore. The proceeds cashed-in by means of the share capital increase made possible to self-finance the portion of investment scheduled for 2014 (part of the investment plan hypothesised in the 2014-2018 Business Plan, totalling € 80 million over a five-year period, of which, € 60 million in R,I&D) not covered by the cash flow generated by core business and will likewise make it possible to do so during 2015. As from 2016, the Group estimates that a level of turnover will be achieved, sufficient for self-financing the entire requirement generated by its investment projects, without resorting to either additional extraordinary transactions or new bank borrowing.

The reduction of the Net financial position which came about further to the share capital increase transaction, also facilitated access - particularly for the parent company Isagro S.p.A. - to credit and the renegotiation/restructuring of the same, reducing the related financial charges and overall increasing the duration, also partly replacing the short-term bank debt with medium/long-term loans.

Moreover, it is noted that the parent Isagro S.p.A., which pools most of the consolidated debt, had over € 61 million in bank credit facilities unused as at December 31st, 2014 that are for the most part represented by bill-discounting lines and advances on invoices.
In addition to the matters illustrated so far with reference to the enhancement of the Group's financial structure, it is disclosed that the encouraging results for 2014, supported by the projections for the first quarter of 2015, show a deep-rooted discontinuity with the past, confirming the effective launch of a cycle of structural growth for the operating results, as confirmed by the Directors at the time of the annual review of the Business Plan on February 25th, 2015.
In light of the above, the consolidated financial statements as at December 31st 2014 have been prepared on a going concern basis, since no significant uncertainties have come to light regarding the business outlook for the Group.

Research, Innovation and Development Activities

During 2014, Isagro incurred Research, Innovation and Development costs for a total amount of € 13.9 million, of which € 10.1 million were capitalised against investments for development, registration and the extraordinary protection of proprietary products worldwide. During 2013, these expenses amounted to € 10.3 million, of which € 8.4 million were capitalised.

A) Research and Innovation

The Research and Innovation activities carried out by the Group focused on several lines of work aimed at obtaining new candidates for development, with the aim of achieving the development of at least one new active ingredient (in addition to the SDHi) for the period covered by the Business Plan. The activities were thus focused on:

- a new series of broad-spectrum fungicides, additional with respect to that belonging to the SDHi class launched under development in 2012;
- a new series of herbicides (grass weed and dicotyledons control) for pre-emergence and post-emergence use on arable crop at global level.

The study continued for the identification of new copper-based formulations capable of acting at a lower dosage and with a broader spectrum than those already on the market.
Lastly, the evaluation of new biostimulants, alone or in various combinations, is still underway.

B) Product Development

The main development activities, carried out during 2014, are highlighted below:

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

Activities launched in 2013 for the identification of the first formulations exclusively developed by Isagro, the development of the synthesis processes and preparation of the registration dossier for the SDHi active ingredient on the main markets (Europe, USA, and Brazil) continued in 2014, following the Research

Plan scheduled with the development partner FMC. Field experimentation activities and the additional greenhouse profile assessments reached full on for the crops in the northern hemisphere, while with regard to Brazil data was collected in relation to the first Winter 2013 - Spring 2014 experimentation. The overall assessment of the results concluded in the fourth quarter of 2014, with the complete return of the trial reports. In the meanwhile, the results obtained from both the mutual programme with FMC and from that of Isagro alone confirm and extend the profile previously outlined and therefore the potential already mentioned in the previous reports; the need to develop a number of differentiated formulations for the various market/crops was confirmed, along with the appropriateness of joint-development for formulations with third parties active ingredients.
The main regulatory studies on the active ingredient are currently underway and do not reveal any problematic issues. The technical profile of the product is distinguishing itself so as to permit its use for Licensing contracts.

IR6141 – Kiralaxyl ™ or Benalaxyl-M – active isomer of Benalaxyl

The development activity focused on the following projects:
- completion of the sending of the registration dossier in the Southern European countries for the Kiralaxyl+copper oxychloride+copper hidroxyde WG formulation for vines and vegetables;
- continuation of the preparation of the registration dossier for Kiralaxyl for seed treatment in the USA;
- follow-up of the dossier to obtain the import tolerance in the USA;
- completion of the sending of documents required by the member nations of the European Union after the inclusion of all formulations containing Kiralaxyl registered in Europe (STEP1) in Annex 1 of the EC 1107/2009 Regulation.

Tetraconazole - broad spectrum fungicide

Activities were focused on the following projects:
- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- study valuation for the re-registrations in the USA;
- registration and labels extension in the USA, Canada and Brazil, as envisaged by the agreement with Arysta.

Copper-based products

With reference to copper-based products:
- in keeping with the plan, the registration application for the Airone® Sc and Airone® WG formulations was sent to the states for the Southern Europe and Central Europe zone;
- the registration application for Airone® WG in relation to Egypt was forwarded;
- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process).

Fumigant products

The registration dossier was forwarded to the Isagro representatives in Turkey.
In October 2013, Isagro obtained from the Environmental Protection Agency (EPA) the authorisation for the use of its fumigant in the United States, the first product to be classified as bio-fumigant. In this

connection, sales of this products commenced in the USA. However, the registration obtained as of the date of drafting of this Report is referred to specific areas of the United States of secondary importance. Isagro envisages to obtain the registration in April 2015 for the state of California, the main market for the new fumigant, which is expected to provide the greatest contribution in terms of revenue and margins over the coming years.

Biostimulants

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

Microbiological products

Development was primarily related to the planning, the drawing-up of dossiers and their sending to obtain the registration of Tricoderma formulations in various European countries.

Pheromones

Follow-up of the European review process.

For all the above-mentioned product families, classifications and labelling for each single formulation were adjusted, pursuant to Regulation 1272 of 2008.

Actions for the commercial development of Isagro

Activities for the commercial development of the Group continued during 2014, via:

- the obtainment of 37 new registrations, including - as far as Tetraconazole is concerned - those obtained for the mix with Azoxystrobina in the USA and Brazil. As for copper and Kiralaxyl-based fungicides, the attainment of new registrations in Italy, Spain, Egypt and Malaysia should be noted. These are joined by the registration for the Deltamethrin 2.5 EC formulation in Spain, Bulgaria and Italy;
- the further strengthening of the Marketing and Sales team with the addition of new professional profiles;
- the implementation of targeted action in the individual Commercial Areas in which Isagro operates, including intense customer support activities for the promotion and development of the sales of proprietary products, with returns expected in the coming 12-24 months.

Contact is also underway for the purpose of defining long-term Licensing/supply agreements for active ingredients and proprietary products.

Main events of 2014

The main events that occurred during 2014 are described below:

A) ACTIONS AIMED AT ENHANCING EFFICIENCY

The parent Isagro S.p.A. signed the trade union agreement on lay-off procedures pursuant to Italian Law 223/91 on January 16th, 2014 that was activated on November 29th, 2013 for a total number of 43 structural redundancies located at the Adria, Aprilia, Bussi sul Tirino and Milan units and closed with 41 workers involved.

The reasons that led to these redundancies arose from the need, which could not be deferred, of the parent Isagro S.p.A. to reorganise and rationalise its production, structure and service activities while adapting their costs to the current scope of activities, and improving the distribution of resources and expertise in the various segments involved.

To be able to mitigate the social and economic impact of the redundant employees, both the criteria for selecting the workers to place on unemployment benefits (priority given to personnel having the requisites for attaining early retirement or old age pension) and the payment of an incentive to leave the company balanced with the maximum period of unemployment benefits due were included in the union agreement signed with the unions.

As at December 31st, 2014, 26 employees were temporarily laid off and the lay-off procedure will end on December 31st, 2015.

B) APPROVAL OF THE 2014-2018 BUSINESS PLAN

In March 2014, the parent Isagro S.p.A.'s Board of Directors approved the 2014-2018 Business Plan, subsequently published in April, as illustrated in greater detail in the section "Progress of the 2014-2018 Business Plan" and in the Half-year report as at June 30th, 2014, to which you are referred.

C) ISEM LIQUIDATION

On April 1st, 2014, the Shareholders' Meeting of ISEM S.r.l. (joint-venture between Isagro S.p.A. and Chemtura Netherlands B.V.) resolved on the winding-up and liquidation of the company and appointed the Liquidator, pursuant to law provisions.

On the basis of the resolutions adopted on July 29th, 2014 by the ISEM S.r.l. (in liquidation) shareholders' meeting, the final winding-up accounts were duly filed care of the Milan Companies' Register on July 31st, 2014 and the company was definitively cancelled from said register on October 7th, 2014.

D) SHARE CAPITAL INCREASE

During 2013, Isagro developed a strategic partnership which would allow to overcome the constraint of the limited size of the Group with regard to the recent regulatory developments (which made the process of developing new molecules longer and more expensive, contributing to taking the strategic decision to co-develop them with specific partners) and especially to the developments in the market (which in the aftermath of a higher concentration of the operators and of "generalisation" of the active ingredients, making having long-term accesses to the distributions available for the proprietary products more and more important).

The experience showed that Isagro needed a partner:

a) with an adequate knowledge of commercial and distribution development in the most important markets for the proprietary products (so as to ensure direct access to the market) and complementary to Isagro with respect to the business value chain (to ensure potential synergies);
b) bound to Isagro with a substantial shareholding, but in any case non-controlling, in the company's controlling system (as a guarantee of both Isagro's management autonomy and of long-term alliance);
c) that is larger, but not far from the size of Isagro (again to safeguard the Group's management autonomy).

Based on the considerations provided above, on July 30th, 2013 the parent Isagro S.p.A., together with its indirect subsidiary Piemme S.r.l., had entered into an Agreement for the entry of an industrial partner, Gowan (US company operating in the agrochemicals sector), in Isagro's controlling system, with Piemme the controlling subject with a 51% interest and with Gowan the minority partner with 49%.

This agreement aimed at obtaining:

- significant strategic and business consolidation owing to the synergies that have been quantified only in part;
- a considerable financial consolidation owing to a planned capital increase of between € 25 and 30 million in Isagro S.p.A., of which roughly € 16 million "covered" by the Isagro controlling system with the funds that Gowan's entry as minority shareholder in the Group's controlling system would bring in;
- simplification and tightening of Isagro's control structure, via the elimination of the sub-holding companies Manisa S.r.l. and Holdisa S.r.l., subject to acceptance by the minority shareholders of the controlling system of an offer by BasJes (company originally a wholly-owned subsidiary of Piemme, which afterwards owned 51% with Gowan holding the remaining 49% interest after a capital increase subscribed by Gowan, which also held the controlling interest in Manisa S.r.l, in turn the parent company of Holdisa S.r.l., which in turn controls the majority of Isagro's Ordinary Shares) to purchase their shares, and to the concurrent undertaking of the minority shareholders to use this income to underwrite new Growth Shares of Isagro S.p.A..

The share capital increase transaction against payment in divisible form, for an overall amount of € 29,009,750, by means of the issue of a maximum of 7,000,000 Ordinary Shares and a maximum of 14,175,000 Growth Shares offered under option to the shareholders, in relation to which Isagro S.p.A. obtained CONSOB's approval for the publication of the Information Prospectus on April 15th, 2014, successfully concluded on May 21st, 2014, with the subscription of 6,999,960 Ordinary Shares and 14,174,919 Growth Shares, for an overall value of € 29,009,584.23.

The newly issued Ordinary Shares and Growth Shares were jointly offered under option to Isagro's shareholders, in indivisible packages composed of 40 Ordinary Shares and 81 Growth Shares, with an allocation ratio of 1 indivisible package for every 100 Ordinary Shares held, at the same price of € 1.37 each (of which € 1.02 as share premium).

During the offer under option period (April 22nd - May 13th, 2014), 17,366,100 purchase options were exercised for the subscription of 6,946,440 Ordinary Shares, equating to 99.23% of the total of the Ordinary Shares offered, and 14,066,541 Growth Shares, equal to 99.23% of the total Growth Shares offered, for a total value of € 28,787,783.97 (of which € 9,516,622.80 pertaining to the Ordinary Shares and € 19,271,161.17 relating to the Growth Shares).

In compliance with the matters pursued by Article 2441.3 of the Italian Civil Code, Isagro offered the unexercised 133,900 purchase options on the Market and, on conclusion of the Market Offer period, 53,520 Ordinary Shares and 108,378 Growth Shares were subscribed, for an overall value of € 221,800.26, taking the amount of resources gathered up to the afore-mentioned € 29,009,584.23. Therefore, 40 Ordinary Shares and 81 Growth Shares were unsubscribed, for an overall value of € 165.77.

On conclusion of the above-mentioned subscriptions, the new share capital of Isagro was therefore equal to € 24,961,207.65, represented by 24,549,960 Ordinary Shares and 14,174,919 Growth Shares, all lacking par value.

It should be noted that, according to provisions set out by the Framework Agreement, BasJes asked the minority shareholders of Manisa and Holdisa to purchase the interests they held in the two companies, provided that they undertook to let Holdisa have the entire amount of money related to these shares in order to enable Holdisa itself to exercise its option rights within the share capital increase and therefore use this amount to release the Growth Shares related to the share capital increase and pertaining to Minority shareholders that would accept the offer of BasJes.

All Minority shareholders, except for two natural persons, representing in aggregate 4.7% of Manisa's share capital, accepted the offer of BasJes.

In May 2014, to fulfil commitments undertaken on April 14th, 2014, the directly controlling shareholding Holdisa exercised all its option rights by subscribing 3,840,000 new Ordinary Shares and 7,776,000 Growth Shares (of which 464,572 directly, equal to the number of Growth Shares which would have pertained to two shareholders of Manisa, who did not accept the offer of BasJes, and 7,311,428 indirectly, through minority shareholders of Manisa and Holdisa who accepted the offer of BasJes), equal to 54.86% of the total Shares offered, for a total amount of € 15,913,920.

For the sake of completeness, it should be noted that the 3,840,000 Ordinary Shares and 464,572 Growth Shares indicated above, equal to a value of € 5,897,263.64, were subscribed directly by Holdisa through netting of the portion of the loan granted by BasJes in 2013 and transferred to Holdisa in April 2014, but not repaid as of that date.

It should be also recalled that Growth Shares are a new class of Special Shares, specially tailored for companies having a Controlling Subject (in the event of Isagro, Piemme S.r.l.), that (i) against the absence of voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) provide for an innovative protection mechanism for the investor, according to which, if the Controlling Entity loses control, and in any event of a compulsory public offer (OPA), Growth Shares are automatically converted into Ordinary Shares.

By means of decision No. 7868 of April 11th, 2014, Borsa Italiana S.p.A. provided for the listing of Growth Shares in the STAR segment of the Borsa Italiana Electronic Stock Market. They have been traded since May 16th, 2014, after Borsa Italiana assessed their sufficient public dissemination.

E) **ACCEPTANCE OF EIB WAIVER BY THE PARTIES GUARANTEEING THE LOAN**

As already mentioned in the section "Balance Sheet - Summary data", it is noted that while preparing the financial statements as at December 31st, 2013, Your Group reclassified € 17.89 million regarding the amount of the E.I.B. loan, originally € 22.5 million initially considered as non-current, under "Short term debts". This reclassification became necessary when applying the international accounting standard IAS 1 because of the breach of some loan provisions for which the contract itself envisaged that the disbursing bank had the right to declare the acceleration clause as having come into effect on the parent Isagro S.p.A.. Since a waiver from the E.I.B. was received after December 31st, 2013, the amount payable was classified short-term although the breach of the contractual clause was rectified, pursuant to the accounting standards of reference. This waiver issued by E.I.B. on March 14th, 2014, and requested by the parent Isagro S.p.A. against a commercial pledge, had immediate effect. Nevertheless, if the bank did not receive a formal consent in writing from the parties guaranteeing the loan by March 20th, 2015, the waiver would have been considered terminated with retroactive effect. In line with expectations, on May 30th, 2014 the parent Isagro S.p.A. completed the collection of formal consents in writing from the parties guaranteeing the loan. Therefore, on the occasion of the preparation of these financial statements, Isagro provided for the reclassification as "Medium/long-term debt" of the portion of the above-mentioned loan, which is contractually beyond the 12 months after December 31st, 2014.

F) **SIMPLIFICATION OF THE GROUP CONTROLLING SYSTEM**

On June 4th, 2014, the remaining minority shareholders in Manisa S.r.l. that did not accept BasJes's Offer, described in section D, sold their shares (equal in aggregate to 4.7% of the share capital of the same Manisa S.r.l.) respectively to BasJes Holding S.r.l. and to Holdisa S.r.l.

It is worth noting that, following the aforesaid agreements, the portion of Ordinary Shares held by Holdisa S.r.l., direct holding company of the parent Isagro S.p.A., decreased from 54.7% to 53.7%, while BasJes Holding S.r.l. became the holder directly/indirectly of 100% of the share capital of both Manisa S.r.l. and Holdisa S.r.l..

It was thus possible to complete - on a consistent basis with the matters previously communicated to the Market - the project for streamlining the control structure of the Isagro Group via the merger through

incorporation of the sub-holding companies Manisa S.r.l. and Holdisa S.r.l. in BasJes Holding S.r.l., whose statutory effects run as from December 10th, 2014, date when the merger deed was registered care of the Milan Companies' Register.

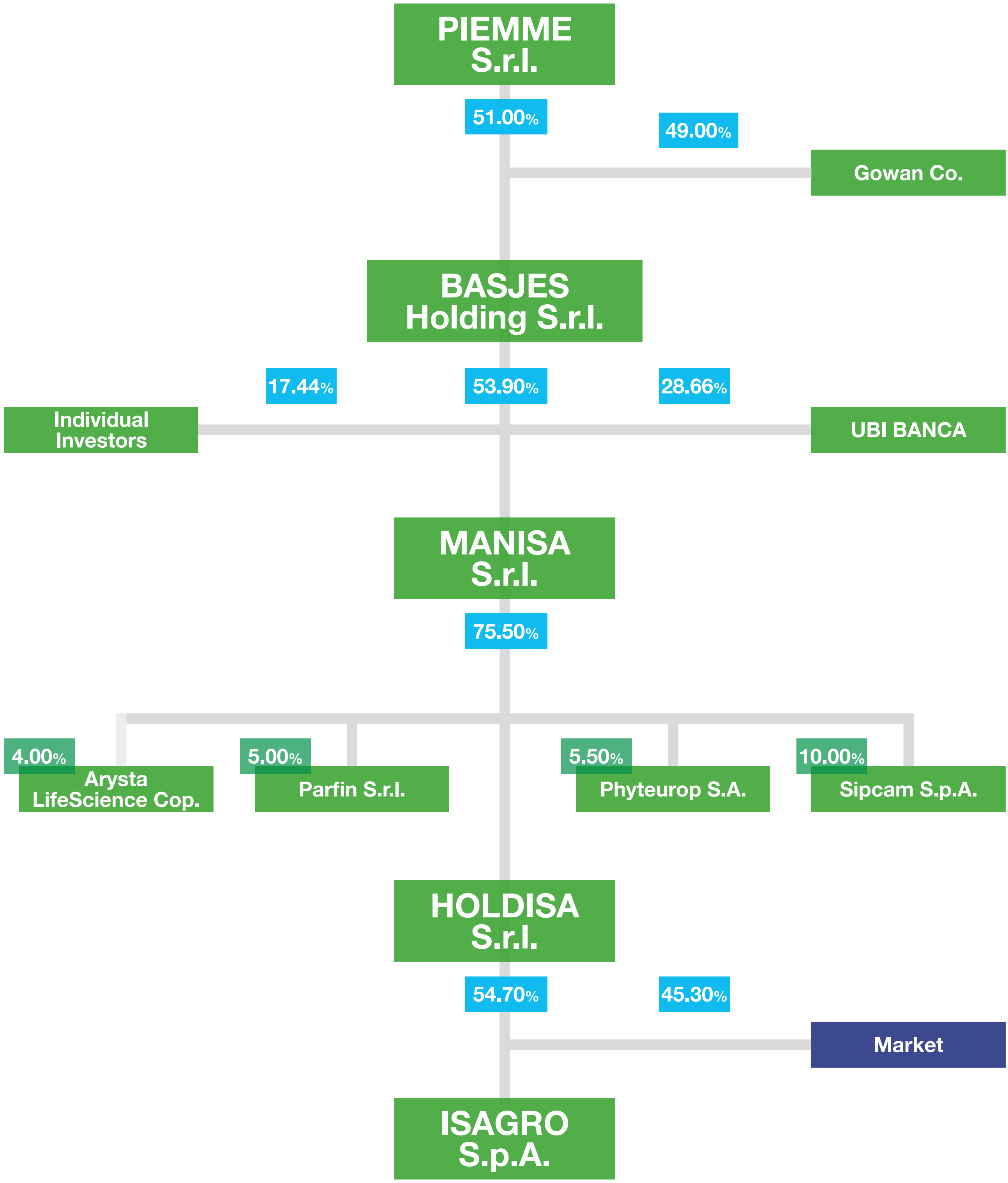
BasJes Holding S.r.l, the new direct parent company of Isagro S.p.A. by means of 53.7% of the voting rights, at the same time adopted the name of Holdisa S.r.l., while Piemme S.r.l. continues to cover the role of Controlling Subject

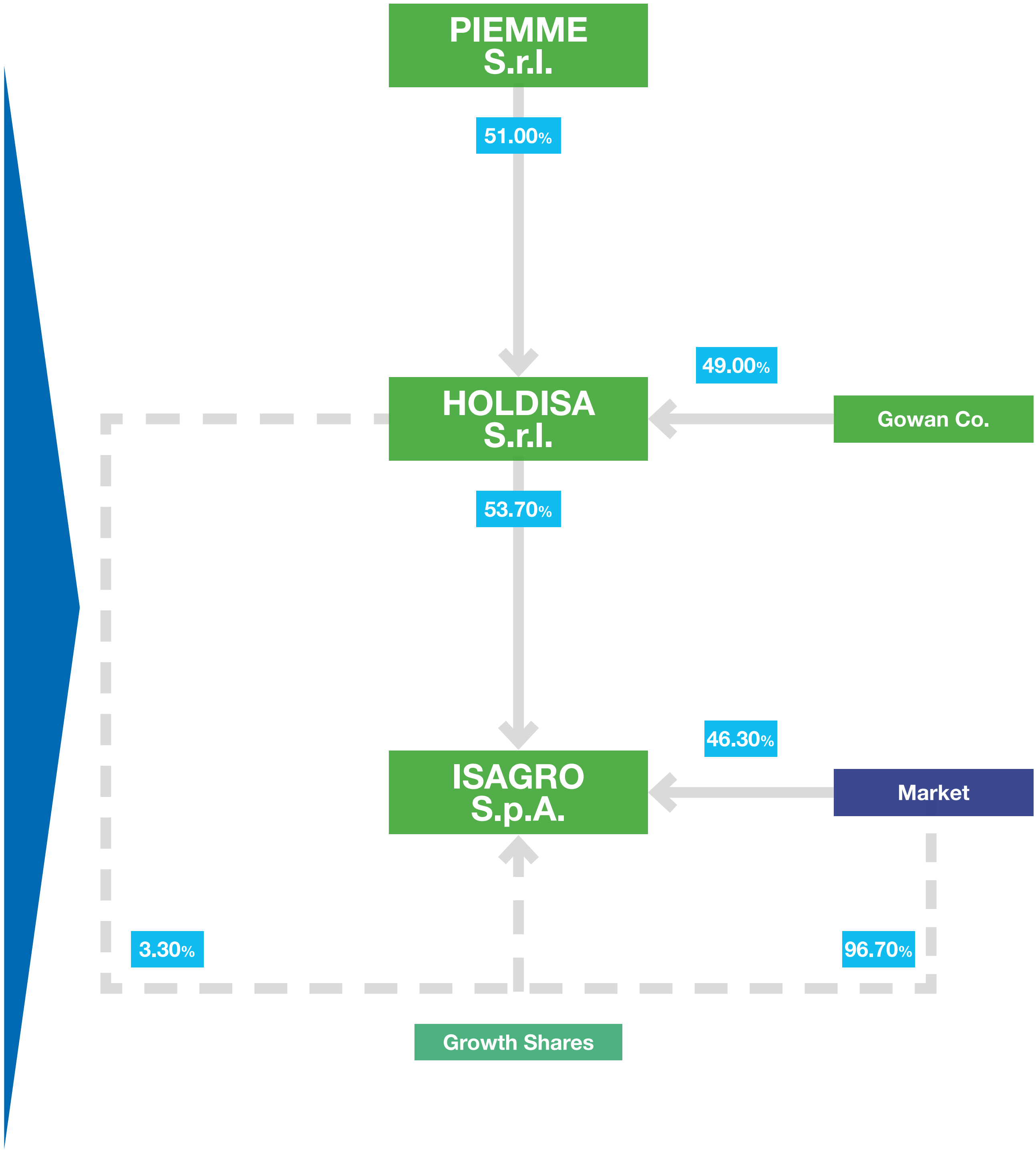
G) CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

You are hereby informed that the Isagro S.p.A. shareholders' meeting held on April 7th, 2014 resolved to increase the number of members of the Board from 7 to 8 and, consequently, to appoint Christina Economou as additional member of said Board, also confirming the appointment of Gianni Franco (already co-opted - as from December 19th, 2013 - as Director in replacement of the outgoing Director Paolo Piccardi, as per Article 2386 of the Italian Civil Code and Article 15 of the Articles of Association).

Subsequently, on August 5th, 2014, further to the resignation of the Director Carlo Porcari, the Board of Directors co-opted Riccardo Basile as new Board member.

CHANGES IN ISAGRO'S CONTROL STRUCTURE




PIEMME S.r.l.
51.00%
HOLDISA S.r.l.
49.00%
Gowan Co.
53.70%
ISAGRO S.p.A.
46.30%
Market
3.30%
96.70%
Growth Shares

H) LONG-TERM LICENSE, DEVELOPMENT, DISTRIBUTION AND SUPPLY AGREEMENT WITH ROTAM

On December 16th, 2014 Isagro S.p.A. and Rotam Agrochemical Company Ltd. concluded a long-term license, development, distribution and supply agreement by means of which Isagro, against an upfront payment, granted Rotam:

- the right and the license for the assessment of the possible commercial use and exploitation of certain mixtures (each made up of an Isagro active ingredient and a Rotam active ingredient) in China, Taiwan and Indonesia;
- the right to test another Isagro product for a year, for the purpose of assessing the possible commercial use in China.

Furthermore, Isagro granted Rotam distribution rights for 10 years in relation to a number of proprietary products in the afore-mentioned countries, on an exclusive or non-exclusive basis according to the individual product.

Rotam will acquire all its Isagro product, and active ingredient, needs directly from Isagro.

Human Resources

The actual workforce as at December 31st, 2014 of the Isagro Group came to 600 employees, split into the following categories:

Number of employees	12/31/2014	12/31/2013	Difference
Executives	53	54	-1
Middle managers	131	127	+4
Office workers*	332	327	+5
Blue-collar	84	109	-25
Total	**600**	**617**	**-17**

*includes the workers with special skill level and 3 workers from the Representative Office in Vietnam

During the year, the workforce decreased by 17 units compared to 2013, with an overall decrease, net of recruitment, of 18 units in Isagro S.p.A. and an increase of 1 unit at the foreign branches.

No particular situations of organisational change are noted at the foreign branches, besides the normal turnover.

It is hereby specified that, during 2014, in accordance with the Trade Union Agreement entered into in Italy with the Trade Unions on January 16th, 2014, the company reorganisation project was launched, involving the laying off of 26 workers, who form part of the 41 envisaged in the afore-mentioned Agreement, whose validity extends to 2015.

The project for the reorganisation and optimisation of the Isagro S.p.A. structure, in line with the current organisational requirements, also involved 4 executives from the Milan offices, with the consequent termination of the employment relationship.

With regard to new recruitment, the following is confirmed:

- the project for the strengthening of the Marketing & Sales and Research, Innovation & Development units, with the introduction of new Product and Technical Manager professional profiles (3 in Italy and 2 in Vietnam);
- recourse to temporary contracts (i) for specific research projects to be implemented in accordance with strategic agreement with sector companies and (ii) in order to deal with the customary seasonal trend in the production activities.

During 2014, relations with the Trade Unions were generally constructive, allowing for excellent results within the sphere of industrial relations management. In this connection, the main activities achieved were:

- the sharing and definition of special agreements on working hours, which adopt all flexibility opportunities offered by the National Labour Contracts and allowed for the implementation, at all industrial sites, of all the changes in working hours required to meet the various production needs and the streamlining of the corporate organization;
- renewal of three-year agreements (2014-2016) related to the second-level negotiation on the Bonuses at all Sites;
- signature, on January 16th, 2014, of the trade union agreement for the temporary lay-off procedure for 41 workers;
- the signing of the trade union agreement on temporary lay-off procedures pursuant to Italian Law 223/91 on January 13th, 2015 care of the Novara Industrial Society, which was activated on December 1st, 2014 for a total number of 6 workers employed at the Novara premises.

  The reasons which led to this latter agreement derive from the need to optimise the fixed costs for the services and the overheads of the Novara premises, in line with the activities already underway for the other Installations/Works throughout Italy, also by means of the partial or total outsourcing of certain sectors/services.

  In order to mitigate the social and economic impact of the redundant employees, both the criteria for selecting the workers to place on unemployment benefits (priority given to personnel having the requisites for attaining early retirement or old age pension) and the payment of an incentive to leave the company balanced with the maximum period of unemployment benefits due were included in the union agreement signed with the unions.

In conclusion, it is disclosed that, in compliance with the matters envisaged by the annual plan implemented in all the operating units, training activities were carried out, with particular attention paid to the topics of Quality, Safety and Environment and foreign need of languages, bearing in mind the Group's internationalisation (English and Spanish) and the specific technical training for specialist professional skills.

Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001

On November 12th, 2013 the Board of Director of Isagro S.p.A. updated the Organisation, Management and Control Model (hereinafter also the "Model") acknowledging the regulatory and legal updates in force on the subject as at that date.

During the period in question, the following:

i. on February 26th, 2014, the Chamber of Deputies approved the draft law named "Provisions on crimes against environment" which envisages the introduction, in the Criminal Code, book II, of a new title VI-bis defining the new infringement cases for environmental pollution (art. 452-bis) and environmental disaster (art. 452-ter), which are punishable both for intentional and negligent actions, as well as cases of trade and dumping of radioactive waste (art. 452-quater) and intentional actions aiming at preventing environmental controls (art. 452-sexies). This text also envisages the widening of the application field of the Italian Legislative Decree 231/2001, while enlarging the administrative liability of entities to new intentional environmental crimes. The aforesaid draft law is still being evaluated by the Senate;

ii. on April 6th, 2014, the Italian Legislative Decree No. 39 of March 4th, 2014 entered in force art. 25-quinquies, lett. c) thereof envisages the new alleged offence of "solicitation of children", as per art. 609-undecies of the Criminal Code;

iii. on December 4th, 2014, the Bill C. 2477 which introduces the offence of "Self-laundering" (art. 648-ter. 1 It, Criminal Code) was approved. Law No. 186 dated December 15th, 2014 - published in the Italian Official Gazette No. 292 dated December 17th, 2014 and in force as from January 1st, 2015 - further extended the catalogue of the offences as per It. Leg. Decree No. 231/2001 referring specifically to the new offence in Art. 25-octies also amending the list which now becomes "Receiving stolen goods, money laundering and use of illegally obtained money, goods or benefits as well as self-laundering".

With regard to the above, it is hereby disclosed that the evaluation of the overall corporate activities has led to the exclusion of the possibility of commission for the new alleged offence as per item ii); this offence has therefore not been specifically assessed or relatively illustrated in the activities described in the Model. By contrast, with reference to the new eligible offence as per point iii), the Company - also upon the suggestion of the Supervisory Body - is evaluating the potential areas of impact of the same for the purpose of being able to establish the activities to put together for the consequent up-date of the Model.

Corporate Governance Code and Report

Isagro S.p.A. adopted the Corporate Governance Code of listed companies (approved in March 2006 and amended in July 2014) as its point of reference for an effective corporate governance structure. The new version of the Code was formally adopted with a resolution of the Board of Directors on August 5th, 2014.

For a detailed description of the corporate governance structure, please refer to the Corporate Governance Report available at the registered office, on its website (www.isagro.com – corporate governance section), and on the website of Borsa Italiana (www.borsaitaliana.it).

Legal proceedings

Caffaro S.r.l. (in receivership)

During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, given the absence of negotiations, while hoping that, by that date, the proposal will be approved by the Creditors' Committee at least, and undertaking, in that case, to grant a longer postponement. The proceedings were therefore once again adjourned until the hearing on January 26th, 2015, during which the parties discussed the merits of the case. The Judge therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015. If the parties should fail to appear at this hearing on March 23rd 2015 as well, the Judge shall declare the striking off of the proceedings from the judicial role and the dismissal of the case.

Du Pont De Nemours Italiana S.r.l. – Luisa Cav. Eddi

This dispute can be considered to be concluded, since the parties have reached an agreement, with the consequent payment by Isagro of € 20 thousand.

Gamma International S.r.l. insolvency

On December 23rd, 2014, the parent Isagro S.p.A. applied to prove claims in the Gamma International S.r.l. bankruptcy proceedings and filed an application for the return of machinery loaned free-of-charge to the bankrupt company when the latter was still a going concern. The credit which the parent company has requested to prove in the proceedings amounted to € 97 thousand, of which € 9 thousand plus VAT, in the capacity of privileged creditor as per Article 2764 of the Italian Civil Code by way of lease fee for 2014.
The Receiver has proposed the full acceptance of the claims made by the parent Isagro S.p.A., the return of the machinery loaned free-of-charge and has agreed the termination of the contracts outstanding with the bankrupt company.
During the hearing held on January 28th, 2015, fixed for the verification of the statement of affairs, the appointed Judge fully upheld the petition of the parent.

With reference to the other legal proceedings in progress, please refer to the specific paragraph of the Explanatory Notes.

Transactions with related parties

Transactions with related parties, which include intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and are included in the normal business of the Group companies. These transactions are carried out at arm's length, taking account of the characteristics of goods and services marketed.
For further details related to the economic and equity effects of the transactions with related parties on the consolidated figures of the Isagro Group as at December 31st, 2014, reference is made to information given in the special section in the Explanatory Notes.

Use of estimates

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

Subsequent events

A. *ACTIONS AIMED AT ENHANCING EFFICIENCY - NOVARA PREMISES*
   As described in detail in the section "Human Resources", a trade union agreement relating to temporary lay-off procedures pursuant to Italian Law 223/91 was entered into on January 13th, 2015 care of the Novara Industrial Society, activated on December 1st, 2014 for a total number of 6 workers employed at the Novara premises.

B. *EARLY REPAYMENT OF THE E.I.B. LOANS COUNTERGUARANTEED BY BNL AND UBI AND ATTAINMENT OF NEW M/L TERM LOANS*
   In order to optimise the cost of borrowing at Group level and seek greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, the parent Isagro S.p.A.:
   - has repaid € 7.39 million in advance to the E.I.B. (February 16th, 2015, with respect to the original expiry of May 15th, 2018), corresponding to the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012, of the overall loan originally amounting to € 22.5 million;

- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5.0 million, repayment of which is envisaged in the second half of 2018. Negotiations are also underway with other leading banks for raising additional funding for a total amount of around € 10.0 million.

C. LIQUIDATION OF ISAGRO HELLAS

Within a context of general reorganisation of the sales division and optimisation of the costs, the procedure for the placement in liquidation of the subsidiary Isagro Hellas Ltd. was launched, with effect as from February 1st, 2015; the definitive closure of these proceedings is envisaged to take place by the end of July 2015, once the related local fulfilments have been seen to.

D. REVIEW OF THE 2014-2018 BUSINESS PLAN

On February 25th, 2015 the parent Isagro S.p.A.'s Board of Directors approved the up-date of the 2014-2018 Business Plan ("Revised 2015 Budget and 2016-2018 Estimates: confirmation of growth") relating to the Group's consolidated figures.

At that time, and as mentioned before in this Report, the envisaged € 13 million in Licensing revenues were confirmed (of which € 2 million obtained in 2014), albeit with a different timing with respect to that previously adopted. Furthermore, no significant changes took place with reference to the trend in the Basic Business turnover. Consequently, Isagro confirms the EBITDA growth process, as outlined in the 2014-2018 Business Plan announced to the Market.

Business outlook for 2015

The considerable discontinuities with respect to the past, represented by:

- the success of the share capital increase transaction for € 29 million;
- the important improvement in the operating result of the Basic Business for 2014;
- the launch of the new fumigant for the US market;
- the confirmations regarding the technical validity of the afore-mentioned new SDHi molecule under development;
- the projections for the first quarter of 2015, expected to be up on 2014;

confirm and highlight the effective launch of a structural growth cycle for the operating results within the sphere of the process outlined by the 2014-2018 Business Plan.

Attachment 1 | Reclassified Consolidated income Statement

(€ 000)	2014	2013	*Differences*	
Revenues from sales of products and services	**145,939**	**139,777**	**+6,162**	**+4.4%**
of which:				
Basic Business	***143,939***	***129,777***	***14,162***	
Licensing	***2,000***	***10,000***	***(8,000)***	
Other revenues and income	3,092	2,869	+223	
Consumption of materials and external services	(115,240)	(99,601)	-15,639	
Changes in inventories of products	4,638	(2,908)	+7,546	
Increase of fixed assets for internal works	3,306	3,606	-300	
Allocations to provisions for expenses and bad/ doubtful debt provisions	(701)	(1,721)	+1,020	
Labour costs	(26,153)	(25,448)	-705	
Provisions for bonuses	(1,244)	(1,306)	+62	
Non-recurring items	(1,170)	(428)	-742	
EBITDA	**12,467**	**14,840**	**-2,373**	**-16.0%**
% on Revenues	8.5%	10.6%		
of which:				
Basic Business	***10,467***	***4,840***	***5,627***	
Licensing	***2,000***	***10,000***	***(8,000)***	
Amortisation/Depreciation:				
- tangible assets	(3,678)	(3,965)	+287	
- intangible assets	(5,082)	(5,422)	+340	
- write off of assets and assets revaluation (IFRS 10)	(187)	(162)	-25	
EBIT	**3,520**	**5,291**	**-1,771**	**-33.5%**
% on Revenues	2.4%	3.8%		
Interest, fees and financial discounts	(2,807)	(4,807)	+2,000	
Gains/losses on foreign exchange and derivatives	108	(185)	+293	
Impairment/reversals of impairment of equity investments	59	10	+49	
Result before taxes	**880**	**309**	**+571**	**N/S**
Current and deferred taxes	(1,758)	(4,038)	+2,280	
Profit/(loss) from continuing operations	**(878)**	**(3,729)**	**2,851**	**N/S**
Profit/(loss) from discontinued operations	-	(600)	+600	
Net result	**(878)**	**(4,329)**	**3,451**	**N/S**

Attachment 2 | Reclassified Consolidated Balance Sheet

(€ 000)	12.31.2014	12.31.2013	*Differences*	
Net fixed assets				
Goodwill	3,762	3,915	-153	
Other intangible assets	40,339	35,387	+4,952	
Tangible assets	24,130	23,081	+1,049	
Financial assets	253	205	+48	
Other medium/long term assets and liabilities	13,093	10,907	+2,186	
Total net fixed assets	**81,577**	**73,495**	**+8,082**	**+11,0%**
Net working capital				
Inventories	40,364	34,202	+6,162	
Trade receivables	49,598	46,716	+2,882	
Trade payables	(44,578)	(30,212)	-14,366	
Current provisions	(1,651)	(3,356)	+1,705	
Other current assets and liabilities	2,700	1,824	+876	
Total net working capital	46,433	49,174	-2,741	-5,6%
Invested capital	**128,010**	**122,669**	**+5,341**	**+4,4%**
Severance indemnity fund (SIF)	**(3,038)**	**(3,517)**	**+479**	**-13,6%**
Net invested capital	**124,972**	**119,152**	**+5,820**	**+4,9%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**124,972**	**119,152**	**+5,820**	**+4,9%**
financed by:				
Equity				
Paid-in share capital	24,961	17,550	+7,411	
Reserves and retained earnings	79,195	62,658	+16,537	
Translation reserve	(7,992)	(10,657)	+2,665	
Group profit/(loss)	(878)	(4,329)	+3,451	
Total equity	**95,286**	**65,222**	**+30,064**	**+46,1%**
Net financial position				
Medium/long term debts:				
- due to banks	19,632	-	+19,632	
- towards other lenders	266	125	+141	
- other assets (liabilities) and derivatives	(2,875)	(2,875)	-	
Total medium/long term debts	**17,023**	**(2,750)**	**+19,773**	**N/S**
Short-term debts:				
- due to banks	27,344	40,561	-13,217	
- towards other lenders	1,839	21,575	-19,736	
- towards parent companies	-	8,806	-8,806	
- other assets (liabilities) and derivatives	629	(163)	+792	
Total short-term debts	**29,812**	**70,779**	**-40,967**	**-57,9%**
Cash and cash equivalents	**(17,149)**	**(14,099)**	**-3,050**	**N/S**
Total net financial position	**29,686**	**53,930**	**-24,244**	**-45,0%**
Total	**124,972**	**119,152**	**+5,820**	**+4,9%**

Attachment 3 | Consolidated Statement of cash flows

(€ 000)	2014	2013
Cash and cash equivalents (at January 1st)	**14,099**	**14,739**
Operating activities		
Profit/(loss) from continuing operations	**(878)**	**(3,729)**
Profit/(loss) from discontinued operations	**-**	**(600)**
- Depreciation of tangible assets	3,678	3,965
- Amortisation of intangible assets	5,082	5,422
- Impairment of fixed assets	187	162
- Provisions (including severance indemnity fund)	1,768	3,370
- (Gain)/loss on sale of tangible and intangible assets	57	(1,211)
- Interest receivable from assets held for trading	(400)	(216)
- Net interest expense charged by financial institutes and leasing companies	3,068	4,780
- Financial charges from derivatives	1,150	292
- Share of profit/(loss) of equity-accounted investees	(59)	(10)
- Income taxes	1,758	4,038
Cash flow from current operations	*15,411*	*16,263*
- Increase in trade receivables	(1,435)	(7,537)
- (Increase)/decrease in inventories	(4,798)	6,551
- Increase/(decrease) in trade payables	12,706	(1,862)
- Net change in other assets/liabilities	(1,600)	(3,757)
- Use of provisions (including severance indemnity fund)	(3,488)	(1,476)
- Net interest expenses towards financial institutes and leasing companies	(3,294)	(4,853)
- Financial flow for derivative instruments	(392)	(98)
- Income taxes paid	(3,167)	(3,056)
Cash flow from operating activities	**9,943**	**175**
Investment activities		
- Investments in intangible assets	(10,034)	(8,580)
- Investments in tangible assets	(4,345)	(1,808)
- Net sale price on disposal of tangible and intangible assets	10	19,055
- Dividends collected by associates	11	-
- Cash flow from assets held for trading	437	184
Cash flow from/(for) investment activities	**(13,921)**	**8,851**
Financing activities		
- Decrease in financial payables (current and non-current)	(22,105)	(9,429)
- Decrease of financial receivables	-	1,270
- Payment to shareholders for share capital increase	28,074	-
Cash flow from/(for) financial activities	**5,969**	**(8,159)**
Change in translation difference	**1,059**	**(1,507)**
Cash flow for the period	**3,050**	**(640)**
Cash and cash equivalents (at December 31st)	**17,149**	**14,099**

Reconciliation of Isagro S.p.A.'s profit/(loss) and shareholders' equity with the Consolidated financial statements

(€ 000)	2014		2013	
	Profit/loss	Shareholders' equity	Profit/loss	Shareholders' equity
Parent Isagro S.p.A.	(5,407)	85,487	(8,905)	62,617
Intragroup profits/(losses)	853	(5,514)	507	(6,486)
Tax effect on intragroup profits/(losses)	(367)	1,748	(234)	2,144
Profit/reserves of the consolidated companies	5,167	21,557	4,686	17,604
Intragroup dividends	(1,124)	-	(383)	-
Exchange differences arising on translation of foreign currency financial statements	-	(7,992)	-	(10,657)
Isagro Group Total	**(878)**	**95,286**	**(4,329)**	**65,222**
(Profit)/Loss attributable to non-controlling interests	-	-	-	-
Total Consolidated Financial Statements	**(878)**	**95,286**	**(4,329)**	**65,222**

Explanatory Notes on the alternative performance indicators

In compliance with the CESR recommendation on alternative performance indicators (CESR/05-178b), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and the degree of detail compared to the official statements presented in the following tables.

In detail the reclassified consolidated Income Statement, as shown in Attachment 1, introduces the term **EBITDA**, which in the official consolidated Income Statement is equal to the difference between the item "Total revenues" and the aggregate of operating costs.

The reclassified consolidated Balance Sheet, as shown in Attachment 2, was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet, and it introduces the following items:

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

  Lastly, in reference to "Main indicators" section of this Report, note that:
- **Basic earnings per share** were calculated by dividing consolidated "Profit/(loss) for the year" by the

number of Isagro S.p.A. shares outstanding during the year, excluding treasury shares held by the issuer itself. The number of outstanding shares during 2014, excluding treasury shares and taking into account the shares issued in the period, was 31,013,566;

- **Equity per share** was calculated by dividing "Consolidated Equity" by the number of Isagro S.p.A. shares outstanding, excluding treasury shares held by the issuer itself;
- **ROE (Return on Equity)** is the ratio of the "Net Result" to "Equity" as at the end of the year;
- **ROI (Return on Investments)** is calculated by dividing "EBIT" by "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the end of the year by "EBITDA" for the period.

Information pursuant to art. 36 of CONSOB Regulation 16191/20077

Pursuant to Article 2.6.2, subsection 12 of the Regulation on Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under art. 36, paragraphs a), b) and c) of Consob regulation No. 16191/2007 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

Information pursuant to art. 37 of CONSOB Regulation 16191/20077

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

Certification of the Manager charged with preparing the Company's financial reports

The Manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the financial information in this consolidated annual report as at December 31st, 2014 is consistent with the entries in the accounting books and records.

CONSOLIDATED FINANCIAL STATEMENTS EXPLANATORY NOTES

CONSOLIDATED BALANCE SHEET

(in thousands of euro)	Notes	Dec. 31st, 2014	*of which Related parties*	Dec. 31st, 2013	*of which Related parties*
NON CURRENT ASSETS					
Tangible assets	1	24,130	-	23,081	-
Intangible assets	2	40,339	-	35,387	-
Goodwill	3	3,762	-	3,915	-
Equity-accounted investees	4	253	-	205	-
Non-current receivables and other assets	5	6,771	-	5,364	-
Non-current financial receivables and other financial assets	11	2,875	-	2,875	-
Deferred tax assets	6	9,612	-	8,306	-
TOTAL NON CURRENT ASSETS		87,742		79,133	
CURRENT ASSETS					
Inventories	7	40,364	-	34,202	-
Trade receivables	8	49,598	*8,690*	46,716	*333*
Other current assets and other receivables	9	5,346	*27*	4,970	*100*
Tax receivables	10	4,286	-	2,984	-
Current financial receivables and other financial assets	11	-	-	37	-
Financial assets - derivatives	12	340	-	129	-
Cash & cash equivalents	13	17,149	-	14,099	-
TOTAL CURRENT ASSETS		117,083		103,137	
Non-current assets held for sale and *Discontinued operations*		-		-	
TOTAL ASSETS		204,825		182,270	
SHAREHOLDERS' EQUITY					
Capital		24,961		17,550	
Reserves		47,301		26,200	
Retained earnings and profit for the year		23,024		21,472	
Equity attributable to owners of the parent		95,286		65,222	
Equity attributable to non-controlling interests		-		-	
TOTAL SHAREHOLDERS' EQUITY	14	95,286		65,222	
NON CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	15	19,898	-	125	-
Employee Benefits - Severance indemnity fund	16	3,038	-	3,517	-
Deferred tax liabilities	6	2,659	-	2,186	-
Other non-current liabilities	17	631	-	577	-
TOTAL NON CURRENT LIABILITIES		26,226		6,405	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	15	29,183	-	70,942	*8,806*
Financial liabilities - derivatives	12	969	-	3	-
Trade payables	18	44,578	*75*	30,212	*1,243*
Current provisions	19	1,651	-	3,356	-
Tax payables	20	1,613	-	1,651	-
Other current liabilities and other payables	21	5,319	-	4,479	-
TOTAL CURRENT LIABILITIES		83,313		110,643	
TOTAL LIABILITIES		109,539		117,048	
Liabilities associated with Discontinued operations		-		-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		204,825		182,270	

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	2014	*of which Related parties*	2013	*of which Related parties*
Revenues	23	145,939	*24,813*	139,777	*721*
Other operating revenues	24	3,092	*451*	2,869	*178*
Other non-recurring revenues	25	-	-	1,249	-
Total revenues		149,031		143,895	
Raw materials and consumables used	26	(86,775)	-	(72,167)	*(1,434)*
Costs for services	27	(25,558)	*(320)*	(24,204)	*(224)*
Personnel costs	28	(27,397)	-	(26,754)	-
Other operating costs	29	(3,457)	*(18)*	(4,326)	-
Other non-recurring costs	30	(1,170)	-	(1,677)	-
Change in inventories of finished products and work in progress	31	4,487	-	(3,533)	-
Costs (capitalised) for other work	32	3,306	-	3,606	-
EBITDA		12,467		14,840	
Amortisation/Depreciation:					
- Depreciation of tangible assets	33	(3,678)	-	(3,965)	-
- Amortisation of intangible assets	33	(5,082)	-	(5,422)	-
- Impairment of fixed assets	34	(187)	-	(162)	-
Operating result		3,520		5,291	
Net financial charges	35	(2,699)	*(187)*	(4,992)	*(143)*
Profit/(loss) from associates		59		10	
Pre-tax profit (loss)		880		309	
Income tax	36	(1,758)		(4,038)	
Profit/(loss) from continuing operations		(878)		(3,729)	
Net profit/(loss) from discontinued operations		-		(600)	
Total profit/(loss)		(878)		(4,329)	
Attributable to:					
Owners of the Parent		(878)		(4,329)	
Non-controlling interests		-		-	
Earnings per share (in Euro):		2014 (1)		2013 (2)	
- basic for the profit for the year		(0.03)		(0.18)	
- basic for the profit from continuing operations		(0.03)		(0.16)	
- diluted for the profit for the year		(0.03)		(0.18)	
- diluted for the profit from continuing operations		(0.03)		(0.16)	

(1) The basic and diluted earnings per share were calculated based on the average number of Isagro S.p.A. shares outstanding in the period which, taking account of shares issued over the period, amounted to 31,013,566.

(2) Following the share capital increase carried out by the parent Isagro S.p.A., as set out by paragraph 64 of IAS 33, the earnings per share (basic and diluted) for 2013 were recalculated to retroactively reflect the change in the number of outstanding shares. The effect of the above-mentioned change was 7 cents per share for the basic earnings which came respectively to -18 cents against -25 cents indicated in the consolidated financial statements as at December 31st, 2013 and 5 cents per share for the diluted earnings over the period, which amounted respectively to -16 cents compared to -21 cents reported in the consolidated financial statements as at December 31st, 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)	Notes	2014	2013
Total profit/(loss)		(878)	(4,329)
Components that will later be reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)	14	2,665	(4,304)
Total		2,665	(4,304)
Components that will not be later reclassified in the profit/(loss) for the year:			
Actuarial loss regarding defined-benefit plans		(119)	(136)
Income tax		33	40
Total	14	(86)	(96)
Other comprehensive Income Statement components		2,579	(4,400)
Total comprehensive Income Statement		1,701	(8,729)
Attributable to:			
Owners of the Parent		1,701	(8,729)
Non-controlling interests		-	-

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)	Notes	2014	2013
Cash and cash equivalents-opening balance		14,099	14,739
Operating activities			
Net loss from continuing operations		(878)	(3,729)
Net profit/(loss) from discontinued operations		-	(600)
- Depreciation of tangible assets	33	3,678	3,965
- Amortisation of intangible assets	33	5,082	5,422
- Impairment of fixed assets	34	187	162
- Provisions (including severance indemnity fund)	16.19	1,768	3,370
- Net capital (gains)/losses on disposal of tangible and intangible assets	24.29	57	(1,211)
- Interest receivable from assets held for trading		(400)	(216)
- Net interest expenses towards financial institutes and leasing companies	35	3,068	4,780
- Losses on derivative instruments	35	1,150	292
- Share of profit/(loss) of equity-accounted investees	4	(59)	(10)
- Income taxes	36	1,758	4,038
		15,411	16,263
Cash flow from current operations			
- Increase in trade receivables	8(*)	(1,435)	(7,537)
- (Increase)/decrease in inventories	7(*)	(4,798)	6,551
- Increase/(decrease) in trade payables	18(*)	12,706	(1,862)
- Net change in other assets/liabilities		(1,600)	(3,757)
- Use of provisions (including severance indemnity fund)	16.19	(3,488)	(1,476)
- Net interest expenses towards financial institutes and leasing companies paid		(3,294)	(4,853)
- Financial flow from derivative instruments		(392)	(98)
- Income taxes paid		(3,167)	(3,056)
Cash flow from operating activities		9,943	175
Investment activities			
- Investments in intangible assets	2	(10,034)	(8,580)
- Investments in tangible assets	1	(4,345)	(1,808)
- Sale price on disposal of tangible and intangible fixed assets	1.2	10	19,055
- Dividends collected by associates	4	11	-
- Cash flow from assets held for trading		437	184
Cash flow from/(for) investment activities		(13,921)	8,851
Financing activities			
- Decrease in financial payables (current and non-current)	15(*)	(22,105)	(9,429)
- Decrease in financial receivables	11	-	1,270
- Payment to shareholders for share capital increase		28,074	-
Cash flow from/(for) financial activities		5,969	(8,159)
Change in translation difference		1,059	(1,507)
Cash flow for the year		3,050	(640)
Cash and cash equivalents – closing balance	13	17,149	14,099

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN 2013

(in thousands of euro)	Equity attributable to owners of the Parent								Equity attributable to non-controlling interests	Total shareholders' equity
	Share capital issued	Reserves					Retained earnings and profit for the period	Total		
		Share premium reserve	Translation reserve (difference)	Non-distributable reserves	Other reserves	Total				
Balance as at Dec 31st, 2012	17,550	23,970	(6,353)	2,516	10,371	30,504	25,897	73,951	0	73,951
Changes during the year:										
Loss for the period	0	0	0	0	0	0	(4,329)	(4,329)	0	(4,329)
Other comprehensive income statement components	0	0	(4,304)	0	0	(4,304)	(96)	(4,400)	0	(4,400)
Total comprehensive income statement components	0	0	(4,304)	0	0	(4,304)	(4,425)	(8,729)	0	(8,729)
Total changes during the year	0	0	(4,304)	0	0	(4,304)	(4,425)	(8,729)	0	(8,729)
Balance as at Dec 31st, 2013	17,550	23,970	(10,657)	2,516	10,371	26,200	21,472	65,222	0	65,222

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN 2014

(in thousands of euro)	Equity attributable to owners of the Parent								Equity attributable to non-controlling interests	Total shareholders' equity
	Share capital issued	Reserves					Retained earnings and profit for the period	Total		
		Translation premium reserve	Translation reserve (difference)	Non distributable reserves	Other reserves	Total				
Balance as at Dec 31st, 2013	17,550	23,970	(10,657)	2,516	10,371	26,200	21,472	65,222	0	65,222
Changes during the year:										
Loss for the year	0	0	0	0	0	0	(878)	(878)	0	(878)
Other comprehensive income statement components	0	0	2,665	0	0	2,665	(86)	2,579	0	2,579
Total comprehensive income statement components	0	0	2,665	0	0	2,665	(964)	1,701	0	1,701
Movements between reserves	0	0	0	(2,516)	0	(2,516)	2,516	0	0	0
Share capital increase	7,411	20,952	0	0	0	20,952	0	28,363	0	28,363
Total changes during the year	7,411	20,952	2,665	(2,516)	0	21,101	1,552	30,064	0	30,064
Balance as at Dec 31st, 2014	24,961	44,922	(7,992)	0	10,371	47,301	23,024	95,286	0	95,286

EXPLANATORY NOTES

GENERAL INFORMATION

Reporting entity

Isagro S.p.A. is a corporate body organised in accordance with the Italian Republic's legal system. Isagro S.p.A. and its subsidiaries (hereinafter, the "Isagro Group") are active in the research, management of intellectual property rights, development, manufacturing, marketing and distribution of agrochemicals. The address of the Group's registered office is Via Caldera 21, Milan, Italy.

Isagro S.p.A. is listed on the STAR segment of the Milan Stock Exchange.

Publication of the consolidated financial statements

The Isagro Group's consolidated financial statements as at December 31st, 2014 were authorised for issue by the Board of Directors on March 11th, 2015.

Compliance with IFRS

The Isagro S.p.A. financial statements as at December 31st, 2014 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and with the measures issued in implementation of Art. 9 of Italian Legislative Decree No. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the financial statements are listed in note No. 47, to which reference should be made.

Basis of presentation

The consolidated financial statements comprise the balance sheet, the Income Statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity, and the Explanatory Notes.

In particular:

- current and non-current assets and liabilities have been stated separately in the statement of financial position. Current assets are those expected to be realised, sold or consumed during ordinary operations or in 12 months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or in the twelve months following year end;
- in the separate Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortisation and depreciation and impairments of the fixed assets, the financial activity components and income taxes and "EBIT", which includes all cost and revenue components except financing activities and income taxes;
- the indirect method is used for the cash flow statement. The average exchange rates for the period were used for translating the cash flows of foreign subsidiaries.

With reference to Consob Resolution 15519 of July 27th, 2006 on financial statements, special sections are included to illustrate significant related-party transactions, together with specific items of profit or loss, to highlight any significant non-recurring transactions carried out in the ordinary course of business.

All amounts reported in the financial statements and the notes are presented in thousands of Euro, unless otherwise indicated.

Going concern

The consolidated financial statements as at December 31st, 2014 have been prepared on a going concern basis. In fact, the Directors deemed that, although faced with a difficult economic and financial context, jointly considering the encouraging performances achieved by the Group in 2014, which confirm – as more fully described below – the possibility to accomplish the 2014-2018 Business Plan, the financial and equity consolidation obtained further to a share capital increase transaction for around € 29 million carried out by the parent Isagro S.p.A. (described in the Directors' Management Report) and the available bank credit facilities not yet used for a total of € 67 million (of which € 54.4 million relating to discount facilities and invoice advances), there are no significant uncertainties (as defined by IAS 1 §25) regarding the company's ability to continue as a going concern.

What is more, the current financial liabilities fell with respect to December 31st, 2013 by around € 41.8 million, making it possible to achieve a rebalancing of the net financial position with respect to the sources and uses of short/medium-term liquidity, essentially as a result of: i) the reclassification of the portion of the E.I.B. loan, contractually due after 12 months (equal to € 13.9 million as at December 31st, 2014) to the item "medium-long term debts to banks", due to the completion of the enforcement procedure of the waiver letter, thanks to the fact that, in May 2014, the bank received the formal consent in writing from the parties guaranteeing the loan, as specified in note No. 15; (ii) the discharge of a financial payable of the parent Isagro S.p.A. amounting to € 8.8 million due to the parent company; iii) the reimbursement of various credit facilities available, for around € 17 million.

The trend of the Basic Business in 2014 reported results which are essentially unchanged with respect to estimates, while with reference to Licensing activities, a deferral took place in these revenues in subsequent years without however reducing the overall amount envisaged in the plan; also in consideration of the matters described, the Directors believe that cash flows envisaged in the 2015-2018 Business Plan, although they represent forward-looking statements subject to uncertainty, are reasonable and feasible in the foreseeable future and are such, as confirmed at the time of the annual review of the Business Plan, as to allow management of the activity in a financial balance characteristic of a going concern.

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

Segment reporting

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

ACCOUNTING POLICIES, BASIS OF CONSOLIDATION AND MEASUREMENT BASES

The accounting standards, basis of consolidation and measurement bases adopted for the preparation of the financial statements are consistent with those used for the previous year's statements, with the exception of what is explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2014

- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 10 - Consolidated Financial Statements, which will replace SIC-12 Consolidation-Special purpose entities and parts of IAS 27 - Consolidated and separate financial statements, which will be renamed Separate financial statements and will govern the accounting treatment of equity investments in the separate financial statements. The new standard, issued by the IASB on May 12th, 2011, is based on existing standards, identifying the concept of control as the determining factor for the purpose of consolidation of a company in the controlling company's consolidated financial statements. It also provides guidance on determining the existence of control where this is difficult to assess. The standard is applicable retrospectively from January 1st, 2014. The application of the new standard will have no impact on the definition of the Group's scope of consolidation.

- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 11 - Joint arrangements, which will replace IAS 31 - Interests in joint ventures and SIC-13 - Jointly-controlled entities - Non-monetary contributions. Following issue of this standard IAS 28 - Investments in associates, investments in jointly-controlled companies has also been amended, as at the effective date of the standard, to include these in the scope of application. The new standard, issued by the IASB on May 12th, 2011, particularly provides criteria for the accounting treatment of joint arrangements based on rights and obligations deriving from the arrangements rather than from their legal form in order to determine whether a joint venture is in question - to record using the equity method - or if it is a joint-operation - to record based on the percentage of the assets, liabilities, costs and revenues pertaining to the joint managing agent (venturer). The standard is applicable retrospectively starting from January 1st, 2014. As regards the equity investment in the company ISEM S.r.l., held 50% by Isagro S.p.A., in resorting to the application guide of the new standard the company reached the conclusion that based on the agreement drawn up to manage the company with Chemtura Netherlands B.V., in turn 50% owner of the company, it is to be considered a "joint-operation" despite the joint agreement had taken on the legal form of a separate vehicle and its terms do not give the two partners specific rights on ISEM's activities. In fact, the parties structured the joint agreement in such a way that the underlying economic activity mainly aims at supplying the parties its production and that therefore it indirectly continuously depends on the parties to extinguish liabilities arising in conducting its activities based on the agreement. However, it should be noted that the joint-venture was placed under voluntary liquidation by shareholders on April 11th, 2014 and on October 7th, 2014 the same was cancelled from the pertinent Companies' Register. Based on the conclusions set forth above, application of the new standard had no effect on the Group's state of affairs.
- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 12 - Disclosure of interests in other entities, which is a new and complete standard on the additional information to be provided on each type of investment. The standard issued by the IASB on May 12th, 2011, is applicable retrospectively from January 1st, 2014. The introduction of the new standard had no impact on information supplied in the Explanatory Notes to the Group's consolidated financial statements.
- On December 13th, 2012, by means of Regulation No. 1256/2012, the European Commission endorsed a number of amendments to IAS 32 - Financial instruments: presentation, issued by the IASB on December 16th, 2011 to clarify the application of certain criteria for offsetting financial assets and liabilities referred to in IAS 32. The amendments are applicable retrospectively for annual periods beginning on or after January 1st, 2014. These amendments had no impact on the Group's financial position and performance.
- On April 4th, 2013, by means of Regulation No. 313/2013, the European Commission endorsed the guide to the transitional provisions concerning consolidated financial statements, joint arrangements and disclosure of interests (amendments to IFRS 10, 11 and 12). The document changes IFRS 10 to clarify

how an investor has to retrospectively adjust the comparative period(s) if the conclusions regarding consolidation are not the same according to IAS 27/SIC 12 and IFRS 10 as at the date of initial application. In addition, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of interest in other entities, have been amended to provide a similar option for the presentation or change to comparative information relating to periods prior to the "immediately preceding period" (i.e. the comparative period presented in the financial statements). These amendments apply as from January 1st, 2014.

- On November 20th, 2013, by means of Regulation No. 1174/2013, the European Commission endorsed several amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interest in other entities and IAS 27 - Separate financial statements, published by the IASB in October 2012. These amendments regulate topics concerning the valuations of equity investments by the investment entity and hence are not to be applied within the Isagro Group companies.
- On December 19th, 2013, by means of Regulation No. 1375/2013, the European Commission endorsed an amendment to IAS 39 - Financial Instruments: recognition and measurement, entitled "Novation of derivatives and continuation of hedge accounting", already published by the IASB on June 27th, 2013. The amendments made aim to govern situations in which a derivative designated as a hedging instrument is novated by a centralized counterparty pursuant to regulations. Hedge recognition can in this way continue, regardless of the novation. These amendments, applied retrospectively as from January 1st, 2014, had no impact on the Group's financial position and performance.
- On December 19th, 2013, by means of Regulation No. 1374/2013, the European Commission endorsed an amendment to IAS 36 - Impairment of assets, published by the IASB on May 29th, 2013. The amendment, applied retrospectively as from January 1st, 2014, sets out to clarify the information to provide on the financial statements regarding the recoverable value of the assets when they are measured at fair value, net of their disposal costs. The introduction of the amendment had no effect on the Group consolidated financial statements.
- On June 13th, 2014, by means of Regulation No. 634/2014, the European Commission endorsed an amendment to IFRIC 21 - - Levies, published by the IASB on May 20th, 2013. This interpretation provides clarification on when to recognise a liability for a levy (other than income taxes) imposed on entities by a government body. This standard covers both liabilities for levies that are accounted for in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, and those where the timing and amount of the levy is certain. The adoption of this new interpretation had no effect on the Group consolidated financial statements.

New standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the potential impact of new standards or interpretations, endorsed by the European Union, on the consolidated financial statements are indicated below. These standards were not applied early by the Group.

- On December 18th, 2014, by means of Regulation No. 1361/2014, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards – Meaning of "effective IFRS". It is clarified that the entity that adopts the IFRSs for the first time, as an alternative to application of a standard presently in force as at the date of the first IAS/IFRS financial statements, can opt to apply a new standard that will replace the current one in advance. The option is allowed

when the new standard permits early application. Moreover, the same version of the standard must be applied in all periods presented in the first IAS/IFRS financial statements.

- IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes the setting up of all types of joint arrangement as IFRS 11 defines in the field of application of IFRS 3.
- IFRS 13 Fair Value Measurement – Scope of portfolio exception (par. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included in the scope of application of IAS 39 (or IFRS 9), regardless of whether they meet the definition of financial asset and liability provided in IAS 32.
- IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The change clarifies that IFRS 3 and IAS 40 do not rule each other out and that in order to determine whether the purchase of a real estate property falls within the scope of application of IFRS 3, reference has to be made to the specific instructions provided in IFRS 3; on the other hand, reference has to be made to the specific instruction of IAS 40 to determine if the purchase in question falls within the scope of IAS 40.

The amendments apply to accounting periods beginning on or after January 1st, 2015. Early application is permitted. The adoption of these improvements will not have any effect on the Group's consolidated financial statements.

- On December 17th, 2014, by means of Regulation No. 2015/28, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 2 Share Based Payments – Definition of vesting condition. Changes to the definitions of "vesting condition" and "market condition" are introduced, and further definitions of "performance condition" and "service condition" are added (previously included in the definition of "vesting condition")
  - IFRS 3 Business Combination – Accounting for contingent consideration. The amendment explains that a contingent consideration classified as a financial asset or liability must be measured at fair value at every year end date; the changes in fair value are entered into the Income Statement or amongst the statement of comprehensive income components based on the requirements of IAS 39 (or IFRS 9).
  - IFRS 8 Operating segments – Aggregation of operating segments. The changes require an entity to provide information on the measurements made by management when applying the aggregation criteria for the operating segments, including a description of the aggregated operating segments and the economic indicators considered when determining whether these operating segments have "similar economic characteristics".
  - IFRS 8 Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets. The amendments clarify that the reconciliation between the total of the assets of the operating segments and the total of the entity's assets must be presented only if the total of the assets of the operating segments is regularly reviewed by the highest decision-making level.
  - IFRS 13 Fair Value Measurement – Short-term receivables and payables. The Bases for Conclusions were amended to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility to enter the current trade receivables and payables without entering the effects of a discounting should said effects proved immaterial remains valid.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization. The amendments eliminated the inconsistencies in the entry of depreciation/amortisation when a tangible or intangible asset is revalued. The new requirements clarify that the gross book value is adequate to the extent consistent with the revaluation of the book value of the asset and that the accumulated depreciation is equal to the difference between gross book value and the book value net of recorded impairments.
- IAS 24 Related Parties Disclosures – Key management personnel. It is clarified that in the event the services of the executives with strategic responsibilities are supplied by an entity (and not by an individual), said entity is considered a related party.

The amendments apply to accounting periods beginning on or after February 1st, 2015. Early application is permitted. The adoption of these improvements will not have any effect on the Group's consolidated financial statements.

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

The amendments apply at the latest to accounting periods beginning on or after February 1st, 2015. The adoption of this amendment will not have any effect on the Group's consolidated financial statements.

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

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

- On January 30th, 2014, IASB published the standard "IFRS 14 - Regulatory Deferral Accounts", which permits only to entities, which are a first-time adopters of IFRS, to continue to account for amounts related to Rate Regulation Activities according to the previous accounting criteria adopted. In order to improve comparability with entities, which are already applying IFRS criteria and do not recognise such amounts, the standards requires that the rate regulation effect be disclosed separate from other items. This standard will apply on January 1st, 2016, but early application is allowed.
- On May 12th, 2014, the IASB issued a number of amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments to IAS 16 - Property, Plant and Equipment set out that revenue-based methods of depreciation are not appropriate due to the fact that revenues generated by a business, which involves the use of an asset, generally reflect factors that differ from the consumption of the expected economic benefits embodied in the asset. The amendments to IAS 38 - Intangible Assets, introduce the assumption that a revenue-based method of amortisation is not considered to be appropriate for the same reasons highlighted by amendments to IAS 16 - Property, Plant and Equipment. In the case of intangible assets, this presumption can only be overcome under limited circumstances.

  Amendments shall apply as from January 1st, 2016, and early application is allowed.

- On May 6th, 2014, IASB issued a number of amendments to the standard **IFRS 11 Joint Arrangements** concerning the accounting for the acquisition of interests in a joint operation that is a business as set out by IFRS 3. The amendments require that for these cases, criteria set forth by IFRS 3 and related to the recognition of the effects of a business combination be applied.
  Amendments shall apply as from January 1st, 2016, and early application is allowed.
- On May 28th, 2014, IASB issued the standard "**IFRS 15 Revenue from Contracts with Customers**", which will replace the standards IAS 18 Revenue and IAS 11 Construction Contracts, as well as interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues-Barter Transactions Involving Advertising Services. The new model for recognition of revenues will apply to all agreements signed with customers, except for those under the application field of other IAS/IFRS standards, such as leasing, insurance contracts and financial instruments. The main steps in recognising revenues according to the new model are as follows:
  - identification of the agreement with the customer;
  - identification of performance obligations in the agreement;
  - definition of price
  - allocation of price to contractual performance obligations;
  - recognition of revenues when the entity fulfils a performance obligation.

  This standard will apply on January 1st, 2017, but early application is allowed.
- On July 24th, 2014, the IASB published the final version of **IFRS 9 - Financial Instruments.** The document contains the results of the phases relating to "Classification and measurement", "Impairment" and "Hedge accounting" of the IASB project aimed at replacing IAS 39. The new standard, which replaces the previous versions of IFRS 9, must be applied to the financial statements which commence on January 1st, 2018 or afterwards. Further to the 2008 financial crisis, upon the instance of the main financial and political institutions, the IASB launched the project aimed at replacing IFRS 9 and proceeded by stages. During 2009, the IASB published the first version of IFRS 9 which solely dealt with the "Classification and measurement" of the financial assets; subsequently, in 2010, the criteria were published relating to the classification and measurement of the financial liabilities and derecognition (the latter aspect was transposed by IAS 39 without changes). During 2013, IFRS 9 was amended so as to include the general hedge accounting model. Further to the current publication, which also includes "Impairment", IFRS 9 should be considered to be complete with the exception of the criteria regarding macro-hedging, on which the IASB has undertaken an independent project. The principle introduces new criteria for the classification and measurement of the financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding provisions set out by IAS 39. For the financial liabilities on the other hand, the main amendment made refers to the accounting treatment of the changes in fair value of a financial liability designated as a financial liability designated at fair value through the Income Statement, in the cases in which these changes are due to the change in the credit rating of the issuer of the liability itself. Under the new standard, these changes must be recognised in the "Other comprehensive income" statement and no longer in the Income Statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the model of the expected losses (and not on the model of the incurred losses) using

information which can be supported, available without unreasonable efforts or liabilities which include historical, current and forecast data. The standard envisaged that this impairment model applies to all the financial instruments, or rather to the financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39 which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:

- o increase in the types of transactions that can be elected for hedge accounting, also including the non-financial risks of assets/liabilities that can be elected to be managed in hedge accounting;
- o change in the way to record forward contracts and options when they are included in a hedge accounting relationship in order to reduce the volatility of the Income Statement;
- o changes to the effectiveness test by means of the replacement of the current methods based on the parameter of 80-125% with the principle of "economic ratio" between the hedged item and the hedging instrument; moreover, an assessment of the retrospective effectiveness of the hedging relationship will no longer be required;
- o greater flexibility of the new accounting rules is counterbalanced by additional requests for information about the risk management activities of the company.

- On August 12th, 2014 the IASB published the amendment to IAS 27 *Equity Method in Separate Financial Statements*. The document introduces the option of using the equity method in the financial statements of an entity, for the measurement of the equity investment in subsidiaries, jointly-controlled companies and associates. Consequently, further to the introduction of the amendment, the entity may recognise these investments in their separate financial statements, either
  - o at cost; or
  - o according to the matters envisaged by IFRS 9 (or by IAS 39); or
  - o using the equity method.

  Amendments shall apply as from January 1st, 2016, and early application is allowed.

- On September 11th, 2014 the IASB published the amendment to *IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*. The document was published for the purpose of settling the current conflict between IAS 28 and IFRS 10. In accordance with the matters envisaged by IAS 28, the gain or loss deriving from the disposal or transfer of a non-monetary asset to a joint-venture or an associate in exchange for a holding in the share capital of the latter is limited to the holding held in the joint-venture or associate by the other investors extraneous to the transaction. By contrast, IFRS 10 envisages the recognition of the entire gain or loss in the event of loss of control over a subsidiary, also if the entity continues to have a non-controlling interest in the same, also including the disposal or conferral of a subsidiary to a joint-venture or associate in this category. The amendments introduced envisage that in a disposal/conferral of an asset or of a subsidiary to a joint-venture or associate, the extent of the gain or the loss to be recognised in the financial statements of the transferor/deliverer depends on the fact that the assets or the subsidiary company transferred/delivered represent or otherwise a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary transferred/delivered represents a business, the entity must recognise the gain or the loss on the entire holding previously owned; whilst, otherwise, the portion of gain or loss relating to the holding still held by the entity must be eliminated. Amendments shall apply as from January 1st, 2016, and early application is allowed.

- On September 25th, 2014, the IASB published the document "Annual Improvements to IFRSs:2012-2014 Cycle".

  The document introduces amendments to the following standards:

  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The amendment introduces specific guidelines to the standard in the event that the entity reclassifies an asset (or a *disposal group*) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classification of an asset as held-for-distribution cease to apply. The amendments establish that (i) these reclassifications should not be considered as a change to a sales plan or to a distribution plan and that the same classification and measurement criteria remain valid; (ii) the assets which no longer observe the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset which ceases to be classified as held-for-sale;
  - IFRS 7 – Financial Instruments:Disclosure. The amendments discipline the introduction of additional guidelines to clarify if a servicing contract represents an residual involvement of an asset transferred for the purposes of the disclosure required in relation to the transferred assets. Furthermore, it is clarified that the disclosure on the netting of financial assets and liabilities is not usually explicitly requested for interim financial statements. However, this disclosure may be necessary for observing the requirements envisaged by IAS 34, in the event this involves significant information;
  - IAS 19 – Employee Benefits. The document introduces a number of amendments to IAS 19 for the purpose of clarifying that the high quality corporate bonds used for determining the discount rate of the post-employment benefits should be of the same time value used for the payment of the benefits. The amendments specify that the range of the high quality corporate bonds market to be considered is that at time value level;
  - IAS 34 – Interim Financial Reporting. The document introduces amendments for the purpose of clarifying the requisites to be observed in the event that the disclosure required is presented in the interim financial report, but outside the interim financial statements. The amendment specifies that this disclosure should be included by means of cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to the intended audience of the financial statements in the same manner and as per the same timescales as the interim financial statements.

  The amendments introduced by the document must be applied as from the accounting periods beginning on or after January 1st, 2016.

Uncertainty in the use of estimates

The preparation of the consolidated financial statements requires that management make estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.

In detail, the estimates are used in order to record the provisions for doubtful receivables, inventory obsolescence, amortisation and depreciation, write-downs, employee benefits, taxation and other provisions allocated. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

Bad debt provision

The bad debt provision reflects management's estimate of management of losses relating to the trade receivables portfolio. The estimate for this provision is based on losses expected by the Group, determined on the basis of historical experience with similar receivables, current and historical past due assets, losses and collections, credit quality monitoring and projections regarding economic and market conditions.

Inventory write-down provision

The allowance for inventory obsolescence reflects management's estimate of impairment losses expected from the various Group companies, based on both historical experience and the expected trend in prices for agrochemicals during 2014, particularly for those products whose realisable value is linked to the commodity prices.

However, the financial and economic crisis has not had a significant impact on the value of the Group's inventories, although a future deterioration in selling conditions for agrochemicals that cannot be predicted at the moment cannot be ruled out.

Intangible assets in progress and goodwill

Intangible assets not yet available for use essentially refer to registration expenses incurred for authorisations to sell formulations relating to the Group's major proprietary products and development expenditure for new products and new processes (see note No 2). 67% of this item, which amounts to approximately € 21 million, regards the product IR 6141 still sold on a limited number of markets and in not yet significant volumes, as well as the co-development of a new fungicide named SDHi.

As those assets are essentially registrations not yet obtained, the cash flows used for the purposes of impairment testing, reflected in the business plans of the various Group companies, are those specifically defined for each project.

The reliability of the impairment test and, consequently, whether or not the amounts recognised as assets for these items are confirmed is tied to the realisation of said plans, which, although they represent forward-looking statements subject to uncertainty, are deemed reasonable and feasible by the Directors. The Directors, in light of the tests carried out, based on estimated cash flows reflected in the Group companies' 2015-2018 Business Plans, did not deem it necessary to recognise any further impairment losses regarding the Group's major assets. Regarding goodwill, it should be noted that about 80% of this item refers to Isagro Colombia S.A.S. and the "Copper" CGUs, for which management has conducted additional analyses to verify the recoverability of goodwill (sensitivity analysis). Related considerations are described in note No. 3.

Also for goodwill, the Directors, in light of the test carried out, based on estimated cash flows reflected in the Group companies' 2015-2018 Business Plans, did not deem it necessary to recognise any impairment losses.

Note that the calculation of the recoverable value of intangible assets not yet available for use and of goodwill calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating. Furthermore, the recoverability of these amounts is subject to the fulfilment of the Group companies' 2015 - 2018 Business Plans, also influenced by external variables beyond the Group's control (in particular, climatic conditions and the time necessary to obtain the authorisations to sell the new products). Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of these items of the financial statements. The Group's management will continuously monitor the circumstances and events that could bring about such a result.

Deferred tax assets

As at December 31st, 2014 the Isagro Group recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 6 million. In assessing the recoverability of these deferred tax assets, the individual Group companies' budgets and plans, for which the Directors believe that the taxable income that will be generated in the forthcoming years are reasonably feasible and will be such as to allow recovering said amounts, were taken into consideration. It cannot be ruled out a priori that a further worsening of the current financial and economic crisis, as well as postponement in the timescales envisaged for obtaining new registrations and new Licensing agreements, will not raise doubts about the timing and methods predicted in the budget and in the Group companies' 2015-2018 Business Plans concerning the recoverability of these items. The circumstances and events which could lead to this eventuality will be constantly monitored by the management.

Basis of consolidation and establishment of control

The consolidated financial statements of the Isagro Group comprise the financial statements of Isagro S.p.A. and its subsidiaries. In accordance with IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or holds rights on said returns) deriving from its relationship with the company and at the same time has the ability to draw on these returns, exercising its power over the company. An investor has power over an entity subject to investment when it holds valid rights which grant it the current capacity to manage the significant activities, or the activities which have a significant effect on the returns of the assets subject to investment.

With the Isagro Group, the parent exercises this power by means of holding the majority of the voting rights in the subsidiaries included in the scope of consolidation, which permits the same to appoint the majority of the members of the governance body. Furthermore, it should be noted that no significant restrictions exist with regard to the ability of the parent to access the assets or use them and to discharge the liabilities of the Group.

The consolidated financial statements are prepared based on the financial statements prepared by the individual companies in conformity with IFRS.

The financial statements of the subsidiaries included in the scope of consolidation are consolidated using the line-by-line method, which requires to add together all reported items, regardless of the Group's ownership interest, as well as to eliminate intragroup transactions and unrealised profits.

The carrying amount of investments and the parent's portion of equity of the subsidiaries are eliminated, while individual assets and liabilities are recognised at their carrying amounts at the date when control was acquired, recognising any contingent liabilities. Any positive excess is recognised in non-current assets as "Goodwill", while any negative excess is recognised in profit or loss.

Wherever the investment is less than 100%, the portion of profit and equity attributable to non-controlling interests is recognised (minority holdings).

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and they cease to be consolidated on the date on which control is transferred outside the Group. The purchase of additional interests in subsidiaries and the sale of interests that do not result in a loss of control are accounted for as equity transactions. As such, the accounting effects of the previously mentioned transactions are recognised directly in the Group's equity. If control of a company included in the scope of consolidation is lost, the consolidated financial statements include the profit or loss for the year in proportion to the period during which the Group held control. Furthermore, the disposal of controlling interests requires to recognise in profit or loss any gains (or losses) on the disposal, and the accounting effects resulting from the fair value measurement at the date of disposal of any residual interest.

Joint arrangements

When one or more investors collectively control an entity subject to investment, having to operate together to carry out the significant activities, since no investor can carry out the activities without the involvement of the others, it follows that no investor alone controls of the entity subject to investment. In this case, the recognition by the Group of its holding in the entity is carried out on the basis of the matters laid down by IFRS 11 - Joint arrangements.

A joint arrangement is present when in a contractual agreement between two or more parties the sharing of the control is assigned to the same, control which only exists when the unanimous consent of all the parties which share the control is required for the decisions relating to the significant activities.

A joint arrangement can be a “joint-operation” (or jointly controlled activities) or a “joint-venture”.

A “joint-operation” (or jointly controlled activities) is a joint operation in which the parties which hold the joint control have the right on the activities and obligations for the liabilities relating to the arrangement. In this case, in the consolidated financial statements, the agreement is recorded, line by line in the Group’s Income Statement and the belance sheet, on the basis of the percentage of the assets, the liabilities, the costs and the revenues pertaining to said Group, understood as the joint manager of the agreement.

By contrast, a “joint-venture” is a joint arrangement in which the parties which hold the joint control have the right on the net assets of the arrangement. In this case, the Group recognises its holding in the joint-venture as an equity investment, recorded at equity in accordance with IAS 28.

Scope of consolidation

The scope of consolidation includes the financial statements as at December 31st, 2014 of Isagro S.p.A., its subsidiaries, jointly-controlled companies and the associates. Pursuant to IFRS 10, companies are considered to be controlled if the Group simultaneously has the following three elements:

a) power over the company;

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

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

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

For a list of companies included in the scope of consolidation, reference should be made to note No. 48.

With respect to the situation as at December 31st, 2013, in April 2014 the liquidation procedure started for the joint venture ISEM S.r.l., ending on October 7th, 2014 with the consequent cancellation of the company from the Companies’ Register and the division of the residual assets between the shareholders.

Translation of foreign currency financial statements

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

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

- assets and liabilities are translated at the exchange rate as at the reporting date;
- income and expenses are translated at the average exchange rate for the year;
- equity components are translated at historical exchange rates, maintaining the existing stratification (if any) of reserves.

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

The exchange rates applied in the translation of the financial statements of the companies included in the scope of consolidation are listed in the table below:

Currency	Exchange rate as at Dec. 31st, 2014	Average exchange rate 2014	Exchange rate as at Dec. 31st, 2013	Average exchange rate 2013
Indian Rupee	76.719	81.0406	85.366	77.93
US Dollar	1.2141	1.3285	1.3791	1.32812
Australian Dollar	1.4829	1.47188	1.5423	1.3777
Argentine Peso	10.2755	10.7718	8.98914	7.27739
Colombian Peso	2,892.26	2,652.45	2,664.42	2,483.37
Brazilian Real	3.2207	3.12113	3.2576	2.86866
South African Rand	14.0353	14.4037	14.566	12.833
Chinese Renminbi	7.5358	8.18575	8.3491	8.16463
Chilean Peso	737.297	756.933	724.769	658.324

Earnings per Share

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

Assetsheld for sale and discontinued operations

Non-current assets and disposal groups whose carrying amount will be recovered principally through a sale transaction rather than continuing use are presented separately from the other assets and liabilities in the balance sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. Any subsequent impairment losses are recognised as a direct deduction from non-current assets through profit or loss. The corresponding amounts of the previous year are not reclassified.

A discontinued operation is a component of a company that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations;
- is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss of discontinued operations is disclosed separately in profit or loss. The corresponding amounts of the previous year are reclassified and presented separately in profit or loss for comparative purposes.

Measurement bases

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets held for trading and financial derivative instruments, which are measured at fair value. This value is the price that would be perceived for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction in the main (or most advantageous) market as at the valuation date, at current market conditions, regardless of the fact that price is directly observable or is estimated using another measurement basis

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group, and the equity instruments issued by the acquire in exchange for control of the acquiree. Additional transaction costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the aggregate of consideration transferred in the business combination, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the net liabilities assumed.

Any contingent consideration is measured at the acquisition-date fair value and recognised as part of the consideration transferred in the business combination for the purpose of measuring goodwill. Any subsequent changes in fair value, qualifying as adjustments made during the measurement period, are retrospectively included in goodwill. Changes in fair value qualifying as adjustments made during the measurement period are those resulting from new information about facts and circumstances that existed as of the acquisition date but obtained during the measurement period, which shall not exceed one year from the acquisition date.

In a business combination achieved in stages, the Group's previously held equity interest in the acquire is revaluated at fair value at the date control is acquired, and any resulting gain or loss is recognised in profit or loss. Any amounts resulting from the previously held equity interest, and recognised in other comprehensive income, are reclassified to profit or loss as if the equity interest had been disposed of.

Tangible assets

Tangible assets, which can be stated in the financial statements as assets if, and only if, it is probable that the future economic benefits associated with them will flow to the company and if their cost can be reliably determined, are recorded at historical cost and stated in the financial statements net of the related accumulated depreciation and any losses in value.

In detail, the cost of a tangible fixed asset, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bring the assets onto stream for the use for which they were acquired. If the payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.

The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalised charge.

Maintenance and repair costs are not capitalised, but are recorded in the Income Statement in the period they pertain to.

Costs incurred after initial recognition – improvements, modernisation and expansion costs, etc.–are recognised as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset's useful life or increase its productive capacity, or even improve the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognised in profit or loss as incurred.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset's estimated useful life.

The useful life generally assigned to the various categories of assets is as follows:

-	industrial buildings:	19 to 30 years
-	plant and equipment:	10 to 11 years
-	industrial and commercial equipment:	3 to 6 years
-	other assets:	5 to 6 years.

Land, which as a rule has an unlimited useful life, is not depreciated.

Spare parts and small items of equipment for maintenance are recognised as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognised as fixed assets when they are expected to be used for more than one accounting period.

The book value of tangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If there is any indication that the asset may be impaired, and if the carrying amount is greater than the estimated recoverable amount, the asset or the cash-generating unit is written down to recoverable amount, which is the higher of fair value less costs to sell and value in use. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Losses in value are recorded in the Income Statement under the item "Impairment of fixed assets."

Intangible assets

Intangible assets, which can be capitalised only if they are identifiable assets which will generate future economic benefits, are initially recognised in the financial statements at purchase cost, increased by any additional charges and those direct costs necessary for preparing the asset for its use. However, assets acquired in a business combination are recognised at their acquisition-date fair value.

Assets created internally, with the exception of development costs and expenses incurred in obtaining the authorisations to market crop protection products, are not recorded as intangible assets. Development activities involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.

The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalisation of any financial charges associated with intangible

assets, reference should be made to the description later in this report under the related measurement criterion.
After initial statement, intangible assets are recorded in the financial statements at cost net of the total amortisation charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortised, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with a specified useful life is as follows:

- concessions and licences:	5 to 10 years
- development costs of new products:	5 to 15 years
- authorisations to market (registrations) for agrochemicals:	term of the licence
- product know-how:	15 years
- process know-how:	5 years
- trademarks:	5 to 10 years
- patents:	term of the legal
- other assets (software):	5 years

Amortisation commences when the assets are available for use, or when they are in a position and in the condition necessary in order to operate in the manner agreed upon by company management.
The book value of intangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If indication of this type exists and in the event that the value exceeds the estimated realizable value, the assets are written down so as to reflect their realizable value. This value coincides with the net sales price of the assets or the value in use, whichever is the higher. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Losses in value are recorded in the Income Statement under the item "Impairment of fixed assets."

Product research, development and registration costs

Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognised in the Income Statement in the period when they are incurred.
Development costs, recorded in the financial statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.
When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to "product know-how" or "process know-how" and amortised on a straight line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with the obtaining of a statement of completeness (the "completeness check") from the competent authority.
Product registration costs reflect internal and external costs incurred to obtain or renew the authorisation from the different local authorities to market the products deriving from the development activities and /or to extend such authorisations to other crops or to other uses of the product. These costs are registered as intangible assets under "fixed assets in progress" until an authorisation to market is obtained, and they are then reclassified under "Registrations" and amortised based on the term of the concession, which may be for a maximum of ten years.

Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the notes, recognising in profit or loss any excess in the carrying amount.
These costs also include the expenses for "extraordinary protection", incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortised over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill

Goodwill acquired in a business combinations is initially measured at the acquisition-date fair value of the consideration transferred and is allocated to the various CGUs identified at that date. After initial recognition, the goodwill is valued at cost, and decreased only by any accumulated losses in value. In fact, goodwill is not amortised, but impairment testing is performed at least annually. Any impairment is recognised to the Income Statement and any surplus to the balance sheet.

Impairment of tangible and intangible assets

At least once a year the Isagro Group reviews the book value of its tangible and intangible assets to check whether there are any indications that they have sustained reductions in value. The recoverable value is calculated for each asset where possible, or an estimate is made of the recoverable value of the cash generating unit to which the asset refers. In particular, the recoverable value is the fair value net of the sales costs and the value in use, whichever is higher, where for the latter the cash flows are estimated based on the value discounted at a specific rate of the future cash flows referring to the asset, or to the cash generating unit to which it belongs.
If the recoverable amount of an asset (or a cash generating unit) is lower than its book value, the latter is reduced to the lesser recoverable value. The impairment is immediately entered into the Income Statement. Afterwards, if the impairment of an asset no longer holds or is reduced, the book value of the asset is increased until the new estimate of the recoverable value (which cannot exceed the value that would have been determined had no loss due to reduction of value been entered). Reversing of the impairment loss is immediately entered into the Income Statement.
Based on what is set out above, the assets and cash generating units (CGUs) representing the smallest identifiable group of assets able to generate largely independent cash in were identified in the financial statements. Goodwill was unfailingly allocated to the cash generating units from which benefits connected with the business combinations that generated them are expected. The CGUs were identified with the same criteria as last year.

A summary table showing the values of the tangible and intangible assets and the goodwill allocated per CGU subjected to impairment testing follows.

Cash Generating Units	Fixed assets with a definite useful life			Fixed assets with an indefinite useful life	TOTAL
	Tangible assets	Intangible assets not yet available for use	Intangible assets already available for use	Goodwill	
Kiralaxyl (IR 6141)	0	6,064	5,887	0	11,951
Tetraconazole	5,643	2,493	4,319	209	12,664
Biological products	926	448	1,665	461	3,500
Copper	4,752	2,308	1,595	886	9,541
SDHi	0	7,925	85	0	8,010
Pyrethroids	0	326	998	0	1,324
Fumigants/geo-disinfectants	0	1,274	1,900	0	3,174
Novaluron	0	0	914	0	914
Isagro Colombia S.A.S.	20	0	493	2,006	2,519
	11,341	20,838	17,856	3,562	53,597

The Group subjected intangible assets and goodwill totalling € 42,256 thousand out of a total of € 44,101 thousand with about 96% hedging to impairment testing.

Investments in associates and joint-ventures

The Group's investments in associates are accounted for using the equity method. An associate is a company over which the Group exercises considerable influence, understood as the power to take part in the determination of the financial and operating policies of the investee, without having control or joint control over the same. The presence of significance influence is presumed when the Group holds, directly or indirectly, 20% or more of the votes which can be exercised during the shareholders' meeting of the investee company, unless the contrary cannot be clearly demonstrated.

Under the equity method, the investment in an associate is initially recognised in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to register any additional impairment loss with respect to the Group's investment in the associate. The Group's share of profit or loss of the investee is recognised in the Income Statement. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the investment in the associate. Dividends received from an investee reduce the book value of the investment.

The end of the reporting period of associates is aligned with that of the Group; the accounting policies used are consistent with those used by the Group for like transactions and events.

The Group's investments in joint ventures (see section "Joint arrangements" for the definition) are also accounted for using the equity method described above.

Financial assets

Financial assets are initially recognised at cost – increased by any transaction costs – which represent the fair value of the consideration transferred. Purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group committed to purchase the assets. After initial statement, financial assets are valued in relation to their functional intended use on the basis of the following approach.

Financial assets held for trading

These are financial assets acquired for the purpose of obtaining a profit from the short-term price fluctuations. After initial recognition, these assets are measured at fair value and the related gain or loss is recognised to the Income Statement.

In the event of securities commonly traded on regulated markets, the fair value is established with reference to the year-end listed price. With regard to investments for which a market price is not available, the fair value is determined on the basis of the current market value of another essentially similar financial instrument or is calculated on the basis of the cash flows expected from the net assets underlying the investment, discounted at a rate that reflects the credit risk of the counterparty.

Investments held to maturity

These are non-derivative financial assets with fixed or determinable payments that the Group has the positive intention and ability to hold to maturity.

After initial statement, these assets are valued at amortised cost, using the effective exchange rate method, which represents the rate which exactly discounts back the payments or the future collections estimated over the expected duration of the financial instrument. The amortised cost is calculated taking into account any discounts or premiums, which are divided up over the entire duration until maturity.

Loans receivable

These are treated in the accounts in accordance with the matters envisaged for “investments held to maturity.”

Available-for-sale financial assets

This item includes the financial assets not falling within the previous categories. For example, it comprises equity securities acquired without the intention of re-selling them over the short-term (called equity investments in other companies) or long-term Government securities acquired so as to be held over the long-term among the company’s assets, but without the intention of holding them to maturity.

After initial recognition, these assets are recognised at fair value using the method described for the “Financial assets held for trading” and the gains or losses are recorded as “Other comprehensive income components” until they are sold or it is assessed that they have suffered impairment: in this case, the gains and losses accumulated as at that moment under shareholders’ equity are reclassified under the items of the “Profit (loss) for the period”.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be measured reliably, are measured at cost.

Inventories

Inventories are measured at the lower between cost and the net estimated realizable value, represented by the normal estimated sales prices, net of the finalisation or sales costs.

The cost of the inventories may not be recoverable if they are damaged, if they become obsolete or if their sales prices have decreased: in this case, the inventories are written down to their net realizable value on the basis of an assessment made on a line by line basis and the amount of the write-down is recorded as a cost in the period it is made.

The cost of the inventories includes the purchase costs, conversion costs and other costs incurred in order for the inventories to reach their current location and conditions.

The method used for determining the cost of the inventories is the weighted average cost, inclusive of the opening inventories.

Trade and other receivables

Trade and other receivables are initially recognised at cost, i.e. the fair value of the amount received during the transaction. Subsequently, the receivables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while receivables without a fixed maturity are valued at cost.
Short-term receivables without a stated interest rate and with maturity within normal trade terms are not discounted. The fair value of the long-term receivables is established by discounting back future cash flows: the discount is recorded as financial income over the duration of the receivable until maturity.
Receivables are stated in the financial statements net of allowances for losses in value. These provisions are made when there is an objective evidence (such as the probability of default or the borrower's financial difficulty) that the Group will be unable to recover all the amounts due based on the original terms of sale. The book value of the receivable is decreased through use of a specific fund. The receivables which are subject to impairment are reversed when they become uncollectible.

Cash & cash equivalents

Cash includes cash on hand as well as on-demand and short-term bank deposits, i.e. those with an original envisaged maturity of no more than three months.
Cash equivalents include temporary cash surpluses invested in financial instruments characterised by higher returns with respect to on-demand bank deposits (e.g. government securities) and which can be readily cashed in. They do not include temporary investments in capital instruments due to the volatility and variability of their values.

Trade and other payables

Trade and other payables are initially measured at cost, i.e. the fair value of the consideration transferred in the transaction. Subsequently, the payables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while payables without a fixed maturity are valued at cost.
Short-term payables without a stated interest rate and with maturity within normal trade terms are not discounted. The fair value of the long-term payables is established by discounting back future cash flows: the discount is recorded as a financial charge over the duration of the payable until maturity.

Loans

Loans are initially measured at cost, i.e. the fair value of the consideration received less any directly attributable transaction costs.
After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method.

Conversion of foreign currency balances

Foreign currency transactions are initially recognised using the exchange rate which is applicable on the transaction date. Exchange differences arising during the period, when foreign currency receivables are collected and payables paid, are recognised in profit or loss.
At the end of the accounting period, the monetary assets and liabilities denominated in foreign currency - comprising cash on hand and assets and liabilities to be received or paid in fixed and determinable cash amounts – are converted into the reporting currency using the exchange rate in force as at the period end date, with recognition of any exchange difference generated in the Income Statement.

Non-monetary items expressed in foreign currency are converted into the reporting currency using the exchange rate in force as at the transaction date, or the original historic exchange rate. Non-monetary elements recorded at fair value are converted using the exchange rate in force as at the date this value was determined.
The functional currencies adopted by the various companies of the Isagro Group correspond to the currencies of the countries where the registered offices of such companies are located.

Provisions for risks and charges
Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:
- there is a current obligation (legal or implicit) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recorded as a provision represents the best estimate of the outlay required for meeting the obligation existing as at the period end date. If the effect of the discounting back of the value of the cash is significant, the provisions are determined by discounting back the expected future cash flows at a pre-tax discount rate which represents the current market valuation of the cost of money in relation to time and, if appropriate, the specific risks of the liabilities. When discounting back is carried out, the increase in the provisions due to the passage of time is treated as a financial charge.
Contingent liabilities are not recorded in the financial statements.
With reference to the provisions for “participation bonus and manager and director bonuses”, the Group records this amount - in line with the previous year - in the item “Current provisions” since they are approved and finalised by the Shareholders’ Meeting following approval of the financial statements.

Employee benefits
Benefits after the termination of the employment relationship are established on the basis of plans which, in relation to their characteristics, are separated into defined-contribution plans and defined benefit plans.
With regard to defined-contribution plans, the company’s obligation is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at period end, less any amounts already paid.
The amount recorded as net liability (or asset) in the defined-benefits plans is determined by using the “projected unit credit method” actuarial technique, and it is equal to: (a) the current value of the defined-benefits obligation as at the financial statement reference date; (b) plus any actuarial gains (less any actuarial losses); (c) less any social security costs relating to past work services not yet recorded; (d) less the fair value as of the financial statement reference date of the assets serving the plan (if they exist) beyond which the obligations must be directly discharged. The actuarial profits and losses coming from re-measurement of the assets and liabilities following the change in the financial actuarial and/or demographic assumptions, and the yield of the assets serving the plan (except for the amounts included in the net interest), are recognised under “Other comprehensive income components” and are directly reflected in the “Retained earnings” without subsequent reclassification to the “Profit/(loss) for the year” items.
The cost recorded under the “Profit/(loss) for the year” is the same as the algebraic mean of the following elements in the defined-benefits plans: (a) the social security costs relating to the current employment services; (b) the net interest deriving from the increase in the liability consequent to the passage of time; (c) the social

security costs relating to the past employment services; (d) the effect of any reductions or discharges of the plan.

Until December 31st, 2006, the severance indemnity fund of Italian companies was considered as a defined-benefit plan. This was amended by Law No. 296 of December 27th, 2006 (Finance Law 2007) and subsequent decrees and regulations which were issued in the first few months of 2007. In light of these amendments, and in particular with reference to companies with at least 50 employees, this is now considered a defined benefit plan only insofar as the amounts which matured until January 1st, 2007 (and which have not been settled on the balance sheet date), while after this date it is considered a defined contribution plan.

Leases

Finance leases, which transfer substantially to the Group all risks and rewards incidental to ownership of the leased asset, imply the recognition of assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Rentals are split between capital amount and interest amount, so to obtain the application of a consistent interest rate on the residual balance of the debt (capital amount). Any financial charges are recognised in the Income Statement.

The leased asset is then amortised according to criteria similar to those used for proprietary assets.

Those leasing agreements where, on the contrary, the lessor essentially maintains all the specific risks and benefits of the asset, are classified under operating leases. Any payments related to these agreements are recognised in the Income Statement.

Revenues

Revenues are valued at the current value of the amount received or due. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the related amount can be measured reliably.

<u>Sale of goods</u>

Revenue is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

<u>Provision of services</u>

The revenue is recorded with reference to the stage of completion of the transaction as of the period end date. When the result of the provision of services cannot be reliably determined, the revenues must be recorded only to the extent that the recorded costs will be recoverable.

The stage of completion is determined via the valuation of the work carried out or the proportion between the costs incurred and the total costs estimated.

With reference to the Licensing activities, understood as activities for the granting of patents, know-how and similar rights to third parties for use under the form of license agreements, the Group recognised the related proceeds, made up of royalties and up-front payments, at the time of the transfer of the risks and benefits, in observance of the provisions of IAS 18. In detail, this income is recorded when the sums received can be considered as certain and non-reimbursable, and any Group obligations are null or negligible.

<u>Interest</u>

Interest is recorded on an accruals basis, using the effective interest rate method.

<u>*Royalties*</u>

These are recorded on an accruals basis, in accordance with the matters envisaged in the related agreement

Dividends

These are recorded when the right of the shareholders to receive the payment arises.

Government grants

Government grants are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions referring to them have been satisfied.

When the grants are linked to cost components (for example operating grants) they are recorded under the item "Other operating revenues", but spread out systematically over several accounting periods so that the revenues are proportional to the costs which they intend to offset.

When, on the contrary, the grants are linked to assets (for instance, grants for plant or grants for intangible assets being developed) they are deducted directly from the book value of such assets and are thus recognised, during the useful life of the asset to be amortised, in the Income Statement as income, by directly decreasing the amortising cost.

Financial charges

Financial charges directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets which take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of the assets.

All other financial charges are recognised as costs accrued in the year when they are incurred.

Costs for the purchase of goods and the provision of services

These are recorded in the Income Statement on an accruals basis and involve decreases in economic benefits, in the form of outgoing cash flows or the reduction in value of assets or the incurring of liabilities.

Income taxes (current taxes, deferred tax assets and liabilities)

Current taxes are calculated on the basis of a realistic forecast of the tax liabilities to be paid, in accordance with tax legislation in force in the individual Countries, and are stated in the item "Tax payables" net of the advances paid.

If the advances paid and any credits from previous accounting periods are greater than the taxes payable, the net receivable due from the tax authorities is recorded under the item "Tax receivables."

The Group recognises deferred tax assets and liabilities for temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax bases, as well as for any difference in the carrying amount of assets and liabilities arising on consolidation adjustments.

Specifically, a deferred tax liability is recorded for all taxable temporary differences, save when such liability derives from the original recognition of the goodwill. This liability is stated in the financial statements under the item "Deferred tax liabilities." Conversely, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is also recorded in the presence of tax losses or tax credits carried forward, to the extent that it is probable that sufficient future assessable income will be available. These assets are stated in the financial statements under the item "Deferred tax assets."

The value to be stated in the financial statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.

Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force as at the period end date.
Current and deferred taxes are recorded in the Income Statement as a charge or as income for the period. However, current and deferred taxes must be debited or credited directly in the shareholders' equity or in the statement of comprehensive income if they related to items recorded directly in these items.

Cancellation of a financial asset

A financial asset is derecognised when the Group no longer has control over the contractual rights associated with the asset. This normally occurs when the rights specified in the contract are exercised, when they expire, or when they are transferred to third parties. Consequently, when it emerges that the Group has retained control over the contractual rights associated with the asset, the latter cannot be removed from the balance sheet. This essentially takes place:

- when the transferor has the right or the obligation to repurchase the transferred asset;
- when the transferor essentially maintains all the risks and benefits;
- when the transferor provides guarantees for all the risks relating to the transferred asset.

Conversely, if the transferee has the ability to obtain the rewards of the transferred asset, or is free to sell or utilise the entire fair value of the transferred asset, the transferor shall remove the asset from its balance sheet.
In the event of a transfer, the difference between the book value of the transferred assets and the sum total of the payments received and any previous adjustment which reflects the fair value of that asset, which has been accumulated under shareholders' equity, is included in the Income Statement for the period.
It should be noted that in relation to the factoring of non-recourse trade receivables, under some contracts the maximum default risk assumed by the factor is governed by the so-called credit ceiling. Appropriate effectiveness tests are therefore conducted on these transactions to verify that the risks and rewards have been substantially transferred.

Derivatives

Derivatives are measured at fair value, which IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. This value is calculated with reference to the public listed price of the instrument. When a quoted market price is not available, the Group refers to the current market value of other instruments that are substantially identical or uses appropriate measurement techniques that consider a premium for the counterparty risk. These techniques are described in the Explanatory Notes, in the paragraph on derivatives.
A derivative financial instrument can be acquired for trading purposes or hedging purposes.
The valuation gains and losses associated with derivatives acquired for trading purposes are booked to the Income Statement.
The statement in the accounts of derivatives acquired for hedging purposes is carried out according to the so-called "hedge accounting" approach, which offsets the registration of the derivatives in the Income Statement with that of the hedged items, only when the derivatives meet specific criteria.
In particular:

- at the start of the hedge, formal documentation must exist of the hedging relationship and the company's risk management objectives and strategy for carrying out the hedge;
- at the start of the hedge, the efficacy of obtaining the offsetting of the changes in the fair value or in the cash flows attributable to the hedged risk, must be ascertained;

- the efficacy of the hedge must be assessed on the basis of recurrent criteria and the derivative instrument must be highly effective for its entire duration.

For the purposes of accounting, hedging transactions are classified as "fair value hedges" if they hedge exposure to changes in fair value of the underlying asset or liability; or as "cash flow hedges" if they hedge exposure to variability in cash flows deriving from both an existing asset or liability or from a future transaction.

With regard to fair value hedges, the gains and losses deriving from the re-determination of the market value of the derivative instrument are booked to the Income Statement.

With regard to cash flows hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss. In the event that the hedged item is a firm commitment giving rise to an asset or liability, the initial carrying amount of the asset or liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in fair value recognised in equity. With regard to all the other cash flow hedges, the gain or loss related to the financial instrument is reclassified from equity to profit or loss in the same period during which the hedged transaction affects profit or loss.

If a derivative financial instrument is acquired for hedging purposes and not speculative ones, but does not qualify for hedge accounting, the gains or losses on changes in its fair value are recognised in profit or loss.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. Tangible assets – 24,130

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

Breakdown	Dec. 31st, 2013				Dec. 31st, 2014		
	Historical cost	Acc. deprec.	Book value	Total	Historical cost	Acc. deprec.	Book value
Land	1,053	0	1,053	0	1,053	0	1,053
Industrial Buildings:							
- assets owned	15,351	(6,860)	8,491	(249)	16,006	(7,764)	8,242
- leasehold improvements	703	(635)	68	(24)	703	(659)	44
	16,054	(7,495)	8,559	(273)	16,709	(8,423)	8,286
Plant and equipment:							
- assets owned	35,187	(24,632)	10,555	60	38,057	(27,442)	10,615
- capital grants	(357)	339	(18)	18	(357)	357	0
- assets leased	392	(74)	318	(56)	392	(130)	262
	35,222	(24,367)	10,855	22	38,092	(27,215)	10,877
Industrial and commercial equipment:							
- assets owned	4,536	(3,968)	568	(93)	4,660	(4,185)	475
- assets leased	0	0	0	345	353	(8)	345
	4,536	(3,968)	568	252	5,013	(4,193)	820
Other assets:							
- furniture and fittings	1,085	(952)	133	40	1,167	(994)	173
- motor vehicles	263	(131)	132	(24)	260	(152)	108
- data processors	2,573	(2,205)	368	6	2,728	(2,354)	374
	3,921	(3,288)	633	22	4,155	(3,500)	655
Assets under construction and payments on account							
- assets owned	1,413	0	1,413	1,026	2,439	0	2,439
	1,413	0	1,413	1,026	2,439	0	2,439
Total	62,199	(39,118)	23,081	1,049	67,461	(43,331)	24,130

Changes for the period	Translation difference (hist. cost)	Purchases	Reclassifications (hist. cost)	Disposals	Translation difference (acc. depr.)	Depreciation	Use acc. depr.	Total change
Land	0	0	0	0	0	0	0	0
Industrial Buildings:								
- assets owned	263	373	19	0	(95)	(809)	0	(249)
- leasehold improvements	0	0	0	0	0	(24)	0	(24)
	263	373	19	0	(95)	(833)	0	(273)
Plant and equipment:								
- assets owned	866	1,124	1,087	(207)	(637)	(2,328)	155	60
- capital grants	0	0	0	0	0	18	0	18
- assets leased	0	0	0	0	0	(56)	0	(56)
	866	1,124	1,087	(207)	(637)	2,366	155	22
Industrial and commercial equipment:								
- assets owned	30	130	3	(39)	(22)	(234)	39	(93)
- assets leased	0	353	0	0	0	(8)	0	345
	30	483	3	(39)	(22)	(242)	39	252
Other assets:								
- furniture and fittings	2	34	47	(1)	(1)	(42)	1	40
- motor vehicles	16	19	0	(38)	(9)	(41)	29	(24)
- data processors	24	157	2	(28)	(17)	(154)	22	6
	42	210	49	(67)	(27)	(237)	52	22
Assets under construction and payments on account:								
- assets owned	29	2,155	1,158	0	0	0	0	1,026
	29	2,155	1,158	0	0	0	0	1,026
Total	1,230	4,345	0	(313)	(781)	(3,678)	246	1,049

The investments made in the period essentially refer to projects for increasing the efficiency of the plants and the level of safety of the Adria and Aprilia production sites of the parent Isagro S.p.A..

Furthermore, a new automatic palleting machine was purchased by the parent during the year for the packaging plant of the granular products of the Aprilia site; this investment led to a € 207 thousand increase in the historical cost of the item “Plant and equipment”.

The item “Industrial and commercial equipment - assets leased” refers to the supply of new analytical laboratory instruments used in the Novara research centre. The financial lease agreement, entered into with CréditAgricole Leasing Italia Srl, by the parent Isagro S.p.A., envisages the payment of a monthly instalment of € 6 thousand for 59 months, plus the payment of an initial advance fee of € 35 thousand. The value recorded in the financial statements represents the fair value of the asset at the time the agreement was entered into.

The item “Assets under construction”, amounting to € 2,439 thousand, mainly relates to restructuring work on the buildings of the research centre in Novara, owned by the parent Isagro S.p.A. (€ 1,625 thousand) and further efficiency improvements of plants and upgrading of safety of the Adria production site (€ 483 thousand), not yet available for use.

The aforesaid restructuring works will allow for the transfer of some research departments, currently in third-party buildings, into a number of buildings owned by Isagro during the first few months of 2015.

As for the above investments, it is worth noting that, as at December 31st, 2014, agreements amounting to € 471 thousand were in place with the supplier in charge of the restructuring works.

Furthermore, as at December 31st, 2014 the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. had contractual commitments with third party suppliers for a total of € 177 thousand in relation to the investments currently underway.

No endogenous and exogenous impairment indicators were identified during the year, as also confirmed by the results of the impairments carried out within the sphere of the tests on the goodwill which, for the sake of completeness, also include the tangible fixed assets which can be allocated to the specific CGUs.

2. Intangible assets – 40,339

The breakdown and summary changes in intangible assets for the year are described in the following tables:

Breakdown	Dec. 31st, 2013			Total	Dec. 31st, 2014		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	5,795	0	5,795	3,030	8,825	0	8,825
- new formulations	577	0	577	273	850	0	850
	6,372	0	6,372	3,303	9,675	0	9,675
Process development costs	0	0	0	234	234	0	234
Product know-how:							
- fungicide IR 6141	10,196	(4,929)	5,267	(681)	10,196	(5,610)	4,586
- other fungicides	81	(27)	54	(5)	81	(32)	49
- Remedier	773	(398)	375	(51)	773	(449)	324
- biostimulants and fumigants	128	(79)	49	951	1,120	(120)	1,000
	11,178	(5,433)	5,745	214	12,170	(6,211)	5,959
Process know-how	1,708	(1,067)	641	(20)	1,898	(1,277)	621
Extraordinary protection	10,224	(6,279)	3,945	102	11,032	(6,985)	4,047
Patents, licences, trademarks and registrations	11,180	(4,568)	6,612	1,295	14,017	(6,110)	7,907
Other:							
- commercial relations	724	(258)	466	(119)	694	(347)	347
- software	1,227	(631)	596	(121)	1,189	(714)	475
	1,951	(889)	1,062	(240)	1,883	(1,061)	822
Assets under development and payments on account:							
- registrations	11,010	0	11,010	64	11,074	0	11,074
- other assets	0	0	0	0	0	0	0
	11,010	0	11,010	64	11,074	0	11,074
Total	53,623	(18,236)	35,387	4,952	61,983	(21,644)	40,339

Changes for the period	Translation difference	Acquisitions/ capitalisations	Reclassifications	Capital grants	Amortisation/ Write-downs (*)	Total change
Product development costs:						
- fumigants and SDHi	49	4,303	(1,322)	0	0	3,030
- new formulations	0	276	0	0	(3)	273
	49	4,579	(1,322)	0	(3)	3,303
Process development costs	0	424	(190)	0	0	234
Product know-how:						
- fungicide IR 6141	0	0	0	0	(681)	(681)
- other fungicides	0	0	0	0	(5)	(5)
- Remedier	0	0	0	0	(51)	(51)
- biostimulants and fumigants	84	0	984	(76)	(41)	951
	84	0	984	(76)	(778)	214
Process know-how	0	0	190	0	(210)	(20)
Extraordinary protection	0	2,374	0	0	(2,272)	102
Patents, licences, trademarks and registrations	63	102	2,740	(68)	(1,542)	1,295
Other:						
- commercial relations	(30)	0	0	0	(89)	(119)
- software	0	70	0	0	(191)	(121)
	(30)	70	0	0	(280)	(240)
Assets under development and payments on account:						
- registrations	21	2,647	(2,402)	(18)	(184)	64
	21	2,647	(2,402)	(18)	(184)	64
Total	187	10,196	0	(162)	5,269	4,952

(*) made up of € 5,082 thousand regarding amortisation and € 187 thousand regarding impairment write-downs

The Group's intangible assets include the assets not yet available for use for a total value of € 20,983 thousand, which include:

- € 9,675 thousand in costs incurred for the launch of the development phase of new proprietary products, of which € 7,846 thousand for the fungicide named SDHi, for which a co-development agreement has been entered into with the US company FMC Corporation and € 979 thousand for a soil-applied pesticide for the Mediterranean area in particular;
- € 234 thousand in development costs for new product processes;
- € 11,074 thousand for "Fixed assets in progress" which refer to registration costs incurred to obtain authorization to sell formulations of the main proprietary products of the Group in various countries.

In September, the subsidiary Isagro USA, Inc. terminated the development of the soil-applied pesticide for the US market, whose development had been started in 2012, with consequent reclassification, and commencement of the amortisation period, from "development costs" to "product know-how" and to "registrations" for € 984 and € 338 thousand respectively.
Furthermore, it should be noted that the obtainment of new authorisations to sell during the year led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortisation period, for € 2,740 thousand.
The "capital grants" amounting to € 162 thousand refer to the tax credit acknowledged by the US tax authorities to the subsidiary Isagro USA, Inc. in relation to research and development costs incurred during the year.

"Extraordinary protection", amounting to € 4,047 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations.
During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed; criticalities emerged with reference to certain assets that proved to be either no longer useable or uneconomical to use. Pursuant to IAS 38, the costs incurred in relation to these projects were entirely written down for a total amount of € 187 thousand.
As previously pointed out in the financial statements as at December 31st, 2013, after obtaining a specific loan from the European Investment Bank (EIB), in support of the Group's research and development activities (see note No. 15), the portion of finance costs incurred in the year relating to intangible assets under development was capitalised. The capitalised finance costs amounted to € 499 thousand. The average rate used to determine their amount was 5.77%, i.e. the actual interest rate of the specific loan.
The residual value of the item "Patents, licenses, trademarks, registrations and similar rights", amounting to € 7,907 thousand, comprises:

- registrations and distribution rights for agrochemicals	7,249
- trademarks, patents and licences	658

Fixed Assets not yet available for use – impairment test
Pursuant to IAS 36, impairment tests are performed by the Isagro Group onto products under development and registrations in progress, at least annually, while preparing the financial statements as at December 31st. In fact, although these are assets with "finite useful life", as the rest of the Group's intangible assets, they are not yet available for use.
It should be noted that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "finite useful life", are tested for impairment at least annually, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product assessed is part of a CGU (cash-generating unit), to which a portion of the Group's goodwill has been allocated, the recoverable amount of the entire CGU is estimated. Therefore, reference should be made to note No. 3 for "biological products", "copper-based products", and "Tetraconazole" .
The following table highlights the value of the intangible assets grouped according to the above written statements:

	ASSETS WITH DEFINITE USEFUL LIFE		
	Fixed assets not yet available for use	Fixed assets already available for use	Total Book value
Assets relating to research and development activities:			
- Kiralaxyl (IR6141)	6,064	5,887	11,951
- Tetraconazole	2,493	4,319	6,812
- Biological and biostimulant products	448	1,665	2,113
- Copper	2,308	1,595	3,903
- SDHi	7,925	85	8,010
- Pyrethroids	326	998	1,324
- Fumigants	1,274	1,900	3,174
- Novaluron	0	914	914
- Other	145	1,024	1,169
	20,983	18,387	39,370
Other intangible assets:			
- commercial relations	0	347	347
- software	0	475	475
- trademarks and licences	0	147	147
	0	969	969
	20,983	19,356	40,339

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

Here below are the main assumptions made in estimating value in use for the purpose of measuring the recoverable amount of know-how and ongoing registrations for the molecules IR6141 and Novaluron and for the pyrethroids, as well as the recoverable amount of the development costs for the fungicide SDHi and the new soil-applied pesticide, the Group's main products; for Tetraconazole, biological products, and copper-based products, please refer to note No. 3.

Business assumptions

The analysis was carried out making reference to the 2015-2018 Business Plan of the Isagro Group companies; since the plan covers a time period of four years, having been drawn up in 2014, the decision was made to add a fifth plan year, established maintaining all the hypotheses of the last year unchanged. The plan is based on assumptions which the management considered reasonably feasible in fact – except for unpredictable weather conditions and the time for obtaining product registrations – provisional data almost matched the final statement.

Time scale considered

For the purposes of estimating the expected cash flows, a useful life of 15 years is usually adopted for the new-generation molecules. This value reflects the expected average commercial life of a new crop protection product. For already consolidated products on the market, entirely available for use, reference is made to a timescale of 5 years.

As for the SDHi fungicide, for which the developing phase has recently started, an ad–hoc business plan has been implemented. The related cash flows are forecasted to start in 2020 (year of the launch of the product), timely estimated up to 2026 and then maintained constant up to 2028.

As for the estimate of the cash flows expected to be derived from Novaluron and the pyrethroid, they were determined in detail over a 5-year period.

The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;
- zero change in current assets;
- Presumed growth rate of zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Novaluron and SDHi	IR 6141	Pyrethroids	Soil-applied pesticide
- Financial structure (Liabilities/Assets)	0.40	0.40	0.40	0.40
- WACC	8.3%	7.7%	7.1%	8%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of debt

The average cost of Isagro's financial payables before the tax effect, equal to 4.7%, was used for the cost of debt. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Novaluron and SDHi	IR 6141	Pyrethroids	Soil-applied pesticide
- a Beta equal to	1.20	1.20	1.20	1.20
- risk-free rate	2%	2%	2%	2%
- market risk premium	5.50%	5.50%	5.50%	5.50%
- premium for additional risk equal to	3%	2%	1%	2.5%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk-free rate: taken as equal to the government security rate which reflects country risk (average 10-year BTP bond with a half-yearly assessment);

Beta: this is the Group’s specific value, calculated by Isagro, that expresses its own level of risk compared to the market based on the Group’s business and level of indebtedness;

Market risk premium: a rate processed by Banca IMI was used to express the spread between the expected return on an investment in shares rather than in government securities;

Premium for the additional risk: this was calculated by the Group to express the specific risk profile of the various projects/molecules based on the different degree of uncertainty of estimated cash flows.

The cost of equity was therefore 11.6% for Novaluron and the fungicide SDHi, 10.6% for the molecule IR 6141, 9.6% for the pyrethroids, and 11.1% for the soil-applied pesticide.

The weight of equity and debt

With reference to the weights of equity and debt, a normalised average ratio was used, in particularly envisaging that net current assets are financed from borrowings, whilst investments in fixed assets are financed from equity.

WACC

Based on the above assumptions, the following rates were determined:

	Novaluron and SDHi	IR 6141	Pyrethroids	Soil-applied pesticide
- WACC	8.3%	7.7%	7.1%	8%

Compared to the WACCs used in the previous year, a decrease was revealed in the rate of around two percentage points; this change is due to both the drop in the risk-free rate, which halved compared to 2013, and the decrease in the cost of debt for the Isagro Group, also due to the share capital increase transaction of the parent Isagro S.p.A., described in note No. 14. Thanks to this transaction, in fact, the minor minority interest capital requirement permitted the parent to obtain loans at more advantageous rates than last year.

Main results

According to the impairment test performed, approved by the Board of Directors on March 11th, 2015, to-date the Directors have found no impairment loss for the main products of the Group and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by the impairment guidelines issued by the O.I.V., the Group conducted a sensitivity analysis of the recoverable amount of the above-mentioned products, analysing the effect of a change in the discount rate used to discount estimated cash flows. This analysis was conducted to assess the effects of potentially higher volatility in estimated cash flows, and in particular to what extent, in terms of equivalent discount rate, the failure to complete planned activities, delays in registration, or climatic variables could compromise the impairment test.

Specifically, the sensitivity analysis performed by keeping the underlying assumptions of corporate plans unchanged and by varying the WACC did not reveal any particular critical points.

The outcome of this analysis tends to confirm the soundness of the test's results, although with the uncertainty deriving from the dependence of forward-looking data from the previously mentioned external variables.

3. Goodwill – 3,762

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

CGU description	Value as at Dec. 31st, 2013	Changes over the period				Value as at Dec. 31st, 2014
		Translation difference	Acquisitions/ disposals	Write-downs	Total change	
- "Copper"	886	0	0	0	0	886
- "Biological products"	461	0	0	0	0	461
- Isagro Asia Agrochemicals	162	18	0	0	18	180
- "Tetraconazole"	209	0	0	0	0	209
- "Formulations"	20	0	0	0	0	20
- Isagro Colombia S.A.S.	2,177	(171)	0	0	(171)	2,006
Total	3,915	(153)	0	0	(153)	3,762

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

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

Goodwill, in conformity with international accounting standards, is not amortised, but is tested for impairment annually. This test is performed by comparing the carrying amount of goodwill with its recoverable amount. This value is calculated using the “Discounted cash flow” model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

The main parameters used in measuring the recoverable amount of the main CGU's goodwill are shown below.

Time scale considered

With regard to the projection of the cash flows, a time period of 5 years was considered, corresponding to the 2015-2018 Business plan, to which it was decided to add a fifth plan year, established maintaining all the hypotheses of the last year unchanged, as already indicated in note No. 2, for the CGUs “Copper”, “Biological products”, “Tetraconazole” and “Isagro Colombia S.A.S.”.

These plans are based on assumptions that management deems reasonably feasible, as confirmed by the fact that – except for the impacts associated with external variables beyond the Group’s control represented by the actual time required to obtain the registrations and climatic variables – the earlier forward-looking data had been substantially confirmed by actual results, as already shown in note No. 2, to which reference should be made for an in-depth analysis of the methods used in preparing the plan.

The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;
- zero change in current assets;
- Presumed growth rate of zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Financial structure (Liabilities/Assets)	0.54	0.40
WACC	10.5%	7.1%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Cost of debt	9.0%	4.7%
Cost of equity	15.8%	9.6%

Cost of debt

The final average cost of the financial payables of the various CGUs was used for the cost of debt before tax effect. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Beta	1.20	1.20
Risk-free rate	5.0%	2%
Market risk premium	9.0%	5.50%
Additional risk premium	-	1%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk-free rate: taken as equal to the government security rate which reflects country risk (average 10-year BTP bond with a half-yearly assessment for the Italian CGUs and government securities having similar characteristics for Isagro Colombia S.A.S.);

Beta: this is the Group’s specific value, calculated by Isagro, that expresses its own level of risk compared to the market based on the Group’s business and level of indebtedness;

Market risk premium: a rate processed by Banca IMI was used to express the spread between the expected return on an investment in shares rather than in government securities;

Additional risk premium: this was calculated by the Group to express the specific risk profile of the various projects/molecules based on the different degree of uncertainty of estimated cash flows.

The weight of equity and debt

With reference to the weights of equity and debt, a normalised average financial structure was used, in particularly envisaging that net current assets are financed from borrowings, whilst investments in fixed assets are financed from equity.

WACC

Based on the above assumptions, the following rates were determined:

	Isagro Colombia S.A.S.	"Copper" – "Biological products" – "Tetraconazole"
WACC	10.5%	7.1%

The comparison with the WACCs used in the previous year did not reveal any change in the rate relating to the Isagro Colombia CGU, while there was an average decrease of around 200 basis points for the Italian CGUs due to both the drop in the risk-free rate and the reduction of the cost of borrowing, the reasons for which are described in note No. 2.

Main results

According to the impairment tests performed, approved by Board of Directors on March 11th, 2015, to date the Directors have found no impairment loss for the assets of the various CGU (goodwill, tangible and intangible fixed assets) and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by the O.I.V. guidelines on impairment, the Group conducted sensitivity analysis of the recoverable value of the aforementioned CGUs, analysing the effect of a change in the discount rate used to discount the expected cash flows. This analysis was performed to examine the effects of a potentially stronger volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.

In particular, the sensitivity analysis performed maintaining the assumptions underlying the business plans and changing the WACC did not reveal any criticalities for the Italian CGUs, whereas a 150 basis point increase in the discount rate would create an excess in the book value of the goodwill of the Isagro Colombia CGU.

Lastly, note that the calculation of the recoverable value of the various CGUs and intangible assets referred to in the previous paragraph calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating as a result of the current international economic and financial crisis. Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of goodwill and intangible assets. The Group's management will continuously monitor the circumstances and events that could bring about such a result.

4. Equity-accountedinvestees – 253

List of equity investments	Description of activities	Company holding The investment	% ownership (%)	Book value
Associates: Arterra Bioscience S.r.l. - Naples Share capital € 250,429 Total	Research activities in the life sciences and molecular genetics industry	Isagro S.p.A.	22.00	253 253

The table below shows the changes during the year in the above investments accounted for using the equity method:

Breakdown	Value as at Dec. 31st, 2013	Changes over the period					Value as at Dec. 31st, 2014
		Acquisitions (Disposals) Increases (Decreases)	Translation difference	Write-downs	Revaluations	Total change	
Investments in associates: - Arterra Bioscience S.r.l.	205	(11)	0	0	59	48	253
Total	205	(11)	0	0	59	48	253

The following tables summarise the economic and financial information of the associate:

Balance sheet data

	Dec. 31st, 2014	Dec. 31st, 2013
Arterra Bioscience S.r.l.		
Assets	2,801	2,645
Liabilities	(2,087)	(2,155)
Shareholders' equity	714	490

Economic situation

	2014	2013
Arterra Bioscience S.r.l.		
Revenues	1,671	1,224
Period profit	211	33
Group's share of profit for the period	59	10
Dividends received	11	0

As required by IFRS 12, the following table presents the reconciliation between the net assets of the associate and the book value of the investment:

	2014	2013
Arterra Bioscience S.r.l.		
Net assets of the associate	714	490
Interest holding in the associate	22%	22%
Portion of assets of the associate	157	109
Goodwill	96	96
Book value of the investment	253	205

The value of the investment includes the goodwill of € 96 thousand for which no impairment had been recognised as at December 31st, 2014.

5. Non-current receivables and other assets – 6,771

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Receivables and other non-current assets:			
- guarantee deposits	454	45	499
- know-how usage licences	3,805	598	4,403
- transfer of Isam holdings	323	(323)	0
- prepaid expenses	705	(98)	607
- tax	77	35	112
- security deposits	0	1,150	1,150
Total	5,364	1,407	6,771

The item "know-how usage licence" includes:

- € 2,903 thousand relating to the non-current portion of the residual receivable amount related to the up-front payment made by the Japanese company Arysta LifeScience Co., Ltd. to the parent Isagro S.p.A. in the previous year, in connection with the granting of the sole right to develop mixtures of the fungicides Tetraconazole (owned by Isagro) and Fluoxastrobin (owned by Arysta) on a global scale. The amount agreed between the parties was € 10,900 thousand, € 6,300 thousand of which was collected in total as of the date of these financial statements (€ 5,000 thousand paid in December 2013 and € 1,300 thousand paid in October 2014). The residual amount receivable, equal to € 4,600 thousand, which will be paid in four annual instalments on October 31st of each year, in the period 2015-2018, was discounted back at a 6% rate. The current amount of the amount receivable, equal to € 1,181 thousand, was recorded under item "trade receivables". It should be noted that the contract provides that ArystaLifeScience is not required to pay the remaining instalments if one of the events envisaged contractually should occur as described in note No. 23. In the opinion of Isagro's Directors, the probability of them occurring is still extremely remote;
- € 1,500 thousand referring to the non-current portion of the residual receivable relating to the up-front payment acknowledged to Isagro S.p.A. by the Hong Kong-based company Rotam Agrochemical Company Ltd., described in note No. 23, which will be paid in three annual instalments of € 500 thousand each on May 31st of each year in the period 2016 - 2018, increased by interest calculated until maturity at a fixed rate of 4.50%.

  During the year, steps were taken to reclassify under "other current assets" the instalment relating to the current residual value of the sale price of the investment equal to 41% of Isam S.r.l.'s share capital to Semag S.r.l. (now Isam S.r.l.) by the parent company Isagro S.p.A., in 2006, which will have to be paid on September 30th, 2015.

The item "prepaid expenses" refers to the residual value of the repayment deriving from the advance payment, by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian government, of a 54.5 million Indian Rupees consideration to acquire a 99-year leasehold over the land plot where the Panoli plant is located.

The item "security deposits", stated net of a write-down provision of € 600 thousand already recorded in the financial statements as at December 31st, 2013 under the item "current provisions", refers to the payment of € 1,750 thousand made by the parent Isagro S.p.A. on April 8th, 2014 to the Japanese company Sumitomo Chemical Co. Ltd. to guarantee any fulfilment of obligations associated with the transfer transaction for the equity investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.) to the Japanese company in 2011. The transfer contract, in fact, provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade receivables in the portfolio of the investee company. By reason of the fact that these receivables are still not yet collected, for an amount of € 1,750 thousand, the parties agreed on the payment, made on April 8th, 2014, by Isagro S.p.A. of such amount, to guarantee the payment obligation of the amounts due, although it was also set out that, if Sumitomo Chemical Italia S.r.l. collects the aforesaid receivables by December 31st, 2018, the purchaser will have to refund Isagro with the corresponding deposited amount. In the financial statements as at December 31st, 2013, the parent allocated € 600 thousand under "current provisions" as alleged loss related to the assumed non-collection of a portion of guaranteed receivables. After making the payment, the above-mentioned item was reclassified by deducting the deposited amount.

6. Deferred tax asset and habilities – 6,953

Deferred tax assets – 9,612

Deferred taxes liabilities – 2,659

Breakdown	Book values Dec. 31st, 2013	Changes over the period				Book values Dec. 31st, 2014
		Provisions	Uses	Other changes	Total change	
Deferred tax assets	8,306	2,398	(1,471)	379	1,306	9,612
Deferred tax liabilities	2,186	(562)	131	(42)	(473)	(2,659)
Total	6,120	1,836	(1,340)	337	833	6,953

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

Temporary differences	Deferred tax assets/liabilities Dec. 31st, 2013		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities Dec. 31st, 2014	
	Taxable base	Taxation	Provisions	Uses	Other changes	Translation difference and other changes	Taxable base	Taxation
Deferred tax assets								
- tax losses	15,916	4,471	1,500	(95)	(31)	80	20,913	5,925
- allocations to taxed provisions	2,880	922	588	(578)	0	28	3,069	960
- grants related to R&D	401	125	0	(16)	0	0	349	109
- intragroup profits	6,846	2,124	79	(417)	(13)	0	5,615	1,773
- other	2,207	664	231	(365)	(3)	318	2,804	845
Total prepaid tax assets	28,250	8,306	2,398	(1,471)	(47)	426	32,750	9,612
Deferred tax liabilities								
- amortisation/ depreciation for tax purposes	5,482	1,828	311	(15)	(12)	100	6,566	2,212
- provisions for tax purposes	145	41	0	(8)	0	(33)	0	0
- fair value assets from business combinations	563	192	0	(39)	0	(12)	415	141
- other	464	125	251	(69)	0	(1)	1,022	306
Total deferred tax liabilities	6,654	2,186	562	(131)	(12)	54	8,003	2,659
TOTAL	21,596	6,120	1,836	(1,340)	(35)	372	24,747	6,953

The item deferred tax assets includes € 5,925 thousand related to the tax losses of the Group companies, of which € 5,291 thousand refer to the parent Isagro S.p.A., € 109 thousand to the tax effect on grants relating to development projects, which, pursuant to tax laws, are taxed on a cash basis rather than on an accrual basis; € 1,773 thousand referring to the tax effect of the elimination of intragroup profits and € 960 thousand relating to taxed risk and expense provisions. The estimates and 2014-2018 Business Plans of the Group companies were taken into consideration when recognising and measuring the recoverability of the prepaid taxes, as up-dated on February 25th, 2015. Although the business plans include assumptions and forward-looking statements subject to uncertainty, the Directors deem that the taxable income envisaged for the next years, deemed to be reasonable and feasible as confirmed at the time of the annual review of the Business Plan, will be such as to allow those amounts to be recognised and recovered.

In particular, during 2014, the Directors of the parent Isagro S.p.A. provided for prepaid taxes only in relation to around 50% of the tax loss for the current year (€ 1,500 thousand), since they believe that it is probable that taxable income will be available in the coming years of the plan, in relation to which all the tax losses recognised can be used in full.

The convincing evidence which makes availability of sufficient future taxable income for the afore-mentioned recovery probable, over the timescale of the plan, are as follows:

- the important recovery in 2014 (confirmed by the results for the first quarter of 2015) in the turnover relating to the sale of agrochemicals (so-called Basic Business), hit hard in the last few years by the drought which had affected certain markets of great importance for the parent Isagro S.p.A. This growth became possible mainly thanks to the new commercial strategies based on the development of new proprietary products;
- the significant reduction in the cost of money to a lower level than that estimated in the 2014-2018 Business Plan, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction described in note No. 14;
- the finalisation of the share capital increase transaction which will also fund part of the investment plan hypothesised in the 2014-2018 Business Plan;
- the launch of a new fumigant product and the confirmation on the validity of the new SDHi molecule under development;
- the confirmation of the income ceiling for Licensing amounting to € 11 million in the 2015-2018 plan period, despite a different timing with respect to that originally envisaged;
- the business efficiency measures, undertaken by the parent Isagro S.p.A., having entered into a trade union agreement relating to the initiation of lay-off procedures which will ensure an adjustment of the costs in line with the current scope of activities;
- the introduction of the industrial partner Gowan (a US company operating in the agrochemicals sector) in the Isagro control system, for the purpose of obtaining an important strategic and business enhancement, thanks in part to the pursuit of synergies which will be achieved.

Therefore the Directors, even if the parent Isagro S.p.A. has reported a tax loss in previous years, deem that all the elements indicated above, reflected in the 2014-2018 Business Plan up-dated in February 2015, represent indicators of discontinuity with the past. These elements make it possible to deem the attainment of the taxable income indicated in said Business Plan probable, therefore emerging as sufficient for permitting the achievement of the benefit relating to the deferred tax assets.

Having taken into account the matters indicated previously, it is hereby disclosed that as at December 31st, 2014 deferred tax assets are at present not provided for in the financial statements of the parent Isagro S.p.A. for a total value of € 2,947 thousand, of which € 992 thousand for tax losses for the years 2012 and 2013 and € 1,453 thousand relating to the 2014 tax loss.

"Deferred tax liabilities" include € 2,212 thousand misalignment between the statutory and tax amortisation/depreciation of tangible and intangible assets. In particular, this item includes € 1,334 thousand of the parent Isagro S.p.A. and € 878 thousand of the subsidiary Isagro USA, Inc. related to capitalisations and amortisation of development costs for new products.

The item “Fair value assets from business combinations” refers to the residual amount of the tax effect of the fair value measurement of the assets identified subsequent to the purchase of 50% of Barpen International S.A.S. (now Isagro Colombia S.A.S.) occurred in 2011.

In particular, the column “Other changes” shows the effect of changes on prepaid and deferred taxes coming from the introduction of new tax rates in the USA.

The item "Changes in equity" includes € 289 thousand of prepaid taxes related to ancillary costs borne by the parent company Isagro S.p.A. in relation to the increase in share capital, as described in note No. 14, directly deducted from the increase in shareholders' equity under the item “share premium reserve". This column also includes the tax effects (€ 33 thousand) of the actuarial losses caused by re-measuring the item “Employee benefits”, recognised to “Other comprehensive Income Statement components”.

Deferred tax assets and liabilities include € 8,244 thousand and € 2,238 thousand, respectively, which are likely to be carried forward beyond the next year. It should be noted, however that the deferred tax assets that may be utilised after the subsequent year conservatively include the unused tax losses of the Parent, which can be carried forward without limits on time, and the items for which a specific time horizon for their use cannot be predicted, in particular those deriving from the elimination of intragroup profits.

7. Inventories – 40,364

Breakdown	Book values Dec. 31st, 2013	Changes over the period					Book values Dec. 31st, 2014
		Increases/ decreases	Write-downs/ allocations to inventory write-down provision	Translation difference and other changes	Use of inventory write-down provision	Total change	
Raw and ancillary materials and consumables	9,983	89	(192)	94	498	489	10,472
Work in progress and semi-finished goods	119	(59)	0	10	0	(49)	70
Finished products and goods	23,998	3,908	(152)	1,255	790	5,801	29,799
Payments on account	102	(84)	0	5	0	(79)	23
Total	34,202	3,854	(344)	1,364	1,288	6,162	40,364

The increase in the inventories, when compared with December 31st, 2013, is related on the one hand to the need to establish a strategic stock of finished products to cover the sales in the first half of 2015 and on the other hand the effect of the repurchase of finished products of the Group still present in the North American distribution channel further to the termination of the distribution relationship under way with the US company Valent. In fact, as already described in the report accompanying the consolidated financial statements for the previous year, the strategic alliance with the Gowan Group envisaged, amongst other aspects, the entering into of a distribution agreement for Isagro products in North America with the US company Gowan Company LLC, with the consequent termination of the distribution relationship existing at that time. As at December 31st, 2014 the residual inventories relating to this transaction amounted to around € 5,300 thousand, which it is

envisaged will be purchased in full by the new distributor during 2015 at a price in line with the repurchase one.
Inventories include goods, for a value of € 2,569 thousand, stored at the warehouse of the French plant of ArystaLifeScience by way of guarantee of obligations set out in the "Licence, development, distribution and supply" agreement that the parent Isagro S.p.A. concluded with ArystaLifeScience Corporation in the previous year.
Inventories, net of the allowance for inventory obsolescence, relating to goods either obsolete or to be re-processed, amounted to € 690 thousand. The provision registered increases totalling € 344 thousand and decreases amounting to € 1,288 thousand during the year.

8. Trade receivables – 49,598

Breakdown	Book values Dec. 31st, 2013	Changes during the year						Book values Dec. 31st, 2014
		Increases/ decreases	Translation difference of write-down provisions	Write-downs/ allocations to write-down provisions	Use of the write-down provisions	Other changes	Total change	
Trade receivables	47,916	2,946	0	(22)	0	0	2,924	50,840
- bad debt provision	(589)	0	(22)	(154)	25	0	(151)	(740)
- bad debt provision def. int.	(611)	0	0	(92)	201	0	109	(502)
Total	46,716	2,946	(22)	(268)	226	0	2,882	49,598

The increase in trade receivables when compared with December 31st, 2013 is essentially linked to the rise in Group turnover, in particular on the North American market and in Europe. It should be also noted that the factoring of non-recourse trade receivables, to be due after balance-sheet date, carried out by the parent Isagro S.p.A., also contributed to the increase in trade receivables, with respect to December 31st, 2013. These transactions regarded receivables for about € 5,000 thousand, which is lower than the approximately € 6,700 thousand in receivables with due term after December 31st factored during the second half of 2013.
During the year, the provision for doubtful debts was used for € 25 thousand and was increased by € 154 thousand as a result of the amount allocated to it for the period. Interest on arrears was recognised for delays in payment from customers. A € 502 thousand provision was made for these receivables.
Regarding the total trade receivables due from related parties, please refer to note No. 42.
Here below is the breakdown of trade receivables by geographic area based on the customer's location:

• Italy	3,185
• Other European countries	5,057
• Central Asia and Oceania	11,195
• Americas	24,130
• Far East	4,498
• Middle East	784
• Africa	1,991
Total	50,840

The average contractual maturity of trade receivables is the following:
- Italy 130 days
- Foreign countries 120 days.

The reported trade receivables are due within the next year.

The table below shows the analysis of trade receivables past due but not impaired as at the reporting date:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at Dec. 31st, 2014	38,914	5,722	1,969	976	759	1,258	**49,598**
As at Dec. 31st, 2013	36,167	5,089	1,898	947	389	2,226	**46,716**

9. Other current assets and other receivables – 5,346

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Other current assets and other receivables:			
- grants	565	(405)	160
- advance payments to suppliers and creditors	77	325	402
- employees	61	5	66
- export incentives	232	105	337
- due from tax authorities for VAT and other taxes	2,598	(301)	2,297
- transfer of Isam holdings	151	184	335
- other and prepaid expenses	1,482	496	1,978
	5,166	409	5,575
- bad debt provision	(196)	(33)	(229)
Total	4,970	376	5,346

The financial statement value is essentially in line with the values as at December 31st, 2013.

The change in the item “grants” is essentially attributable to the collection, in November 2014, of € 485 thousand for the grant relating to the research project entitled “PNR Tema 6”, which the parent Isagro S.p.A. was the lead company of; the termination of the project led to the recognition of revenue for € 245 thousand in the item “other operating revenues”. The balance of the item “grants” refers to the amounts due from the Piedmont regional authority in relation to two research projects of the parent Isagro S.p.A..

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

The item "due from tax authorities for VAT and other taxes" relates, in the amount of € 1,422 thousand, to VAT credits and amounts due for other indirect taxes pertaining to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. and, in the amount of € 852 thousand, to VAT credit pertaining to the parent Isagro S.p.A.. During the period, the parent company used € 700 thousand of the VAT credit reported in the financial statements as at December 31st, 2013, to offset the payment of withholding taxes and contributions.

The item “transfer of Isam shares” refers to the last instalment, on September 30th, 2015, relating to the disposal transaction, with payment in instalments, of the investment in Isam S.r.l. in 2006. It should also be noted that this loan is backed by mortgages and sureties issued by the owners of Isam S.r.l.

“Other” refers for € 1,121 thousand to the recovery of the research and development costs incurred by the parent Isagro S.p.A. vis-à-vis the American company FMC Corporation under the agreement entered into between the two companies for the co-development of a new fungicide. Prepaid expenses, amounting to

€ 222 thousand, are also included in this item.

For the total amount of other receivables due from related parties, please refer to note No. 42.

The table below, which does not include the prepaid expenses, shows the analysis of other receivables past due but not impaired as at the reporting date:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at Dec. 31st, 2014	4,786	93	1	22	23	199	**5,124**
As at Dec. 31st, 2013	3,890	360	19	32	-	357	**4,658**

These receivables are due within the next year.

10. Tax receivables - 4,286

Breakdown	Book values Dec. 31st, 2013	Total change	Book values Dec. 31st, 2014
Tax receivables:			
- direct taxes	2,984	1,302	4,286
Total	2,984	1,302	4,286

This item includes the receivables from tax authorities for income taxes and IRAP and mainly refers to amounts due to the parent Isagro S.p.A. (€ 1,752 thousand), the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 1,587 thousand) and the subsidiary Isagro USA, Inc. (€ 904 thousand). The increase in the financial statement item with respect to December 31st, 2013 is attributable on the one hand to the additional payments of direct taxation on account by the Indian subsidiary and the parent Isagro S.p.A. and on the other hand to the acknowledgement by the American subsidiary of a tax credit for the R&D activities carried out during the year.

11. Current and non-current financial receivables and other financial assets – 2,875

Non-current financial receivables – 2,875

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Non-current financial receivables and other financial assets:			
- time deposits	2,875	0	2,875
	2,875	0	2,875
Current financial receivables and other financial assets:			
- financial assets held for trading	37	(37)	0
	37	(37)	0
Total	2,912	(37)	2,875

The item "non-current financial receivables" refers to a time deposit held with the BNL – BNP Paribas Group, on which interest accrues at a 0.35% rate, as a guarantee for the overall credit lines granted by the bank to the parent Isagro S.p.A..

In July 2013, the parent Isagro S.p.A. had acquired 72,641 shares of BancaPopolaredell'Etruria e del Lazio at a price of € 0.68 per share (total investment equal to € 50 thousand), which were recorded as financial assets held for trading since it was the intention of the parent to disinvest them over the short term. The value as at December 31st, 2013, € 37 thousand, represented the fair value of these securities. On February 24th, 2014, these shares were sold at a total price of € 52 thousand.

12. Financial assets and liabilities - derivatives – (629)

Current financial assets – 340

Current financial liabilities – 969

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

The following tables disclose the types of derivative contracts outstanding as at December 31st, 2014:

Description of derivatives	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Current financial assets:			
- foreign exchange	126	203	329
- *commodities*	3	8	11
	129	211	340
Current financial liabilities:			
- foreign exchange	(3)	(960)	(963)
- *commodities*	0	(6)	(6)
	(3)	(966)	(969)
Total	126	(755)	(629)

Description of derivatives	Fair value as at December 31st, 2014
Trading derivatives:	
- foreign exchange	(634)
- commodities (copper)	5
	(629)
Total	(629)

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

These derivatives refer to:

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

Contract type	Currency	Average exchange rate	Notional value (Currency/000s)	Fair value (Euro/000s)
Forward - Sale	USD	1.25	(31,000)	(956)
Forward - Purchase	USD	1.34	2,000	157
Forward – Purchase	USD/COP	2,090.84	502	55
Forward - Sale	USD/INR	64.11	(1,341)	(5)
			(29,839)	(749)
Forward – Purchase	INR	80.11	279,128	115
Total				(634)

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

Contract type	Hedged quantity (tons)	Strike price (Euro)	Notional value (Euro/000s)	Fair value (Euro/000s)
Commodity swap (purchase)	248	5,086	1,261	5
	248		1,261	5

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

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2014, properly adjusted to consider the premium connected with the non-fulfilment risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2014, properly adjusted to consider the premium connected with the non-fulfilment risk.

  Information required by IFRS 7 and IFRS 13 is included under notes No. 39 and No. 43.

13. Cash and cash equivalents — 17,149

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Bank deposits:			
- demand deposits	14,062	3,053	17,115
	14,062	3,053	17,115
Cash on hand	37	(3)	34
Total	14,099	3,050	17,149

Cash and cash equivalents as at December 31st, 2014 respectively refer to the parent Isagro S.p.A. for € 4,217 thousand and the subsidiaries for € 12,932 thousand.
Demand deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits of the Group as at December 31st, 2014 was 0.03% per year.
Note that for the purposes of the cash flow statement, the item "cash and cash equivalents" coincides with the respective item in the balance sheet.

14. Equity attribute able to owners of the parent – 95,286

The breakdown of and changes in Group shareholders' equity are explained in the "Statement of changes in consolidated equity for 2014".
The share capital of the parent Isagro S.p.A., as at December 31st, 2013 amounted to € 17,550 thousand, fully subscribed and paid up, and comprised 17,550,000 ordinary shares. As at December 31st, 2014 it amounted to € 24,961 thousand, fully subscribed and paid up, and comprised 24,549,960 ordinary shares and 14,174,919 "growth shares", included in a new class of special shares whose characteristics are described at the end of this note No. 14.
On April 7th, 2014, in fact, the Shareholders' Meeting of the parent resolved to cancel the nominal value of shares representing the share capital and to increase the share capital, against payment of a maximum amount (including share premium) of € 29,500 thousand, of which € 7,450 thousand to the attributed to the capital, through the issue of ordinary and special shares called "growth shares", all without nominal value, to be offered under option to shareholders. The Shareholders' Meeting also vested the Board of Directors with the widest powers to set out the definite terms for the transaction. According to powers received, on April 11th, 2014 the Board resolved in particular on the following:

- the offer price of each ordinary share and each "growth share" offered under option to shareholders was € 1.37, of which € 1.02 as share premium;
- the maximum number of ordinary shares was 7,000,000 for a maximum value of € 9,590 thousand, and the maximum number of the "growth shares" was 14,175,000, for a maximum value of € 19,420 thousand; as a consequence, the aggregate amount of the share capital increase was € 29,010 thousand maximum;
- ordinary shares and "growth shares" jointly under option to shareholders had to be offered in indivisible packages of 40 ordinary shares and 81 "growth shares", in an assignment ratio of 1 indivisible package for every 100 ordinary shares already owned, for a total offer price of € 165.77;
- option rights valid to subscribe actions had to be exercised over the period from April 22nd and May 13th, 2014.

At the end of the offer under option period, 17,366,100 purchase options were exercised which gave rise to the subscription of 6,946,440 ordinary shares and 14,066,541 "growth shares", for an aggregate value of € 28,788 thousand, of which € 7,355 thousand as share capital increase and € 21,433 thousand as increase of the "share premium reserve". Mention is made in particular of the fact that Holdisa S.r.l., direct controlling entity of the parent Isagro S.p.A. at the time of the transaction and now incorporated in BasJes Holding S.r.l. (indirect controlling entity of Isagro S.p.A.) then changed its corporate name to Holdisa S.r.l., which fully subscribed its portion of the share capital increase, exercising 9,600,000 purchase options for the subscription of 3,840,000 ordinary shares and 7,776,000 “growth shares” (of which n. 464,572 in its own name and 7,311,428 on behalf of minority shareholders of Holdisa itself and its holding company Manisa S.r.l., also now incorporated in BasJes Holding S.r.l.), for a total value of € 15,914 thousand. This amount, equal to € 5,897 thousand, was paid through the netting of a financial receivable that the holding company had with respect to the parent Isagro S.p.A.
At the end of the aforesaid offer, 133,900 option rights had not been exercised, which were then offered on the Mercato Telematico Azionario, where they were fully sold the first day of negotiation. The exercise of these rights, occurred on May 21st, 2014, led to the issue of 53,520 ordinary shares and 108,378 "growth shares", for a total amount of € 222 thousand, of which 56 as share capital and € 166 thousand as "share premium reserve",
The increase of the "share premium reserve" was reported in the financial statements net of costs, equal to € 936 thousand, borne by the parent with respect to the share capital increase. These costs were deducted from the reserve, net of the tax effect, equal to € 289 thousand.
The item “Reserves”, amounting to € 47,301 thousand, comprises:

-	Share premium reserve		44,922
-	Translation difference		(7,992)
-	Other reserves:		
	* merger surplus	7,023	
	* legal reserve	3,510	
	* treasury shares	(162)	
			10,371
-	Total		47,301

The “share premium reserve” is recognised net of the costs incurred by the parent in relation with the share capital increase carried out through December 31st, 2014. These costs, net of the tax effect of € 1,240 thousand, amount to € 2,345 thousand.
“Treasury shares” refer to the expense incurred during the previous years by the parent to purchase 50,000 treasury shares.
The positive change in “Translation difference”, equal to € 2,665 thousand, is to be attributed mainly to the revaluation of the Indian rupee against the Euro.
The decrease in “Retained earnings”, € 86 thousand, indicated in the “Statement of changes in consolidated shareholders’ equity for 2014”, refers to the actuarial losses of the defined benefit plans (see note No. 16) recognised under “Other comprehensive income components” net of the related tax effect.

The Statement of changes indicated above in conclusion discloses the reclassification of € 2,516 thousand from the item "Non-distributable reserves" to the item "Retained earnings". This reserve had been created by the parent Isagro S.p.A. at the time of the allocation of the 2011 profit, by virtue of the matters envisaged by sections 1 and 2 of Article 6 of Italian Legislative Decree No. 38 dated February 28th, 2005, for the purpose of establishing a restriction on the distribution of the portion of profit attributable to the unrealised capital gain in the transaction for conferral of a business unit to ISEM S.r.l.. Since this company was placed in voluntary liquidation on April 11th, 2014 and as of the consolidated financial statement reference date the entire liquidation shareholders' equity has been divided up between the shareholders, the reasons for said restriction no longer apply, therefore making it possible to allocate the conferral gain among the unrestricted profit reserves.

Characteristics of the "growth shares"

The rights and characteristics of the "growth shares", issued by the parent Isagro S.p.A. are summarized hereunder. These shares were listed on the STAR segment of the Electronic Stock Market of BorsaItaliana, where also the company's ordinary shares are listed.

No voting rights

Pursuant to Art. 7 of the Company's By-laws, the "growth shares" are without voting rights in the Shareholders' Meetings, while, pursuant to art. 14 of the Company's By-laws, they have a voting right in the special Shareholders' Meetings for owners of "growth shares", pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the "growth shares" shall be approved by the aforesaid special Shareholders' Meeting.

Privilege in the profit distribution

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

Conversion into ordinary shares

All "growth shares" are automatically converted into ordinary shares, with a one to one ratio, in the event Piemme S.r.l., which is currently at the top of the Isagro Group's controlling system, reduces, directly or indirectly, its interest below 50%, or if one or more subjects have an obligation to call for a mandatory public tender of purchase, in which the holders of "growth shares" will be therefore allowed to participate due to the fact the their shares had been converted into ordinary shares with voting rights. Moreover, "growth shares" will be converted in the event a voluntary offer is called for which the offerer who, at the end of the tenderer, would overcome 30% set out by law, is not obliged to call for a subsequent tender, and when the holding Holdisa S.r.l. adheres to this tender with such a number of ordinary shares that its equity investment would be reduced to below 50%.

15. Current and non–current financial payables – 49,081

Current financial payables – 29,183

Non-current financial payables - 19,898

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

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Current financial payables:			
- banks	49,367	(22,023)	27,344
- other lenders	21,430	(19,771)	1,659
- obligations under finance leases	145	35	180
	70,942	(41,759)	29,183
Non-current financial payables:			
- banks	0	19,632	19,632
- obligations under finance leases	125	141	266
	125	19,773	19,898
Total	71,067	(21,986)	49,081

Current payables due to banks and other lenders as at December 31st, 2014 include the current portion of the medium/long term loans, amounting to € 5,670 thousand.

The table below shows the composition of consolidated financial payables broken down by type of relationship:

Breakdown	Amount	effective average interest rate %	maturity
- import financing	6,083	2.39%	on request
- export financing	10,195	1.40%	on request
- accounts receivable financing	5,822	2.39%	on request
- stand-by and revocable lines of credit	1,233	5.50%	on request
- EIB loan	18,312	5.71%	(*)
- other medium/long-term loans	6,990	3.63%	(*)
- financial leasing	446	5.86%	
Total	49,081		

(*) the characteristics of the loan disbursed by the E.I.B. and the other medium/long-term loans are described hereunder

The average interest rate on short-term bank loans (in Euro, US Dollars and Colombian Pesos), except for financial leases, is approximately 3.69%.

Financial payables decreased by € 21,986 thousand primarily as a consequence of the repayment of certain loans, granted by banks, factoring institutes and parent companies to the parent Isagro S.p.A.. Such repayment had been possible thanks to the proceeds collected from the share capital increase transaction of the parent Isagro S.p.A., already described in note No.14.

Financial payables comprise a loan granted by the European Investment Bank (E.I.B.) to the parent Isagro S.p.A. in two tranches of € 15,000 thousand in May 2012, and € 7,500 thousand, in July 2013, respectively, and recognised net of ancillary costs and fees totalling € 1,349 thousand. This loan, granted to support an Isagro Group research, innovation and development investments programme, has a maximum lifetime of six years, a pre-amortisation period of 18 months and quarterly repayments of the principal at a constant rate. As at December 31st, 2014, the parent Isagro S.p.A. had already repaid € 3,947 thousand, as principal for the first tranche of the loan, while the first instalment regarding the second tranche, € 395 thousand, was repaid on January 15th, 2015. The first tranche of the loan accrued interest at the three-month EURIBOR rate + a 1.144% spread, while the second tranche accrues interest at the three-month EURIBOR rate + a 0.74%

spread. The average interest rate for the year was 5.71%. The agreement also provides for compliance with financial requirements (covenants) that are described below. The banks BNL - BNP Paribas Group and Banca Popolare Commercio & Industria (UBI Banca Group) and SACE issued a guarantee of € 5,750 thousand each to the European Investment Bank to grant the first tranche of the above-mentioned loan, whereas Banca Popolare di Sondrio issued a guarantee of € 8,437 thousand to the E.I.B. to grant the second tranche of the same loan.

In addition to the conditions described above, the loan provides for mandatory early settlement if any one of the following occurs:

- decrease in the total cost of the research project of an amount that makes the loan more than 50% higher than the actual cost of the project. In this case, the parent Isagro S.p.A. shall repay the difference between the ratio of total debt to the actual cost of the project and the aforesaid 50%;
- total or partial voluntary early redemption of a loan with a duration of more than 3 years. In this case, the E.I.B. has the right to require the parent Isagro S.p.A. to repay a fraction of the debt outstanding on the loan equal to the ratio of the amount settled early to the total amount of the loans entered into for more than 3 years and still being repaid at the time of the early settlement;
- changes in the control of the parent Isagro S.p.A.; in this case, the E.I.B. can claim early repayment of the entire residual loan, including accrued interest and any other sum due;
- changes in any law, directive, provision, or regulation that may substantially prejudice the ability of the parent Isagro S.p.A. or its subsidiaries to meet the obligations under the loan, or that prejudice the value, the entity, or the effectiveness of the guarantees given; in this case, the E.I.B. may require the early repayment of the entire debt outstanding, including the interest accrued and any other amount due.

The parent Isagro S.p.A. and its subsidiaries have an obligation with the E.I.B. not to transfer, lease out, dispose of, and/or sell all or part their own major property or assets. The parent Isagro S.p.A. also has an obligation with the E.I.B. under which it and its subsidiaries shall distribute dividends only if a consolidated profit and/or profits of the individual companies for the year are achieved. Furthermore, any dividends resolved starting from 2014 must not be higher than 40% of the sum of net consolidated profits achieved starting from 2013, except for the income coming from the disposal of intangible assets.

In addition, if the parent Isagro S.p.A. or its subsidiaries hold mortgages, pledges or guarantee rights on their own assets without the prior consent of the E.I.B., the E.I.B. will have the right to terminate, entirely or in part, the loan agreement through notice of default of the defaulting party and only after a reasonable period within which no remedy to solve the non-fulfilment is implemented has elapsed; as a result, the loan would become due in advance. Since, in December 2103, the parent Isagro S.p.A. supplied a quantity of 80 tons of technical Tetraconazole as collateral to Arysta LifeScience Co. Ltd. by giving a pledge on the goods to protect against any non-fulfilments of the "Licence, development, distribution and supply" agreement, signed between the two companies in the previous year, the entire amount of the medium to long-term loan (€ 17,892 thousand) was reclassified to current payables in the financial statements ended December 31st, 2013, given that a provisions of the medium to long-term loan agreement resulted unfulfilled at balance-sheet date. Essentially, the reclassification was required because, at the 2013 balance-sheet date, the entity did not have an unconditioned right to postpone its settlement for at least twelve months from that date. It is also pointed out that on March 14th, 2014 the parent Isagro S.p.A. obtained a waiver with immediate effect from the E.I.B., while the formal consent in writing from the parties guaranteeing the loan was still missing. In May 2014, all parties guaranteeing the loan gave their written consent to the aforesaid waiver and, therefore, the parent

Isagro S.p.A. was able to classify the portion of loan due by contract after twelve months under item "medium-long term financial payables to banks".

In addition to the medium/long-term loans granted by the E.I.B.:

- in October 2014, Intesa Sanpaolo S.p.A. granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 3,980 thousand (already expressed net of € 20 thousand in commission) with a duration of four years, on which interest accrues at the 6-month EURIBOR rate + a spread of 3.8% (effective rate for 2014: 4.30%). This loan envisages an interest-only payment period of six months, the reimbursement of the principal in seven six-monthly rising deferred instalments as from October 13th, 2015 and until October 13th, 2018 and commission of 0.2% on the principal repaid in the event of early repayment. The agreement also provides for compliance with financial requirements (covenants) that are described below. The financing institute has the faculty to withdraw from the loan agreement in the event the parent Isagro S.p.A.:
    a) is placed in liquidation;
    b) is subject to merger, spin-off, sale or conferral of a business segment not previously authorised by the bank;
    c) is affected by events which are detrimental to the legal, equity, economic and financial situation of the company, such as the make repayment of the loan difficult;
    d) does not observe one of the two equity and economic parameters (covenants) described below.
- In December 2014, Cassa di Risparmio di Parma e Piacenza S.p.A. granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 2,970 thousand (already expressed net of € 30 thousand in commission) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a spread of 2.10% (effective rate for 2014: 2.72%). This loan, which envisages the repayment of the principal in sixteen deferred quarterly instalments with increasing principal (so-called French repayment) as from March 11th, 2015 and until December 11th, 2018 and no commission in the event of early repayment of the loan, was granted to support the parent Isagro's research and development investment plan. The agreement also provides for compliance with financial requirements (covenants) that are described below. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are listed as follows:
    a) the parent Isagro S.p.A. uses the loans for purposes other than those for which it was granted;
    b) the parent Isagro S.p.A. substantially changes its Articles of Association in such a way as to prejudice the fulfilment of the contractual obligations deriving from the loan agreement;
    c) the parent Isagro S.p.A. grants other financiers mortgages on its tangible or intangible assets or on its present and future receivables, affords pledge on its shares or grants guarantees, without prejudice to the secured restrictions existing before the loan agreement was entered into and the restrictions laid down by law or judicial measures. The parent Isagro S.p.A. has the faculty to afford possible pledges on goods in favour of its customers within the sphere of the Licensing business and/or any sureties or surety polices issued in favour of its supplier, as it normal commercial practice;
    d) the parent Isagro S.p.A. carries out disposals, transfers or acts of conveyance regarding assets falling under tangible, intangible and financial fixed assets with an individual or overall amount of five million euros per financial year;
    e) the parent Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below;

f) the parent Isagro S.p.A. becomes insolvent, enters into negotiations with its creditors for the purpose of obtaining periods of grace or out-of-court agreements, disposes of assets to its creditors or requests to be admitted to bankruptcy proceedings;

g) the parent Isagro S.p.A. is placed in liquidation, winding up takes place, it ceases to carry out its current business activities or undertakes business activities which are not consistent with those currently carried out;

h) any type of change of significance takes place with respect to the equity and financial conditions of the parent Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on the parent Isagro's ability to fulfil the contractual obligations;

i) the independent auditing firm expresses a negative opinion or issues a declaration on the impossibility of expressing an opinion on the annual and consolidated financial statements of the parent Isagro S.p.A.;

j) Piemme S.r.l. ceases to directly or indirectly control 50% + 1 of the shares with voting rights in the parent Isagro S.p.A..

The characteristics of the main medium/long-term loans granted to the parent Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at December 31st, 2014 include both the short-term portions of the loans described, included in the financial statements under current financial liabilities, and the accrued interest.

Amounts in thousands of Euro	
Loan granted by the European Investment Bank with a duration of 6 years, an interest rate at the 3-month EURIBOR + a 1.144% spread, and quarterly payments starting from 2013	10,775
Loan granted by the European Investment Bank with a duration of 6 years, an interest rate at the 3-month EURIBOR + a 0.74% spread, and quarterly payments starting from 2015	7,537
Loan granted by Intesa Sanpaolo S.p.A. with a duration of 4 years, an interest rate at the 6-month EURIBOR + a 3.80% spread, and six-monthly payments starting from 2015	4,016
Loan granted by Cassa di Risparmio di Parma e Piacenza with a duration of 4 years, an interest rate at the 3-month EURIBOR + a 2.10% spread, and quarterly payments starting from 2015	2,974

Financial payables to other lenders, as at December 31st, 2013, included € 12,624 thousand related to amounts due to factoring companies regarding loan transactions and with-recourse assignment of credit and € 8,806 thousand regarding a loan granted on October 22nd, 2013 by the indirect former holding company BasJes Holding S.r.l. (now direct holding company Holdisa S.r.l.) to the parent Isagro S.p.A., on which interest accrues at the five-month EURIBOR rate + a 6% spread, until March 31st, 2014, and thereafter, at the three-month EURIBOR rate + a 6% spread. In fact, on December 10th, 2014 the indirect holding company BasJes Holding S.r.l. absorbed the subsidiaries Manisa S.r.l. and Holdisa S.r.l. and, at the same time, changed it corporate name to Holdisa S.r.l..

During the year, the parent Isagro S.p.A.:

– fully repaid the debts of the previous year to the factoring companies following the collection of the receivables assigned with recourse and entered into new loan transactions with factoring companies which, as at December 31st, 2014, were outstanding for € 1,659 thousand;
– received a further € 185 thousand loan from the former indirect holding company BasJes Holding S.r.l. (now direct holding company under the name Holdisa S.r.l.), on February 7th, 2014, on which interest accrues at the three-month EURIBOR rate + a 6% spread. On April 14th, 2014, the parent Isagro S.p.A. partially repaid this loan for a total amount of € 3,249 thousand (of which € 262 thousand as interest

and € 2,987 thousand as principal) to the former indirect holding company BasJes Holding S.r.l. which, in turn, assigned the residual amount due, equal to € 5,897 thousand, to the former indirect subsidiary Holdisa S.r.l. in order to endow the company with the necessary resources to entirely subscribe its share of capital increase, as described in the previous note No. 14, to which reference is made. The financial payment was therefore redeemed upon the subscription of the share capital increase by the former holding company Holdisa S.r.l..

The item “obligations under finance leases” refers to:

a) the residual payable of € 105 thousand due to the company Solvay Speciality Polymers Italy S.p.A. in connection with the fees to pay, for 36 months, for use of a tank for its entire useful life;
b) the residual payable of € 308 thousand due to the company Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay for 59 months, for the supply of new analytical laboratory instruments used at the Novara research centre of the parent Isagro S.p.A..

In accordance with IAS 17 and IFRIC 4, these transactions are classified as finance leases.

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

Currency of the loan	Amount in thousands of Euro	Amount in currency (thousands)	Effective average interest rate %
Euro	45,808	45,808	3.57%
US Dollars	2,882	3,502	4.93%
Brazilian Reals	33	107	28.00%
Colombian Pesos	358	1,036,768	9.55%
Total	49,081		

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

	Payables broken down by maturity						
	Within 1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Payables due to banks							
- floating rate	27,344	6,461	6,737	5,265	1,169	0	46,976
Total Payables due to banks	27,344	6,461	6,737	5,265	1,169	0	46,976
Payables due to other lenders							
- floating rate	1,659	0	0	0	0	0	1,659
Total Other lenders	1,659	0	0	0	0	0	1,659
Obligations under finance leases							
- fixed rate	180	80	64	67	55	0	446
Total obligations under finance leases	180	80	64	67	55	0	446
Total	29,183	6,541	6,801	5,332	1,224	0	49,081

Lastly, it should be noted that, as at December 31st, 2014, the Group has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 95,459 thousand (including “trade” facilities for € 79,550 thousand, of which € 25,152 thousand used, and “financial” facilities of € 15,909 thousand, of which € 3,341 thousand used), as shown in the table below:

	Lines of credit	
	Granted	Used
Parent	86,450	25,152
Subsidiaries	9,009	3,341
Total	95,459	28,493

COVENANTS

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

Bank	Nominal amount of the loan	Residual amount of the loan	Covenants	Effects
E.I.B.	Euro 22,500	Euro 18,312	a) ratio between the consolidated net financial position and the consolidated EBITDA less than 4.5 as from 2014 and until the full repayment of the loan. b) ratio between consolidated net financial position and consolidated equity not greater than 1.50 for each year and until the date the loan has been fully settled.	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Intesa Sanpaolo	Euro 4,000	Euro 4,016	a) ratio between the consolidated net financial position and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) ratio between the consolidated net financial position and the consolidated equity not greater than 1.50 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan.	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Cassa di Risparmio di Parma e Piacenza	Euro 3,000	Euro 2,974	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) ratio between the consolidated net financial debt and the consolidated equity not greater than 1.50 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan.	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.

The assessment of compliance with the above covenants, which is performed annually, did not reveal any criticalities as at December 31st, 2014. On the basis of the 2015-2018 Business Plan, the Directors believe that the observance of the afore-mentioned covenants does not highlight problematic issues for the entire timescale of the plan.

NET FINANCIAL POSITION

Pursuant to CONSOB Communication no. DEM/6064293/2006 of July 28th, 2006, and also in conformity with CESR Recommendation of February 10th, 2005, the net financial position of the Group as at December 31st, 2014 was as follows:

	Dec. 31st, 2014	Dec. 31st, 2013
Bank deposits and cash	(17,149)	(14,099)
Cash (A)	(17,149)	(14,099)
Other current financial assets	0	(37)
Current financial receivables and other assets (B)	0	(37)
Current payables due to banks	21,674	27,773
Payables due to other current lenders	1,659	21,430
Current portion of non-current financial payables	5,850	21,739
Current financial payables (C)	29,183	70,942
Net current financial indebtedness (A+B+C)	12,034	56,806
Non-current payables due to banks	19,632	0
Obligations under finance leases	266	125
Non-current financial payables (D)	19,898	125
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	31,932	56,931
Other non-current financial assets	(2,875)	(2,875)
Financial assets - derivatives	(340)	(129)
Financial liabilities - derivatives	969	3
Net financial indebtedness of the Group	29,686	53,930

Compared to 2013, the net financial position shows a decrease of € 24,244 thousand. This change, despite investments in the Group's intangible assets continuing, was made possible by the cash resulting from the share capital increase, as already described in note No. 14, as well as cash flows from operating activities, as specified in the cash flow statement.

16. Employee Benefits – 3,038

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

	Severance Indemnity Fund	Gratuity Fund (pension fund)	Total
Amount as at Dec 31st, 2013	3,480	37	3,517
Cost of employee benefits	227	53	280
Settlements/transfers/payments	(712)	(51)	(763)
Translation difference	0	4	4
Amount as at Dec 31st, 2014	2,995	43	3,038

<u>Information on the Severance Indemnity Fund plan</u>

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

The actuarial valuations used to calculate the liabilities were made using the projected unit credit method.
The main demographic and financial assumptions used to measure the obligations were as follows:

	2014	2013
- discounting rate:	1.60%	3.10%
- staff turnover rate:	9.50%	9.50%
- inflation rate:	1.50%	2.00%
- annual rate of increase in severance indemnity fund (TFR)	2.62%	3.00%.

The probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate, whereas it was decided to take the rate of return of corporate securities in the Eurozone with rating AA.
The table below shows the total cost of the severance indemnity fund:

	Breakdown
Finance charges on the bond	108
Actuarial (gains)/losses	119
Total	227

The actuarial gains and losses coming from remeasurement of the liabilities were recognised to "Other comprehensive Income Statement components" and recognised under Group equity in the item "Retained earnings". Actuarial losses for the period, € 119 thousand, include losses for € 149 thousand attributable to changes in the financial assumptions and profits for € 30 thousand due to changes in the demographic assumptions.
Sensitivity analyses on the idea of changing the discounting rate of the obligation, from which it emerged that a parameter increase of half a percentage point would bring about a € 46 thousand decrease in liabilities, while a decrease of half a percentage point in the rate would bring about an increase in liabilities of € 48 thousand.
Information on the "Gratuity Fund" pension fund
The "Gratuity Fund" is a funded defined benefit plan that the Group guarantees to the employees of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.. The plan requires that the subsidiary pay in the equivalent of 15 days of wages for each year of service for every worker who has completed at least five years of service. The payment is made to a special trust fund that invests the funds received in financial assets with a low risk profile (insurance funds). The obligation recorded to the financial statements is therefore the net residual obligation for the Group, meant as the difference between current obligation value and the fair value as at the date of the financial statements of the assets serving the plan. If the pension fund is overfunded, an asset for defined benefits is recorded in the consolidated financial statements since the Group has the right to not fund the plan as long as this condition is maintained.
The actuarial valuations were made using the projected unit credit method for this plan as well. The main demographic and financial assumptions used were the following:

	2014	2013
- discounting rate:	8.06%	9.00%
- staff turnover rate:	6.00%	6.00%
- expected wage increase:	8.50%	8.50%
- expected rate of return of theassets serving the plan:	8.06%	9.00%

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

	Breakdown
Current cost of the plan	50
Net financial charges	3
Actuarial (gains)/losses	0
Total	53

The actuarial components for the "Gratuity Fund" as well are recognised to "Other comprehensive Income Statement components" and recognised under Group equity in the item "Retained earnings". However, for 2014 these components came to zero since the actuarial losses deriving from changes in the financial hypotheses (€ 29 thousand) were fully offset by the actuarial gains attributable to changes in the demographic hypotheses.
The amount recognised to the balance sheet breaks down as follows:

Current value of the obligation	(635)
Fair value of the assets	592
Surplus (deficit) of the plan	(43)

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

Current initial value of the obligation	500
Financial charges	47
Current cost of the plan	50
Benefits paid	(20)
Actuarial (gains)/losses	(3)
Translation difference	61
Current final value of the obligation	635

Initial fair value of the assets	463
Financial income expected from the assets	44
Payments made during the year	51
Benefits paid	(20)
Actuarial gains/(losses)	(3)
Translation difference	57
Final fair value of the assets	592

Based on legal requirements, the amount of the payments that the Group must make for this fund over the next 12 months is approximately € 62 thousand, while the amount of the benefits to pay outgoing employees, based on the projections and actuarial assumption of the plan, is € 44 thousand.
The Group also participates in the so-called "pension funds" which, pursuant to IAS 19, can be classified among the "post-employment benefits" of the "defined benefits plan" type. In relation to these plans, the Group has no additional monetary obligations once the contributions have been paid.
In 2014, the total costs of such plans, included under "personnel costs", were € 1,068 thousand.

17. Other non - current liabilities – 631

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Payables: - guarantee deposits from customers	577	54	631
Total	577	54	631

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

18. Trade payables – 44,578

This item increased by € 14,366 thousand compared to December 31st, 2013 (€ 30,212 thousand). This change is essentially attributable to the sharp increase in purchases of raw materials and finished products with respect to 2013, in turn linked to the rise in turnover and the transaction for the repurchase of finished products of the Group still present in the North American distribution channel described in note No. 7, to which reference is made. In detail, the payable relating to this latter transaction, which will be settled during the first few months of 2015, amounts to around € 10 million.

For the total trade payables due to related parties, reference should be made to note No. 42.

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

• Italy	18,421
• Other European countries	2,798
• Central Asia and Oceania	8,447
• Americas	14,257
• Far East	516
• Middle East & Africa	139
Total	44,578

It should be noted that trade payables have an average contractual maturity of approximately 90 days.

The trade payables are due within the following year.

19. Current provisions – 1,651

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

Breakdown	Book values Dec. 31st, 2013	Changes over the period: Provisions	Uses	Other changes	Total change	Book values Dec. 31st, 2014
Current provisions:						
- provision for restoration costs	12	0	(12)	0	(12)	0
- provision for legal proceedings risks	50	0	(50)	0	(50)	0
- provision for price adjustment risks on disposal of equity investments	600	0	0	(600)	(600)	0
- provision for goods destruction and disposal of obsolete materials	145	61	(118)	0	(57)	88
- provision for mobility and voluntary severance package costs	1,075	192	(1,067)	0	(875)	200
- provision for employee participation bonus and manager/director bonuses	1,474	1,354	(1,478)	13	(111)	1,363
Total	3,356	1,607	(2,725)	(587)	(1,705)	1,651

The provision "price adjustment risks on disposal of equity investments", which refers to the alleged loss related to the guarantee granted on the occasion of the sale of the equity investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.), was reclassified under "Receivables and other non-current assets", as described in note No. 4 to which reference is made.

As for the composition of current provisions, it should be noted that:

- the provision for “destruction of goods and disposal of obsolete material” essentially refers to the costs the parent Isagro S.p.A. will incur for the disposal of obsolete materials, necessary to improve logistical and storage conditions at the industrial complex in Aprilia;
- the provision for "mobility and voluntary severance package costs" relates to costs linked to a lay-off procedure, started on November 29th, 2013, that the parent Isagro S.p.A. shall incur by December 31st, 2015, following the corporate restructuring and re-organization. The transaction, which initially saw the industrial sites and the Milan offices involved by means of the activation of a lay-off procedure for 41 employees, was extended during the year to the Novara research centre as well, affecting another 6 employees of the company, with the consequent need for a further provision of € 192 thousand.

20. Tax payables – 1,613

	Financial statement values Dec. 31st, 2013	Increases/ decreases	Financial statement values Dec. 31st, 2014
Tax payables:			
- due to tax authorities for direct taxes	1,651	(38)	1,613
	1,651	(38)	1,613

The item includes the payable due to the tax authorities for income taxes and IRAP, for € 1,530 thousand, and the tax payables of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd..

21. Other current liabilities and other payables – 5,319

Breakdown	Book values Dec. 31st, 2013	Increases/ decreases	Book values Dec. 31st, 2014
Payables:			
- due to social security and welfare institutions	1,180	96	1,276
- due to agents and canvassers	50	24	74
- due to employees	1,430	542	1,972
- due to tax authorities for VAT and similar taxes	94	(5)	89
- due to tax authorities for withholdings and other taxes	693	99	792
- advances from customers	198	108	306
- due to others	503	36	539
	4,148	900	5,048
Deferred income	331	(60)	271
Total	4,479	840	5,319

The increase in the item, compared with the previous year, is essentially attributable to the amounts to be paid to certain employees and executives of the parent Isagro S.p.A. as redundancy incentives in relation to the business reorganisation transaction initiated at the beginning of 2013. These incentives were recorded under payables due to employees for € 971 thousands (€ 152 thousand in 2013). Payables to employees also includes amount for holiday entitlement accrued but not used, additional month payments and expense accounts.

22. Segment reporting

As already mentioned, the Isagro Group identified its operating segments pursuant to IFRS 8 in the geographic areas from which the Group may earn revenues and incur expenses, whose results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available.
The geographic areas that constitute the Group's operating segments are as follows:

- Europe
- Asia
- North America
- South America.

The Group assesses the performance of its operating segments on the basis of "Operating result"; the revenue of the above segments include the revenue deriving from transactions with both third parties and other segments, measured at market prices. In the Group's ordinary course of business, finance income and costs and the tax expense are recognised by the corporate entity, because they are not related to operating activities: therefore, they are not allocated to the individual segments.

The table below shows the operating results of the operating segments for the year 2014:

2014	Continuing operations					
	Europe	Asia	North America	South America	Adjustments	Total
- Agrochemicals	87,032	29,556	15,631	3,564	0	135,783
- Other	10,156	0	0	0	0	10,156
Revenue from third parties	97,188	29,556	15,631	3,564	0	145,939
Intra-segment revenue	4,443	9,202	226	485	(14,356)	0
Revenues	101,631	38,758	15,857	4,049	(14,356)	145,939
Operating result	(3,937)	6,156	567	48	686	3,520
Financial charges						(2,699)
Profits/losses from associates						59
Pre-tax profit (loss)						880
Income tax						(1,758)
Profit/(loss) for the year of *Continuing operations*						(878)
Net result of Discontinued operations						0
Net profit (loss)						(878)
Amortisation/depreciation	7,928	631	45	156	0	8,760
Impairment of fixed assets	187	0	0	0	0	187
Allocations to provisions	1,511	9	78	9	0	1,607
Impairment losses on receivables	60	101	0	26	0	187
Severance indemnity fund and similar provisions	108	53	0	0	0	161
Non-recurring revenue/(costs) included in operating result	(1,170)	0	0	0	0 0	(1,170)

The table below shows the operating results of the operating segments for the year 2013:

2013	Continuing operations					
	Europe	Asia	North America	South America	Adjustments	Total
- Agrochemicals	85,813	27,250	5,165	4,645	0	122,873
- Other	16,904	0	0	0	0	16,904
Revenue from third parties	102,717	27,250	5,165	4,645	0	139,777
Intra-segment revenue	2,285	8,049	0	397	(10,731)	0
Revenues	105,002	35,299	5,165	5,042	(10,731)	139,777
Operating result	1,536	4,400	(1,333)	703	(15)	5,291
Financial charges						(4,992)
Profits/losses from associates	10					10
Pre-tax profit (loss)						309
Income tax						(4,038)
Profit/(loss) for the year of *Continuing operations*						(3,729)
Net result of Discontinued operations						(600)
Net profit (loss)						(4,329)
Amortisation/depreciation	8,417	747	10	213	0	**9,387**
Impairment of fixed assets	162	0	0	0	0	**162**
Allocations to provisions	3,122	9	62	19	0	**3,212**
Impairment losses on receivables	150	112	4	0	0	**266**
Severance indemnity fund and similar provisions	115	43	0	0	0	**158**
Non-recurring revenue/(costs) included in operating result	(428)	0	0	0	0 0	**(428)**

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

	2014	2013
Italy	27,040	23,960
Europe	33,719	28,832
Americas	46,309	41,309
Africa	3,741	3,761
Middle East	2,276	1,583
Central Asia and Oceania	23,492	21,555
Far East	9,362	18,777
Total	145,939	139,777

Intragroup transactions were carried out at arm's length.

Compared to 2013, sales in "North America" and "Europe" segments increased due to the recovery of sales in agrochemicals in both segments, also thanks to the new commercial partnership with the American company Gowan, which has therefore become a related party.

The tables below show the segments' assets and liabilities, as well as investments in property, plant and equipment and intangible assets, as at December 31st, 2014 and December 31st, 2013:

As at Dec. 31st, 2014	Continuing operations					
	Europe	Asia	North America	South America	Adjustments Cancellations	Total
Segment assets	138,926	22,568	15,005	2,175	(10,773)	167,901
Investments in associates and JV	253	0	0	0	0	253
Unallocated assets						36,671
						204,825
Segment liabilities	37,768	11,337	11,852	1,156	(7,777)	54,336
Unallocated liabilities						55,203
						109,539
Investments in Intangible Assets	9,400	0	796	0	0	10,196
Investments in Tangible Assets	4,017	303	3	22	0	4,345

As at Dec. 31st, 2013	Continuing operations					
	Europe	Asia	North America	South America	Adjustments Cancellations	Total
Segment assets	126,747	24,204	8,237	3,534	(11,762)	150,960
Investments in associates and JV	205	-	-	-	-	205
Unallocated assets						31,105
						182,270
Segment liabilities	34,247	9,365	4,450	1,107	(7,815)	41,354
Unallocated liabilities						75,694
						117,048
Investments in Intangible Assets	7,483	-	1,069	28	-	8,580
Investments in Tangible Assets	1,638	122	10	38	-	1,808

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

The increase in assets and liabilities in the “North America” segment, with respect to the previous year, is essentially attributable to the repurchase of finished products still present in the distribution channel by the subsidiary Isagro USA, Inc., whose debt will be settled during the first half of 2015.

INFORMATION ON THE INCOME STATEMENT

23. Revenues – 145,939

The breakdown of the revenues is described in the table below:

Breakdown	2014			2013		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- agrochemicals	24,438	111,345	135,783	20,635	102,238	122,873
- raw materials	31	0	31	54	5	59
	24,469	111,345	135,814	20,689	102,243	122,932
Revenue from services:						
- processing fees	2,475	4,941	7,416	2,875	3,219	6,094
- product defending and development	16	60	76	308	44	352
- royalties, licences and similar rights	0	2,371	2,371	0	10,172	10,172
- other	80	182	262	88	139	227
	2,571	7,554	10,125	3,271	13,574	16,845
Total	27,040	118,899	145,939	23,960	115,817	139,777

With respect to the previous year, the item presents an increase of € 6,162 thousand, which was caused by the increase in sales of agrochemicals and formula activities on behalf of third parties, on the one hand, and by the decrease in revenues deriving from Licensing activities, recorded in the item "royalties, licences and similar rights", on the other hand.

With reference to sales of agrochemicals, a pick up in sales was seen in 2014, both on the Italian market (+18% with respect to 2013) and on the US markets, where they tripled with respect to the previous year, thanks partly to the commencement of the commercial partnership with the Gowan Group. Sales reported in 2013, in fact, were negatively affected by a "carry-over effect" of the drought that in 2012 hit some very important markets for the Group, like the United States and Italy; this effect was completely reabsorbed in the first quarter of 2014. By contrast, a sharp reduction in sales was seen on the Brazilian market (-48% with respect to 2013), due to the reduced purchases by local distributors due to both the need to clear outstanding stock and due to the weakening of the market conditions for Isagro products;.

The creation of new formulations on behalf of third parties care of the plant in Aprilia (LT) of the parent Isagro S.p.A. disclosed an increase (+21.7%) when compared with the previous year further to the expansion of the formula products portfolio.

The item "royalties, licences and similar rights", totalling € 2,379 thousand, includes € 2,000 thousand relating to an up-front payment which Hong Kong - based Rotam Agrochemical Company Ltd. made to the parent Isagro S.p.A. for the granting of the right to be able to use the know-how and the studies already existing, relating to three active ingredients owned by Isagro (Tetraconazole, Copper and Kiralaxyl) so as to process three mixtures with products owned by Rotam to be marketed in certain countries in the Far East, and the possibility of assessing and testing until November 30th, 2015 the SDHi (IR 9792) fungicide, currently being developed by Isagro S.p.A., for its possible exploitation in China with two mixtures based on products owned by Rotam and/or other products owned by Isagro. If Rotam informs the parent Isagro S.p.A. by November 30th, 2015 that it wishes to exercise the right to be able to assess-for a period of six years - the possible development of two mixtures containing the SDHi (IR 9792) fungicide and one of its own products, it shall have to pay the parent a total fee of € 3,000 thousand. This amount will be paid in four instalments of € 750 thousand each, the first to be paid by December 31st, 2015 and the others in the period 2016 - 2018, increased by interest calculated until maturity as a fixed rate of 4.50%.

The agreement also envisages that Rotam obtain prior approval of the mixture from Isagro, which may be refused only if the mixture i) does not contain a quantity of active ingredient owned by Rotam greater than or equal to that indicated in the registration certificate for that mixture, ii) prejudices the license rights which Isagro has already granted to third parties in relation to other mixtures, if the active ingredient owned by Rotam is equivalent to the active ingredient already used by the third party and iii) prejudices Isagro registrations already in existence. By virtue of this agreement, Rotam has undertaken to purchase the active ingredients necessary for the development of the mixtures exclusively from Isagro, mixtures which will be sold at prices in line with those applied to other distributors.
The contract envisages that the fee is paid in four instalments of € 500 thousand each, the first to be paid by December 29th, 2014 and the others in the period 2016 - 2018, increased by interest calculated at a rate of 4.50%. As at December 31st, 2014 the first instalment of € 500 thousand was recorded under trade receivables since this sum was credited to the current account of the parent on January 2nd, 2015. It should be mentioned that the sums paid by Rotam to Isagro by way of up-front payment, even if deferred, are not repeatable.
At the same time as the license agreement, a distribution agreement was also signed, with a duration of ten years, which appointed Rotam as distributor in China, Indonesia and Taiwan for Isagro products, mainly Tetraconazole and Copper-based; this distribution agreement may also be extended to other countries in the Far East.
The item "royalties, licences and similar rights" in 2013 essentially included the income relating to an up-front payment of € 10 million which the company Arysta LifeScience Co. Ltd. had paid to the parent Isagro S.p.A. for the right to exclusively develop mixtures using Tetraconazole (fungicide owned by Isagro) and Fluoxastrobina (fungicide owned by Arysta LifeScience) worldwide, as well as the exclusive access to Tetraconazole for the USA and Canada to develop mixtures for leaf application on certain crops, together with the extension of its exclusive rights for Tetraconazole in Japan. Under this contract, Isagro also ensured registration support for the development of these mixtures, which however will not lead to Isagro's residual involvement in the activities transferred in so far as it will be primarily made up of making pre-existing studies and know-how available. Isagro will also supply Tetraconazole on an exclusive basis to Arysta LifeScience for the entire term of the contract.
With reference to the part of the 15-year agreement concerning the supply of Tetraconazole, 80,000 kg of technical Tetraconazole of which Isagro still holds ownership was stored at the warehouse of the French Arysta LifeScience plant to protect it in so far as it has the reasonable requirement - for contracts of such a long period - to ensure itself an adequate "safety reserve" to guarantee ordinary functioning of the supply agreement in question.
The contract envisages that one part of the consideration, whose current value the parent calculated at € 10 million by discounting back the expected future cash flows at the rate of 6% that the parties agreed to, be paid in annual instalments; on October 31st, 2014 Isagro collected the second instalment, inclusive of the accrued interest, for a total of € 1,300 thousand. The remaining four annual instalments of € 1 million each, plus accrued interest, will be paid in the period 2015-2018.
The contract also provides that Arysta LifeScience is not required to pay the remaining instalments if one of the following events should occur. In the parent Isagro's opinion, the probability of them occurring is extremely remote:

1) Isagro is unable to meet the supply obligations set out in the above-mentioned contract and/or in one of the side agreements regarding the exclusivity in Arysta LifeScience's distribution of Tetraconazole

based products and mixtures of Tetraconazole-based mixtures in certain countries within 120 days from the date the products are ordered;

2) Isagro renegotiates its debt for an aggregate amount higher than € 40 million;
3) Isagro becomes insolvent, is no later able to pay its debts at maturity or is subject to insolvency proceedings (voluntarily or involuntarily);
4) assets owned by Isagro or one of its subsidiaries are attached or undergo similar proceedings for insolvency for an amount higher than € 40 million, unless this procedure is revoked within 30 days or the creditor waives its claim within 30 days;
5) an event or circumstance that affects Isagro's ability to carry on its activity and therefore to fulfil its obligation set out in the above-mentioned contract;
6) After a "cause of force majeure" occurs, Isagro is unable to fulfil its supply obligations within 180 days from the date the products are ordered;
7) the contract is terminated following any event that does not fall within the case of default of the company Arysta LifeScience;
8) Isagro violates the exclusivity agreement granted to Arysta LifeScience in connection with Tetraconazole and the Tetraconazole mixtures.

Although it is a contract that provides for the execution of several obligations, Isagro has ascertained that:

1) Isagro's subsequent obligations (registration activities) will entail a negligible commitment, also in terms of correlated costs, and therefore, also in light of the term of the contract, it can be said that there was a substantial transfer of the risks and benefits connected with the licence to Arysta LifeScience;
2) Tetraconazole will be supplied at prices essentially in line with those applied to other distributors, purchased quantities being equal;
3) the occurrence of the aforementioned events connected with the right to cancel the extended payment can be considered somewhat remote.

Therefore, in light of what has been explained above, the agreed-to discounted consideration of € 10 million was recognised in its entirety in 2013 as it is considered once and for all purchased and unrepeatable.
With regard to the total revenues from related parties, please refer to note No. 42.

24. Other operating revenues – 3,092

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

Breakdown	2014	2013
Grants related to R&D expenditure	325	0
Recovery of research costs	1,437	1,300
Export incentives	290	311
Insurance compensation	91	601
Recovery of sundry costs and other income	949	657
Total	3,092	2,869

The item "Grants related to R&D expenditure" includes € 245 thousand in income deriving from the conclusion of the research project entitled "PNR Tema 6", which the parent Isagro S.p.A. headed up, as described in note No. 9, and € 80 thousand for the grant acknowledged by the Piedmont Regional Authority to the parent Isagro S.p.A. in relation to the research project known as "Agrobiocat".

The item “Recovery of research costs” refers to € 1,299 thousand for the recovery of 50% of costs incurred by the parent Isagro S.p.A. on behalf of the American company FMC Corporation under the terms of the agreement signed between the two companies for the co-development of a new fungicide, and to € 102 thousand for the recovery of research costs, made by the American subsidiary Isagro USA, Inc. on behalf of the company Gowan Company LLC.

25. Other non - recurring revenues - 0

The balance for the previous year, amounting to € 1,249 thousand, refers to the joint-operation ISEM which:

- had transferred all rights and assets concerning the fungicide Valifenalate (IR 5885) to the Luxembourg company Belchim Crop Protection Luxembourg S.a.r.l. against a total consideration of € 18,500 thousand (€ 9,250 thousand proportional portion) on April 11th, 2013. The capital gain generated from this transfer totalled € 55 thousand (€ 28 thousand proportional portion);
- had sold all the rights and fixed assets (patents, know-how and registrations) concerning the proprietary herbicide Orthosulfamuron (IR 5878) to the Japanese company Nihon Nohyaku Co. Ltd. against a total consideration of € 19,600 thousand (€ 9,800 thousand proportional portion) on October 16th, 2013. The capital gain generated from this transfer, at consolidated level, totalled € 1,221 thousand).

26. Raw materials and consumables used – 86,775

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

Breakdown	2014	2013
Raw and ancillary materials, consumables and goods:		
- purchases of raw materials, packaging and agrochemicals	86,296	68,163
- purchases of technical materials and those for research activities	558	684
- change in inventories of raw and ancillary materials and consumables	(395)	3,062
- other purchases	316	258
Total	86,775	72,167

Compared to the previous year, the increase in this item, amounting to € 14,608 thousand, essentially relates to the sales increase of crop protection products, as described in note No. 22, and the purchases made by the parent Isagro S.p.A. in the latter part of the year to create a strategic stock so as to cover the sales in the first half of 2015 and the repurchase of the finished products from the North American distribution channel by the subsidiary Isagro USA, Inc. described in note No. 7, to which reference is made.
For the total amount of purchases from related parties, please refer to note No. 42.

27. Costs for services – 25,558

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

Breakdown	2014	2013
For services:		
- utilities	4,813	4,405
- technical maintenance	1,193	1,180
- transport and related purchase and sale transaction costs	4,838	4,318
- third-party processing	2,214	1,938
- consulting and professional services	2,648	2,710
- services connected to research	1,149	1,341
- information system	303	366
- marketing costs	1,974	2,144
- leases and rents	1,551	1,455
- lease expense	1,044	1,117
- provision for director bonuses	110	174
- allocation to provision for the destruction of goods	61	6
- other services	3,660	3,050
Total	25,558	24,204

The item presents an increase, when compared to last year, of € 1,354 thousand, essentially attributable to the rise in utilities, the transport costs and the external processing and is related to the rise in sales of Group agrochemicals when compared with the previous year.

During 2014, the parent Isagro S.p.A. incurred costs for services directly related to the share capital increase, as described in note No. 14, to which reference is made, for € 831 thousand, which were directly deducted from the item "Share premium reserve", net of the related tax effect.

For the total amount of costs for services from related parties, please refer to note No. 42.

28. Personnel costs – 27,397

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

Breakdown	2014	2013
Personnel costs:		
- wages and salaries	17,259	16,937
- social security charges	4,989	4,818
- employee benefits	50	42
- pension funds	1,068	1,071
- provision for bonuses	1,244	1,307
- costs for employee services	2,201	2,062
- costs for early retirement incentives	229	19
- other costs	357	498
Total	27,397	26,754

Compared to the previous year, this item recorded an increase of € 643 thousand, which is mainly attributable to the rise in the average number of Group employees, as indicated in the table below. It is in fact envisaged that the corporate reorganisation transaction, with the initiation of the lay-off procedure started by the parent at the end of 2013, will produce its effects as from 2015.

The item "costs for early retirement incentives" includes € 215 thousand of costs incurred by the American subsidiary Isagro USA, Inc. for the agreed early termination of some employment contracts with employees.

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

	2014 average	2013 average	As at Dec. 31st, 2014	As at Dec. 31st, 2013
- executives	51	54	53	54
- middle management	131	129	131	127
- white-collar workers	331	318	325	320
- special qualified workers	7	7	7	7
- blue-collar workers	111	117	84	109
TOTAL	631	625	600	617

29. Other operating costs – 3,457

The composition of the item is described in the following table:

Breakdown	2014	2013
- capital losses on disposal of assets	66	40
- impairment write-downs on receivables	184	197
- provision for legal proceedings risks	0	50
- indirect, production and manufacturing taxes	2,564	3,246
- other operating costs	643	793
Total	3,457	4,326

The item “indirect, production and manufacturing taxes” includes € 1,683 thousand in consumption and manufacturing taxes paid by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd..

30. Other non–recurring costs – 1,170

During 2014, the corporate reorganisation and restructuring activities continued, relating to the parent Isagro S.p.A. as started in 2013 with the initiation of a lay-off procedure and the consequent allocation to the “Mobility and voluntary severance package provision” of the charges to be incurred in 2014 and 2015, estimated as € 1,075 thousand; this transaction, which is expected to end by December 31st, 2015 and which initially saw only the staff at the industrial sites and the Milan offices of the parent involved, was subsequently extended also to the Novara research centre and, accordingly, as at December 31st, 2014 additional allocations were made for a total of € 192 thousand. The provision, which during the year was used for € 1,067 thousand to cover the costs incurred for the redundancy incentive for 26 employees, at the end of 2014 included the estimate of the charges to be incurred until the end of the procedure (see note No. 19).

During the year, the parent Isagro S.p.A. also incurred additional costs, mainly for the staff redundancy incentive not initially envisaged as included in the afore-mentioned transaction, but in any event falling within the company reorganisation initiative, with the consequent recognition of non-recurrent charges for € 978 thousand.

The financial statements item in the previous year, amounting to € 1,677 thousand, plus the allocation of € 1,075 thousand to the afore-mentioned provision, included the redundancy incentive costs already incurred by the parent Isagro S.p.A. as at December 31st, 2013 (€ 602 thousand), also related to the aforesaid corporate reorganisation transaction.

31. Change in inventories of finished products and work in progress - 4,487

The positive € 4,487 thousand change in product inventories, calculated net of the provision for inventory obsolescence, was calculated as follows:

- Net inventories as at January 1st, 2014	(24,117)
- Translation difference and other changes	(1,265)
- Net inventories as at December 31st, 2014	29,869
- Total change	4,487

For the comment on this item, please refer to that already described in note No. 7.

32. Costs (capitalised) for other work - 3,306

The item refers to the capitalisation of personnel costs, overheads and consumption of technical material, amounting to € 2,807 thousand, and financial charges, amounting to € 499 thousand, related to extraordinary defending costs, development expenditure, and expenses for the registrations of the Group's new products. Despite the presence of additional investments made in research and development activities, the item presents a decrease of € 300 thousand when compared with last year which is essentially attributable to the reduction, by the staff of a number of the Group’s foreign subsidiaries, in the research and development activities pertaining to projects subject to capitalisation.

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

33. Depreciation and amortization – 8,760

Depreciation of tangible assets – 3,678

Amortisation of intangible assets – 5,082

Breakdown	2014	2013
Depreciation of tangible assets:		
- buildings	833	810
- plant and equipment	2,366	2,593
- industrial and commercial equipment	242	272
- furniture and fittings	42	57
- motor vehicles	41	48
- office equipment	154	185
	3,678	3,965
Amortisation of intangible assets:		
- extraordinary protection	2,272	2,143
- know-how	988	1,687
- patents, licenses, trademarks and registration	1,542	1,297
- other	280	295
	5,082	5,422
Total	8,760	9,387

The decrease in this item, compared to 2013, was basically caused by the lesser amortisation made concerning know-how and registrations after the fungicide IR 5885 (Valifenalate) and the herbicide IR 5878 (Orthosulfamuron) were transferred by the joint-operation ISEM in 2013.

34. Impairment of fixed assets – 187

During the year, the Group wrote down costs for development of new formulations and registrations underway since they are no longer usable and/or prove to be uneconomical to complete, for € 187 thousand.

35. Net financial charges – 2,699

Breakdown	2014	2013
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- Gains/losses on derivative instruments:		
commodities	(56)	(160)
of exchange rates	(463)	(260)
interest rates	0	0
	(519)	(420)
- fair value adjustments of derivatives:		
commodities	5	3
of exchange rates	(636)	125
interest rates	0	0
	(631)	128
- Gains on assets held for trading:		
securities and mutual funds	400	216
	400	216
	(750)	(76)
Interests income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	39	42
- interest income on loans	0	14
- interest and fees paid to banks and other lenders	(3,091)	(4,817)
- interest/financial discounts on trade receivables and payables	(205)	(128)
- finance costs for leases	(16)	(19)
- income/costs from discounting	244	(56)
	(3,029)	(4,964)
Other finance income/costs:		
- foreign currency gains/losses	1,038	107
- other	42	(59)
	1,080	48
Total	(2,699)	(4,992)

The positive change compared to the previous year, amounting to € 2,293 thousand, was the result of a combined effect essentially caused by:

- additional exchange gains for € 931 thousand, offset - indirectly - by additional losses incurred and an adjustment to fair value of derivative instruments, for € 858 thousand;
- a decrease in interest and fees paid to banks and other lenders, amounting to € 1,726 thousand, following the reduction of the Group's average indebtedness, as described in note No. 15;
- higher income from discounting, totalling € 300 thousand, resulting from the discounting of the residual amount receivable related to the upfront payment made last year to the parent Isagro S.p.A. by the Japanese company Arysta LifeScience Co., Ltd., as described in note No. 5, to which reference is made.

The parent Isagro S.p.A. incurred costs for placement commission on ordinary and “growth" shares, as well as unopted rights for a total amount of € 165 thousand, which are deducted directly, together with gains from unopted rights amounting to € 60 thousand, from the "share premium reserve", net of their tax effect, as described in note No. 14.

36. Income tax – 1,758

Breakdown	2014	2013
Consolidated Income Statement		
Current tax:		
- Income taxes	2,353	2,662
- IRAP	257	804
- use of deferred tax liabilities/deferred tax assets	1,340	2,431
- contingent assets and liabilities	(391)	(314)
	3,559	5,583
Deferred tax assets and liabilities:		
- deferred tax liabilities	562	446
- deferred tax assets	(2,398)	(2,161)
- contingencies and impairment losses on deferred tax assets	35	170
	(1,801)	(1,545)
Total income taxes recognised in profit or loss (continuing operations)	1,758	4,038
Other comprehensive Income Statement components		
Prepaid and deferred taxes:		
- tax effect on actuarial profit/loss regarding defined-benefit plans	(33)	(40)
	(33)	(40)
Total income taxes recognised in equity (continuing operations)	(33)	(40)

The item “Use of deferred tax assets/deferred tax liabilities”, equal to € 1,340 thousand, reflects the difference between the use of deferred tax assets, equal to € 1,471 thousand (€ 578 thousand of which for the use of taxed provisions and € 417 thousand relating to the tax effect of intercompany profits) and the use of for deferred tax liabilities, equal to € 131 thousand.

The recognition of deferred tax assets, amounting to € 2,398 thousand, mainly refers to tax benefits expected from the future use of taxed provisions (€ 588 thousand) and tax losses (€ 1,500 thousand entirely attributable to the parent Isagro S.p.A.).

The item “contingent assets and tax credits”, for € 391 thousand, includes € 67 thousand received from the Italian Revenue Agency after the rebate claim of the parent Isagro S.p.A. filed for excess direct tax payments relating to 2006 and € 173 thousand related to a tax credit provided for by the parent Isagro S.p.A. on the basis of the tax concession (so-called A.C.E. – Aiuto alla Crescita Economica – *Help to Economical Growth*) which aims to provide incentive for business which keep profits generated in-house and which receive new risk capital. In particular, the credit was accrued thanks to the increase in shareholders' equity resulting from the share capital increase carried out during the year.

The following table illustrates the reconciliation between the theoretical IRES and IRAP tax rates (27.5% and 3.90%, respectively) and the effective tax rates, taking into account the effect of deferred tax assets and liabilities.

The taxable profit relating to the theoretical tax rates coincides with the Group's profit before tax (€ 880 thousand).

	INCOME TAXES	IRAP	TOTAL
	Taxes	Taxes	Taxes
Theoretical taxes	242	34	276
- increases	407	49	456
- decreases	(980)	(26)	(1,006)
- costs not relevant for IRAP purposes	0	522	522
- effect of changes/differences in tax rates	601	0	601
- contingent assets and other changes	1,190	(281)	909
Actual taxes	1,460	298	1,758

The "decreases" mainly refer to the parent Isagro S.p.A. and concerns the uses of risk and expense provisions for the previous year in relation to which prepaid taxes had not been provided for prudent reasons.
"Costs not relevant for IRAP purposes" essentially include the tax effect of the employee labour costs and finance costs, since these items are not deductible for the purpose of calculating the regional tax on production activities paid by the Group's Italian companies.
The item "effect of changes/differences in tax rates" essentially refers to the higher tax rates, with respect to those of the Italian companies, which the foreign subsidiaries that have reported positive results during the year are subject to (in particular Isagro (Asia) Agrochemicals Pvt. Ltd. and Isagro USA, Inc.).
The recognition of a high tax burden, with respect to the pre-tax result, is attributable to the failure to provide for around 50% of the prepaid taxes relating to the tax loss of the parent Isagro S.p.A. (€ 1,453 thousand), as described in note No. 6, whose effects are reflected in the item "contingent assets and other changes".

37. Net profit / (loss) from discontinued operations – 0

The amount recognised on the financial statements in the previous year, amounting to € 600 thousand, referred to the assumed loss concerning the guarantee granted in the sale of the equity investment in the company Isagro Italia S.r.l. by the parent Isagro S.p.A. to the purchasing company Sumitomo Chemical Co. Ltd..
The transfer contract, dating to 2011, provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade receivables in the portfolio of Isagro Italia (today Sumitomo Chemical Italia S.r.l.) if, within three years from the date of closing the transaction, these receivables were not yet collected.
The purchaser had notified the parent Isagro S.p.A. that as at December 31st, 2013 € 1,750 thousand of the above-mentioned receivables had still not been collected. Therefore, on February 20th 2014, the parties had agreed that Isagro would have paid this sum to Sumitomo Chemical Co. Ltd by way of guarantee on the obligation to pay the receivables in question, however establishing that if Sumitomo Chemical Italia S.r.l. should collect these receivables by December 31st, 2018 the purchaser shall be required to return the sum deposited for the corresponding amount to Isagro. The payment of the afore-mentioned amount took place on April 8th, 2014. As a result both in light of this new addendum to the original contract and on the basis of the communications received from the lawyers of Sumitomo Chemical Italia S.r.l. who are handling collection of the guaranteed receivables, Isagro decided to allocate an amount of € 600 thousand, confident that a part of the paid-in sum will be returned.
The assumed loss connected with the transaction described above was classified in the item "Profit/(loss) for the year of discontinued operations", pursuant to paragraph 35 of IFRS 5, emerging as a price adjustment of

the disposal of the equity investment in Isagro Italia (today Sumitomo Chemical Italia S.r.l.) against which a net capital gain of € 8,859 thousand was recognised in the same item of the Income Statement of the consolidated financial statements as at December 31st, 2011. The balancing entry of the allocation, which as at December 31st, 2013 had been recognised in the balance sheet under the item "Current provisions", was reclassified to decrease the guarantee deposit recorded under non-current receivables, further to the payment previously described.

38. Distributed dividends

During 2014, the parent Isagro S.p.A. did not distribute dividends.

39. Fair value : measurement and hierarchical levels

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

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

The following table shows the assets and liabilities measured at fair value as at December 31st, 2014 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- exchange rate derivatives (purchase/sale forward)	-	329	-	329
- derivatives on commodities - copper (future buy)	-	11	-	11
Total financial assets	-	340	-	340
Financial liabilities measured at fair value:				
- exchange rate derivatives (purchase/sale forward)	-	(963)	-	(963)
- derivatives on commodities - copper (future buy)	-	(6)	-	(6)
Total financial liabilities	-	(969)	-	(969)

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to note No. 12.

In 2014, there were no shifts between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.

The fair value of both the receivables due from Rotam Agrochemical, ArystaLifeScience, due beyond 12 months, and Isam S.r.l., which will fall due on September 30th, 2015, and the loans obtained from banks is summarised in the table below; the amount due from Rotam includes the instalment of € 500 thousand, recorded as at December 31st, 2014 under trade receivables since it was credited to the parent on January 2nd, 2015. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from ArystaLifeScience	4,084	4,309
- Receivables from Rotam Agrochemical Company Ltd.	2,000	2,129
- Receivables from Isam	335	343
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks (current and non-current)	46,976	47,952

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the so-called Discounted cash flow; discounting of the future cash flows of receivables and loans was calculated based on the market zero coupon rates curve as at December 31st, 2014, obtained from the six-month EURIBOR curve for receivables and loans in Euro. The above-mentioned curve was adjusted to bear in mind the creditworthiness of the parent Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by the parent Isagro S.p.A. Please also note that, in order to render the fair value of medium/long-term loans comparable with their book value, the related accessory charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

40. Joint-operations

Up until October, the Isagro Group held an equity investment in ISEM S.r.l., equal to 50% of the share capital, which, as already described in the section relating to the accounting standards applied by the Group, pursuant to the new IFRS 11 was classified as a joint-operation and therefore consolidated proportionally using the ownership percentage.
The shares of assets, liabilities, income and expenses of the joint-operation included in the consolidated financial statements are as follows:

ISEM S.r.l.

Balance sheet	Dec. 31st, 2014	Dec. 31st, 2013
Current assets	-	3,177
Non-current assets	-	3
	-	3,180
Current liabilities	-	305
Non-current liabilities	-	3
	-	308
Income Statement	2014	2013
Revenues	674	3,122
Net operating costs	(810)	1,889
EBITDA	(136)	1,233
Amortisation/depreciation	-	(767)
Impairment losses on assets	-	(155)
Operating profit/(loss)	(136)	311

Net financial charges	16	(51)
Profit/(loss) before tax	(120)	260
Taxes	102	(1,412)
Net profit (loss)	(18)	(1,152)

The previous table does not include the belance sheet balances as at December 31st, 2014, since on April 11th, 2014 the liquidation procedure started for the joint-operation ISEM S.r.l., ending on October 7th, 2014 with the cancellation of the company from the Companies' Register and the division of the residual assets between the shareholders.

OTHER INFORMATION

41. Contingentliabilities, commitments and guarantees

Legal proceedings

Caffaro S.r.l. (in receivership)

During the second half of 2010 Isagro S.p.A. filed proceedings for admission as creditor of Caffaro S.r.l. (in receivership) in relation to the amount receivable under the guarantee issued in favour of Isagro S.p.A. as part of the preliminary business unit transfer agreement of July 4th, 2001 covering costs relating to reclamation works completed on the Aprilia site.

The Court of Udine, in declaring the liability status confirmed, rejected the application, considering Isagro's claim to be in relation to a possible future credit, the existence of which is still to be verified. Isagro stated its intention to appeal against this decision and the Judge ordered a court expert's report to ascertain whether or not any action was needed, together with related costs, and adjourned the hearing until June 20th, 2011 for examination of the expert report.

At the hearing of June 20th, 2011, following the extension of the terms to file the specialist report required by the technical consultant, the Judge adjourned the hearing to October 10th, 2011.

The technical consultant filed a specialist report, stating the need for reclamation actions on the site for € 1,189,642.70.

At Isagro S.p.A.'s request, which does not consider the estimate of the technical consultant as fair, the expert was called upon by the Judge to provide clarification at the hearing on November 23rd, 2011. At this hearing the Judge deemed it suitable to ask the Municipality of Aprilia (LT) for information as to the state of the Service Conference started in the past in connection with the site remediation. While waiting to receive the information requested from the Municipality of Aprilia (LT), the hearing was postponed to April 16th, 2012.

As the Municipality of Aprilia had failed to respond to the Court's request for information, at this hearing the court expert was asked to obtain the required information directly from the Municipal Offices, granting a period of 90 days to complete this task and adjourning proceedings to July 23rd, 2012. At this hearing the Judge adjourned the case to October 16th, 2012. On that date the Court adjourned the hearing to December 19th, 2012.

During this hearing it emerged that the court expert had performed the assigned task, obtaining Service Conference documentation from the Municipality of Latina, and confirmed to the Court that records show the Conference has been inactive since August 2009. Lastly, the Court accepted Isagro's claim and ordered a supplementary report from the court expert to determine the cost of works necessary to clean up the site, given that, in his previous report, the court expert had limited considerations to rendering the site safe. The surveys, which began on January 16th, 2013, should have resulted in a report that was due to be filed by May 16th, 2013. The Court therefore adjourned proceedings to the next hearing on May 27th, 2013.

Following the request for an extension for filing the report submitted by the court expert, the Judge adjourned the hearing of May 27th to June 24th, 2013. At this hearing, during which Isagro illustrated the critical aspects of the supplement of the court expert's technical report, the Judge believed it necessary to call the court expert and consultants aside and postpone the case of the hearing until December 6th, 2013.
During this hearing, Isagro and its consultant pointed out all aspects deemed critical in the supplementary report from the court expert, above all emphasising the large number of works that might prove necessary to reclaim the site, and which the court expert continues to ignore. The parties asked for time to assess other possible transactions, as the Judge also suggested. Caffaro expressed its possible willingness to slightly increase the estimate the court expert made, provided they are reasonably small and justifiable amounts. Therefore Isagro, who is completing a settlement offer to submit to Caffaro to try to come to a decision, requested that the hearing set for February 24th, 2014 be postponed until May 19th, 2014. During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, given the absence of negotiations, while hoping that, by that date, the proposal would be approved by the Creditors' Committee at least, and undertaking, in that case, to grant a longer postponement. The proceedings were therefore once again adjourned until the hearing on January 26th, 2015, during which the parties discussed the merits of the case. The Judge therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015. If the parties should fail to appear at this hearing on March 23rd 2015 as well, the Judge shall declare the striking off of the proceedings from the judicial role and the dismissal of the case.
For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011. Based on the outcome of the proceedings, with decree of December 13th, 2011, the Court of Milan rejected IsagroS.p.A.'s claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.
Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.
Du Pont De Nemours Italiana S.r.l. – Luisa Cav. Eddi
The parent Isagro S.p.A. is party to legal proceedings as a third party called by Du Pont De Nemours Italiana S.r.l., brought before the Civil Court of Gorizia by the farm Luisa Cav. Eddi for compensation for damage deriving from an ineffective and/or defective crop protection product, for the sum of about € 80 thousand plus legal costs and interest. At the hearing of April 17th, 2013 hearing the Judge appointed a new court expert, confirming the previous questions, in the aftermath of a specific formal notice of Isagro and Du Pont's defence on the technical inadequacy of the court expert. The surveys were carried out by an Isagro-appointed technical consultant, and the subsequent hearing was set for April 1st, 2014 for the court expert's investigation, which will determine whether or not responsibility lies with Isagro and/or Du Pont. At the hearing of April 1st, the Judge postponed the case to June 10th, 2014. During the above-mentioned hearing, the parties expressed their willingness to reach a compromise settlement and for this reason the Judge postponed the hearing to July 8th, 2014. By reason of the fact that the parties reached an agreement, with payment of

€ 20 thousand by Isagro, the parties did not appear at the hearing held on July 8th, 2014 in order to have the case closed pursuant to Article 309 of the Italian Code of Civil Procedure. This dispute can therefore be considered substantially concluded without further impacts on the Income Statement.

Gamma International S.r.l. insolvency

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

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

During the hearing held on January 28th, 2015, fixed for the verification of the statement of affairs, the appointed Judge fully upheld the petition of the parent.

<u>Labour-related disputes</u>

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

- a former employee of the Aprilia (LT) plant claimed, from Isagro and Caffaro jointly, a compensation of approximately € 2 million in damages for work-related illness or, alternatively and subordinately, compensation for damages for alleged deceit in the stipulation of a trade union settlement. At the hearing of May 3rd, 2012, though acknowledging the reform and its own order, which declared the case closed, the Court decided on partial suspension of the decision and established a new hearing for continuation of the preliminary investigation.

  At the hearing of December 11th, 2012, after acquiring the witness statements for both parties, the Court reserved the right to decide on continuation of the investigation, adjourning proceedings to the final discussion first at the hearing of July 9th, 2013 and then at a later hearing held on February 4th, 2014. A new Judge was appointed at this latter hearing. In order to study the case file in depth, he postponed the hearing for final discussion until July 15th, 2014; At this hearing the Judge adjourned the case to October 21st, 2014 and once again to October 28th, 2014, further to which the Court issued a sentence in favour of the company, rejecting all the claims made by the petitioner. Even if the deadline for the appeal has expired, the company has not yet received notification of any appeal filed and, therefore, the proceedings cannot yet be considered as concluded,
- a former employee of the Aprilia (LT) plant claimed, from Isagro S.p.A., compensation of approximately € 550 thousand for failure to assign a higher professional classification to the employee's position and for work related illness. Isagro S.p.A. won the first instance proceedings and it should be noted that an appeal has been filed before the Rome Court of Appeal, the first hearing before which was fixed for December 1st, 2014; During this hearing, the Rome Court of Appeal rejected the petition and ordered the former employee to pay the legal costs. To-date, the reasons for the appeal sentence have not yet been filed and, therefore, the deadline for appeal to the Supreme Court of Cassation is still pending. It should be noted that the parties undertook to settle the case, with waiver by Isagro of requesting the reimbursement of the legal costs from the former employee and the simultaneous waiver by the same of appealing to the Supreme Court of Cassation; the settlement agreement may however be formalised only after the filing of the reasons of the sentence, so as to render the waivers unopposable;

- an employee of the BussisulTirino (PE) plant filed an urgent appeal against Isagro S.p.A. to challenge the dismissal due to assault against another worker; this employee was temporarily and urgently reinstated when the measure that had declared the dismissal legitimate was challenged. Isagro then filed suit to have the dismissal declared legitimate in order to protect the safety of the other employees and to prevent action brought by the employee for damages, already rejected on a temporary and urgent basis. The value of the proceeding is about € 50 thousand. Currently the case is in its investigation phase and to this purpose, the Court fixed the first hearing on February 27th, 2014. During the aforesaid hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29th, 2014 to complete the investigation phase. By reason of the attempted agreement between the parties, the Court first postponed the case to the hearing on July 3rd, 2014, and then to October 2014 in order to complete the investigation phase. The case suffered a series of further adjournments, so as to allow the parties to come to a cordial agreement, until February 10th, 2015. During this hearing the Judge most recently assigned returned the documentation to the Presiding Judge of the Court for a new reassignment of the case since, having already handled the case previously, the same declared his desire to refrain handling the merits. Therefore, the proceedings are suspended pending new assignment.

  It should also be noted that the employee, previously reinstated, has once again been dismissed due to just cause further to new disciplinary sanctions, applied due to serious events; he challenged his dismissal out-of-court by the legal deadlines, but the company is not aware of the filing of any petition to the legal authorities.

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

<u>Tax dispute</u>

Isagro S.p.A.

With reference to the parent Isagro S.p.A., on December 22nd, 2006, the Italian Revenue Agency, subsequent to a general tax check for 2003, served the Company with a verification notice for IRPEG (the income tax for legal entities), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus sanctions and interests. The Company appealed against this decision with the Provincial Tax Commission on May 14th, 2007. The Tax Commission with decision No. 22/25/08 of February 2008 allowed the appeal entirely and fully rescinded the assessment notice. Nevertheless, on March 25th, 2009, the Revenue Agency notified the Company that it had appealed against this decision. The company appeared on May 21st, 2009. The appeal was heard on January 22nd, 2010. On February 24th, 2010 sentence No. 28/6/10 was filed which fully accepted the Tax Authority's appeal. Since the Company deemed that the Court erred in law and logic, it filed an appeal with the Supreme Court of Cassation, with good prospects of an outcome in favour of the Company. It should be noted that as for this dispute, the company does not believe that there elements that could lead to an adverse outcome in litigation.

Isagro (Asia) Agrochemicals Pvt.Ltd.

With reference to the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., it is hereby noted that there is an ongoing dispute with local taxation authorities regarding income taxes for the years 2007/2008, 2008/2009 and 2009/2010, for a total of INR 50,068 thousand (equal to € 653 thousand). The dispute filed by Indian taxation authorities would deal with the non-recognition, for taxation purposes, of some costs incurred by the company. The subsidiary appealed with the relevant authorities, and to date it does not believe that there elements that could lead to an adverse outcome in litigation.

Commitments and guarantees

Further to the contract for the sale of the IR 5878 (Orthosulfamuron) product by the joint-operation ISEM S.r.l., the parent Isagro S.p.A. - together with the other partner Chemtura Netherlands B.V. - granted the Japanese company Nihon Nokyaku Co. Ltd., in the previous year, a guarantee with a duration of 24 months starting from the date of transfer of the transferred assets and inventory (October 16^{th}, 2013) and for a total amount equal to the transfer price (€ 19,596 thousand). Furthermore, following the transfer, during 2011, of the investment in Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., the parent Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is valued at € 7,500 thousand and the expiry of the guarantees is to be correlated to the limits of prescription and forfeiture of the events these are related to.

As at December 31^{st}, 2014 the Group also has the following long-term obligations outstanding:

- € 3,130 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,482 thousand) and lease expense (€ 1,648 thousand). In particular, the future fees due are as follows:
  - € 1,222 thousand within one year;
  - € 1,908 thousand between one and five years;
- € 739 thousand for payments due from the parent Isagro S.p.A. to Solvay Solexis S.p.A. in connection with the use, for a period of 99 years starting from 2005, of an area in the municipality of BussisulTirino (Province of Pescara), where an industrial plant for the production of Tetraconazole was built.

The guarantees received by the Group amounted to € 3,490 thousand and refer to mortgage guarantees (€ 740 thousand) and sureties (€ 2,750 thousand) issued by the owners of Semag S.r.l. (now Isam S.r.l.) as guarantee for the receivable arising from the transfer of the shares in Isam S.r.l.

The third-party guarantees for the Group companies' bonds amounted to € 303 thousand.

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

The guarantees received and issued in relation to loans are described in note No. 15.

42. Related party disclosures

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

- parent companies;
- associates;
- joint-operations and joint-ventures;
- entities which hold a direct or indirect interest in the parent, its subsidiaries, joint-ventures and joint-operations, as well as its holding companies, and are presumed to have significant influence over the company. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the parent, or when it owns over 5%

and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of consolidated sales; These companies are known as “other related parties”;

- directors, statutory auditors and key management personnel, and any family members.

The following table highlights the financial and economic amounts relating to transactions with the different categories of related parties:

Income Statement in thousands of Euro	2014	of which related parties Joint operations	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Revenues	145,939	7	0	0	24,806	24,813	17.00%
Other operating revenues	3,092	65	0	63	323	451	14.59%
Costs for services	25,558	4	210	0	106	320	1.25%
Other operating costs	3,457	(2)	0	0	20	18	0.52%
Financial charges	4,467	0	0	187	0	187	4.19%

Income Statement in thousands of Euro	2013	of which related parties Joint operations	Parent	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Revenues	139,777	438	0	0	283	721	0.52%
Other operating revenues	2,869	110	7	61	0	178	6.20%
Raw materials and consumables used	72,167	1,434	0	0	0	1,434	1.99%
Costs for services	24,204	4	220	0	0	224	0.93%
Financial income	1,978	14	0	0	0	14	0.71%
Financial charges	6,970	0	0	157	0	157	2.25%

Balance sheet in thousands of Euro	As at Dec. 31st, 2014	of which related parties Joint operations	Parent	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Trade receivables	49,598	0	0	0	8,690	8,690	17.52%
Other current assets and sundry receivables	5,346	0	0	20	7	27	0.51%
Trade payables	44,578	0	50	0	25	75	0.17%

Balance sheet in thousands of Euro	As at Dec. 31st, 2013	of which related parties Joint operations	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Trade receivables	46,716	18	0	0	315	333	0.71%
Other current assets and sundry receivables	4,970	35	8	57	0	100	2.01%
Trade payables	30,212	1,203	40	0	0	1,243	4.11%
Current financial payables	70,942	0	0	8,806	0	8,806	12.41%

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

Relations with joint-operations

Revenues	2014	2013
ISEM S.r.l. in liquidation	7	438
Total	7	438

Other operating revenues	2014	2013
ISEM S.r.l. in liquidation	65	110
Total	65	110

Raw materials and consumables	2014	2013
ISEM S.r.l. in liquidation	0	1,434
Total	0	1,434

Costs for services	2014	2013
ISEM S.r.l. in liquidation	4	4
Total	4	4

Other operating costs	2014	2013
ISEM S.r.l. in liquidation	(2)	0
Total	(2)	0

Financial income	2014	2013
ISEM S.r.l. in liquidation	0	14
Total	0	14

The item “other operating revenues” essentially refers to the rendering of administrative and IT services as well as to lease income.

Trade receivables	Dec. 31st, 2014	Dec. 31st, 2013
ISEM S.r.l. in liquidation	0	18
Total	0	18

Other current assets and sundry receivables	Dec. 31st, 2014	Dec. 31st, 2013
ISEM S.r.l. in liquidation	0	35
Total	0	35

Trade payables	Dec. 31st, 2014	Dec. 31st, 2013
ISEM S.r.l. in liquidation	0	1,203
Total	0	1,203

Relations with associates

Other operating revenues	2014	2013
Arterra Bioscience S.r.l.	0	7
Total	0	7

Costs for services	2014	2013
Arterra Bioscience S.r.l.	210	220
Total	210	220

Other current assets and other receivables	Dec. 31st, 2014	Dec. 31st, 2013
Arterra Bioscience S.r.l.	0	8
Total	0	8

Trade payables	Dec. 31st, 2014	Dec. 31st, 2013
Arterra Bioscience S.r.l.	50	40
Total	50	40

Relations with parents

Relations with the holding companies Piemme and Holdisa (formerly BasJes Holding S.r.l.) are limited to the provision of administrative services by the parent Isagro S.p.A. and occasional financial transactions. As a result of the merger via incorporation, on December 10th 2014, of Manisa S.r.l. and Holdisa S.r.l., controlling entities of Isagro S.p.A., in BasJes Holding S.r.l., which at the same time adopted the name Holdisa S.r.l. the transactions finalised during 2014 with the merged companies Holdisa and Manisa are stated together with those of the absorbing company Holdisa S.r.l. (formerly BasJes Holding S.r.l.).

Other operating revenues

	2014	2013
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	54	0
Piemme S.r.l.	9	18
Holdisa S.r.l.	0	24
Manisa S.r.l.	0	19
Total	**63**	**61**

Financial charges

	2014	2013
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	187	105
Piemme S.r.l.	0	52
Total	**187**	**157**

Other current assets and other receivables

	Dec. 31st, 2014	Dec. 31st, 2013
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	14	0
Piemme S.r.l.	6	17
Holdisa S.r.l.	0	23
Manisa S.r.l.	0	17
Total	**20**	**57**

Current financial payables and other financial liabilities

	Dec. 31st, 2014	Dec. 31st, 2013
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	0	8,806
Total	**0**	**8,806**

During the year, the parent Isagro S.p.A. received a further € 185 thousand loan from the former indirect holding company BasJes Holding S.r.l. (now direct holding company under the name Holdisa S.r.l.), on February 7th, 2014, on which interest accrues at the three-month EURIBOR rate + a 6% spread, which joins the financial debt of € 8,806 thousand (of which € 8,700 in principal) outstanding as at December 31st, 2013. On April 14th, 2014, the parent Isagro S.p.A. partially repaid this loan for a total amount of € 3,249 thousand (of which € 262 thousand as interest and € 2,987 thousand as principal) to the former indirect holding company BasJes Holding S.r.l. which, in turn, assigned the residual amount due, equal to € 5,897 thousand, to the former indirect subsidiary Holdisa S.r.l. (direct holding of Isagro S.p.A.) in order to endow the company with the necessary resources to entirely subscribe its share of capital increase, as described in the previous note No. 14, to which reference is made. The financial payment was therefore redeemed upon the subscription of the share capital increase by the former holding company Holdisa S.r.l..

Relations with other related parties

The item "other related parties" refers to the Gowan Group, which became a related party following its inclusion, on October 18th, 2013, in the share capital of the former indirect holding company BasJes Holding

S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) for 49% in the share capital of the same. The trade receivables and revenues related to the Gowan Group essentially refer to the sales of agrochemicals to Gowan Group companies by both the parent Isagro S.p.A. and the US subsidiary Isagro USA, Inc..

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

Revenues	2014	2013
Gowan Group	24,806	283
Total	24,806	283

Other operating revenues	2014	2013
Gowan Group	323	0
Total	323	0

Costs for services	2014	2013
Gowan Group	106	0
Total	106	0

Other operating costs	2014	2013
Gowan Group	20	0
Total	20	0

Trade receivables	Dec. 31st, 2014	Dec. 31st, 2013
Gowan Group	8,690	315
Total	8,690	315

Other current assets and other receivables	Dec. 31st, 2014	Dec. 31st, 2013
Gowan Group	7	0
Total	7	0

Trade payables	Dec. 31st, 2014	Dec. 31st, 2013
Gowan Group	25	0
Total	25	0

Compensation for Directors and Statutory Auditors

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

Party	Description of office		Remuneration		
	Office held	Duration of position	Emoluments for the office	Bonuses, other incentives and fringe benefits	Other remuneration
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	2,659	150,000
Maurizio Basile	Deputy chairman	3 years	102,500	3,286	24,000
Riccardo Basile	Director since August 5th, 2014	Until expiry	8,333	-	-
Christina Economou	Director since April 7th, 2014	Until expiry	15,000	-	-
Carlo Porcari	Former Director		11,667	-	-
Adriana Silvia Sartor	Chairwoman of the Appointments and Remuneration Committee and Member of Risk and Control Committee	3 years	28,000	-	-
Elena Vasco	Director	3 years	20,000	-	-
Antonio Zoncada	Chairman of the Supervisory Body, Member of Risk and Control Committee and of the Appointments and Remuneration Committee	3 years	29,500	-	7,500
Statutory Auditors:					
Piero Gennari	Chairman	3 years	30,404	-	-
Giuseppe Bagnasco	Statutory auditor	3 years	20,000	-	-
Claudia Costanza	Statutory auditor	3 years	20,000	-	-

It should be noted that the term of office of the parent company's Board of Directors will end with the approval of the financial statements as at December 31st, 2014, while that of the Board of Statutory Auditors with the approval of the financial statements as at December 31st, 2015.

43. Financial risk management: objectives and approach

In carrying out its business, Isagro Group is exposed to financial and market risks, specifically:

a) changes in foreign exchange rates
b) changes in interest rates;
c) changes in the prices of raw materials;
d) liquidity;
e) capital management;
f) credit;
g) climate changes.

Context

The so-called conventional agrochemicals market - in which the Isagro Group operates - according to the estimates provided by the research company Phillips McDougall, reached a value of about US$ 56 billion at distribution level in 2014, with an increase in nominal terms of 3.6% compared to 2013.

This is the context in which the Group operated in order to control the above financial variables by implementing appropriate policies to minimise the aforementioned risks through the use of market instruments or appropriate corporate control policies and policies for the product/market portfolio.

In detail, as regards the use of derivatives, two types of hedging can be identified: (a) transactions which, in compliance with the risk management policies, satisfy the requirements imposed by the accounting principles for the registration in “hedge accounting”, are designated as “hedging transactions”; (b) transactions which, even though they have been carried out as hedges, do not satisfy the requirements provided for by the accounting principles and are thus classified under “trading.”

It should be recalled that Isagro does not enter into derivative contracts for speculative purposes.

The amounts stated in the comments below refer to the parent Isagro S.p.A., which carries out most of its copper purchases and sales in US Dollars. With reference to exchange rates, it should be noted that fluctuations in the Euro/Dollar exchange rate may result in changes in the consolidated amounts of the subsidiary Isagro USA; however, these changes cannot be currently quantified, as they are directly related to the actual year-on-year sales of the subsidiary.

a) <u>Exchange rate risk management</u>

The Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for sales the parent Isagro S.p.A. makes mostly on the US markets and reporting currency of the subsidiary Isagro USA, Inc.. Although to a lesser extent, the Indian rupee and Colombian peso account currencies of Isagro Asia and Isagro Colombia, respectively, take on importance. This means that the Group’s assets and liabilities are exposed to financial risks deriving from the varying exchange rate between the time the trade relation arises and the time the transaction (collection/payment) is finalised. With reference to the parent Isagro S.p.A., sales in US dollars totalled about 37 million in the year that ended on December 31st, 2014 and about 43 million in the year ended on December 31st, 2013, with an average for the two-year period 2013-2014 of about USD 40 million versus purchases in US dollars amounting to about 10 million in 2014, compared with 11 million in 2013.

In order to reduce the risk tied in particular to the fluctuations of the US dollar, the parent Isagro S.p.A. carries out natural hedging transactions represented, for example, by loans granted by banks in US dollars against the transfer of invoices denominated in this currency to said banks) and/or hedging transactions using swap instruments.

Please note that as at December 31st, 2014 the parent Isagro S.p.A. had swap transactions for USD 29 million, of which USD 20 million for net receivables in this currency as of that date and 9 million for part of the 2015 sales turnover.

Isagro also prepares its consolidated financial statements in Euro, so the fluctuations of the exchange rates used to convert the financial statement figures of the subsidiaries originally stated in foreign currency might significantly affect the Group’s results.

b) <u>Interest rate risk management</u>

The Isagro Group was characterised by a Net financial position as at December 31st, 2014 of € 29.7 million.

With reference to the medium/long-term loans, as indicated in the Directors’ Management Report and in note No. 15, it is noted that while preparing the financial statements as at December 31st, 2013, the Group reclassified € 17.89 million regarding the amount of the E.I.B. loan, originally € 22.5 million initially considered as non-current, under “Short term debts”. Essentially, the reclassification was required because, at the 2013 balance-sheet date, the entity did not have an unconditioned right to postpone its settlement for at least twelve months from that date. It is also pointed out that on March 14th, 2014 the parent Isagro S.p.A. obtained a waiver with immediate effect from the E.I.B., while the formal consent in writing from the parties guaranteeing the loan was still missing. In May 2014, all parties guaranteeing the loan gave their written consent to the aforesaid waiver and, therefore, the parent Isagro S.p.A. was able to classify the portion of loan due by contract after twelve months under the item "medium - long term financial payables to banks" (equating to € 13.9 million as at December 31st, 2014).

In connection with the above-mentioned loan, please note that it has a cost equal to three-month EURIBOR, to which a spread of between 0.74% and 1.144% is added. Also in light of the guidance issued by the E.I.B., in which the central bank clearly stated its intention to maintain the REFI interest rates, which in turn affect the EURIBOR value, at low values for prolonged periods of time, it was decided that it is unadvisable to hedge the interest rate risk associated with this loan. However, with reference to the three-month EURIBOR, which is under 0.10% today, it is estimated that a change of 10% in this value would entail a greater disbursement of about € 7 thousand for the parent Isagro S.p.A., recipient of the loan.

The decrease in the Net financial position which came about on conclusion of the share capital increase transaction, also facilitated, particularly for the parent Isagro S.p.A., access to credit and the renegotiation/restructuring of the same; this led to a reduction of the related financial charges and an increase in the overall duration of the loans, also partly replacing the short-term bank debt with medium/long-term loans. In this connection, mention is made of new medium/long-term finance obtained for a total of € 7 million - the portion of which due beyond the 12 months after December 31st, 2014 amounted to € 5.74 million - in the form of two medium/long-term loans:

- loan for € 4 million, granted in October by Intesa Sanpaolo, with a duration of 4 years, on which interest accrues at the 6-month EURIBOR rate + a 3.80% spread;
- loan for € 3 million, granted in December by Cassa di Risparmio di Parma e Piacenza, with a duration of 4 years, on which interest accrues at the 3-month EURIBOR rate + a 2.10% spread.

In relation to the afore-mentioned loans, it is estimated that a change of 10% in the EURIBOR rate applied to the two loans would not involve a significant additional outlay for the parent Isagro S.p.A., holder of the two loans.

Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest swap rate contracts as it has done in the past for other loans when the rates were higher, and above all else in a scenario much more uncertain than the one today in terms of E.I.B. guidance.

These contracts would be set up with a notional value which partly covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts is offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position. These hedges would also be carried out with a perspective of correspondence with the sinking plan of each loan (hedge accounting).

Furthermore, with a view to optimising the cost of borrowing at Group level and seeking greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, the parent Isagro S.p.A.:

- has repaid € 7.39 million in advance to the European Investment Bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5 million. Negotiations are also underway with three additional leading banks for raising other loans for a total amount of around € 10 million.

Short-term indebtedness, except for what is described above, is not hedged due to its "commercial" and hence fluctuating nature, and, in turn, against the capital of the year; moreover, the changes in its cost ultimately affect the sale price policy.
With reference to the stock of the short-term indebtedness as at December 31st, 2014, it is estimated that a movement of 50 bp implies, before tax, a cost of € 0.15 million p.a..

c) Changes in raw material prices
This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".
Until September 30th, 2011, the parent Isagro S.p.A. used to hedge, usually at the start of the financial year, about 50% of its requirements of scrap copper linked to the sales of formulations, without hedging the estimated sales for the year of so-called "technical" products, whose selling price is directly related to the trend in the price of raw materials, postponing the decision as to whether to hedge the remaining quantity later in the year.
However, this method did not allow a connection to be made between the mechanism of fixing the finished product price to customers and the specific trend in the raw material price on the market at the time of its actual purchase and subsequent processing at the Adria site: therefore, this on average permitted the hedging of the generic risk of foreseeable fluctuations in the price, but was not able to protect the Group from sudden and brusque changes together with sudden erratic volatility trends in the price.
This method, which is effective in times characterised by low volatility, was not able to guarantee suitable hedging in times when volatility was high: for this reason, the Finance and Control Department of the parent Isagro S.p.A., in close partnership with the Sales, Supply Chain and Information System Department, set up a work team to review the methods of managing the risk of fluctuations in the price of copper in connection with the fixing of selling prices of finished products for customers.
Thus the following procedure was set in the last part of 2011:

- fixing of sales prices with customers in the previous quarter for the next quarter;
- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up of a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the approximate terms set for purchase on the market and production;
- forward cover of quantities.

This new method, in place since January 1st, 2012, made it possible to manage the price risk more effectively. It is specifically designed to address the changed and tougher circumstances. Therefore, this method, which does not derive from an exclusively financial vision but rather involves commercial and productive aspects, will result in a more efficient management of the copper business as a whole, starting from the fixing of sales prices.
Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure.
Please note that as at December 31st, 2014 the parent Isagro S.p.A. has forward purchase transactions for 248 tons of copper in effect, maturing within the first quarter of 2015.
d) Liquidity risk management

The liquidity of the Group is based on a diversification of bank loans and on a structure mix of the lines of credit: "commercial or self-liquidating," medium-term loans and finally factoring facilities, in order to be able to use these facilities in accordance with the different type of needs.
Note that the Group's debt is mainly concentrated in the parent Isagro S.p.A. and is divided up between a large number of banks with the aim of minimising the risk of reduction/cancellation of lines of credit for current assets.
From an operating perspective, the Group manages the liquidity risk by planning on an annual basis, with a monthly breakdown, the estimated cash inflows and payments. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a "Financial Report" is prepared on a monthly basis every year. It summarises the parent Isagro S.p.A.'s final cash flows and prospects at year end, again monthly. The same reporting tool was applied in 2014 to the subsidiaries Isagro USA and Isagro España, which in any case represent a minimum portion of the Group's financial debt, and, as from September 30th, 2014 and quarterly, to Isagro Asia.
The following table summarises the maturity profile of the Group's liabilities based on the contractual payments not discounted:

Dec. 31st, 2014	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	7,668	13,565	8,760	20,432	-	**50,425**
Derivatives	-	377	592	-	-	**969**
Trade payables	15,120	9,021	20,437	-	-	**44,578**
Tax payables	-	-	1,613	-	-	**1,613**
Other liabilities and other payables (*)	3,903	181	964	-	-	**5,048**
TOTAL	26,691	23,144	32,366	20,432	-	102,633

Dec. 31st, 2013	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	10,149	53,432	7,831	125	-	**71,537**
Derivatives	-	3	-	-	-	**3**
Trade payables	8,246	7,486	14,480	-	-	**30,212**
Tax payables	-	-	1,651	-	-	**1,651**
Other liabilities and other payables (*)	3,111	221	816	-	-	**4,148**
TOTAL	21,506	61,142	24,778	125	-	107,551

(*) excluding deferred income and guarantee deposits

With reference to 2014 marked, as already indicated in greater details in other parts, by operating results on the up and by the success of the share capital increase transaction for € 29 million, Isagro decided to confirm the Research, Innovation & Development projects (part of the overall investment plan for € 80 million, of which 60 in R,I&D, hypothesised in the 2015-2018 Business Plan), in particular those relating to the new soil-applied pesticide for the US market and the new SDHi fungicide.
In greater detail, the resources raised by means of the share capital increase have made it possible to finance the portion of the investments incurred during the year not covered by the cash flow generated by core business operations, without resorting to either additional extraordinary transactions or new bank borrowing.
Note that the credit lines available as support for current assets as at December 31st, 2014, together with the estimated revenues and payments for 2015 and revenues from other extraordinary value transactions to extract value from the proprietary products (which could fall within the new "supplier of active ingredients" business area, in line with the agreement entered into with Arysta in 2013), which bear witness to a sharp discontinuity with respect to the past, highlighting the effect launch of a structural cycle of growth in the operating results, ensure that the going concern assumptions are sustainable.

For a more in depth analysis of the liquidity risk management policies implemented by the Group please see the paragraph of the Management Report titled "Observations on the Financial Profile and Business Continuity."

e) Capital management

The Group's goal is to guarantee a sound credit rating in order to access bank credit on favourable economic terms. It is the policy of the Group, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) to them necessary to better understand the type of business and the peculiar market situations existing.

f) Credit risk management

The Group's policy is to grant credit to customers after assessing their economic and financial structure, payment performance over the years, and all other information available on the market, i.e. the normal instruments used in determining the customer's solvency.

In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discount for advance payments are used.

The table below shows the maximum exposure of the Group to credit risk:

	Dec. 31st, 2014	Dec. 31st, 2013
Trade receivables	49,598	46,716
Other assets and sundry receivables (excluding deferred income)	5,124	9,317
Tax receivables	4,286	2,984
Financial assets	3,215	3,041
Cash (excluding cash on hand)	17,115	14,062
Total credit risk	79,338	76,120

It should also be noted that the group received guarantees amounting to € 3,490 thousand from the owners of Semag S.r.l. (now Isam S.r.l.) in relation to the receivable deriving from the transfer of the shares in Isam S.r.l.

g) Climate changes

The usage of agrochemicals is influenced by the climate: humidity, rainfall and temperature. Today, the Group's policy is to diversify the markets in which it operates, in order to cover as many markets as possible in both hemispheres. Currently, the Group operates in over 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimise the impact of particular climatic situations which characterise certain regions/continents. Nevertheless, drought conditions extraordinarily affecting several continents/countries at the same time can strongly influence the Group's profitability. More specifically, given the composition of Isagro's sales, the climatic conditions in Europe (and in particular in Italy), the United States and Brazil play an important role.

44. Significant non-recurring events and transactions

In compliance with the CONSOB Communication dated July 28th, 2006, the significant non-recurring transactions carried out in 2014 and those for the previous year, are outlined in notes No. 25 and 30, to which reference should be made.

The table below shows the effects of such transactions on the economic results and cash flows of the Isagro Group for 2014 and 2013:

	Gross effect on the Income Statement	Related tax effect	Net effect on the Income Statement	Related financial flow (net of VAT and before tax)
Year 2014				
Other non-recurring costs:				
- restructuring costs	(1,170)	367	(803)	(1,563)
	(1,170)	367	(803)	(1,563)
Year 2013				
Other non-recurring income:				
- sale of the herbicide Orthosulfamuron (IR 5878)	1,221	(1,300)	(79)	9,800
- sale of the fungicide Valifenalate (IR 5885)	28	(126)	(98)	9,250
	1,249	(1,426)	(177)	19,050
Other non-recurring costs:				
- restructuring costs	(1,677)	-	(1,677)	(77)
	(1,677)	-	(1,677)	(77)

During the year the parent Isagro S.p.A. continued with the restructuring and reorganisation process at the Milan offices and the industrial sites of Adria, Aprilia and Bussi sul Tirino, subsequently joined by the Novara research centre. With regard to this latter transaction, the parent set aside a further € 192 thousand for charges associated with another lay-off procedure which is envisaged to end, like that launched in 2013, on December 31st, 2015. During the year, the parent Isagro S.p.A. incurred additional costs, mainly for the executive staff redundancy incentive not envisaged in the lay-off procedure previously described, but in any event falling within the company reorganisation transaction, with the consequent recognition of non-recurrent charges for € 978 thousand. Since the parent Isagro S.p.A. had not prudently provided for prepaid taxes on the tax losses in 2013, the tax effect relating to the reorganisation costs for this period was not indicated.

45. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in 2014, the Group did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts about the accuracy of the information contained in the financial statements, the conflict of interest, the protection of the company's assets, or the safeguarding of minority shareholders.

46. Events subsequent to December 31st, 2014

Measures for business efficiency – Novara

As described in detail in the section "Human resources" in the Directors' management report, on January 13th, 2015 a trade union agreement was entered into with the Novara Trade Association, relating to the lay-off procedures pursuant to Italian Law No. 223/91, activated on December 1st, 2014 for a total of 6 workers employed at the Novara premises.

Early repayment of the E.I.B. loan counterguaranteed by BNL - BNP Paribas Group and Banca Popolare Commercio & Industria (UBI Banca Group) and raising of new medium/long-term loans.

With a view to optimising the cost of borrowing at Group level and seeking greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, the parent Isagro S.p.A.:

- has repaid € 7.39 million in advance to the European Investment Bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5 million. Negotiations are also underway with three additional leading banks for raising other loans for a total amount of around € 10 million.

Liquidation of Isagro Hellas

Within a context of general reorganisation of the sales division and optimisation of the costs, the procedure for the placement in liquidation of the subsidiary Isagro Hellas Ltd. was launched, with effect as from February 1st, 2015; the definitive closure of these proceedings is envisaged to take place by the end of July 2015, once the related local fulfilments have been seen to.

Review of the 2014-2015 Business Plan

On February 25th, 2015, the parent IsagroS.p.A.'s Board of Directors approved the up-date of the 2014-2018 Business Plan ("Revised 2015 Budget and 2016-2018 Estimates: confirmation of growth") relating to the Group's consolidated figures.

At that time, the envisaged € 13 million in revenues from Licensing were confirmed, as mentioned in this Report, (of which € 2 million obtained in 2014), albeit with the different timing than previously assumed. Furthermore, no significant changes have taken place with reference to the development of Basic Business turnover. Consequently, Isagro confirms the growth in EBITDA, as outlined in the 2014-2018 Business Plan communicated to the Market.

47. List of the international accounting standards approved by the European Commission as of the date of preparation of the financial statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014
IFRS	4	Insurance contracts	2236/2004-108/2006-1165/2009
IFRS	5	Non-current assets held for sale and discontinued operations	2236/2004-70/2009-243/2010
IFRS	6	Exploration for and evaluation of mineral resources	1910/2005-108/2006
IFRS	7	Financial instruments: disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012
IFRS	8	Operating segments	1358/2007-632/2010-243/2010

IFRS	10	Consolidated financial statements	1254/2012-313/2013-1174/2013
IFRS	11	Joint arrangements	1254/2012-313/2013
IFRS	12	Disclosure of interests in other entities	1254/2012-313/2013-1174/2013
IFRS	13	Fair value measurement	1255/2012-1361/2014
IAS	1	Presentation of financial statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013
IAS	2	Inventories	2238/2004
IAS	7	Statement of cash flows	1725/2003-2238/2004-243/2010
IAS	8	Accounting policies, changes in accounting estimates and errors	2238/2004-70/2009
IAS	10	Events after the reporting period	2236/2004-2238/2004-70/2009
IAS	11	Construction contracts	1725/2003
IAS	12	Income tax	1725/2003-2236/2004-2238/2004-211/2005-1255/2012
IAS	14	Segment reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Property, plant and equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004
IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012
IAS	20	Government grants	1725/2003-2238/2004-70/2009
IAS	21	Effects of changes in foreign exchange rates	2238/2004-149/2011
IAS	23	Financial charges	1725/2003-2238/2004-1260/2008-70/2009
IAS	24	Related party disclosures	2238/2004-1910/2005-632/2010
IAS	26	Retirement benefit plans	1725/2003
IAS	27	Separate financial statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013
IAS	28	Investments in associates and joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	29	Financial reporting in hyperinflationary economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial instruments: presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-[illegible]
IAS	33	Earnings per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim financial reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013
IAS	36	Impairment of assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013

IAS	37	Provisions, contingent liabilities and contingent assets	1725/2003-2236/2004-2238/2004
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010
IAS	39	Financial instrument: recognition and measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013
IAS	40	Investment property	2236/2004-2238/2004-70/2009-1361/2014
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009

Interpretations			Endorsement regulation
IFRIC	1	Changes in existing decommissioning, restoration and similar liabilities	2237/2004
IFRIC	2	Members' shares in co-operative entities and similar instruments	1073/2005
IFRIC	4	Determining whether an arrangement contains a lease	1910/2005
IFRIC	5	Rights to interests arising from decommissioning, restoration and environmental funds	1910/2005
IFRIC	6	Liabilities arising from participating in a specific market - Electrical and electronic equipment	108/2006
IFRIC	7	Applying the restatement approach under IAS 29 - Financial reporting in hyperinflationary	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of embedded derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim financial reporting and impairment	610/2007
IFRIC	11	IFRS 2 - Group and treasury share transactions	611/2007
IFRIC	12	Service concession arrangements	254/2009
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012
IFRIC	21	Levies	634/2014
SIC	7	Introduction of the Euro	1725/2003-2238/2004

SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly-controlled Entities – Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions in the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements - Disclosure	1725/2003
SIC	31	Revenue – Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004

48. Isagro Group companies

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

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

Corporate name and business description	Registered offices	Country	Share capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent							
Isagro S.p.A. (R&D, production, marketing of agrochemicals)	Milan	Italy	24,961,207.65	EUR	-	-	-
Subsidiaries consolidated using the line-by-line method							
Isagro Argentina Ltd. (Management of the registration of agrochemicals and commercial development)	Buenos Aires	Argentina	992,600	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro (Asia) Agrochemicals Pvt Ltd. (Development, production, marketing of agrochemicals)	Mumbai	India	160,029,000	INR	100%	Isagro S.p.A.	100%
Isagro Australia Pty Ltd. (Management of the registration of agrochemicals)	Sydney	Australia	355,000	AUD	100%	Isagro S.p.A.	100%
Isagro BrasilLtda (Management of the registration of agrochemicals and commercial development)	São Paulo	Brazil	1,307,210	BRL	100%	Isagro S.p.A. Isagro España S.L.	99% 1%
Isagro Chile Ltda (Management of the registration of agrochemicals and commercial development)	Santiago	Chile	29,070,809	CLP	100%	Isagro S.p.A. Isagro España S.L.	90% 10%
Isagro Colombia SAS (former Barpen International SAS) (Distribution of agrochemicals)	Cota – Bogotá	Colombia	362,654,120	COP	100%	Isagro S.p.A.	100%
Isagro España S.L. (Development & distribution of agrochemicals)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Hellas Ltd. (Management of the registration of agrochemicals and commercial development)	Moschato	Greece	18,000	EUR	100%	Isagro S.p.A.	100%
Isagro Shanghai Co. Ltd. (Management of the registration of agrochemicals and commercial development)	Shanghai	People's Republic of China	235,000	USD	100%	Isagro S.p.A.	100%
Isagro South Africa Pty Ltd. (Management of the registration of agrochemicals and commercial development)	Johannesburg	Republic of South Africa	671,000	ZAR	100%	Isagro S.p.A.	100%
Isagro USA, Inc. (Development, production, marketing of agrochemicals)	Wilmington	United States	1,500,000	USD	100%	Isagro S.p.A.	100%
Associates accounted for using the equity method							
Arterra BioScience S.r.l. (R&D biology & molecular genetics)	Naples	Italy	250,429	EUR	22%	Isagro S.p.A.	22%

The Board of Directors

Milan, March 11th, 2015

ISAGRO
Centro Uffici San Siro - Edificio D - ala 3 - Via Caldera, 21 - 20153 Milano - Italia
Tel. 02 40901.1 - Fax 02 40901.287 - e-mail: isagro@isagro.it - www.isagro.com

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Isagro S.p.A. Chairman and Chief Executive Officer, and Ruggero Gambini, Manager in charge of preparing corporate financial reports, hereby certify, having also taken into account the provisions of art. 154-bis, subparagraphs 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the firm and
   - the effective application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2014.
2. In this respect no significant matters arose.
3. It is also certified that:

   3.1 the consolidated financial statements of Isagro S.p.A. as of December 31, 2014:

   a) were prepared in accordance with applicable international accounting standards as recognised by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) is able to provide a truthful and correct representation of the economic and financial position of the issuer and of all the companies included in the scope of consolidation;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 11, 2015

Chairman and Chief Executive Officer

(Giorgio Basile)

Manager in charge of preparing corporate financial reports

(Ruggero Gambini)

UNI EN ISO 9001:2000 CERTIQUALITY SISTEMA DI GESTIONE QUALITÀ CERTIFICATO

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

ISAGRO S.P.A. FINANCIAL STATEMENTS

A Holdisa S.r.l. company

Board of Directors

Chairman and Chief Executive Officer
Giorgio Basile

Deputy Chairman
Maurizio Basile

Directors
Riccardo Basile
Christina Economou
Gianni Franco
Adriana Silvia Sartor
Elena Vasco
Antonio Zoncada

Board of Statutory Auditors

Chairman
Piero Gennari

Statutory Auditors
Giuseppe Bagnasco
Claudia Costanza

Independent Auditors

Deloitte & Touche S.p.A.

DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Company's financial statements as at December 31st, 2014 disclose **Revenues** amounting to € 96.01 million (-4.1% with respect to 2013, which included € 10.0 million in revenues from licensing, compared with € 2.0 million in 2014, or +4.3% excluding said revenues), **EBITDA** of € 3.37 million (compared with € 9.07 million last year) and a **Loss** of € 5.41 million (compared with a loss of € 6.96 million as at December 31st, 2013) after having recognised provisions, amortisation, depreciation and impairment write-downs totalling € 10.14 million, with a **Net financial position** negative to the tune of € 36.81 million and a **debt/equity ratio** equating to 0.43 (compared with € 53.90 million and 0.86 respectively at the end of 2013).

§ § §

From a commercial standpoint, 2014 was marked by the expected pick-up in sales by agrochemicals and services (so-called Basic Business), or rather excluding the Licensing component, which disclosed an increase of 4.3% on 2013, the latter having been a period negatively influenced by the "carry-over effect" of the drought which in 2012 had affected a number of important markets for Isagro, with a weak fourth quarter as well due to the unfavourable market conditions in Brazil.

This growth took place in a period which saw important changes for Isagro in the following terms:

- **strategic** (co-development and Licensing);
- **management/operational** (greater focus on "market and customer", with strengthening of the Research, Innovation & Development and Marketing & Sales teams);
- **financial** (share capital increase);
- regarding **corporate governance** (streamlining of the Isagro control structure).

From a strategic standpoint, action adopted by Company management, which led to the achievement of the results described briefly above and which is working towards the accomplishment of the objectives outlined in the 2014-2018 Business Plan presented to the market in April 2014, is steered by the following five Strategic Guidelines, the result of an enhancement of the "Small global player" business model adopted by Isagro:

1. defining the guidelines for innovative research and carrying out independently all research activities, which need neither a large scale nor strong financial resources;
2. developing new products (i) in partnerships for new investment-intensive active ingredients with worldwide sales potential and requiring high investments, and (ii) autonomously to develop the active ingredients with sales potential in specific segments/areas and moderate levels of investment;
3. developing the new Licensing business, in this way adding to the core business of selling proprietary formulations the promotion of active ingredients, by granting rights against upfront payments and the entering into of long-term supply agreements;
4. developing the company's product portfolio by means of (i) new mixtures with proprietary molecules, (ii) the launch of new products (Fumigant, Bio-solutions and generic products via the subsidiary Isagro Asia) and (iii) the development of direct distribution coverage on selected markets, preferably via partnerships;

5. performing business while maintaining a level of financial debt not exceeding Net Working Capital.
In this sense, 2014 was the first "full year" for application of these strategies.

From a management and operational standpoint, activities continued in 2014 for:

- the strengthening of the Research, Innovation and Development (R,I&D) and Marketing and Sales units with the addition of new professional profiles;
- commercial enhancement, with particular attention towards the markets with a high growth rate (e.g. China) and generic products (initially for India);
- greater focus on "market and customer", confirming that on the "products".

The progress - from as early as 2014 with respect to 2013 - in the operating results achieved by the Company, reflects its first effects in the afore-mentioned action, from which we expect a gradually increasing contribution as from 2015.

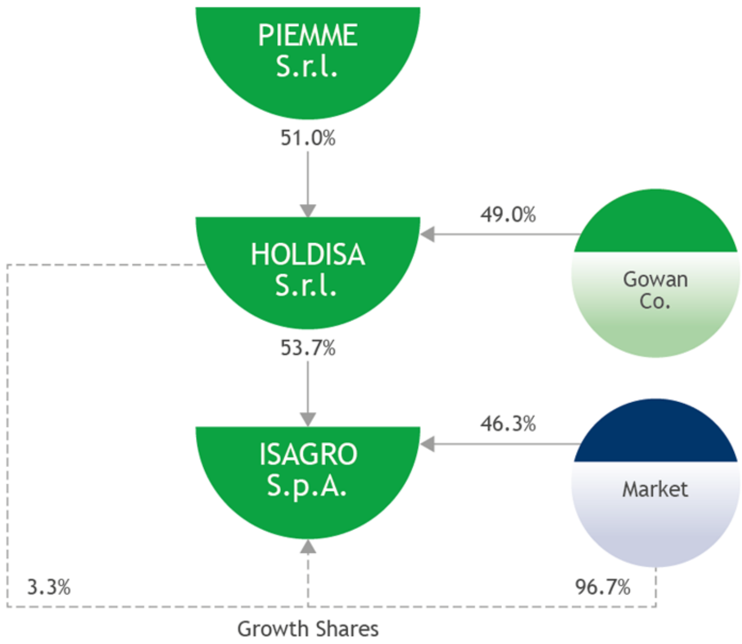
With regard to financial aspects, 2014 was marked by the success of the share capital increase for € 29 million (of which € 16 million contributed by the control system, deriving from the alliance with Gowan in July 2013), which concluded in May. The parent company Isagro used these proceeds during 2014 to finance (and will continue to do so in 2015) the portion of investments in Research, Innovation and Development (R,I&D) not covered by the operating cash flows.
The share capital increase enabled Isagro:

- to transfer in Isagro S.p.A. the majority of the financial resources allocated to BasJes Holding S.r.l. by the partner Gowan between October 2013 and March 2014;
- to launch a new class of special shares, called Growth Shares, specifically tailored for companies having a Controlling Entity and that, against the absence of the voting right, remunerate the investor with an extra-dividend (20% for Isagro) with respect to the Ordinary Shares and safeguard the same through the automatic conversion into Ordinary Shares in the event the Controlling Entity loses control, and in any event of a compulsory public offer (OPA).

and, furthermore to achieve an important streamlining and tightening of the Isagro Group's control structure.

In terms of corporate governance, in fact, during 2014 and further to the share capital increase, the minority shareholders of the "old" control system organised on three corporate levels (Holdisa/Manisa/BasJes), with Piemme as Controlling Entity, transferred their holdings to BasJes Holding S.r.l., subscribing Growth Shares and thereby permitting the subsequent merger via incorporation of the two sub-holding companies Manisa S.r.l. and Holdisa S.r.l. within BasJes Holding S.r.l. (a company 51% invested in by Piemme, Controlling Entity of Isagro S.p.A., and 49% by Gowan), subsequently named Holdisa S.r.l..
The new Holdisa S.r.l. thus directly holds 53.7% of the voting rights in Isagro S.p.A., while Piemme S.r.l. continues to cover the role of Controlling Entity.

Isagro control structure



A more detailed description of the afore-mentioned aspects is provided in the section "Significant events during 2014" of this Report.

THE CROP PROTECTION PRODUCT MARKET

The so-called "conventional" crop protection (or agrochemicals) market - in other words excluding genetically-modified seeds - according to the estimates provided by the research company Phillips McDougall, reached a value of about US$ 56 billion at distribution level in 2014, with an increase in nominal terms of 3.6% compared to 2013.

The progressive weakening of the prices of the main commodities, such as maize, soya bean, rice and cotton, continued until the end of 2014 due to the rise in production yields and the presence of stock deriving from the previous 2013 season.

In Europe, the generally mild and rainy climatic conditions, especially the seasonal averages in the first half of the year, encouraged the use of fungicides, except in Eastern Europe where little rainfall was seen.

With regard to America, the western and southern states also saw little rainfall. The northern part of South America, including the sugar cane area in Brazil, experienced exceptional drought.

Likewise, Australia experienced a dry season which led to the disbursement of government aid.

The forecasts of the USDA (the US administration's agricultural department) for global production of foodstuffs in the 2014-2015 sales season with respect to that in the previous period disclosed essential staying power in the **wheat** production level, deriving from the good weather conditions in Europe and the high production in Argentina, the Ukraine and Kazakhstan.

With regard to **soya bean**, an increase in production is envisaged of 9% from the 2013-2014 sales season to that underway mainly due to increases in China, Russia and the Ukraine and the drop in Brazil due to little rainfall. The production of **maize** is envisaged to reach 990 million tonnes, a level which has never been seen before, with increases in Argentina and Europe, despite the drops in the Ukraine, Belarus and Russia due to the drought conditions registered in the summer. The global production of **rice** for the season underway is estimated to come to 475 million tonnes, in line with that last year. The same applies to **cotton**, in relation to which the USDA envisages production of 26 million tonnes for the current season, in line with that in the last one.

With regard to the usage trend for land used for the main crops in the various geographic areas, in general terms it is pointed out that in Europe, the United States and Canada a reduction has been registered in the surface area used for maize (-4.5%) in favour of an increase in that sown with soya bean (+5.6%), while the land dedicated to cereals remained more or less stable +2.4%).

In Europe, according to estimates issued by the EU Association for the trade of agricultural products, the surface area used for cereal crops (47.6 million hectares) remained essentially unchanged compared to the same period last year, as did land used for rape and maize crops (6.7 and 9.6 million hectares, respectively).

According to ministerial sources (USDA), in the United States, the land used for soya bean crops increased to an all-time high of 34 million hectares (+8.9% over 2013), land used for maize decreased to 37 million hectares (-5.0% over 2013) and that for cotton rose to 4.5 million hectares (+6.1% compared with 2013).

Compared to the same period in the previous year, local ministerial sources estimate an increase of 4.4% in land used for soya bean crops in Brazil (31 million hectares), a reduction of 4.2% in land used to grow maize (15.1 million hectares) and more or less stability for land used for wheat (2.7 million hectares).

In Argentina, land used to grow soya bean remained stable compared to the previous year (20 million hectares) according to ministerial sources.

The main information on the market trends concerning crop protection products in the first six months of 2014, divided by geographic areas, is summarised hereunder.

In **EUROPE**, the prices of cereals and rape remained unchanged compared to the same period of the previous year, despite the increase in production reported in the area. The climatic conditions were favourable to the maintenance of fungicide consumption during the second part of the year. In Northern Europe, Autumn sowing conditions were much better than those last year.

In **NORTH AMERICA**,the consistent development of crops and yields of maize and soya bean led to a drop in prices of the commodities and lower consumption of fungicides used as improvers for the health of the crop.

In Canada, due to the excellent production of the previous year, wheat stocks remained high during the year and this limited the production potential in 2014.

In **SOUTH AMERICA**, the agrochemicals market in Brazil was characterised by a stronger US Dollar on the Real, which reduced exports of commodities, by high interest rates, by the dragging effect of the stocks deriving from the excellent yields of the previous year and from a lowering in the prices of soya bean and maize.

In Argentina, market conditions are difficult due to high inflation rates and custom duties on exports of soya bean and wheat.

In **ASIA**, a drop was seen in the price of rice due to the stock clearance programme implemented by the Thai government. Phillips McDougall reports a reduction in the prices of palm oil and rice. According to the Agrow website, the average of the prices of agrochemicals at December 2014 in China was 11.5% lower than in the previous year. Estimates of the International Cotton Advisory Committee suggest that there was an increase in production of cotton in China during 2014, of up to 6.4 million tonnes.

Lastly, as for the **PACIFIC** area, a severe drought hit the South-western areas of the Australian continent; accordingly the Australian government provided aid. In Japan, the figures of the local agrochemicals industry trade association indicate an increase of 2.0% in total sales of agrochemicals in the period October 2013 - September 2014. According to Philips McDougall, in Australia the continuation of particularly dry climatic conditions and harsh temperatures in the southern part of the country have partly obstructed seasonal sowing, damaged the emerging crops and reduced the intensity of the pests of the crops, with a consequent slowdown in sales of agrochemicals.

INCOME STATEMENT - SUMMARY DATA

Consolidated **Revenue** in 2014 amounted to € 96.01 million, down by € 4.13 million (-4.1%) compared to € 100.14 million in 2013, with:

- additional revenues from sales of agrochemical and services (Basic Business) for € 3.87 million (+4.3%), to € 94.01, with respect to the € 90.14 million last year, thanks to:
    - the expected recovery in turnover with respect to 2013 in the USA and in Italy;
    - greater revenues deriving from the provision of toll manufacturing services;
- Licensing income of € 2.0 million, compared with € 10.0 million in 2013. With reference to this aspect, moreover, the expectations of a total value of Licensing revenues equal to at least € 13.0 million in the period 2014-2018 is confirmed.

INCOME STATEMENT SUMMARY

	2014	2013 restated*	Differences	
Revenues	**96,013**	**100,137**	**-4,124**	**-4.1%**
of which:				
Basic Business	***94,013***	***90,137***	***+3,876***	
Licensing	***2,000***	***10,000***	***-8,000***	
Memo: Labour costs and provision for bonuses	(20,972)	(20,261)	-711	
EBITDA	**3,372**	**9,065**	**-5,693**	**-62.8%**
% on Revenues	*3.5%*	*9.1%*		
of which:				
Basic Business	***1,372***	***(935)***	***+2,307***	
Licensing	***2,000***	***10,000***	***-8,000***	
Amortisation/Depreciation:				
- tangible assets	(3,015)	(3,177)	+162	
- intangible assets	(5,261)	(5,622)	+361	
- amounts written off fixed assets and assets revaluation (IFRS 10)	(215)	(163)	-52	
EBIT	**(5,119)**	**103**	**-5,222**	**N/S**
% on Revenues	*-5.3%*	*0.1%*		
Basic Business	***(7,119)***	***(9,897)***	***+2,778***	
Licensing	***2,000***	***10,000***	***-8,000***	
Dividends from investments	1,124	384	+740	
Financial charges	(2,386)	(4,520)	+2,134	
Gains/losses on foreign exchange and derivatives	(257)	(251)	-06	
Gains/losses from investments	(38)	(50)	+12	
Result before taxes	**(6,676)**	**(4,334)**	**-2,342**	**N/S**
Current and deferred taxes	1,269	(2,627)	+3,896	
Net result	**(5,407)**	**(6,961)**	**1,554**	**N/S**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1.

The EBITDA generated by the Basic Business during 2014 amounted to € 1.37 million, up € 2.31 million with respect to the € -0.94 million in 2013, due to an improved sales mix (especially with regard to copper-based products) and lower fixed costs, thereby demonstrating the effective launch of the progressive growth process for sales of products and services already in 2014, thanks to the new Group sales strategies aimed at more fully developing company products.

The most important decisive aspects with regard to the Basic Business EBITDA include:

- **Raw material consumption** totalling € 79.17 million, up by about € 8.24 million compared to the € 70.92 million reported as at December 31st, 2013, mainly as a direct consequence of the rise in the turnover described above and the need to re-establish the inventory stock necessary for covering the orders for the first quarter of 2015;

- **Changes in product inventories** amounting to € 3.32 million compared with € -3.16 million recorded as at December 31st, 2013, in relation to the matters indicated in the previous point;
- **Allocations to provisions for expenses and bad/doubtful debt provisions** for € 0.57 million vs. € 2.21 million in 2013;
- **Other non-recurring revenues** amounting to zero, compared with € 1.25 million as at December 31st, 2013, essentially represented by capital gains generated following the transfer of all the rights and fixed assets concerning the proprietary herbicide Orthosulfamuron, by ISEM S.r.l., a 50% joint venture between Isagro and Chemtura, which took place in October;
- **Labour costs** equal to € 19.90 million, marginally higher than the € 19.12 million recorded at year-end 2013;
- **Other non-recurring expenses** for € 1.17 million, compared with € 1.68 million in 2013, essentially in relation to additional allowances to the provision for redundancy incentives and lay-off procedures, with respect to that already set aside at the end of the previous year, and expense incurred in relation to the termination of the employment relationship between Isagro and certain Company executives. For greater details relating to the rationalisation plan for the two-year period 2014-2015, please see the "Human Resources" section;
- **Provisions for bonuses** for € 1.07 million, in line with the € 1.14 million in 2013.

The Licensing EBITDA, equal to the related income (since the latter does not have any directly correlated costs), came to € 2.0 million, compared with € 10.0 million in 2013.

Consequently, the overall **EBITDA** for 2014 amounted to € 3.37 million, down € 5.69 million with respect to the € 9.07 million in the previous year.

With reference then to **Amortisation, Depreciation and Impairment Write-downs**, they totalled € 8.49 million in 2014, down € 0.47 million compared to the value of € 8.96 million in the previous year.

The Operating result generated by the Basic Business came to € -7.12 million, up € 2.78 million with respect to the operating loss of € 9.90 million as at December 31st, 2013.
As seen in relation to the EBITDA, the Operating result generated by the Licensing business came to € 2.0 million, compared with € 10.0 million in the previous year.
Consequently, Isagro ended the year 2014 with an overall **Operating result** of € -5.12 million, down € 5.22 million compared to the value of € 0.10 million in 2013.

With reference to **Financial items**, these amounted to € 1.56 million overall, improving by € 2.88 million compared to € 4.44 million in 2013, mainly due to:

- dividends from investments for € 1.12 million vs. € 0.38 million as at December 31st, 2013;
- lower financial charges, down from €4.52 million in 2013 to € 2.39 million in 2014, the result of improved credit terms obtained by the company further to the equity-financial strengthening achieved between the last quarter of 2013 (transfer of the herbicide Orthosulfamuron, entrance of Gowan as minority shareholder in the Group control system and licensing agreement entered into with Arysta) and the first half of 2014 (share capital increase for around € 29 million) and the parallel decrease in the uses of more onerous bank credit facilities;

- losses on foreign exchange and derivative instruments, relating to hedging transactions on exchange rate risks and copper price increases, for € 0.26 million, in line with 2013;
- losses from investments for € 38 thousand, compared with a loss of € 50 thousand in 2013.

With regard to the hedging transactions carried out during the year by the Company, it should be recalled that they are exclusively for operational transactions and therefore not for speculative purposes; however, as they do not meet the requirements of IAS 39 for the hedging of "specific" risks, they are considered as "trading" transactions and are therefore recognised directly as financial items in the income statement, both for the realised and unrealised portion.

Accordingly on the basis of the above, in 2014 the **Result before taxes** was negative for € 6.68 million, compared to the € 4.33 million loss recorded in 2013.

The net allocations for 2014 taxes presented a positive balance of € 1.27 million (compared with negative allocations of € 2.63 million in 2013), including prepaid taxes for around € 1.5 million.

In consideration of the above, the Company closed 2014 with a **Net loss** totalling € 5.41 million compared to a € 6.96 million loss in 2013.

STATEMENT OF FINANCIAL POSITION - SUMMARY DATA

Net invested capital rose from € 116.51 million as at December 31st, 2013 to € 122.30 million as at December 31st, 2014, showing a € 5.79 million increase, attributable to the rise in tangible and intangible assets, partly offset by a reduction in Net working capital.

STATEMENT OF FINANCIAL POSITION SUMMARY

(€ 000s)	Dec. 31st, 2014	Dec. 31st, 2013 restated*	Differences	
Net fixed assets	**94,003**	**85,994**	**+8,009**	**+9.3%**
Net working capital	**31,290**	**33,997**	**-2,707**	**-8.0%**
Severance indemnity fund (SIF)	**(2,993)**	**(3,477)**	**+484**	**-13.9%**
Net invested capital	**122,300**	**116,514**	**+5,786**	**+5.0%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	**-**
Total	**122,300**	**116,514**	**+5,786**	**+5.0%**
Financed by:				
Equity	**85,487**	**62,617**	**22,870**	**36.5%**
Net financial position	**36,813**	**53,897**	**-17,084**	**-31.7%**
Debt/Equity Ratio	***0.43***	***0.86***		
Total	**122,300**	**116,514**	**+5,786**	**+5.0%**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1.

More specifically, **Net fixed assets** passed from € 85.99 million as at December 31st, 2013 to € 94.00 million as at December 31st, 2014, up € 8.01 million, mainly due to:

- the net increase in **Intangible assets** and **Goodwill** for a total of € 4.07 million, due to the rise in the volume of investments in Research, Innovation and Development incurred by the Company, mainly attributable to the new broad-spectrum fungicide SDHi, which more than offset the amortisation for the period;
- the increase in **Tangible assets** for € 0.99 million, mainly attributable to the investments incurred for the purchase and renovation of the Novara research centre, which will be opened in April 2015;
- the rise in **Other medium/long-term net assets** for € 2.93 million, mainly due to (i) additional allocations for prepaid taxes for around € 1.5 million, (ii) the recognition of a receivable for € 1.50 million due from Rotam, being the medium/long-term portion of the upfront payment for a total of € 2.0 million relating to the Licensing agreement entered into in December 2014 (as more fully described in note No. 6 of the Explanatory Notes), (iii) the reduction for around € 1.0 million (against an identical amount collected) in the receivable due from Arysta originally recognised for € 4.0 million as at December 31st, 2013 (as more fully described in note No. 6 of the Explanatory Notes) and (iv) the recognition of a receivable amounting to € 1.15 million due from the customer Sumitomo Chemical Italia (as more fully described in note No. 6 of the Explanatory Notes).

Net working capital as at December 31st, 2014 amounted to € 31.29 million, down € 2.71 million compared to the € 34.00 million as at December 31st, 2013, with.

- **Inventories** up € 3.33 million, mainly as a result of the effect of the re-establishment to a strategic stock level suitable for covering the orders for the first quarter of 2015;
- **Trade receivables** up € 4.41 million, in relation to the rise in 2014 sales turnover;
- **Trade payables** up € 3.66 million, as a result of the afore-mentioned rise in the inventory.

The **Employee benefits** (Severance Indemnity Fund or S.I.F.) as at December 31st, 2014 amounted to € 2.99 million, down € 0.48 million with respect to 2013, due to the termination of the employment relationship with a number of Company executives.

As for funding, **Equity** as at December 31st, 2014 amounted to € 85.49 million, up € 22.87 million compared to € 62.62 million as at December 31st 2013, primarily due to the following:

- the share capital increase, mentioned in the introduction to this Report and described in greater detail in "Significant events during 2014", via which Isagro S.p.A. raised € 29,009,584.23 through the issue of 6,999,960 new Ordinary Shares and 14,174,919 Growth Shares, at a price of € 1.37 each (of which € 1.02 as share premium). The amount raised was then booked, for € 7,411,207.65, to the Share capital, which accordingly increased from € 17,550,000.00 to € 24,961,207.65, and for € 21,598,376.58, to the Share premium reserve;
- the loss of € 5.41 million pertaining to the year, compared with the loss of € 6.96 million reported at the end of 2013;
- the Reserves and retained earnings amounting to € 65.93 million, up € 13.91 million compared to the € 52.03 million as at December 31st, 2013.

The **Net Financial Position (NFP)** as at December 31st, 2014, amounted to € 36.81 million, down by € 17.08 million compared to € 53.90 million reported as at December 31st, 2013, as a direct result of the afore-mentioned share capital increase.

With regard to the breakdown of the Net financial position as at December 31st, 2014:

- medium/long-term payables were up € 19.79 million, as a result of:
  - the reclassification under "Medium/long-term debt" of the portion totalling € 13.89 million of the original loan for € 22.50 million disbursed by the E.I.B., as described in detail in the section "Significant events during 2014";
  - obtaining new funding, in the form of two medium/long-term loans for a total of € 7.0 million – € 5.74 million of which due beyond 12 months after December 31st, 2014 - taken out by Isagro S.p.A. with a view to seeking greater alignment between the timing of the investments undertaken, particularly those relating to the development of the new broad-spectrum fungicide SDHi, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, as well as for reasons of cost-related opportunities;
- short-term payables were down € 40.51 million, as a result of:
  - the afore-mentioned classification for € 13.89 million from the item "Short term debts" to the item "Medium/long term debts".
  - the reduction in the uses of the more onerous bank credit facilities, in particular the factoring facilities;
  - the discharge of the loan granted to Isagro S.p.A. by BasJes Holding S.r.l., amounting to € 8.81 million as at December 31st, 2013.

Consequently, the Net fixed assets as at December 31st were fully covered by Equity, the severance fund indemnity (SFI) and net medium/long-term debts.
In this connection, the reader is hereby reminded that Isagro S.p.A. concentrated the debts and the investments of the Group internally; thus, at consolidated level, a negative net financial position of € 29.69 million emerges.

In light of the above, the **debt/equity ratio** (i.e. the ratio between net financial position and equity) decreased to 0.43 compared to 0.86 as at December 31st, 2013.

MAIN FINANCIAL INDICATORS

The table below shows the key financial indicators of Isagro S.p.A.:

MAIN FINANCIAL INDICATORS

	2014	2013
N. of shares* (000)	**31,014**	**17,500**
Basic earnings per share (€)	**(0.17)**	**(0.40)**
Equity per share (€)	**2.76**	**3.58**
R.O.E.	**-6.3%**	**-11.1%**
R.O.I.	**-4.2%**	**0.1%**
Net financial position / EBITDA	**10.92**	**5.95**

*50,000 treasury shares not included

With reference to the key financial indicators, it is noted that the improvement in the net result for the year compared with 2013 led to a loss per share of € 0.17 compared to the € 0.40 loss of last year. Consequently, an improvement was also seen in the R.O.E. (Return on Equity or the net profit/(loss) to equity ratio), which, albeit still negative, rose from -11.1% in 2013 to -6.3% in 2014.
The R.O.I. (*Return on Investment* or the Operating result to net invested capital ratio), by contrast, fell from 0.1% in 2013 to -4.2% as at December 31st, 2014, as the combined effect of the drop on the Operating result and the rise in invested capital.
Also the ratio between the Net financial position and EBITDA disclosed a deterioration with respect to 2013, passing from 5.95 to 10.92 as at December 31st, 2014, due to the drop of 62.8% in the EBITDA when compared with last year, despite a parallel decrease in the NFP of 31.7%.

COMMENTS ON THE STOCK MARKET VALUE AND ON THE SPREAD BETWEEN ORDINARY SHARES AND GROWTH SHARES

With reference to the prices on the stock market of the two categories of Isagro shares, it is believed appropriate to make a number of comments with regard to the following two aspects:

- the market value of Isagro's equity, which is considerably lower than the book value of the shareholders' equity and is not indicative of the market value of the financial statement assets;
- the average discount applied by the Market to the Growth Shares with respect to the ordinary Shares, equal to approximately 21% (struck as from May 16th, 2014, date of introduction of the Growth Shares, until December 31st, 2014), which, in the Company's opinion, is not justified from an economic/financial standpoint.

With reference to the first point, it is emphasised that as at the date of December 31st, 2014 Isagro's market capitalisation came to € 55.55 million (the result of around 24.55 million Ordinary Shares listed at a market price of € 1.424 and around 14.17 million Growth Shares at a market price of € 1.199), corresponding to

around 65% of the book value of the Equity (€ 85.49 million), which can be said to be in relation to the Net fixed assets (94.00 million), and, more specifically, the original cost of the registration capital (especially new registration and registration being obtained) and know-how of the proprietary products (new molecules and patents), net of the related accumulated amortisation.
Considering that the current two leading Isagro products, Tetraconazole and Copper-based products, which in 2014 generated aggregate turnover of around € 67 million, had a residual book value as at December 31st, 2014 of around € 20 million, and that the transactions for increasing the value of the proprietary molecules and the know-how realised over the last few years have disclosed a market value of the Company assets based on important multiples of the sales, it appears clear that the book value of Isagro's equity underestimates the "intrinsic"/market value of its financial statement assets.
In light of the above, the possible important margin of appreciation of the share prices therefore appears evident, in fact depending in the future on the ability of the Company to implement a suitable extraction of value from its registration capital and know-how.
In this connection, it is believed that all the profound changes which have affected Isagro over the last two years, and in particular during 2014, have made it possible to place the Company in the right conditions for being able to proceed with a full extraction of value from its financial statement assets, whose manifestation is expected during the coming years by means of the progressive transfer of the value intrinsic today from the Statement of financial position to the Income statement and the cash flows.

With reference to the second point, it should be recalled that Growth Shares, issued by Isagro at the time of the share capital increase concluded successfully last May and which has been fully illustrated further on in this Report, are a new class of Special Shares, specially tailored for companies with a Controlling Entity (in Isagro's case, Piemme S.r.l.), that (i) in the absence of the voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) envisage an innovative protection mechanism for the investor, according to which, if the Controlling Entity loses control, and in any event of a compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, the Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.3 million Ordinary Shares, which makes them a more liquid instrument than the latter.
For the afore-mentioned reasons, the Growth Shares have been offered, in the subscription stage, at the same price as the Ordinary Shares and Isagro discloses that the current spread applied by the Market - equal to around 21% in the period between May 16th, 2014, date of introduction of this new financial instrument, and December 31st, 2014 - is not rationally justified from a economic/financial standpoint.
Within this sphere, the Directors, despite not finding rational logics for the differentials described previously, in any event deemed it appropriate to proceed with the verification of the recoverability of the assets recorded on the basis of the cash flows envisaged for the Isagro Group in the 2014-2018 plan. This analysis revealed an ample recoverability of the invested capital, further confirmation of the fact that the market underestimates the intrinsic value of the Isagro Group.

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE BUSINESS AS A GOING CONCERN

2014 saw the conclusive finalisation of the financial and strategic enhancement transaction launched in July 2013, which envisaged (i) the inclusion of the minority business partner Gowan in the Isagro control chain (October 2013), (ii) the share capital increase for around € 30 million, also by means of the issue of new

Growth Shares (May 2014), and (iii) the streamlining and tightening of the control structure (December 2014).
The above points represented the pre-conditions to be satisfied so that the project for re-launching the business of the entire Group, based on the five Strategic Guidelines previously illustrated and formalised via the 2014-2018 Business Plan, can become reality.

As at December 31st, 2014 Isagro S.p.A. disclosed a sound and balanced financial structure, with the **debt/equity ratio** of 0.43. The proceeds appropriated by means of the share capital increase transaction, what is more made it possible to self-finance the portion of investment scheduled for 2014 (part of the investment plan hypothesised in the 2014-2018 Business Plan, totalling € 80 million over a five-year period, of which, € 60 million in R,I&D) not covered by the cash flow generated by core business and will likewise make it possible to do so during 2015. As from 2016, it is estimated that a level of turnover will be achieved, sufficient for self-financing the entire requirement generated by its investment projects, without resorting to either additional extraordinary transactions or new bank borrowing.
The reduction of the Net financial position which came about further to the share capital increase transaction, also facilitated access to credit and the renegotiation/restructuring of the same, reducing the related financial charges and overall increasing the duration, also partly replacing the short-term bank debt with medium/long-term loans.
Moreover, it is noted that Isagro S.p.A., which pools most of the consolidated debt, had over € 61 million in bank credit facilities unused as at December 31st, 2014 that are for the most part represented by discount lines and advances on invoices.

In addition to the matters illustrated so far with reference to the enhancement of the financial structure, it is disclosed that the encouraging results for 2014, supported by the projections for the first quarter of 2015, show a deep-rooted discontinuity with the past, confirming the effective launch of a cycle of structural growth for the operating results, as confirmed by the Directors at the time of the annual review of the Business Plan on February 25th, 2015.

In light of the above, the financial statements as at December 31st 2014 have been prepared on a going concern basis, since no significant uncertainties have come to light regarding the business outlook for the Company.

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

A) *RESEARCH AND INNOVATION*

The Research and Innovation activities carried out by the Company focused on several lines of work aimed at obtaining new candidates for development, with the aim of achieving the development of at least one new active ingredient (in addition to the SDHi) for the period covered by the Business Plan. The activities were thus focused on:

– a new series of broad-spectrum fungicides, additional with respect to that belonging to the SDHi class launched under development in 2012;

- a new series of herbicides (grass weed and dicotyledons control) for pre-emergence and post-emergence use on arable crop at global level.

The study continued for the identification of new copper-based formulations capable of acting at a lower dosage and with a broader spectrum than those already on the market.

Lastly, the evaluation of new biostimulants, alone or in various combinations, is still underway.

B) PRODUCT DEVELOPMENT

The main development activities, carried out during 2014, are highlighted below:

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

Activities launched in 2013 for the identification of the first formulations exclusively developed by Isagro, the development of the synthesis processes and preparation of the registration dossier for the SDHi active ingredient on the main markets (Europe, USA, and Brazil) continued in 2014, following the Research Plan scheduled with the FMC development partner. Field experimentation activities and the additional greenhouse profile assessments reached full on for the crops in the northern hemisphere, while with regard to Brazil data was collated in relation to the first Winter 2013 - Spring 2014 experimentation. The overall assessment of the results concluded in the fourth quarter of 2014, with the complete return of the trial reports. In the meanwhile, the results obtained from both the mutual programme with FMC and from that of Isagro alone confirm and extend the profile outlined previously and therefore the potential already mentioned in the previous reports; the need to develop a number of differentiated formulas for the various market/crops was confirmed, along with the appropriateness of joint-development for formulas with third party active ingredients.

The main regulatory studies on the active ingredient are currently underway and do not reveal any problematic issues. The technical profile of the products is distinguishing itself so as to permit its use for Licensing contracts.

IR6141 – Kiralaxyl TM or Benalaxyl-M – active isomer of Benalaxyl

The development activity focused on the following projects:

- completion of the sending of the registration dossier countries in the Southern European area for the Kiralaxyl+copper oxychloride+copper hidroxyde WG formula on vines and vegetables;
- continuation of the preparation of the registration dossier for Kiralaxyl for seed treatment in the USA;
- follow-up of the dossier to obtain the import tolerance in the USA;
- completion of the sending of documents required by the member nations of the European Union after the inclusion of all formulations containing Kiralaxyl registered in Europe (STEP1) in Annex 1 of the EC 1107/2009 Regulation.

Tetraconazole - broad spectrum fungicide

Activities were focused on the following projects:

- follow-up of the re-registration processes of formulations in the EU (STEP 2 of the European review process);
- study valuation for re-registrations in the USA;

– registration and extension of labels in the USA, Canada and Brazil, as envisaged by the agreement with Arysta.

Copper-based products

The main activities inherent to the copper-based products were:

– in keeping with the plan, the registration application for the Airone® Sc and Airone® WG formulations was sent to the states for the Southern Europe and Central Europe zone;
– the registration application for Airone® WG in relation to Egypt was forwarded;
– the follow-up of the re-registration processes of formulations in the EU (STEP 2 of the European review process) was made.

Fumigant products

The registration dossiers was forwarded to the Isagro representatives in Turkey.

In October 2013, Isagro obtained from the Environmental Protection Agency (EPA) the authorisation for the use of its fumigant in the United States, the first product to be classified as bio-fumigant. In this connection, sales of this products commenced in the USA. However, note that the registration obtained as of the date of drafting of this Report related to specific areas of the United States of secondary importance. Isagro envisages obtaining registration in April 2015 for the state of California, the main market for the new fumigant, which is expected to provide the greatest contribution in terms of sales revenue and margins over the coming years.

Biostimulants

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

Microbiological products

Development was primarily related to the planning, the drawing-up of dossiers and their sending to obtain the registration of Tricoderma formulations in various European countries.

Pheromones

Follow-up of the European review process.

For all the above-mentioned product families classifications and labelling for each single formulation were adjusted pursuant to Regulation 1272 of 2008.

ACTION FOR THE COMMERCIAL DEVELOPMENT OF ISAGRO

Activities for the commercial development of Isagro continued during 2014, via:

- the attainment of 37 new registrations, including - as far as Tetraconazole is concerned - those obtained for the mix with Azoxystrobina in the USA and Brazil. As for copper and Kiralaxyl-based fungicides, the attainment of new registrations in Italy, Spain, Egypt and Malaysia should be noted. These are joined by the registration for the Deltamethrin 2.5 EC formulation in Spain, Bulgaria and Italy.

- the further strengthening of the Marketing and Sales team with the addition of new professional profiles;
- the implementation of targeted action in the individual Commercial Areas in which Isagro operates, including intense customer support activities for the promotion and development of the sales of proprietary products, with returns expected in the coming 12-24 months.

Contact is also underway for the purpose of defining long-term Licensing/supply agreements for active ingredients and proprietary products.

SIGNIFICANT EVENTS DURING 2014

The main events that occurred during 2014 are described below:

A) ACTIONS AIMED AT ENHANCING EFFICIENCY

Isagro S.p.A. signed the trade union agreement on lay-off procedures pursuant to Italian Law 223/91 on January 16th, 2014 that was activated on November 29th, 2013 for a total number of 43 structural redundancies located at the Adria, Aprilia, Bussi sul Tirino and Milan units and closed with 41 workers involved.

The reasons that led to these redundancies arose from the need of the Company to reorganise and rationalise its production, structure and service activities while adapting their costs to the current scope of activities, and improving the distribution of resources and expertise in the various segments involved.

To be able to mitigate the social and economic impact of the redundant employees, both the criteria for selecting the workers to place on unemployment benefits (priority given to personnel having the requisites for attaining early retirement or old age pension) and the payment of an incentive to leave the company balanced with the maximum period of unemployment benefits due were included in the union agreement signed with the unions.

As at December 31st, 2014, 26 employees were temporarily laid off and the lay-off procedure will end on December 31st, 2015.

B) APPROVAL OF THE 2014-2018 BUSINESS PLAN

In March 2014, Isagro's Board of Directors approved the 2014-2018 Business Plan, subsequently published in April, as illustrated in greater detail in the Half-year report as at June 30th, 2014, to which you are referred.

C) ISEM LIQUIDATION

On April 1st, 2014, the Shareholders' Meeting of ISEM S.r.l. (joint-venture between Isagro S.p.A. and Chemtura Netherlands B.V.) resolved on the winding-up and liquidation of the company and appointed the Liquidator, pursuant to law provisions.

On the basis of the resolutions adopted on July 29th, 2014 by the ISEM S.r.l. (in liquidation) shareholders' meeting, the final winding-up accounts were duly filed care of the Milan Companies' Register on July 31st, 2014 and the company was definitively cancelled from said register on October 7th, 2014.

D) *SHARE CAPITAL INCREASE*

During 2013, Isagro developed a strategic partnership which would allow to overcome the constraint of the limited size of the Group with regard to the recent regulatory developments (which made the process of developing new molecules longer and more expensive, contributing to taking the strategic decision to co-develop them with specific partners) and especially to the developments in the market (which in the aftermath of a higher concentration of the operators and of "generalisation" of the active ingredients, making having long-term accesses to the distributions available for the proprietary products more and more important).

The experience showed that Isagro needed a partner:

a) with an adequate knowledge of commercial and distribution development in the most important markets for the proprietary products (so as to ensure direct access to the market) and complementary to Isagro with respect to the business value chain (to ensure potential synergies);
b) bound to Isagro through a shareholding of a considerable size, however minority, in the Company's controlling system (as a guarantee of both Isagro's management autonomy and of long-term alliance);
c) that is larger, but not far from the size of Isagro (again to safeguard the management autonomy).

Based on the considerations provided above, on July 30th, 2013 Isagro S.p.A., together with its indirect subsidiary Piemme S.r.l., had entered into an Agreement for the entry of an industrial partner, Gowan (US company operating in the agrochemicals sector), in Isagro's controlling system, with Piemme the Controlling Party with a 51% interest and with Gowan the minority partner with 49%.

This agreement aimed at obtaining:

- significant strategic and business consolidation owing to the synergies that have been quantified above only in part;
- a considerable financial consolidation owing to a planned increase in capital of between € 25 and 30 million in Isagro S.p.A., of which roughly € 16 million will be "covered" by the Isagro controlling system with the funds that Gowan's entry as minority shareholder in the Group's controlling system will bring in;
- simplification and tightening of Isagro's control structure, via the elimination of the sub-holding companies Manisa S.r.l. and Holdisa S.r.l., subject to acceptance by the minority shareholders of the controlling system of an offer by BasJes (company originally a wholly-owned subsidiary of Piemme, which afterwards owned 51% with Gowan holding the remaining 49% interest after a capital increase subscribed by Gowan, which also held the controlling interest in Manisa S.r.l, in turn the parent company of Holdisa S.r.l., which in turn controls the majority of Isagro's Ordinary Shares) to purchase their shares, and to the concurrent undertaking of the minority shareholders to use this income to underwrite new Growth Shares of Isagro S.p.A..

The share capital increase transaction against payment in divisible form, for an overall amount of € 29,009,750, by means of the issue of a maximum of 7,000,000 Ordinary Shares and a maximum of 14,175,000 Growth Shares offered under option to the shareholders in relation to which Isagro S.p.A. obtained CONSOB's approval for the publication of the Information Prospectus on April 15th, 2014,

successfully concluded on May 21st, 2014, with the subscription of 6,999,960 Ordinary Shares and 14,174,919 Growth Shares, for an overall value of € 29,009,584.23.
The newly issued Ordinary Shares and Growth Shares were offered jointly under option to Isagro's shareholders, in indivisible packages composed of 40 Ordinary Shares and 81 Growth Shares, with an allocation ratio of 1 indivisible package for every 100 Ordinary Shares held, at the same price of € 1.37 each (of which € 1.02 as share premium).
During the offer under option period (April 22nd - May 13th, 2014), 17,366,100 purchase options were exercised for the subscription of 6,946,440 Ordinary Shares, equating to 99.23% of the total of the Ordinary Shares offered, and 14,066,541 Growth Shares, equal to 99.23% of the total Growth Shares offered, for a total value of € 28,787,783.97 (of which € 9,516,622.80 pertaining to the Ordinary Shares and € 19,271,161.17 relating to the Growth Shares).
In compliance with the matters envisaged by Article 2441.3 of the Italian Civil Code, Isagro offered 133,900 purchase options on the Market unexercised in the offer under option period and, on conclusion of the Market Offer period, 53,520 Ordinary Shares and 108,378 Growth Shares were subscribed, for an overall value of € 221,800.26, taking the amount of resources gathered up to the afore-mentioned € 29,009,584.23. Therefore, 40 Ordinary Shares and 81 Growth Shares were unsubscribed, for an overall value of € 165.77.
On conclusion of the above-mentioned subscriptions, the new share capital of Isagro was therefore equal to € 24,961,207.65, represented by 24,549,960 Ordinary Shares and 14,174,919 Growth Shares, all lacking par value.

It should be noted that, according to provisions set out by the Framework Agreement, BasJes asked the minority shareholders of Manisa and Holdisa to purchase the interests they held in the two companies, provided that they undertook to let Holdisa have the entire amount of money related to these shares in order to enable Holdisa itself to exercise its option rights within the share capital increase and therefore use this amount to release the Growth Shares related to the share capital increase and pertaining to Minority shareholders that would accept the offer of BasJes.

All Minority shareholders, except for two natural persons, representing in aggregate 4.7% of Manisa's share capital, accepted the offer of BasJes.
In May 2014, to fulfil commitments undertaken on April 14th, 2014, the directly controlling shareholding Holdisa exercised all its option rights by subscribing 3,840,000 new Ordinary Shares and 7,776,000 Growth Shares (of which 464,572 directly, equal to the number of Growth Shares which would have pertained to two shareholders of Manisa, who did not accept the offer of BasJes, and 7,311,428 indirectly, through minority shareholders of Manisa and Holdisa, who accepted the offer of BasJes), equal to 54.86% of the total Shares offered, for a total amount of € 15,913,920.
For the sake of completeness, it should be noted that the 3,840,000 Ordinary Shares and 464,572 Growth Shares indicated above, equal to a value of € 5,897,263.64, were subscribed directly by Holdisa through netting of the portion of the loan granted by BasJes in 2013 and transferred to Holdisa in April 2014, but not repaid as of that date.

It should be also recalled that Growth Shares are a new class of Special Shares, specially tailored for companies having a Controlling Entity (in the event of Isagro, Piemme S.r.l.), that (i) against the absence of voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) provide for an innovative protection mechanism for the investor, according to which, if the Controlling Entity loses control, and in any event of a compulsory public offer (OPA), Growth Shares are automatically converted into Ordinary Shares.

By means of decision No. 7868 of April 11th, 2014, Borsa Italiana S.p.A. provided for the listing of Growth Shares in the STAR segment of the Borsa Italiana Electronic Stock Market. They have been traded since May 16th, 2014, after Borsa Italiana assessed their sufficient public dissemination.

E) ACCEPTANCE OF E.I.B. WAIVER BY THE PARTIES GUARANTEEING THE LOAN.

As already mentioned in the sections "Statement of financial position - Summary data", it is noted that while preparing the financial statements as at December 31st, 2013, the Company reclassified € 17.89 million regarding the amount of the E.I.B. loan, originally € 22.5 million initially considered as non-current, under "Short term debts". This reclassification became necessary when applying the international accounting standard IAS 1 because of the breach of some loan provisions for which the contract itself envisaged that the disbursing bank had the right to declare the acceleration clause as having come into effect on Isagro S.p.A. Since a waiver from the E.I.B. was received after December 31st, 2013, the amount payable was classified short-term although the breach of the contractual clause was rectified, pursuant to the accounting standards of reference. This waiver, requested by Isagro S.p.A. against a commercial pledge that E.I.B. issued on March 14th, 2014, had immediate effect. Nevertheless, if the bank did not receive a formal consent in writing from the parties guaranteeing the loan by March 20th, 2015, the waiver would have been considered terminated with retroactive effect. In line with expectations, on May 30th, 2014 Isagro S.p.A. completed the collection of formal consents in writing from the parties guaranteeing the loan. Therefore, on the occasion of the preparation of these financial statements, Isagro provided for the reclassification under the item "Medium to long-term debt" of the portion of the above-mentioned loan, which is contractually beyond the 12 months after December 31st, 2014.

F) SIMPLIFICATION OF THE CONTROL SYSTEM

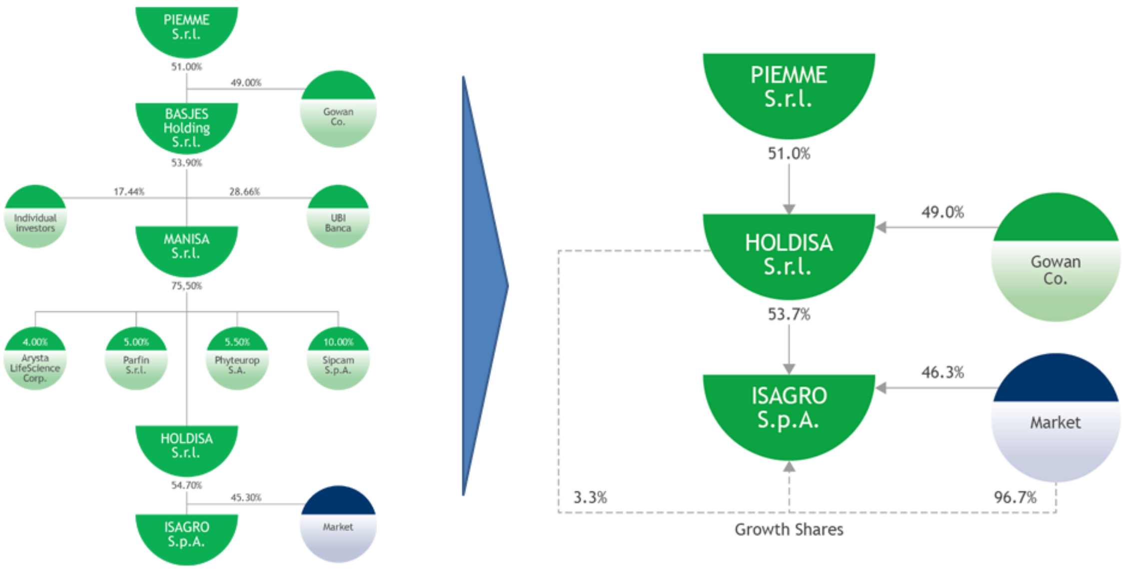
On June 4th, 2014, the remaining minority shareholders in Manisa S.r.l. that did not accept BasJes's Offer, described in section D, sold their shares (equal in aggregate to 4.7% of the share capital of the same Manisa S.r.l.) respectively to BasJes Holding S.r.l. and to Holdisa S.r.l.

It is worth noting that, following the aforesaid agreements, the portion of Ordinary Shares held by Holdisa S.r.l., direct holding company of the parent Isagro S.p.A., decreased from 54.7% to 53.7%, while BasJes Holding S.r.l. became the holder directly/indirectly of 100% of the share capital of both Manisa S.r.l. and Holdisa S.r.l..

It was thus possible to complete - on a consistent basis with the matters previously communicated to the Market - the project for streamlining the control structure of the Isagro Group via the merger through incorporation of the sub-holding companies Manisa S.r.l. and Holdisa S.r.l. in BasJes Holding S.r.l., whose statutory effects run as from December 10th, 2014, date when the merger deed was registered care of the Milan Companies' Register.

BasJes Holding S.r.l, the new direct parent company of Isagro S.p.A. by means of 53.7% of the voting rights, at the same time adopted the name of Holdisa S.r.l., while Piemme S.r.l. continues to cover the role of Controlling Entity.

Changes in Isagro's control structure



G) *CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS*

You are hereby informed that the Isagro S.p.A. shareholders' meeting held on April 7th, 2014 resolved to increase the number of members of the Board from 7 to 8 and, consequently, to appoint Christina Economou as additional member of said Board, also confirming the appointment of Gianni Franco (already co-opted - as from December 19th, 2013 - as Director in replacement of the outgoing Director Paolo Piccardi, as per Article 2386 of the Italian Civil Code and Article 15 of the Articles of Association). Subsequently, on August 5th, 2014, further to the resignation of the Director Carlo Porcari, the Board of Directors co-opted Riccardo Basile as new Board member.

H) *LONG-TERM LICENSE, DEVELOPMENT, DISTRIBUTION AND SUPPLY AGREEMENT WITH ROTAM*

On December 16th, 2014 Isagro S.p.A. and Rotam Agrochemical Company Ltd concluded a long-term license, development, distribution and supply agreement by means of which Isagro, against an upfront payment, granted Rotam:

- the right and the license for the assessment of the possible commercial use and enjoyment of certain mixtures (each made up of an Isagro active ingredient and a Rotam active ingredient) in China, Taiwan and Indonesia;
- the right to test another Isagro product for a year, for the purpose of assessing the possible commercial use in China.

Furthermore, Isagro granted Rotam distribution rights for 10 years in relation to a number of proprietary products in the afore-mentioned countries, on an exclusive or non-exclusive basis according to the individual product.

Rotam will acquire all its product and active ingredient needs belonging to Isagro directly from the same.

Human Resources

The actual workforce of Isagro S.p.A. as at December 31st, 2014 numbered 282 employees, split into the following categories:

Number of employees	Dec. 31st, 2014	Dec. 31st, 2013	Difference
Executives	33	37	-4
Middle managers	68	63	+5
Office workers*	112	113	-1
Blue-collar	69	87	-18
Total	**282**	**300**	**-18**

**includes the workers with special skill level and 3 workers from the Representative Office in Vietnam*

During the year, the workforce decreased by 18 in total, with respect to the 2013 headcount, with the termination of the employment relationship with 35 workers and the recruitment of 17 new resources.
It is hereby specified that, during the year, in accordance with the Trade Union Agreement entered into with the Trade Unions on January 16th, 2014, the company reorganisation project was launched, involving the laying off of 26 workers, who form part of the 41 envisaged in the afore-mentioned Agreement, whose validity extends to 2015.

The project for the reorganisation and optimisation of the Isagro S.p.A. structure, in line with the current organisational requirements, also involved 4 Executives from the Milan offices, with the consequent termination of the employment relationship.
With regard to recruitment, the following is confirmed:

- the project for the strengthening of the Marketing & Sales and Research, Innovation & Development units, with the introduction of new Product and Technical Manager professional profiles (3 in Italy and 2 in Vietnam);
- recourse to temporary contracts (i) for specific research projects to be implemented in accordance with strategic agreement with sector companies and (ii) in order to deal with the customary seasonal trend in the production activities.

During 2014, relations with the Trade Unions were generally constructive, allowing for excellent results within the sphere of industrial relations management. In this connection, the main activities achieved were:

- the sharing and definition of special agreements on working hours, which adopt all flexibility opportunities offered by the National Labour Contracts and allowed for the implementation, at all industrial sites, of all the changes in working hours required to meet the various production needs and the streamlining of the corporate organization;
- renewal of three-year agreements (2014-2016) related to the second-level negotiation on the Bonuses at all Sites;
- signature, on January 16th, 2014, of the trade union agreement for the temporary lay-off procedure for 41 employees;
- the signing of the trade union agreement on temporary lay-off procedures pursuant to Italian Law 223/91 on January 13th, 2015 care of the Novara Industrial Society, which was activated on December 1st, 2014 for a total number of 6 workers employed at the Novara premises.

The reasons which led to this latter agreement derive from the need to optimise the fixed costs for the services and the overheads of the Novara premises, in line with the activities already underway for the other Installations / Works throughout Italy, also by means of the partial or total outsourcing of certain sectors / services.

In order to mitigate the social and economic impact of the redundant employees, both the criteria for selecting the workers to place on unemployment benefits (priority given to personnel having the requisites for attaining early retirement or old age pension) and the payment of an incentive to leave the company balanced with the maximum period of unemployment benefits due were included in the union agreement signed with the unions.

In conclusion, it is disclosed, that in compliance with the matters envisaged by the annual plan implemented in all the operating units, training activities were carried out, with particular attention paid to the topics of Quality, Safety and Environment, the necessary languages bearing in mind the Group's internationalisation (English and Spanish), and the specific technical training for specialist professional skills.

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

On November 12th, 2013 the Board of Director of Isagro S.p.A. updated the Organisation, Management and Control Model (hereinafter also the "Model") acknowledging the regulatory and legal updates in force on the subject as at that date.

During the period in question, the following regulatory changes occurred with regard to the administrative liabilities of entities:

i. on February 26th, 2014, the Chamber of Deputies approved the draft law named "Provisions on crimes against environment" which envisages the introduction, in the Criminal Code, book II, of a new title VI-*bis* defining the new infringement cases for environmental pollution (art. 452-bis) and environmental disaster (art. 452-*ter*), which are punishable both for intentional and negligent actions, as well as cases of trade and dumping of radioactive waste (art. 452-*quater*) and intentional actions aiming at preventing environmental controls (art. 452-*sexies*). This text also envisages the widening of the application field of the Italian Legislative Decree 231/2001, while enlarging the administrative liability of entities to new intentional environmental crimes. The aforesaid draft law is still being evaluated by the Senate;

ii. on April 6th, 2014, the Italian Legislative Decree No. 39 of March 4th, 2014 entered in force. Art. 25-*quinquies*, lett. c) thereof envisages the new alleged offence of "solicitation of children", as per art. 609-*undecies* of the Criminal Code.

iii. on December 4th, 2014, the Bill C. 2477 which introduces the offence of "Self-laundering" (art. 648-*ter*. 1 It, Criminal Code) was approved. Law No. 186 dated December 15th, 2014 - published in the Italian Official Gazette No. 292 dated December 17th, 2014 and in force as from January 1st, 2015 - further extended the catalogue of the offences as per It. leg. Decree No. 231/2001 referring specifically to the new offence in Art. 25-*octies* also amending the list which now becomes

“Receiving stolen goods, money laundering and use of illegally obtained money, goods or benefits as well as self-laundering”.

With regard to the above, it is hereby disclosed that the evaluation of the overall corporate activities has led to the exclusion of the possibility of commission for the new alleged offence as per item ii); this offence has therefore not been specifically assessed or relatively illustrated in the activities described in the Model. By contrast, with reference to the new eligible offence as per point iii), the Company - also upon the suggestion of the Supervisory Body - is evaluating the potential areas of impact of the same for the purpose of being able to establish the activities to put together for the consequent up-date of the Model.

CORPORATE GOVERNANCE CODE AND REPORT

Isagro S.p.A. adopted the Corporate Governance Code of listed companies (approved in March 2006 and amended in July 2014) as its point of reference for an effective corporate governance structure. The new version of the Code was formally adopted with a resolution of the Board of Directors on August 5th, 2014.
For a detailed description of the corporate governance structure, please refer to the Corporate Governance Report available at the registered office, on its website (www.isagro.com – corporate governance section), and on the website of Borsa Italiana (www.borsaitaliana.it).

LEGAL PROCEEDINGS

Caffaro S.r.l. (in receivership)

During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, given the absence of negotiations, while hoping that, by that date, the proposal will be approved by the Creditors' Committee at least, and undertaking, in that case, to grant a longer postponement. The proceedings were therefore once again adjourned until the hearing on January 26th, 2015, during which the parties discussed the merits of the case. The Judge therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015. If the parties should fail to appear at this hearing on March 23rd 2015 as well, the Judge shall declare the striking off of the proceedings from the judicial role and the dismissal of the case.

Du Pont De Nemours Italiana S.r.l. – Luisa Cav. Eddi

This dispute can be considered to be concluded, since the parties have reached an agreement, with the consequent payment by Isagro of € 20 thousand.

Gamma International S.r.l. insolvency

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

The Receiver has proposed the full acceptance of the claims made by Isagro S.p.A., the return of the machinery loaned free-of-charge and has agreed the termination of the contracts outstanding with the bankrupt company.
During the hearing held on January 28th, 2015, fixed for the verification of the statement of affairs, the appointed Judge fully upheld the petition of the Company.

With reference to the other legal proceedings in progress, please refer to the specific paragraph of the Explanatory Notes.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, which include intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and are included in the normal business of Company. These transactions are carried out at arm's length, taking account of the characteristics of goods and services marketed.

For further details related to the economic and equity effects of the transactions with related parties of Isagro as at December 31st, 2014, reference is made to information given in the special section in the Explanatory Notes.

SUBSEQUENT EVENTS

A. *ACTIONS AIMED AT ENHANCING EFFICIENCY - NOVARA PREMISES*

As described in detail in the section “Human Resources”, a trade union agreement relating to temporary lay-off procedures pursuant to Italian Law 223/91 was entered into on January 13th, 2015 care of the Novara Industrial Society, activated on December 1st, 2014 for a total number of 6 workers employed at the Novara premises.

B. *EARLY REPAYMENT OF THE E.I.B. LOANS COUNTERGUARANTEED BY BNL AND UBI AND ATTAINMENT OF NEW M/L TERM LOANS*

With a view to optimising the cost of borrowing and seeking greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, Isagro S.p.A.:

- has repaid € 7.39 million in advance to the E.I.B. (February 16th, 2015, with respect to the original expiry of May 15th, 2018), corresponding to the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012, of the overall loan originally amounting to € 22.5 million;
- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5.0 million, repayment of which is envisaged in the second half of 2018. Negotiations are also underway with other leading banks for raising additional funding for a total amount of around € 10.0 million.

C. *WINDING-UP OF THE SUBSIDIARY ISAGRO HELLAS*

Within a context of general reorganisation of the sales division and optimisation of the costs, the procedure for the placement in liquidation of the wholly-owned subsidiary Isagro Hellas Ltd. was launched, with effect as from February 1st, 2015; the definitive closure of these proceedings is envisaged to take place by the end of July 2015, once the related local fulfilments have been seen to.

D. REVIEW OF THE 2014-2018 BUSINESS PLAN

On February 25th, 2015 Isagro's Board of Directors approved the up-date of the 2014-2018 Business Plan ("Revised 2015 Budget and 2016-2018 Estimates: confirmation of growth") relating to the Group's consolidated figures.

At that time, and as mentioned before in this Report, the envisaged € 13 million in Licensing revenues were confirmed (of which € 2 million obtained in 2014), albeit with a different timing with respect to that previously adopted. Furthermore, no significant changes took place with reference to the trend in the Basic Business turnover. Consequently, Isagro confirms the EBITDA growth process, as outlined in the 2014-2018 Business Plan announced to the Market.

BUSINESS OUTLOOK FOR 2015

The considerable discontinuities with respect to the past, represented by:

- the success of the share capital increase transaction for € 29 million;
- the important improvement in the operating result of the Basic Business for 2014;
- the launch of the new fumigant;
- the confirmations regarding the technical validity of the afore-mentioned new SDHi molecule under development;
- the projections for the first quarter of 2015, expected to be up on 2014;

confirm and highlight the effective launch of a structural growth cycle for the operating results within the sphere of the process outlined by the 2014-2018 Business Plan.

PROPOSALS OF THE BOARD OF DIRECTORS

Dear Shareholders,

As illustrated in the financial statements, 2014 closed with a net loss of € 5,406,836. If you should agree with the criteria adopted, we hereby submit the financial statements as at December 31st, 2014 for your approval together with the Directors' Management Report, and we propose that you allocate the item "Retained earnings" to entirely cover the net loss for the period.

The Board of Directors

Milan, March 11th, 2015

Attachment 1

RECLASSIFIED INCOME STATEMENT

(€ 000s)	2014	2013 restated*	Differences	
Revenues from sales of products and services	**96,013**	**100,137**	**-4,124**	**-4.1%**
of which:				
Basic Business	***94,013***	***90,137***	***3,876***	
Licensing	***2,000***	***10,000***	***(8,000)***	
Other revenues and income	2,977	2,552	+425	
Consumption of materials and external services	(79,166)	(70,924)	-8,242	
Changes in inventories of products	3,322	(3,163)	+6,485	
Increase of fixed assets for internal works	2,942	3,357	-415	
Allocations to provisions for expenses and bad/doubtful debt provisions	(574)	(2,205)	+1,631	
Labour costs	(19,899)	(19,119)	-780	
Provisions for bonuses	(1,073)	(1,142)	+69	
Non-recurring items	(1,170)	(428)	-742	
EBITDA	**3,372**	**9,065**	**-5,693**	**-62.8%**
% on Revenues	*3.5%*	*9.1%*		
of which:				
Basic Business	***1,372***	***(935)***	***2,307***	
Licensing	***2,000***	***10,000***	***(8,000)***	
Amortisation/Depreciation:				
- tangible assets	(3,015)	(3,177)	+162	
- intangible assets	(5,261)	(5,622)	+361	
- amounts written off fixed assets and assets revaluation (IFRS 10)	(215)	(163)	-52	
EBIT	**(5,119)**	**103**	**-5,222**	**N/S**
% on Revenues	*-5.3%*	*0.1%*		
Dividends from investments	1,124	384	+740	
Financial charges	(2,386)	(4,520)	+2,134	
Gains/losses on foreign exchange and derivatives	(257)	(251)	-06	
Gains/losses from investments	(38)	(50)	+12	
Result before taxes	**(6,676)**	**(4,334)**	**-2,342**	**N/S**
Current and deferred taxes	1,269	(2,627)	+3,896	
Net result	**(5,407)**	**(6,961)**	**1,554**	**N/S**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1.

Attachment 2

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€ 000s)	Dec. 31st, 2014	Dec. 31st, 2013 restated*	Differences	
Net fixed assets				
Goodwill	1,631	1,631	-	
Other intangible assets	40,068	35,996	+4,072	
Tangible assets and real estate investments	19,815	18,825	+990	
Financial assets	21,786	21,773	+13	
Other medium/long term assets and liabilities	10,703	7,769	+2,934	
Total net fixed assets	**94,003**	**85,994**	**+8,009**	**+9.3%**
Net working capital				
Inventories	29,649	26,317	+3,332	
Trade receivables	32,702	37,116	-4,414	
Trade payables	(30,959)	(27,303)	-3,656	
Current provisions	(1,471)	(3,197)	+1,726	
Other current assets and liabilities	1,369	1,064	+305	
Total net working capital	**31,290**	**33,997**	**-2,707**	**-8.0%**
Invested capital	**125,293**	**119,991**	**+5,302**	**+4.4%**
Severance indemnity fund (SIF)	**(2,993)**	**(3,477)**	**+484**	**-13.9%**
Net invested capital	**122,300**	**116,514**	**+5,786**	**+5.0%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**122,300**	**116,514**	**+5,786**	**+5.0%**
financed by:				
Equity				
Paid-in share capital	24,961	17,550	+7,411	
Reserves and retained earnings	65,933	52,028	+13,905	
Group profit/(loss)	(5,407)	(6,961)	+1,554	
Total equity	**85,487**	**62,617**	**+22,870**	**+36.5%**
Net financial position				
Medium/long term debts:				
- due to banks	19,880	93	+19,787	
- subsidiaries, associates, parent companies	-	-	-	
- other assets (liabilities) and derivatives	(2,875)	(2,875)	-	
Total medium/long term debts	**17,005**	**(2,782)**	**+19,787**	**N/S**
Short-term debts:				
- due to banks	25,827	58,213	-32,386	
- subsidiaries, associates, parent companies	(2,596)	6,457	-9,053	
- other assets (liabilities) and derivatives	794	(134)	+928	
Total short-term debts	**24,025**	**64,536**	**-40,511**	**-62.8%**
Cash and cash equivalents	**(4,217)**	**(7,857)**	**+3,640**	**N/S**
Total net financial position	**36,813**	**53,897**	**-17,084**	**-31.7%**
Total	**122,300**	**116,514**	**+5,786**	**+5.0%**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1.

Attachment 3
CASH FLOW STATEMENT

(€ 000s)	2014	2013 restated*
Cash and cash equivalents (at January 1st)	**7,857**	**6,412**
Operating activities		
Profit/(loss) from continuing operations (*)	**(5,407)**	**(6,961)**
- Depreciation of tangible assets	3,015	3,177
- Amortisation of intangible assets	5,261	5,622
- Impairment of fixed assets	215	162
- Impairment of equity investments	38	50
- Provisions (including severance indemnity fund)	1,670	3,249
- (Gain)/loss on sale of tangible and intangible assets	5	(1,241)
- Dividends from subsidiaries, joint ventures and associates	(1,124)	(383)
- Net interest expense charged by financial institutes and leasing companies	2,595	4,424
- Financial charges (income) from derivatives	1,467	(441)
- Income taxes	(1,269)	2,627
Cash flow from current operations	*6,466*	*10,285*
- (Increase)/decrease in trade receivables	4,414	(1,971)
- (Increase)/decrease in inventories	(3,332)	6,137
- Increase/(decrease) in trade payables	3,657	(7,163)
- Net change in other assets/liabilities	(1,241)	(3,113)
- Use of provisions (including severance indemnity fund)	(3,869)	(1,248)
- Net interest expenses towards financial institutes and leasing companies	(3,002)	(4,423)
- Financial flow from/(for) derivative instruments	(577)	788
- Collection of dividends from subsidiaries, joint ventures and associates	1,032	383
- Income taxes paid	(444)	(766)
Cash flow from/(for) operating activities	**3,104**	**(1,091)**
Investment activities		
- Investments in intangible assets	(9,551)	(7,767)
- Investments in tangible assets	(4,014)	(1,635)
- Sale price on disposal of tangible and intangible fixed assets	5	19,052
- (investment in equity investments	(51)	(32)
Cash flow from/(for) investment activities	**(13,611)**	**9,618**
Financing activities		
- Decrease in financial payables (current and non-current)	(20,995)	(7,641)
- (Increase)/decrease of financial receivables	(212)	559
- Payment to shareholders for share capital increase	28,074	-
Cash flow from/(for) financial activities	**6,867**	**(7,082)**
Cash flow for the period	**(3,640)**	**1,445**
Cash and cash equivalents (at December 31st)	**4,217**	**7,857**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1.

EXPLANATORY NOTES ON THE ALTERNATIVE PERFORMANCE INDICATORS

In compliance with the CESR recommendation on alternative performance indicators (CESR/05-178b), note that the reclassified statements presented in this Directors' Management Report contain certain differences in terminology used and the degree of detail compared to the official statements presented in the following tables.

In detail the reclassified income statement introduces the term **EBITDA**, which in the official income statement is equal to the difference between the item "Total revenues" and the aggregate of operating costs.

The reclassified consolidated Statement of Financial Position, as shown in Attachment 2, was prepared based on the items recognised as assets or liabilities in the official consolidated Statement of Financial Position, and it introduces the following items:

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

Lastly, in reference to "Main indicators" section of this Report, note that:

- **Basic earnings per share** were calculated by dividing "Profit/(loss) for the year" by the number of Isagro S.p.A. shares outstanding during the period, excluding treasury shares held by the issuer itself. The number of outstanding shares during 2014, excluding treasury shares and taking into account the shares issued in the period, was 31,013,566;
- **Equity per share** was calculated by dividing "Equity" by the number of Isagro S.p.A. shares outstanding, excluding treasury shares held by the issuer itself;
- **ROE (Return on Equity)** is the ratio of the "Net Result" to "Equity" as at the end of the year;
- **ROI (Return on Investments)** is calculated by dividing "EBIT" by "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the end of the year by "EBITDA" for the period.

INFORMATION PURSUANT TO ART. 36 OF CONSOB REGULATION 16191/2007

Pursuant to Article 2.6.2, subsection 12 of the Regulation on Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under art. 36, paragraphs a), b) and c) of Consob regulation no. 16191/2007 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

INFORMATION PURSUANT TO ART. 37 OF CONSOB REGULATION 16191/2007

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

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

The manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in this annual report as at December 31st, 2014 is consistent with the entries in the accounting books and records.

FINANCIAL STATEMENTS

- Statement of financial position
- Income statement
- Comprehensive income statement
- Cash flow statement
- Statement of changes in shareholders’ equity

STATEMENT OF FINANCIAL POSITION

(euro)	Notes	Dec. 31st, 2014	of which related parties	Dec. 31st, 2013 restated (*)	of which related parties	Jan. 1st, 2013 restated (*)	of which related parties
NON CURRENT ASSETS							
Tangible assets	1	19,814,769		18,825,508		20,376,212	
Intangible assets	2	40,067,747		35,995,880		51,226,793	
Goodwill	3	1,631,305		1,631,305		2,228,357	
Equity investments	4	21,786,400		21,773,425		21,792,065	
Financial receivables and other non-current financial assets	5	2,875,000		2,875,000		3,503,891	628,892
Receivables and other non-current assets	6	5,601,783		4,175,324		888,205	
Deferred taxes	7	6,730,870		5,063,789		6,569,010	
TOTAL NON CURRENT ASSETS		**98,507,874**		**90,340,231**		**106,584,533**	
CURRENT ASSETS							
Inventories	8	29,649,167		26,316,922		32,453,542	
Trade receivables	9	32,701,649	6,422,509	37,115,631	3,138,784	34,807,633	9,536,396
Other current assets and other receivables	10	4,372,757	1,123,578	3,722,678	524,695	4,203,555	1,322,965
Tax receivables	11	1,752,455		1,278,833		1,400,183	
Current financial receivables and other financial assets	12	2,595,925	2,588,425	2,387,140	2,349,802	1,247,332	621,423
Financial assets - derivatives	13	168,652		95,519		514,059	
Cash & cash equivalents	14	4,217,154		7,857,177		6,412,432	
TOTAL CURRENT ASSETS		**75,457,759**		**78,773,900**		**81,038,736**	
Asset disposals and/or assets held for sale		-		-		-	
TOTAL ASSETS		**173,965,633**		**169,114,131**		**187,623,269**	
SHAREHOLDERS' EQUITY							
Capital		24,961,208		17,550,000		17,550,000	
Reserves		58,469,150		40,032,630		40,032,630	
Retained earnings and profit for the year		2,057,015		5,034,519		12,059,364	
TOTAL SHAREHOLDERS' EQUITY	15	**85,487,373**		**62,617,149**		**69,641,994**	
NON CURRENT LIABILITIES							
Non-current financial payables and other financial liabilities	16	19,880,504		92,982		14,165,311	
Employee Benefits - Severance indemnity fund	17	2,992,838		3,477,874		3,473,253	
Deferred tax liabilities	7	1,629,912		1,470,714		1,521,011	
Other non-current liabilities		-		-		265,313	
TOTAL NON CURRENT LIABILITIES		**24,503,254**		**5,041,570**		**19,424,888**	

CURRENT LIABILITIES							
Current financial payables and other financial liabilities	16	25,826,455	0	67,018,765	8,805,633	59,517,097	858,589
Financial liabilities - derivatives	13	962,417		-		72,030	
Trade payables	18	30,959,473	5,597,479	27,302,337	6,915,490	33,888,937	10,843,841
Current provisions	19	1,471,077		3,197,167		1,200,777	
Tax payables	20	-		146,127		206,787	
Other current liabilities and sundry payables	21	4,755,584	363,325	3,791,016	55,433	3,670,759	129,757
TOTAL CURRENT LIABILITIES		**63,975,006**		**101,455,412**		**98,556,387**	
Liabilities relating to asset disposals							
and/or assets held for sale		-		-		-	
TOTAL LIABILITIES		**88,478,260**		**106,496,982**		**117,981,275**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**173,965,633**		**169,114,131**		**187,623,269**	

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1. Since these amendments led to changes in the Statement of financial position, it became necessary to present a third statement, required by IAS 1 § 39, aimed at representing the effects of the introduction of new accounting standards on the Statement of financial position at the beginning of the first comparative year. Please reference to the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014", for further details.

INCOME STATEMENT

(euro)	Notes	2014	of which related parties	2013 restated (*)	of which related parties
Revenues	22	96,012,977	21,305,345	100,136,548	6,971,030
Other operating revenues	23	2,976,627	1,031,006	2,551,957	566,353
Other non-recurring revenues	24	-		1,248,667	
Total revenues		**98,989,604**		**103,937,172**	
Raw materials and consumables used	25	(60,426,284)	(9,266,861)	(54,027,760)	(9,556,608)
Costs for services	26	(17,718,437)	(2,127,993)	(16,272,060)	(1,438,752)
Personnel costs	27	(20,971,254)	(9,230)	(20,260,679)	(13,915)
Other operating costs	28	(1,444,798)	(188,734)	(2,203,044)	(500,936)
Other non-recurring costs	29	(1,169,720)		(1,677,000)	
Change in inventories of finished products and work in progress	30	3,170,828		(3,788,305)	
Costs (capitalised) for other work	31	2,941,815		3,356,708	
EBITDA		**3,371,754**		**9,065,032**	
Amortisation/Depreciation:					
- Depreciation of tangible assets	32	(3,015,205)		(3,177,306)	
- Amortisation of intangible assets	32	(5,260,932)		(5,622,027)	
Impairment of fixed assets	33	(214,676)		(162,815)	
Operating result		**(5,119,059)**		**102,884**	
Net financial income/(charges)	34	(2,643,187)	(46,467)	(4,770,442)	(117,605)
Income/(charges) from investments	35	1,086,278	1,124,229	333,769	383,427
Pre-tax profit (loss)		**(6,675,968)**		**(4,333,789)**	
Income tax	36	1,269,132		(2,627,105)	
Profit/(loss) from continuing operations		**(5,406,836)**		**(6,960,894)**	
Net result from asset disposals and/or assets held for sale		-		-	
Net loss		**(5,406,836)**		**(6,960,894)**	

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1. Please reference to the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014", for further details.

COMPREHENSIVE INCOME STATEMENT

(in thousands of euro)	Notes	2014	2013 restated (*)
Net loss		**(5,406,836)**	**(6,960,894)**
Components that will not be later reclassified in the profit/(loss) for the year:			
Actuarial gain (loss) regarding defined-benefit plans		(119,265)	(88,208)
Income tax		32,798	24,257
	15	(86,467)	(63,951)
Total		**(86,467)**	**(63,951)**
Other comprehensive income statement components		**(86,467)**	**(63,951)**
Total comprehensive income statement		**(5,493,303)**	**(7,024,845)**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1. Please reference to the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014", for further details.

CASH FLOW STATEMENT

(euro)	Notes	2014	2013 restated	
Cash and cash equivalents - opening balance	14	**7,857,177**	**6,412,432**	**(*)**
Operating activities				
Loss for the year from continuing operations		**(5,406,836)**	**(6,960,669)**	
- Depreciation of tangible assets	32	3,015,205	3,177,306	
- Amortisation of intangible assets	32	5,260,932	5,622,027	
- Impairment of fixed assets	33	214,676	162,487	
- Impairment of equity investments	35	37,951	49,658	
- Provisions and transfer to funds (including severance indemnity fund)	17.19	1,670,244	3,249,326	
- Capital (gains)/losses				
disposal of tangible and intangible assets	23.28	4,938	(1,241,490)	
- Net (capital gain) from liquidation of subsidiaries				
and associates			0	
- Dividends from subsidiaries, joint ventures and associates	35	(1,124,229)	(383,427)	
- Net interest expenses charged by financial institutes and leasing companies	34	2,595,310	4,423,529	
- Financial charges (income) from derivatives	34	1,466,733	(441,390)	
- Income taxes	36	(1,269,132)	2,627,208	
Cash flow from current operations		*6,465,792*	*10,284,565*	
- Increase - ()/decrease in trade receivables	9	4,413,982	(1,970,670)	
- (Increase)/decrease in inventories	8	(3,332,245)	6,136,621	
- Increase/(decrease) in trade payables	18	3,657,136	(7,162,942)	
- Net change in other assets/liabilities		(1,240,676)	(3,112,894)	
- Use of provisions (including severance indemnity fund)	17.19	(3,868,546)	(1,248,314)	
- Net interest expenses charged by financial				
institutes and leasing companies paid		(3,001,503)	(4,423,439)	
- Financial flow from/(for) derivative instruments		(577,449)	787,900	
- Collection of dividends from subsidiaries, joint ventures and associates	35	1,031,829	383,427	
- Income taxes paid		(443,809)	(765,700)	
Cash flow from/(for) operating activities		**3,104,511**	**(1,091,446)**	
Investment activities				
- Investments in intangible assets	2	(9,550,584)	(7,767,144)	
- Investments in tangible assets	1	(4,014,047)	(1,635,478)	
- Sale price on disposal of tangible and intangible fixed assets		4,643	19,051,500	
- Investment in equity investments	4	(50,926)	(31,020)	
Cash flow from/(for) investment activities		**(13,610,914)**	**9,617,858**	

Financing activities

- Decrease in financial payables (current and non current)		(20,995,178)	(7,641,082)
- (Increase)/decrease in financial receivables		(212,202)	559,415
- Payment to shareholders for share capital increase		28,073,760	0
Cash flow from/(for) financing activities		**6,866,380**	**(7,081,667)**
Cash flow from discontinued or to be disposed activities		**0**	**0**
Cash flow for the year		**(3,640,023)**	**1,444,745**
Cash and cash equivalents – closing balance	14	**4,217,154**	**7,857,177**

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1. Please reference to the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014", for further details.
(**) The opening balance of cash and cash equivalents includes those referring to the absorbed company Isagro Ricerca S.r.l. amounting to € 55,900 and 50% of the cash and cash equivalents of ISEM S.r.l. amounting to € 36,342.

Statement of changes in shareholders’ equity for 2013 (restated)(*)

(euro)	Shareholders’ equity								
	Share capital issued	Reserves						Retained earnings and period profit	Total
		Share premium reserve	Legal reserve	Treasury shares	Merger surplus	Restricted reserves	Total		
Balance as at Jan 1st, 2013 restated	17,550,000	23,969,715	3,510,000	(162,410)	10,199,527	2,515,798	40,032,630	12,059,364	69,641,994
Changes during the year:									
Loss for the year recognised in the income statement	0	0	0	0	0	0	0	(6,960,894)	(6,960,894)
Other comprehensive income statement components	0	0	0	0	0	0	0	(63,951)	(63,951)
Total comprehensive income statement	0	0	0	0	0	0	0	(7,024,845)	(7,024,845)
Total changes during the year	0	0	0	0	0	0	0	(7,024,845)	(7,024,845)
Balance as at Dec 31st, 2013 restated	17,550,000	23,969,715	3,510,000	(162,410)	10,199,527	2,515,798	40,032,630	5,034,519	62,617,149

(*) further to the application as from January 1st, 2014 (retrospectively) of accounting standard IFRS 11, the figures for 2013 presented for comparative purposes have been recalculated as envisaged by IAS 1. Please reference to the section “Accounting standards, amendments and interpretations applied as from January 1st, 2014”, for further details.

Statement of changes in shareholders' equity 2014

(euro)	Shareholders' equity								
	Share capital issued	Restricted						Retained earnings and period profit	Total
		Legal premium reserve	Legal reserve	Treasury shares	Merger surplus	Restricted reserves	Total		
Balance as at Dec 31st, 2013 restated	17,550,000	23,969,715	3,510,000	(162,410)	10,199,527	2,515,798	40,032,630	5,034,519	62,617,149
Changes during the year:									
Loss for the year recognised in the income statement	0	0	0	0	0	0	0	(5,406,836)	(5,406,836)
Other comprehensive income statement components	0	0	0	0	0	0	0	(86,467)	(86,467)
Total comprehensive income statement	0	0	0	0	0	0	0	(5,493,303)	(5,493,303)
Dividends	0	0	0	0	0	0	0	0	0
Movements between reserves	0	0	0	0	0	(2,515,798)	(2,515,798)	2,515,798	0
Purchase/sale of treasury shares	0	0	0		0	0	0	0	0
Allocation of profits to reserves	0	0	0	0	0	0	0	0	0
Share capital increase	7,411,208	20,952,319	0	0	0	0	20,952,319	0	28,363,527
Total changes during the year	7,411,208	20,952,319	0	0	0	(2,515,798)	18,436,521	(2,977,505)	22,870,224
Balance as at Dec 31st, 2014	24,961,208	44,922,034	3,510,000	(162,410)	10,199,527	0	58,469,151	2,057,014	85,487,373

EXPLANATORY NOTES

GENERAL INFORMATION

Information on the company

Isagro S.p.A. is a corporate body organised in accordance with the Italian Republic's legal system. The company is active in the research, management of intellectual property, development, manufacturing, marketing and distribution of crop protection products on a worldwide scale. The company's registered office is at Via Caldera 21, Milan, Italy.

Note that Isagro S.p.A. is listed in the STAR segment of the Milan Stock Exchange, and as parent company has prepared the consolidated financial statements for the Isagro Group as at December 31st, 2014.

Publication of the separate financial statements

Publication of Isagro's financial statements as at December 31st, 2014 was authorised by resolution of the Board of Directors on March 11th, 2015.

Note that, pursuant to paragraph 17 of IAS 10, the company shareholders have the power to adjust the financial statements after their publication.

Compliance with IFRS

The Isagro S.p.A. financial statements as at December 31st, 2014 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and with the measures issued in implementation of Art. 9 of Italian Legislative Decree No. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the financial statements are listed in note No. 47, to which reference should be made.

Basis of presentation

The financial statements comprise the statement of financial position, the separate income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in shareholders' equity and the Explanatory Notes.

In particular:

- current and non-current assets and liabilities have been stated separately in the statement of financial position. Current assets are those expected to be realised, sold or consumed during ordinary operations or in 12 months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or in the twelve months following year end;
- in the separate income statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortisation and depreciation and impairments of the fixed assets, the financial activity components and income taxes and "EBIT", which includes all cost and revenue components except financing activities and income taxes;
- the indirect method is used for the cash flow statement.

Please also note that as the accounting standard IFRS 11 - Joint arrangements described in the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014" had to be applied retroactively, as required by IAS 8 §19, it became necessary to recalculate the values of the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity of the company for 2013. As a consequence, it became necessary to present a third statement, required by IAS 1 §39, aimed at representing the effects of the introduction of new accounting standards on the statement of financial position at the beginning of the first comparative year.

With reference to Consob Resolution 15519 of July 27th, 2006 on financial statements, special sections are included to illustrate significant related-party transactions, together with specific items of profit or loss, to highlight any significant non-recurring transactions carried out in the ordinary course of business.

All balances stated in the financial statements and the Explanatory Notes are expressed in Euro, whilst the values in the Explanatory Notes - unless indicated otherwise - are in thousands of Euro.

Going concern

The financial statements as at December 31st, 2014 have been prepared on a going concern basis. In fact, the Directors deemed that, although faced with a difficult economic and financial context, jointly considering the encouraging performances achieved in 2014, which confirm – as more fully described below – the possibility to accomplish the 2014-2018 Business Plan, the financial and equity consolidation obtained further to share capital increase transactions for around € 29 million (described in the Directors' Management Report) and the available bank credit facilities not yet used for a total of € 61.3 million (of which € 54.4 million relating to discount facilities and invoice advances), there are no significant uncertainties (as defined by IAS 1 §25) regarding the company's ability to continue as a going concern.

What is more, the current financial liabilities fell with respect to December 31st, 2013 by around € 41.2 million making it possible to achieve a rebalancing of the net financial position with respect to the sources and uses of short/medium-term liquidity, essentially as a result of : i) the reclassification of the portion of the E.I.B. loan, contractually due after 12 months (equal to € 13.9 million as at December 31st, 2014) to the item "medium-long term debts to banks", due to the completion of the enforcement procedure of the waiver letter, thanks to the fact that, in May 2014, the bank received the formal consent in writing from the parties guaranteeing the loan, as specified in note No. 16; (ii) the discharge of a financial payable amounting to € 8.8 million due to the parent company; iii) the reimbursement of various credit facilities available, for around € 16.5 million.

The trend of the Basic Business in 2014 reported results which are essentially unchanged with respect to estimates, while with reference to Licensing activities, a deferral took place in these revenues in subsequent years without however reducing the overall amount envisaged in the plan; also in consideration of the matters described, the Directors believe that cash flows envisaged in the 2014-2018 Business Plan, although they represent forward-looking statements subject to uncertainty, are reasonable and feasible in the foreseeable future and are such, as confirmed at the time of the annual review of the Business Plan, as to allow management of the activity in a financial balance characteristic of a going concern.

Changes in accounting standards

The accounting standards adopted for the preparation of the financial statements are consistent with those used for the previous year's statements, with the exception of what is explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2014

- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 10 - Consolidated Financial Statements, which will replace SIC-12 Consolidation - Special purpose entities and parts of IAS 27 - Consolidated and separate financial statements, which will be renamed Separate financial statements and will govern the accounting treatment of equity investments in the separate financial statements. The new standard, issued by the IASB on May 12th, 2011, is based on existing standards, identifying the concept of control as the determining factor for the purpose of consolidation of a company in the controlling company's consolidated financial statements. It also provides guidance on determining the existence of control where this is difficult to assess. The standard is applicable retrospectively from January 1st, 2014. The application of the new standard had no impact on the Company's financial position and performance.
- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 11 - Joint arrangements, which will replace IAS 31 - Interests in joint ventures and SIC-13 - Jointly-controlled entities - Non-monetary contributions. Following issue of this standard IAS 28 - Investments in associates, investments in jointly-controlled companies has also been amended, as at the effective date of the standard, to include these in the scope of application. The new standard, issued by the IASB on May 12th, 2011, particularly provides criteria for the accounting treatment of joint arrangements based on rights and obligations deriving from the arrangements rather than from their legal form in order to determine whether a joint venture is in question - to record using the equity method - or if it is a joint-operation - to record based on the percentage of the assets, liabilities, costs and revenues pertaining to the joint managing agent (venturer). The standard is applicable retrospectively starting from January 1st, 2014. As regards the equity investment in the company ISEM S.r.l., held 50% by Isagro S.p.A., in resorting to the application guide of the new standard the Company reached the conclusion that based on the agreement drawn up to manage the company with Chemtura Netherlands B.V., in turn 50% owner of the company, it is to be considered a "joint-operation" despite the joint agreement had taken on the legal form of a separate vehicle and its terms do not give the two partners specific rights on ISEM's activities. In fact, the parties structured the joint agreement in such a way that the underlying economic activity mainly aims at supplying the parties its production and that therefore it indirectly continuously depends on the parties to extinguish liabilities arising in conducting its activities based on the agreement. However, it should be noted that the joint-venture was placed under voluntary liquidation by shareholders on April 11th, 2014 and on October 7th, 2014 the same was cancelled from the pertinent Companies' Register.

  Since the amendments made by IFRS 11 (described above) had to be applied retroactively, as required by IAS 8 §19, it became necessary to recalculate the values of the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity of the Company for 2013. Since these amendments led to the changes in the Statement of financial position, it became necessary to present a third statement, required by IAS 1§39, aimed at representing the effects of the introduction of new accounting standards on the Statement of financial position at the beginning of the first comparative year.

The effects, stated in thousands of euro, of the change in the accounting standard on the statement of financial position, income statement and on cash flows, respectively, are presented below. It is also disclosed that the balances also include the cancellation of the reciprocal dealings between Isagro S.p.A. and ISEM S.r.l. and that the related column as at December 31st, 2014 of the statement of financial position has not been included since it was not affected by IFRS 11 further to the conclusion of the winding up of the joint-venture in October 2014.

Statement of financial position

	Dec. 31st, 2013 official	Introduction of IFRS 11	Dec. 31st, 2013 restated	Jan. 1st, 2013 official	Introduction of IFRS 11	Jan. 1st, 2013 restated
Tangible assets	18,825	1	18,826	20,375	1	(20,376)
Intangible assets	35,993	3	35,996	33,401	17,826	51,227
Goodwill	1,631	0	1,631	1,631	597	2,228
Equity investments	24,645	(2,872)	21,773	42,152	(20,360)	21,792
Non-current financial receivables	2,875	0	2,875	4,133	(629)	3,504
Non-current receivables and other assets	4,175	0	4,175	888	0	888
Deferred tax Assets	5,064	0	5,064	4,968	1,601	6,569
Inventories	25,701	616	26,317	30,805	1,649	32,454
Trade receivables	36,961	154	37,115	35,219	(411)	34,808
Other current assets	3,745	17	3,762	4,231	(27)	4,204
Tax receivables	1,278	(38)	1,240	1,400	0	1,400
Current financial receivables	2,387	0	2,387	1,822	(575)	1,247
Financial assets - derivatives	96	0	96	514	0	514
Cash and cash equivalents	6,685	1,172	7,857	6,376	36	6,412
Total assets	**170,061**	**(947)**	**169,114**	**187,915**	**(292)**	**187,623**
Non-current financial liabilities	(93)	0	(93)	(13,535)	(630)	(14,165)
Employee benefits	(3,474)	(4)	(3,478)	(3,470)	(4)	(3,474)
Deferred tax liabilities	(1,471)	0	(1,471)	(1,521)	0	(1,521)
Other non-current liabilities	0	0	0	0	(265)	(265)
Current financial liabilities	(67,019)	0	(67,019)	(58,573)	(944)	(59,517)
Liabilities - derivatives	0	0	0	(72)	0	(72)
Trade payables	(28,405)	1,103	(27,302)	(34,468)	579	(33,889)
Current provisions	(3,188)	(9)	(3,197)	(1,197)	(3)	(1,200)
Tax payables	(47)	(99)	(146)	(207)	0	(207)
Other current liabilities	(3,747)	(44)	(3,791)	(3,286)	(385)	(3,671)
Total liabilities	**(107,444)**	**947**	**(106,497)**	**(116,329)**	**(1,652)**	**(117,981)**
Total effect on net assets	**62,617**	**0**	**62,617**	**71,586**	**(1,944)**	**69,642**

	Dec. 31st, 2013 official	Introduction of IFRS 11	Dec. 31st, 2013 restated	Jan. 1st, 2013 official	Introduction of IFRS 11	Jan. 1st, 2013 restated
Retained earnings and profit for the period	0	0	0	0	(1,944)	(1,944)
Total effect on shareholders' equity	0	0	0	0	(1,944)	(1,944)

Income Statement

	Year 2014 prior to IFRS 11	introduction IFRS 11	Year 2014 official		Year 2013 official	introduction IFRS 11	Year 2013 restated
Revenues	95,347	666	96,013		100,093	44	100,137
Other operating revenues	3,043	(66)	2,977		2,664	(112)	2,552
Other non-recurring revenues	0	0	0		0	1,249	1,249
Raw materials and consumables used	(60,392)	(34)	(60,426)		(54,680)	651	(54,029)
Costs for services	(17,686)	(32)	(17,718)		(15,959)	(313)	(16,272)
Personnel costs	(20,960)	(12)	(20,972)		(20,125)	(136)	(20,261)
Other operating costs	(1,440)	(5)	(1,445)		(2,163)	(40)	(2,203)
Other non-recurring costs	(1,170)	0	(1,170)		(1,677)	0	(1,677)
Change in inventories of finished products and work in progress	3,824	(653)	3,171		(3,500)	(288)	(3,788)
Increase of fixed assets for internal works	2,942	0	2,942		3,112	245	3,357
Amortisation of intangible assets	(3,015)	0	(3,015)		(4,859)	(763)	(5,622)
Depreciation of tangible assets	(5,261)	0	(5,261)		(3,177)	0	(3,177)
Impairment of fixed assets	(215)	0	(215)		(7)	(156)	(163)
Net financial charges	(2,659)	16	(2,643)		(4,720)	(51)	(4,771)
Income/(charges) from investments	1,086	0	1,086		(2,714)	3,048	334
Income tax	1,167	102	1,269		(1,193)	(1,434)	(2,627)
Net loss	(5,389)	(18)	(5,407)		(8,905)	1,944	(6,961)
Other comprehensive income statement components	0	0	0			0	0
Total comprehensive income statement	(5,389)	(18)	(5,407)		(8,905)	1,944	(6,961)

The positive effect on the 2013 income statement deriving from application of IFRS 11 offset the negative effect on the opening shareholders' equity; in fact, during 2013 the Company had taken steps to align the value of the equity investment with the corresponding portion of ISEM's shareholders' equity recognising an impairment write-down of € 3,048 thousand, expression of the loss for the period and the previous loss of the joint-operation pertaining to the Company.
Just the flows relating to the ISEM joint-operation referring to 2014 and 2013, included in the Company's cash flow statement, are presented below.

Cash flows

	Year 2014	Year 2013 restated
Cash flow from operating activities	1,622	(476)
Cash flow from investment activities	(2,792)	4,299
Cash flow from financial activities	0	(2,687)
Cash flow for the year	**(1,170)**	**1,136**

- On December 11th, 2012, by means of Regulation No. 1254/2012, the European Commission endorsed the standard IFRS 12 - Disclosure of interests in other entities, which is a new and complete standard on the additional information to be provided on each type of investment. The standard issued by the IASB on May 12th, 2011, is applicable retrospectively from January 1st, 2014. The introduction of the new standard had no impact on information supplied in the Explanatory Notes to the Company's financial statements.

- On December 13th, 2012, by means of Regulation No. 1256/2012, the European Commission endorsed a number of amendments to IAS 32 - Financial instruments: presentation, issued by the IASB on December 16th, 2011 to clarify the application of certain criteria for offsetting financial assets and liabilities referred to in IAS 32. The amendments are applicable retrospectively for annual periods beginning on or after January 1st, 2014. These amendments had no impact on the Company's financial position and performance.
- On April 4th, 2013, by means of Regulation No. 313/2013, the European Commission endorsed the guide to the transitional provisions concerning consolidated financial statements, joint arrangements and disclosure of interests (amendments to IFRS 10, 11 and 12). The document changes IFRS 10 to clarify how an investor has to retrospectively adjust the comparative period(s) if the conclusions regarding consolidation are not the same according to IAS 27/SIC 12 and IFRS 10 as at the date of initial application. In addition, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of interest in other entities, have been amended to provide a similar option for the presentation or change to comparative information relating to periods prior to the "immediately preceding period" (i.e. the comparative period presented in the financial statements). These amendments apply as from January 1st, 2014.
- On November 20th, 2013, by means of Regulation No. 1174/2013, the European Commission endorsed several amendments to IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interest in other entities and IAS 27 - Separate financial statements, published by the IASB in October 2012. These amendments regulate topics concerning the valuations of equity investments by the investment entity and hence are not to be applied within the Company.
- On December 19th, by means of Regulation No. 1375/2013, the European Commission endorsed an amendment to IAS 39 - Financial Instruments: recognition and measurement, entitled "Novation of derivatives and continuation of hedge accounting", already published by the IASB on June 27th, 2013. The amendments made aim to govern situations in which a derivative designated as a hedging instrument is novated by a centralized counterparty pursuant to regulations. Hedge recognition can in this way continue, regardless of the novation. These amendments, applied retrospectively as from January 1st, 2014, had no impact on the Company's financial position and performance.
- On December 19th, by means of Regulation No. 1374/2013, the European Commission endorsed an amendment to IAS 36 - Impairment of assets, published by the IASB on May 29th, 2013. The amendment, applied retrospectively as from January 1st, 2014, sets out to clarify the information to provide on the financial statements regarding the recoverable value of the assets when they are measured at fair value, net of their disposal costs. The introduction of the amendment had no effect on the Company's financial statements.
- On June 13th, 2014, by means of Regulation No. 634/2014, the European Commission endorsed an amendment to IFRIC 21 - Levies, published by the IASB on May 20th, 2013. This interpretation provides clarification on when to recognise a liability for a levy (other than income taxes) imposed on entities by a government body. This standard covers both liabilities for levies that are accounted for in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, and those where

the timing and amount of the levy is certain. The adoption of this new interpretation had no effect on the Company's financial statements.

New standards, amendments and interpretations not yet applicable and not adopted in advance by the European Union

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the possible impacts of the new standards or the new interpretations, approved by the European Union, on the separate financial statements, are indicated below. These standards were not applied early by the Isagro S.p.A..

- On December 18th, 2014, by means of Regulation No. 1361/2014, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards – Meaning of "effective IFRS". It is clarified that the entity that adopts the IFRSs for the first time, as an alternative to application of a standard presently in force as at the date of the first IAS/IFRS financial statements, can opt to apply a new standard that will replace the current one in advance. The option is allowed when the new standard permits early application. Moreover, the same version of the standard must be applied in all periods presented in the first IAS/IFRS financial statements.
  - IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes the setting up of all types of joint arrangement as IFRS 11 defines in the field of application of IFRS 3.
  - IFRS 13 Fair Value Measurement – Scope of portfolio exception (par. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included in the scope of application of IAS 39 (or IFRS 9), regardless of whether they meet the definition of financial asset and liability provided in IAS 32.
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The change clarifies that IFRS 3 and IAS 40 do not rule each other out and that in order to determine whether the purchase of a real estate property falls within the scope of application of IFRS 3, reference has to be made to the specific instructions provided in IFRS 3; on the other hand, reference has to be made to the specific instruction of IAS 40 to determine if the purchase in question falls within the scope of IAS 40.

The amendments apply to accounting periods beginning on or after January 1st, 2015. Early application is permitted. The adoption of these improvements will not have any effect on the Company's financial statements.

- On December 17th, 2014, by means of Regulation No. 2015/28, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 2 Share Based Payments – Definition of vesting condition. Changes to the definitions of "vesting condition" and "market condition" are introduced, and further definitions of "performance condition" and "service condition" are added (previously included in the definition of "vesting condition")
  - IFRS 3 Business Combination – Accounting for contingent consideration. The amendment explains that a contingent consideration classified as a financial asset or liability must be measured at fair value at every year end date; the changes in fair value are entered into the

income statement or amongst the statement of comprehensive income components based on the requirements of IAS 39 (or IFRS 9).

- IFRS 8 Operating segments – Aggregation of operating segments. The changes require an entity to provide information on the measurements made by management when applying the aggregation criteria for the operating segments, including a description of the aggregated operating segments and the economic indicators considered when determining whether these operating segments have "similar economic characteristics".
- IFRS 8 Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets. The amendments clarify that the reconciliation between the total of the assets of the operating segments and the total of the entity's assets must be presented only if the total of the assets of the operating segments is regularly reviewed by the highest decision-making level.
- IFRS 13 Fair Value Measurement – Short-term receivables and payables. The Bases for Conclusions were amended to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility to enter the current trade receivables and payables without entering the effects of a discounting should said effects proved immaterial remains valid.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization. The amendments eliminated the inconsistencies in the entry of depreciation/amortisation when a tangible or intangible asset is revalued. The new requirements clarify that the gross book value is adequate to the extent consistent with the revaluation of the book value of the asset and that the accumulated depreciation is equal to the difference between gross book value and the book value net of recorded impairments.
- IAS 24 Related Parties Disclosures – Key management personnel. It is clarified that in the event the services of the executives with strategic responsibilities are supplied by an entity (and not by an individual), said entity is considered a related party.

  The amendments apply to accounting periods beginning on or after February 1st, 2015. Early application is permitted. The adoption of these improvements will not have any effect on the Company's financial statements.

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

The amendments apply at the latest to accounting periods beginning on or after February 1st, 2015. The adoption of this amendment will not have any effect on the Company's financial statements.

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

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

- On January 30th, 2014, IASB published the standard "**IFRS 14 - Regulatory Deferral Accounts**", which permits only to entities, which are a first-time adopters of IFRS, to continue to account for amounts related to Rate Regulation Activities according to the previous accounting criteria adopted. In order to improve comparability with entities, which are already applying IFRS criteria and do not recognise such amounts, the standards requires that the rate regulation effect be disclosed separate from other items. This standard will apply on January 1st, 2016, but early application is allowed.
- On May 12th, 2014, the IASB issued a number of amendments to **IAS 16 Property, Plant and Equipment** and **IAS 38 Intangible Assets.** The amendments to IAS 16 - Property, Plant and Equipment set out that revenue-based methods of depreciation are not appropriate due to the fact that revenues generated by a business, which involves the use of an asset, generally reflect factors that differ from the consumption of the expected economic benefits embodied in the asset. The amendments to IAS 38 - Intangible Assets, introduce the assumption that a revenue-based method of amortisation is not considered to be appropriate for the same reasons highlighted by amendments to IAS 16 - Property, Plant and Equipment. In the case of intangible assets, this presumption can only be overcome under limited circumstances.

Amendments shall apply as from January 1st, 2016, and early application is allowed.

- On May 6th, 2014, IASB issued a number of amendments to the standard **IFRS 11 Joint Arrangements** concerning the accounting for the acquisition of interests in a joint operation that is a business as set out by IFRS 3. The amendments require that for these cases, criteria set forth by IFRS 3 and related to the recognition of the effects of a business combination be applied.

The amendments shall apply as from January 1st, 2016, and early application is allowed.

- On May 28th, 2014, IASB issued the standard "**IFRS 15 Revenue from Contracts with Customers**", which will replace the standards IAS 18 Revenue and IAS 11 Construction Contracts, as well as interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues-Barter Transactions Involving Advertising Services. The new model for recognition of revenues will apply to all agreements signed with customers, except for those under the application field of other IAS/IFRS standards, such as leasing, insurance contracts and financial instruments. The main steps in recognising revenues according to the new model are as follows:
    - identification of the agreement with the customer;
    - identification of performance obligations in the agreement;
    - definition of price
    - allocation of price to contractual performance obligations;
    - recognition of revenues when the entity fulfils a performance obligation.

This standard will apply on January 1st, 2017, but early application is allowed.

- On July 24th, 2014, the IASB published the final version of **IFRS 9 - Financial Instruments.** The document contains the results of the phases relating to "Classification and measurement", "Impairment" and "Hedge accounting" of the IASB project aimed at replacing IAS 39. The new standard, which replaces the previous versions of IFRS 9, must be applied to the financial statements which commence on January 1st, 2018 or afterwards.

  Further to the 2008 financial crisis, upon the instance of the main financial and political institutions, the IASB launched the project aimed at replacing IFRS 9 and proceeded by stages. During 2009, the IASB published the first version of IFRS 9 which solely dealt with the "Classification and measurement" of the financial assets; subsequently, in 2010, the criteria were published relating to the classification and measurement of the financial liabilities and derecognition (the latter aspect was transposed by IAS 39 without changes). During 2013, IFRS 9 was amended so as to include the general hedge accounting model. Further to the current publication, which also includes "Impairment", IFRS 9 should be considered to be complete with the exception of the criteria regarding macro-hedging, on which the IASB has undertaken an independent project. The principle introduces new criteria for the classification and measurement of the financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding provisions set out by IAS 39. For the financial liabilities on the other hand, the main amendment made refers to the accounting treatment of the changes in fair value of a financial liability designated as a financial liability designated at fair value through the income statement, in the cases in which these changes are due to the change in the credit rating of the issuer of the liability itself. Under the new standard, these changes must be recognised in the "Other comprehensive income" statement and no longer in the income statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the model of the expected losses (and not on the model of the incurred losses) using information which can be supported, available without unreasonable efforts or liabilities which include historical, current and forecast data. The standard envisaged that this impairment model applies to all the financial instruments, or rather to the financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39 which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:

  - increase in the types of transactions that can be elected for hedge accounting, also including the non-financial risks of assets/liabilities that can be elected to be managed in hedge accounting;
  - change in the way to record forward contracts and options when they are included in a hedge accounting relationship in order to reduce the volatility of the income statement;
  - changes to the effectiveness test by means of the replacement of the current methods based on the parameter of 80-125% with the principle of "economic ratio" between the hedged item and the hedging instrument; moreover, an assessment of the retrospective effectiveness of the hedging relationship will no longer be required;
  - greater flexibility of the new accounting rules is counterbalanced by additional requests for information about the risk management activities of the company.

- On August 12th, 2014 the IASB published the amendment to **IAS 27 - Equity Method in Separate Financial Statements**. The document introduces the option of using the equity method in the financial statements of an entity, for the measurement of the equity investment in subsidiaries, jointly-controlled companies and associates. Consequently, further to the introduction of the amendment, the entity may recognise these investments in their separate financial statements, either
  - at cost; or
  - according to the matters envisaged by IFRS 9 (or by IAS 39); or
  - using the equity method.

The amendments shall apply as from January 1st, 2016, and early application is allowed.

- On September 11th, 2014 the IASB published the amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published for the purpose of settling the current conflict between IAS 28 and IFRS 10. In accordance with the matters envisaged by IAS 28, the gain or loss deriving from the disposal or transfer of a non-monetary asset to a joint-venture or an associate in exchange for a holding in the share capital of the latter is limited to the holding held in the joint-venture or associate by the other investors extraneous to the transaction. By contrast, IFRS 10 envisages the recognition of the entire gain or loss in the event of loss of control over a subsidiary, also if the entity continues to have a non-controlling interest in the same, also including the disposal or conferral of a subsidiary to a joint-venture or associate in this category. The amendments introduced envisage that in a disposal/conferral of an asset or of a subsidiary to a joint-venture or associate, the extent of the gain or the loss to be recognised in the financial statements of the transferor/deliverer depends on the fact that the assets or the subsidiary company transferred/delivered represent or otherwise a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary transferred/delivered represents a business, the entity must recognise the gain or the loss on the entire holding previously owned; whilst, otherwise, the portion of gain or loss relating to the holding still held by the entity must be eliminated. The amendments shall apply as from January 1st, 2016, and early application is allowed.
- On September 25th, 2014, the IASB published the document **"Annual Improvements to IFRSs : 2012-2014 Cycle"**.
  The document introduces amendments to the following standards:

  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The amendment introduces specific guidelines to the standard in the event that the entity reclassifies an asset (or a *disposal group*) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classification of an asset as held-for-distribution cease to apply. The amendments establish that (i) these reclassifications should not be considered as a change to a sales plan or to a distribution plan and that the same classification and measurement criteria remain valid; (ii) the assets which no longer observe the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset which ceases to be classified as held-for-sale;
  - IFRS 7 – Financial Instruments: disclosure. The amendments discipline the introduction of additional guidelines to clarify if a servicing contract represents an residual involvement of an asset transferred for the purposes of the disclosure required in relation to the transferred assets. Furthermore, it is clarified that the disclosure on the netting of financial assets and liabilities is not usually explicitly requested for interim financial statements. However, this disclosure may be necessary for observing the requirements envisaged by IAS 34, in the event this involves significant information;
  - IAS 19 – Employee Benefits. The document introduces a number of amendments to IAS 19 for the purpose of clarifying that the high quality corporate bonds used for determining the discount rate of the post-employment benefits should be of the same time value used for the payment of the benefits. The amendments specify that the range of the high quality corporate bonds market to be considered is that at time value level;

- IAS 34 – Interim Financial Reporting. The document introduces amendments for the purpose of clarifying the requisites to be observed in the event that the disclosure required is presented in the interim financial report, but outside the interim financial statements. The amendment specifies that this disclosure should be included by means of cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to the intended audience of the financial statements in the same manner and as per the same timescales as the interim financial statements.

The amendments introduced by the document must be applied as from the accounting periods beginning on or after January 1st, 2016.

Uncertainty in the use of estimates

The preparation of the financial statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, the results actually achieved could then differ from said estimates.

In detail, the estimates are used in order to record the provisions for doubtful receivables, inventory obsolescence, amortisation and depreciation, write-downs, employee benefits, taxation and other provisions allocated. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the income statement, in the period in which the estimate is reviewed.

Bad debt provision

The bad debt provision reflects management's estimate of management of losses relating to the trade receivables portfolio. The estimate for this provision is based on losses expected by the Company, determined on the basis of past experience with similar receivables, current and historical past due amounts, losses and collections, credit quality monitoring and forecasts regarding economic and market conditions.

Inventory write-down provision

The inventory write-down provision reflects management's estimate regarding the impairment expected from the company, in terms of events that have already taken place as well as the expected prices for crop protection products during 2015, particularly those products whose realisable value is indexed to the commodity prices.

The financial crisis has not however had a significant impact on the value of the Company's inventories, while future impairment cannot be precluded for sales of crop protection products, though it cannot currently be foreseen.

Intangible assets in progress and goodwill

Intangible assets not yet available for use essentially refer to registration expenses incurred for authorisations to sell formulas relating to the Company's major proprietary products and development expenditure for new products (see note No. 2). 30% of this item, equal to about € 22.2 million, concerns a new product called IR6141, still sold in very few markets, and 36% of this item refers to the co-development of a new fungicide called SDHi.

As those assets are essentially registrations not yet obtained, the cash flows used for the purposes of impairment testing, reflected in the business plans of the company, are those specifically defined for each project.

Therefore, in measuring the recoverability of this item, which involves discounting the cash flows expected from the sale of related products, impairment testing is normally conducted also on the value of the active

ingredients not yet amortised and posted in the accounts for the products IR6141 and SDHi for € 4.7 million and € 8.1 million, respectively.
The Directors, in light of the tests carried out based on estimated cash flows reflected in the preliminary estimates and in the 2015-2018 Business Plan, did not deem it necessary to recognise any impairment losses.
With regard to goodwill, note that the item mainly refers to the CGU “Copper” and “Formulations”. In this regard, management has developed additional analyses to verify the recoverability of the goodwill. Related considerations are described in note No. 4.
With regard to goodwill, according to the results of tests performed on the basis of expected future cash flows in the preliminary estimates and in the 2015-2018 Business Plan, the Directors have decided that a further write-down is not necessary.
Note that the calculation of the recoverable value of intangible assets not yet available for use and of goodwill calls for management’s discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating. Furthermore, the recoverability of these amounts is subject to the fulfilment of the preliminary estimates and of the Company’s 2015-2018 Business Plan, also influenced by external variables beyond the company’s control (in particular, climatic conditions and the time necessary to obtain the authorisations to sell the new products). Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of these items of the financial statements. The circumstances and events that could lead to this will be monitored constantly by Company management.

Equity investments
The equity investments in subsidiaries and associates, for which considerable use is made of estimates to determine any value write-downs or recoveries, were carefully analysed by company management to identify possible impairment, especially given the current global economic and financial crisis.

Deferred tax assets
As at December 31st, 2014, the Company’s financial statements include deferred tax assets referring to tax losses carried forward for around € 5.3 million. In recognising and measuring the recoverability of these deferred tax assets, the Company’s budgets and plans, for which the Directors believe that the taxable income that will be generated in the forthcoming years are reasonably feasible and will be such as to allow to recover said amounts, were taken into consideration. It cannot be ruled out a priori that a further worsening of the current financial and economic crisis will not raise doubts about the timing and methods predicted in the preliminary estimates and in the 2015 – 2018 Business Plan concerning the recoverability of these items. The circumstances and events which could lead to this eventuality will be constantly monitored by Company management.

MEASUREMENT BASES

The financial statements have been drawn up on the basis of the cost principle with the exception of any financial assets held for trading and derivatives, which are measured at fair value. This value is the price that would be perceived for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction in the main (or most advantageous) market as at the valuation date, at current market conditions, regardless of the fact that price is directly observable or is estimated using another measurement basis.

Tangible assets

Tangible assets, which can be stated in the financial statements as assets if, and only if, it is probable that the future economic benefits associated with them will flow to the company and if their cost can be reliably determined, are recorded at historical cost and stated in the financial statements net of the related accumulated depreciation and any losses in value.

In detail, the cost of a tangible fixed asset, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bring the assets onto stream for the use for which they were acquired. If the payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.

The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalised charge.

Maintenance and repair costs are not capitalised, but are recorded in the income statement in the period they pertain to.

Costs incurred after initial recognition – improvements, modernisation and expansion costs, etc. – are recognised as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset’s useful life or increase its productive capacity, or even improve the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognised in profit or loss as incurred.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset’s estimated useful life. The useful life generally assigned to the various categories of assets is as follows:

- industrial buildings:	19 to 20 years
- plant and equipment:	6 to 12 years
- industrial and commercial equipment:	3 to 7 years
- other assets:	5 to 9 years.

Land, which as a rule has an unlimited useful life, is not depreciated.

Spare parts and small items of equipment for maintenance are recognised as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognised as fixed assets when they are expected to be used for more than one accounting period.

The book value of tangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If there is any indication that the asset may be impaired, and if the carrying amount is greater than the estimated recoverable amount, the asset or the cash-generating unit is written down to recoverable amount, which is the higher of fair value of the asset less costs to sell and value in use. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Losses in value are recorded in the income statement under the item “Impairment of fixed assets.”

Investment property

Investment properties are properties held for the purpose of generating lease revenues or in view of the appreciation of the invested capital. Such an investment is registered at cost, inclusive of any transaction costs, and is recognised in the financial statements net of the related reserve for depreciation and any losses in value.
Land and buildings acquired through a business combination are registered at market value, normally determined by an expert appraisal.

Intangible assets

Intangible assets, which can be capitalised only if they are identifiable assets which will generate future economic benefits, are initially recognised in the financial statements at purchase cost, increased by any additional charges and those direct costs necessary for preparing the asset for its use. However, assets acquired in a business combination are recognised at their acquisition-date fair value.
Assets created internally, with the exception of development costs and expenses incurred in obtaining the authorisations to market crop protection products, are not recorded as intangible assets. Development activities involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.
The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalisation of any financial charges associated with intangible assets, reference should be made to the description later in this report under the related measurement criterion.
After initial statement, intangible assets are recorded in the financial statements at cost net of the total amortisation charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortised, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with a specified useful life is as follows:

- concessions and licences:	5 to 10 years
- development costs of new products:	5 to 15 years

- authorisations to market (registrations) for agrochemicals:	term of the licence
- product know-how:	15 years
- process know-how:	5 years
- trademarks:	5 to 10 years
- patents:	term of the legal protection
- other assets (software):	5 years

Amortisation commences when the assets are available for use, or when they are in a position and in the condition necessary in order to operate in the manner agreed upon by company management.

The book value of intangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If indication of this type exists and in the event that the value exceeds the estimated realizable value, the assets are written down so as to reflect their realizable value. This value coincides with the net sales price of the assets or the value in use, whichever is the higher. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Losses in value are recorded in the income statement under the item "Impairment of fixed assets."

Product research, development and registration costs

Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognised in the income statement in the period when they are incurred.

Development costs, recorded in the financial statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.

When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to "product know-how" or "process know-how" and amortised on a straight line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with the obtaining of a statement of completeness (the "completeness check") from the competent authority.

Product registration costs reflect internal and external costs incurred to obtain or renew the authorisation from the different local authorities to market the products deriving from the development activities and /or to extend such authorisations to other crops or to other uses of the product. These costs are registered as intangible assets under "fixed assets in progress" until an authorisation to market is obtained, and they are then reclassified under "Registrations" and amortised based on the term of the concession, which may be for a maximum of ten years.

Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the notes, recognising in profit or loss any excess in the carrying amount.

These costs also include the expenses for "extraordinary protection", incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortised over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill

Goodwill acquired following a buy-out/business combination is initially recognised at cost, since it is representative of the excess of the purchase cost with respect to the portion of the fair value pertaining to the purchaser referring to the identifiable values of the current and potential assets and liabilities. After initial recognition, the goodwill is valued at cost, and decreased only by any accumulated losses in value. In fact, goodwill is not amortised, but impairment testing is performed at least annually. Any impairment is recognised to the income statement and any surplus to the balance sheet.

Impairment of tangible, intangible and financial assets

Every time the financial statements of the year are drawn up the Company reviews the book value of its tangible, intangible and financial assets to check whether these assets have sustained reductions in value. The recoverable value is calculated for each asset where possible, or an estimate is made of the recoverable value of the cash generating unit to which the asset refers. In particular, the recoverable value is the fair value net of the sales costs and the value in use, whichever is higher, where for the latter the cash flows are estimated based on the value discounted at a specific rate of the future cash flows referring to the asset, or to the cash generating unit to which it belongs.

If the recoverable amount of an asset (or a cash generating unit) is lower than its book value, the latter is reduced to the lesser recoverable value. The impairment is immediately entered into the Income Statement.

Afterwards, if the impairment of an asset no longer holds or is reduced, the book value of the asset is increased until the new estimate of the recoverable value (which cannot exceed the value that would have been determined had no loss due to reduction of value been entered). Reversing an impairment is immediately entered into the income statement.

Based on what is set out above, the assets and cash generating units (CGUs) representing the smallest identifiable group of assets able to generate largely independent cash in were identified in the financial statements. Goodwill was unfailingly allocated to the cash generating units from which benefits connected with the business combinations that generated them are expected. The CGUs were identified with the same criteria as last year.

A summary table showing the values of the tangible and intangible assets and the goodwill allocated per CGU subjected to impairment testing follows.

Cash Generating Units	Fixed assets with a definite useful life			Assets with an indefinite useful life	TOTAL
	Tangible assets	Intangible assets: not yet available for use	Intangible assets: already available for use	Goodwill	
Kiralaxyl (IR 6141)	0	6,687	6,146	0	12,833
Tetraconazole	3,388	2,739	4,507	0	10,634
Biological products	926	495	1,848	510	3,779
Copper	4,752	2,565	1,729	464	9,510
SDHi (IR 9792)	0	8,116	85	0	8,201
Pyrethroids	0	444	1,056	0	1,500
Novaluron	0	0	916	0	916
Formulations	5,147	145	0	657	5,949
	14,213	**21,191**	**16,287**	**1,631**	**53,322**

The Company has therefore subjected its Intangible Assets totalling € 39,109 thousand (including Goodwill) out of a total of € 41,699 thousand (including Goodwill) with 94% hedging to impairment testing.
The Company also performed the impairment test on the investment held in Isagro Colombia.

Joint arrangements: joint-operations and joint ventures
When one or more investors collectively control an entity subject to investment, having to operate together to carry out the significant activities, since no investor can carry out the activities without the involvement of the others, it follows that no investor alone controls of the entity subject to investment. In this case, the recognition by the Company of its holding in the entity is carried out on the bass of the matters laid down by IFRS 11 - Joint arrangements.
A joint arrangement is present when in a contractual agreement between two or more parties the sharing of the control is assigned to the same, control which only exists when the unanimous consent of all the parties which share the control is required for the decisions relating to the significant activities.
A joint arrangement can be a "joint-operation" (or jointly controlled activities) or a "joint-venture".
A "joint-operation" (or jointly controlled activities) is a joint operation in which the parties which hold the joint control have the right on the activities and obligations for the liabilities relating to the arrangement. In this case, in the separate financial statements, the agreement is recorded, line by line in the Company's income statement and the statement of financial position, on the basis of the percentage of the assets, the liabilities, the costs and the revenues pertaining to said Company, understood as the joint manager of the agreement, and the reciprocal intercompany transactions outstanding between the joint manager and the joint-operation are eliminated.
By contrast, a "joint-venture" is a joint arrangement in which the parties which hold the joint control have the right on the net assets of the arrangement. In this case, the Company recognises its holding in the joint-venture as an equity investment, recorded at cost in accordance with IAS 27 §10.

Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are recognised at cost.
In accordance with IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or holds rights on said returns) deriving from its relationship with the company and at the same time has the ability to draw on these returns, exercising its power over the company. An investor has power over an entity subject to investment when it holds valid rights which grant it the current capacity to manage the significant activities, or the activities which have a significant effect on the returns of the assets subject to investment.
An associate is a company over which the Company exercises considerable influence, understood as the power to take part in the determination of the financial and operating policies of the investee, without having control or joint control over the same. The presence of significance influence is presumed when the Company holds, directly or indirectly, 20% or more of the votes which can be exercised during the shareholders' meeting of the investee company, unless the contrary cannot be clearly demonstrated.
The book value of equity investments is subject to impairment testing so as to detect any loss in value when events or changed circumstances indicate that the book value exceeds the presumed sales price: in this event, the equity investments are written down to reflect the latter value which coincides with the net sales price of the asset or its value in use, whichever is the higher.

Financial assets

Financial assets are initially recognised at cost – increased by any transaction costs – which represent the fair value of the consideration transferred. Purchases and sales of financial assets are stated as of the date they are traded, in other words the date when the company undertook the commitment to purchase said assets. After initial statement, financial assets are valued in relation to their functional intended use on the basis of the following approach.

<u>Financial assets held for trading</u>

These are financial assets acquired for the purpose of obtaining a profit from the short-term price fluctuations. After initial recognition, these assets are measured at fair value and the related gain or loss is recognised to the income statement.

In the event of securities commonly traded on regulated markets, the fair value is established with reference to the year-end listed price. With regard to investments for which a market price is not available, the fair value is determined on the basis of the current market value of another essentially similar financial instrument or is calculated on the basis of the cash flows expected from the net assets underlying the investment, discounted at a rate that reflects the credit risk of the counterparty.

<u>Investments held to maturity</u>

These are non-derivative financial assets with payment of fixed or determinable prices, which the company has the firm intention and ability to maintain until maturity.

After initial statement, these assets are valued at amortised cost, using the effective exchange rate method, which represents the rate which exactly discounts back the payments or the future collections estimated over the expected duration of the financial instrument. The amortised cost is calculated taking into account any discounts or premiums, which are divided up over the entire duration until maturity.

<u>Loans receivable</u>

These are treated in the accounts in accordance with the matters envisaged for "investments held to maturity."

<u>Available-for-sale financial assets</u>

This item includes the financial assets not falling within the previous categories. For example, it comprises equity securities acquired without the intention of re-selling them over the short-term (called equity investments in other companies) or long-term Government securities acquired so as to be held over the long-term among the company's assets, but without the intention of holding them to maturity.

After initial recognition, these assets are recognised at fair value using the method described for the "Financial assets held for trading" and the gains or losses are recorded as "Other comprehensive income components" until they are sold or it is assessed that they have suffered impairment: in this case, the gains and losses accumulated as at that moment are booked to the separate income statement.

Equity instruments which do not have a market price listed on an active market and whose fair value cannot be reliably determined, are recognised at cost.

Inventories

Inventories are measured at the lower between cost and the net estimated realizable value, represented by the normal estimated sales prices, net of the finalisation or sales costs.

The cost of the inventories may not be recoverable if they are damaged, if they become obsolete or if their sales prices have decreased: in this case, the inventories are written down to their net realizable value on

the basis of an assessment made on a line by line basis and the amount of the write-down is recorded as a cost in the period it is made.
The cost of the inventories includes the purchase costs, conversion costs and other costs incurred in order for the inventories to reach their current location and conditions.
The method used for determining the cost of the inventories is the weighted average cost, inclusive of the opening inventories.

Trade and other receivables

Trade and other receivables are initially recognised at cost, i.e. the fair value of the amount received during the transaction. Subsequently, the receivables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while receivables without a fixed maturity are valued at cost.
Short-term receivables without a stated interest rate and with maturity within normal trade terms are valued at their original value. The fair value of the long-term receivables is established by discounting back future cash flows: the discount is recorded as financial income over the duration of the receivable until maturity.
Receivables are stated in the financial statements net of allowances for losses in value. These provisions are made when there is an indication (such as the likelihood of default or significant financial difficulties of the debtor) that the company will be unable to recover all the amounts due in accordance with the original terms of the sale. The book value of the receivable is decreased through use of a specific fund. The receivables which are subject to impairment are reversed when they become uncollectible.

Cash & cash equivalents

Cash includes cash on hand as well as on-demand and short-term bank deposits, i.e.; those with an original envisaged maturity of no more than three months.
Cash equivalents include temporary cash surpluses invested in financial instruments characterised by higher returns with respect to on-demand bank deposits (e.g. government securities) and which can be readily cashed in. They do not include temporary investments in capital instruments due to the volatility and variability of their values.

Trade and other payables

Trade and other payables are initially measured at cost, i.e. the fair value of the consideration transferred in the transaction. Subsequently, the payables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while payables without a fixed maturity are valued at cost.
Short-term payables without a stated interest rate and with maturity within normal trade terms are valued at their original value. The fair value of the long-term payables is established by discounting back future cash flows: the discount is recorded as a financial charge over the duration of the payable until maturity.

Loans payable
Loans payable are initially stated at cost, corresponding to the fair value of the amount receivable, net of any related loan acquisition charges.

After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method.

Conversion of foreign currency balances

Foreign currency transactions are initially recognised using the exchange rate which is applicable on the transaction date. The exchange differences generated during the period, when foreign currency receivables are collected and payables paid, are recognised in the income statement.
At the end of the accounting period, the monetary assets and liabilities denominated in foreign currency - comprising cash on hand and assets and liabilities to be received or paid in fixed and determinable cash amounts – are converted into the reporting currency using the exchange rate in force as at the period end date, with recognition of any exchange difference generated in the income statement.
Non-monetary items expressed in foreign currency are converted into the reporting currency using the exchange rate in force as at the transaction date, or the original historic exchange rate. Non-monetary elements recorded at fair value are converted using the exchange rate in force as at the date this value was determined.

Provisions for risks and charges

Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:
- there is a current obligation (legal or implicit) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recorded as a provision represents the best estimate of the outlay required for meeting the obligation existing as at the period end date. If the effect of the discounting back of the value of the cash is significant, the provisions are determined by discounting back the expected future cash flows at a pre-tax discount rate which represents the current market valuation of the cost of money in relation to time and, if appropriate, the specific risks of the liabilities. When discounting back is carried out, the increase in the provisions due to the passage of time is treated as a financial charge.
Contingent liabilities are not recorded in the financial statements.
With reference to the provisions for “participation bonus and manager and director bonuses”, the Company records this amount - in line with the previous year - in the item “Current provisions” since they are approved and finalised by the Shareholders’ Meeting following approval of the financial statements.

Employee benefits

Benefits after the termination of the employment relationship are established on the basis of plans which, in relation to their characteristics, are separated into defined-contribution plans and defined benefit plans.
With regard to defined-contribution plans, the company’s obligation is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at period end, less any amounts already paid.
The amount recorded as net liability (or asset) in the defined-benefits plans is determined by using the “projected unit credit method” actuarial technique, and it is equal to: (a) the current value of the defined-

benefits obligation as at the financial statement reference date; (b) plus any actuarial gains (less any actuarial losses); (c) less any social security costs relating to past work services not yet recorded; (d) less the fair value as of the financial statement reference date of the assets serving the plan (if they exist) beyond which the obligations must be directly discharged. The actuarial profits and losses coming from re-measurement of the assets and liabilities following the change in the financial actuarial and/or demographic assumptions, and the yield of the assets serving the plan (except for the amounts included in the net interest), are recognised under "Other comprehensive income components" and are directly reflected in the "Retained earnings" without subsequent reclassification to the "Profit/(loss) for the year" items.
The cost recorded under the "Profit/(loss) for the year" is the same as the algebraic mean of the following elements in the defined-benefits plans: (a) the social security costs relating to the current employment services; (b) the net interest deriving from the increase in the liability consequent to the passage of time; (c) the social security costs relating to the past employment services; (d) the effect of any reductions or discharges of the plan.
Until December 31st, 2006 the employee severance indemnity (TFR) provisions of Italian companies were considered as defined benefit plans. This was amended by Law No. 296 of December 27th, 2006 (Finance Law 2007) and subsequent decrees and regulations which were issued in the first few months of 2007. In light of these amendments, this is now considered a defined benefit plan only insofar as the amounts which matured until January 1st, 2007 (and which have not been settled on the balance sheet date), while after this date it is considered a defined contribution plan.

Leases

Financial leasing agreements, which basically transfer to the company all risks and benefits deriving from the ownership of the leased asset, imply the recognition of the value of the leased assets against a financial liability toward the lessor, for an amount equal to the fair value of the leased asset or, if lower, at the current value of the rentals, determined using the implicit interest rate of the contract. Rentals are split between capital amount and interest amount, so to obtain the application of a consistent interest rate on the residual balance of the debt (capital amount). Any financial charges are recognised in the income statement.
The leased asset is then amortised according to criteria similar to those used for proprietary assets.
Those leasing agreements where, on the contrary, the lessor essentially maintains all the specific risks and benefits of the asset, are classified under operating leases. Any payments related to these agreements are recognised in the income statement.

Revenues

Revenues are valued at the current value of the amount received or due. Revenues are recognised to the extent that it is probable that the economic benefits will be achieved by the company and the related amount can be reliably determined.
<u>Sale of goods</u>
The revenue is recognised when the company has transferred the significant risks and benefits associated with the ownership of the asset and stops exercising the usual level of activity associated with the ownership as well as effective control over the asset sold.

Provision of services

The revenue is recorded with reference to the stage of completion of the transaction as of the period end date. When the result of the provision of services cannot be reliably determined, the revenues must be recorded only to the extent that the recorded costs will be recoverable.

The stage of completion is determined via the valuation of the work carried out or the proportion between the costs incurred and the total costs estimated.

With reference to the Licensing activities, understood as activities for the granting of patents, know-how and similar rights to third parties for use under the form of license agreements, the Company recognised the related proceeds, made up of royalties and up-front payments, at the time of the transfer of the risks and benefits, in observance of the provisions of IAS 18. In detail, this income is recorded when the sums received can be considered as certain and non-reimbursable, and any Company obligations are null or negligible.

Interest

Interest is recorded on an accruals basis, using the effective interest rate method.

Royalties

These are recorded on an accruals basis, in accordance with the matters envisaged in the related agreement

Dividends

These are recorded when the right of the shareholders to receive the payment arises.

Government grants

Government grants are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions referring to them have been satisfied.

When the grants are linked to cost components (for example operating grants) they are recorded under the item “Other operating revenues”, but spread out systematically over several accounting periods so that the revenues are proportional to the costs which they intend to offset.

When, on the contrary, the grants are linked to assets (for instance, grants for plant or grants for intangible assets being developed) they are deducted directly from the book value of such assets and are thus recognised, during the useful life of the asset to be amortised, in the income statement as income, by directly decreasing the amortising cost.

Financial charges

Financial charges directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets which take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of the assets.

All other financial charges are recognised as costs accrued in the year when they are incurred.

Costs for the purchase of goods and the provision of services

These are recorded in the income statement on an accruals basis and involve decreases in economic benefits, in the form of outgoing cash flows or the reduction in value of assets or the incurring of liabilities.

Income taxes (current taxes, deferred tax assets and liabilities)

Current taxes are calculated on the basis of a realistic forecast of the tax liabilities to be paid, in accordance with tax legislation in force, and are stated in the item “Tax payables” net of the advances paid.
If the advances paid and any credits from previous accounting periods are greater than the taxes payable, the net receivable due from the tax authorities is recorded under the item “Tax receivables.”
The company records deferred tax assets and liabilities on temporary differences existing between the values of the assets and liabilities recorded in the financial statements and the related values for tax purposes.
Specifically, a deferred tax liability is recorded for all taxable temporary differences, save when such liability derives from the original recognition of the goodwill. This liability is stated in the financial statements under the item “Deferred tax liabilities.” Conversely, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is also recorded in the presence of tax losses or tax credits carried forward, to the extent that it is probable that sufficient future assessable income will be available. These assets are stated in the financial statements under the item “Deferred tax assets.”
The value to be stated in the financial statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.
Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force as at the period end date.
Current and deferred taxes are recorded in the income statement as a charge or as income for the period. However, current and deferred taxes must be debited or credited directly in the shareholders’ equity or in the statement of comprehensive income if they related to items recorded directly in these items.

Cancellation of a financial asset

A financial asset is written off when the company no longer holds control over the contractual rights associated with the asset and this normally takes place when the rights specified in the contract are exercised or when they expire or when they are transferred to third parties. Consequently, when it emerges that the Company has retained control over the contractual rights associated with the asset, the latter cannot be removed from the statement of financial position. This essentially takes place:

- when the transferor has the right or the obligation to repurchase the transferred asset;
- when the transferor essentially maintains all the risks and benefits;
- when the transferor provides guarantees for all the risks relating to the transferred asset.

Conversely, if the transferee has the ability to obtain the rewards of the transferred asset, or is free to sell or utilise the entire fair value of the transferred asset, the transferor shall remove the asset from its statement of financial position.
In the event of a transfer, the difference between the book value of the transferred assets and the sum total of the payments received and any previous adjustment which reflects the fair value of that asset, which has been accumulated under shareholders’ equity, is included in the income statement for the period.

It should be noted that in relation to the factoring of non-recourse trade receivables, under some contracts the maximum default risk assumed by the factor is governed by the so-called credit ceiling. Appropriate effectiveness tests are therefore conducted on these transactions to verify that the risks and rewards have been substantially transferred.

Derivatives

Derivatives are measured at fair value, which IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. This value is calculated with reference to the public listed price of the instrument. When a quoted market price is not available, the Company refers to the current market value of other instruments that are substantially identical or uses appropriate measurement techniques that consider a premium for the counterparty risk. These techniques are described in the Explanatory Notes, in the paragraph on derivatives.

A derivative financial instrument can be acquired for trading purposes or hedging purposes.

The valuation gains and losses associated with derivatives acquired for trading purposes are booked to the income statement.

The statement in the accounts of derivatives acquired for hedging purposes is carried out according to the so-called “hedge accounting” approach, which offsets the registration of the derivatives in the income statement with that of the hedged items, only when the derivatives meet specific criteria.

In particular:

- at the start of the hedge, formal documentation must exist of the hedging relationship and the company’s risk management objectives and strategy for carrying out the hedge;
- at the start of the hedge, the efficacy of obtaining the offsetting of the changes in the fair value or in the cash flows attributable to the hedged risk, must be ascertained;
- the efficacy of the hedge must be assessed on the basis of recurrent criteria and the derivative instrument must be highly effective for its entire duration.

For the purposes of accounting, hedging transactions are classified as “fair value hedges” if they hedge exposure to changes in fair value of the underlying asset or liability; or as “cash flow hedges” if they hedge exposure to variability in cash flows deriving from both an existing asset or liability or from a future transaction.

With regard to fair value hedges, the gains and losses deriving from the re-determination of the market value of the derivative instrument are booked to the income statement.

With regard to cash flows hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, while any ineffective portion is recognised immediately to the income statement. In the event that the hedged item is a firm commitment giving rise to an asset or liability, the initial carrying amount of the asset or liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in fair value recognised in equity. With regard to all the other cash flow hedges, the gain or loss recognised to shareholders’ equity is transferred to the income statement at the moment the hedged transaction affects the income statement.

If a derivative financial instrument is acquired for hedging purposes and not speculative ones, but does not qualify for hedge accounting, the gains or losses on changes in its fair value must be recognised in the separate income statement.

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Introduction

As described in the section "Accounting standards, amendments and interpretations applied as from January 1st, 2014", since the amendments made to IFRS 11 had to be applied retroactively, as required by IAS 8 §19, it became necessary to recalculate the values of the statement of financial position and the income statement of the company for 2013 so as to include the balances relating to the joint-operation ISEM S.r.l..

The afore-mentioned re-calculated values are shown in the details of the Explanatory Notes, in the column "Balances as at December 31st, 2013 restated" for the asset and liability items and in the column "2013 restated" for the income statement items.

1. Tangible assets – 19,815

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

Breakdown	Dec. 31st, 2013 restated			Change	Dec. 31st, 2014		
	Historical cost	Accum. depreciation	Book value		Historical cost	Accum. depreciation	Book value
Land	1,053	0	1,053	0	1,053	0	1,053
Industrial Buildings							
- assets owned	13,043	(6,059)	6,984	(390)	13,380	(6,786)	6,594
- leasehold improvements	453	(386)	67	(24)	453	(410)	43
	13,496	(6,445)	7,051	(414)	13,833	(7,196)	6,637
Plant and equipment:							
- assets owned	27,602	(19,157)	8,445	1	29,408	(20,962)	8,446
- capital grants	(357)	339	(18)	18	(357)	357	0
- assets leased	392	(74)	318	(56)	392	(130)	262
	27,637	(18,892)	8,745	(37)	29,443	(20,735)	8,708
Industrial and commercial equipment:							
- assets owned	4,243	(3,755)	488	(84)	4,331	(3,927)	404
- assets leased	0	0	0	345	353	(8)	345
	4,243	(3,755)	488	261	4,684	(3,935)	749
Other assets:							
- furniture and fittings	912	(822)	90	53	992	(849)	143
- motor vehicles	59	(41)	18	(15)	38	(35)	3
- data processors	2,275	(1,974)	301	(1)	2,393	(2,093)	300
	3,246	(2,837)	409	37	3,423	(2,977)	446
Assets under construction and payments on account:							
- assets owned	1,079	0	1,079	1,143	2,222	0	2,222
Total	**50,754**	**(31,929)**	**18,825**	**990**	**54,658**	**(34,843)**	**19,815**

Changes for the year	Purchases	Reclassifications (hist. cost)	Disposals	Depreciation	Use acc. depr.	Change total
Land	0	0	0	0	0	0
Industrial Buildings						
- assets owned	323	14	0	(727)	0	(390)
- leasehold improvements	0	0	0	(24)	0	(24)
	323	14	0	(751)	0	(414)
Plant and equipment:						
- assets owned	1,051	802	(47)	(1,852)	47	1
- capital grants	0	0	0	18	0	18
- assets leased	0	0	0	(56)	0	(56)
	1,051	802	(47)	(1,890)	47	(37)
Industrial and commercial equipment:						
- assets owned	124	3	(39)	(211)	39	(84)
- assets leased	353	0	0	(8)	0	345
	477	3	(39)	(219)	39	261
Other assets:						
- furniture and fittings	33	47	0	(27)	0	53
- motor vehicles	0	0	(21)	(5)	11	(15)
- data processors	120	2	(4)	(123)	4	(1)
	153	49	(25)	(155)	15	37
Assets under construction and payments on account:						
- assets owned	2,011	(868)	0	0	0	1,143
	2,011	(868)	0	0	0	1,143
Total	**4,015**	**0**	**(111)**	**(3,015)**	**101**	**990**

The investments made in the period essentially refer to projects for increasing the efficiency of the plants and the level of safety of the Adria and Aprilia production sites.
In particular, a new automatic palleting machine was purchased during the year for the packaging plant of the granular products of the Aprilia site; this investment led to a € 207 thousand increase in the item "Plant and equipment".
The item "Industrial and commercial equipment - assets leased" refers to the supply of new analytical laboratory instruments used in the Novara research centre. The financial lease agreement, entered into with Crédit Agricole Leasing Italia S.r.l., envisages the payment of a monthly instalment of € 6 thousand for 59 months, plus the payment of an initial advance fee of € 35 thousand. The value recorded in the financial statements represents the fair value of the asset at the time the agreement was entered into.
The item "Assets under construction", amounting to € 2,222 thousand, mainly relates to restructuring works to existing buildings in the research centre in Novara (€ 1,625 thousand) and further efficiency improvements of plants and upgrading of safety of the Adria production site (€ 483 thousand), not yet available for use.
The aforesaid restructuring works will allow for the transfer of some research departments, currently in third-party buildings, into a number of buildings owned by Isagro during the first few months of 2015.
As for the above investments, it is worth noting that, as at December 31st, 2014, agreements amounting to € 471 thousand were in place with the supplier in charge of the restructuring works.

No endogenous or exogenous impairment indicators were identified during the year, as also confirmed by the results of the impairments carried out within the sphere of the tests on the goodwill which, for the sake of completeness, also include the tangible fixed assets which can be allocated to the specific CGUs..
The chart below indicates land and building - assets owned:

location	type	total surface area square metres	covered surface area square metres
Municipality of Adria (RO)	plant – copper based products	146,965	13,398
Municipality of Aprilia (LT)	plant - formulations	130,823	29,789
Municipality of Bussi sul Tirino (PE)	plant – tetraconazole	3,110	1,000
Municipality of Novara	building – biological products	1,634	485
Municipality of Novara	building - labs, greenhouses, offices	6,677	3,373
Municipality of San Pietro in Casale (BO)	Rural area "Cantalupo"	43,611	0
Municipality of Galliera (BO)	Rural area "Cantalupo"	96,389	500

2. Intangible assets – 40,068
The breakdown and summary changes in intangible assets are described in the following tables:

Breakdown	Dec. 31st, 2013 restated			Change	Dec. 31st, 2014		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHI	4,714	0	4,714	4,316	9,030	0	9,030
- new formulations	581	0	581	273	854	0	854
	5,295	0	5,295	4,589	9,884	0	9,884
Process development costs	0	0	0	234	234	0	234
Product know-how:							
- fungicide IR 6141	10,547	5,097	5,450	(704)	10,547	(5,801)	4,746
- Remedier	784	(405)	379	(52)	784	(457)	327
- biostimulants and fumigants	135	(81)	54	(27)	135	(108)	27
- insecticides and fungicides	81	(28)	53	(5)	81	(33)	48
	11,547	(5,611)	5,936	(788)	11,547	(6,399)	5,148
Process know-how	1,840	(1,169)	671	(35)	2,030	(1,394)	636
Extraordinary protection	9,668	(5,443)	4,225	(30)	12,048	(7,853)	4,195
Patents, licences, trademarks and registrations	11,357	(4,467)	6,890	492	13,482	(6,100)	7,382
IR 8116 patents Joint operations (Isem)	3	0	3	(3)	0	0	0
Other:							
- software	1,112	(519)	593	(121)	1,180	(708)	472
	1,112	(519)	593	(121)	1,180	(708)	472
Assets under development and payments on account:							
- registrations	12,383	0	12,383	(266)	12,117	0	12,117
	12,383	0	12,383	(266)	12,117	0	12,117
Total	53,205	(17,209)	35,996	4,072	62,522	(22,454)	40,068

Changes for the year	Acquisitions/ capitalisations	Reclassifications and other changes	Write-downs Disposals	Amortisation	Total change
Product development costs:					
- fumigants and SDHi	4,316	0	0	0	4,316
- new formulations	276	0	(3)	0	273
	4,592	0	(3)	0	4,589
Process development costs	424	(190)	0	0	234
Product know-how:					
- fungicide IR 6141	0	0	0	(704)	(704)
- Remedier	0	0	0	(52)	(52)
- biostimulants and fumigants	0	0	0	(27)	(27)
- insecticides and fungicides	0	0	0	(5)	(5)
	0	0	0	(788)	(788)
Process know-how	0	190	0	(225)	(35)
Extraordinary protection	2,380	0	0	(2,410)	(30)
Patents, licences, trademarks and registrations	68	2,073	0	(1,649)	492
IR 8116 patents Joint operations (Isem)	0	0	(3)	0	(3)
Other:					
- software	68	0	0	(189)	(121)
	68	0	0	(189)	(121)
Assets under development and payments on account:					
- registrations	2,019	(2,073)	(212)	0	(266)
	2,019	(2,073)	(212)	0	(266)
Total	9,551	0	(218)	(5,261)	4,072

Intangible assets not yet available for use essentially include: "development costs" to support the development phase of new proprietary products, among which a fungicide called SDHi, for which a co-development agreement amounting to € 8,116 thousands was signed with FMC Corporation in 2012 (see note No. 23); and "fixed assets in progress" which refer to registration costs (€ 12,117 thousand) to obtain authorization to sell formulation of the main proprietary products in various Countries. It should be noted that the obtainment of new authorisations during the year led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortisation period, for € 2,073 thousand.

"Extraordinary protection" of € 4,195 thousand refers to costs incurred by the company to extend the useful life (i.e. the marketing life) of certain products already placed on the market and, also includes expenses incurred in order to comply with the provisions of EU regulations.

This item concerns the following proprietary products:

- Tetraconazole 1,220
- Copper-based products 1,065
- Pyrethroids 630
- Other products 1,280

"Acquisitions/capitalisations" include € 499 thousand relating to the capitalisation of financial charges incurred on the new medium/long term loan granted by the European Investment Bank (E.I.B.), disbursed in two tranches, in May 2012 and July 2013, to support a 2010-2013 investment programme in research, innovation and development (see Note 16). The average rate used to determine their amount was 5.77%, i.e. the average annual interest rate of the specific loan.

During the year, steps were taken to up-date the analysis regard the state of technical completion of the projects and the results obtained; criticalities emerged with reference to certain investments underway for the development of new formulations and the attainment of new authorisations to sell the proprietary products, which - also in light of the additional studies required by the responsible authorities - proved to be uneconomical to use. Consequently, as envisaged by IAS 38, the costs incurred in relation to these projects, recorded under “new formulations development costs” (€ 3 thousand) and “Assets under development” (€ 212 thousand) were entirely written down for a total amount of € 215 thousand (see note No. 33).

In consideration of the research and development activity carried out, the company, in the previous years, obtained the relative government grants, both in cash and in tax credit which when relating to capitalized projects, directly decrease the book value of the investments carried out. The table below highlights the value of the grants received with reference to the different investment projects:

Research Projects	Cost	Capital grants	Net value Dec. 31st, 2014
Product know-how - fungicide IR 6141	11,324	777	10,547
	11,324	777	10,547
Patents, licenses, trademarks and registrations	14,103	621	13,482
	14,103	621	13,482
Assets under development and payments on account: - registrations	12,440	323	12,117
	12,440	323	12,117
Total	37,867	1,721	36,146

The residual value of the item “Patents, licenses, trademarks, registrations and similar rights”, amounting to € 7,382 thousand, comprises:

- registrations and distribution rights for agrochemicals 6,226
- trademarks, patents and similar rights 1,156

“Software” includes investments of € 68 thousand referring to the implementation or customisation of new IT applications and the acquisition of the related licenses, for both the administration and logistics area.

Fixed Assets not yet available for use – impairment test

Pursuant to IAS 36, the Isagro Group tests products under development and registrations in progress for impairment annually: although these are assets with “definite useful life”, as the rest of the Group's intangible assets, they are not yet available for use.

It should be noted that also the total carrying amounts of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with “finite useful life”, are tested for impairment at least annually, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product is then examined by a CGU (Cash Generating Unit) to which part of the Company goodwill has been allocated, the recoverability is extended to the entire CGU. Regarding “biological products” and “copper based products” please refer to note No. 3.

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

	ASSETS WITH DEFINITE USEFUL LIFE		
	Fixed assets not yet available for use	Fixed assets already available for use	Total Book value
Assets relating to research and development activities:			
- Kiralaxyl (IR6141)	6,687	6,146	12,833
- Tetraconazole	2,739	4,507	7,246
- Biological and biostimulant products	495	1,848	2,343
- Copper	2,565	1,729	4,294
- SDHi (IR9792)	8,116	85	8,201
- Pyrethroids	444	1,056	1,500
- Fumigants	1,044	47	1,091
- Novaluron	0	916	916
- Other	145	1,028	1,173
	22,235	17,362	39,597
Other intangible assets:			
- software	0	471	471
	0	471	471
	22,235	17,833	40,068

The impairment test is carried out by comparing the book value of the various projects with their recoverable value for the following molecules: Kiralaxyl (IR 6141), Tetraconazole, SDHi, Pyrethroids and Novaluron. This value is calculated using the “Discounted cash flow” model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

Below are the main hypotheses applied in the estimate of the value in use, for the purpose of determining the related recoverable value of the know-how and registrations for the molecules IR6141, Novaluron, Pyrethroids and Tetraconazole and the recoverable value of the development costs for fungicide SDHi, the main products of the company.

Business assumptions

The analysis was carried out making reference to the Company’s Business plan relating to the period 2015-2018; since the plan covers a time period of four years, having been drawn up in 2014, the decision was made to add a fifth plan year, established maintaining all the hypotheses of the last year unchanged. The plan is based on assumptions which the management considered reasonably feasible in fact – except for unpredictable weather conditions and the time for obtaining product registrations – provisional data almost matched the final statement.

Time scale considered

For the purposes of estimating the expected cash flows, a period of 15 years is usually adopted for the new-generation molecules (SDHi and Kiralaxyl). This value reflects the expected average commercial life of a new proprietary crop protection product. For already consolidated products, entirely available for use, reference is made to a timescale of 5 years.

More specifically, the SDHi fungicide is a new product for which the developing phase has recently started. The related cash flows are forecasted to start in 2020 (year of the launch of the product), timely estimated up to 2026 and maintained constant up to 2028.

As for the estimate of the cash flows expected to be derived from Novaluron and the pyrethroids, they were determined in detail over a 5-year period as this is an asset already available for use.

The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;
- zero change in current assets;
- Presumed growth rate of zero.

Economic-financial parameters

The main reference parameters are indicated below:

	Novaluron and SDHi	IR 6141	Pyrethroids	Tetraconazole
- Financial structure (Liabilities/Assets)	0.40	0.40	0.40	0.40
- WACC	8.3%	7.7%	7.1%	7.1%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of debt

The average cost of Isagro's financial payables before the tax effect, equal to 4.7%, was used for the cost of debt. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Novaluron and SDHi	IR 6141	Pyrethroids	Tetraconazole
- a Beta equal to	1.20	1.20	1.20	1.20
- risk-free rate	2%	2%	2%	2%
- market risk premium	5.50%	5.50%	5.50%	5.50%
- premium for additional risk equal to	3%	2%	1%	1%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk-free rate: taken as equal to the government security rate which reflects country risk (average 10-year BTP bond with a half-yearly assessment);

Beta: this is the Company's specific value, calculated internally, that expresses its own level of risk compared to the market based on business performed and the level of indebtedness;

Market risk premium: a rate processed by Banca IMI was used to express the spread between the expected return on an investment in shares rather than in government securities;
Premium for the additional risk: this was calculated by the Company to express the specific risk profile of the various projects/molecules based on the different degree of uncertainty of estimated cash flows.
The cost of equity was therefore 11.6% for the Novaluron molecule and the fungicide SDHi, 10.6% for the IR6141 molecule and 9.6% for the Pyrethroids and Tetraconazole.

The weight of equity and debt

With reference to the weights of equity and debt, a normalised average ratio was used, in particularly envisaging that net current assets are financed from borrowings, whilst investments in fixed assets are financed from equity.

WACC

Based on the above assumptions, the following rates were determined:

	Novaluron and SDHi	IR 6141	Pyrethroids	Tetraconazole
- WACC	8.3%	7.7%	7.1%	7.1%

Compared to the WACCs used in the previous year, an average 200 basis point decrease was revealed both further to the drop in the risk-free rate, which halved compared to last year, and further to the decrease in the cost of debt for the Company, also due to the share capital increase transactions, described in note No. 15. Thanks to this transaction, in fact, the minor minority interest capital requirement permitted the Company to obtain loans at more advantageous rates than last year.

Main results

According to the impairment test performed, approved by Isagro's Board of Directors on March 11th, 2015, to date the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by the O.I.V. guidelines on impairment, the Company conducted a sensitivity analysis of the recoverable amount of the aforementioned products, analysing the effect of a change in the discount rate used to discount the estimated cash flows. This analysis was performed to examine the effects of a potentially stronger volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.
Specifically, the sensitivity analysis performed by keeping the underlying assumptions of corporate plans unchanged and by varying the WACC did not reveal any particular critical points.
The result of this analysis tends to support the results of impairment testing.

3. Goodwill – 1,631

Goodwill, acquired through business combinations and allocated, as required under IAS 36, to groups of Cash Generating Units (CGUs), is broken down by CGU as follows:

- Copper – € 464 thousand
- Formulations – € 657 thousand
- Biological products – € 510 thousand

The following table shows the Cash Generating Unit in which goodwill has been allocated:

- “Copper”	the CGU refers to copper based product business and their production at Adria (RO) plant and their worldwide distribution
- “Formulations”	the CGU refers to the business of agrochemical formulations which takes place at the production site in Aprilia (LT)
- “Biological products ”	the CGU refers to the biological product business and their production at Novara plant and their worldwide distribution

In compliance with international accounting standards, goodwill is not subject to amortisation but rather to annual impairment testing, calculated by comparing the book value of the CGU to which the goodwill was allocated against the recoverable value or value in use. This value is calculated using the “Discounted cash flow” model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

In addition to the value of goodwill and other assets already in use, the values of related intangible assets not yet available for use were allocated to the “Copper” and “Biological products” CGUs, as indicated in note No. 2.

Below are the main parameters used in calculating the recoverable value of goodwill for the three CGUs.

Time scale considered

The analysis was carried out making reference to the Company’s Business Plan relating to the period 2015-2018; since the plan covers a time period of just four months, a period deemed not very significant for an impairment analysis, the decision was made to add a fifth plan year, established maintaining all the hypotheses of the last year unchanged.

This plan is subject to uncertainties deriving not only from their predictive nature, but also from the presence of external, uncontrollable variables (actual time required to obtain registrations and climatic variables).

The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;
- zero change in current assets;
- Presumed growth rate of zero.

Economic-financial parameters

The main reference parameters are indicated below:

Financial structure (Liabilities/Assets)	0.40
WACC	7.1%

Estimated WACC

The following assumptions were used for the purpose of calculating the weighted average cost of capital:

Cost of debt	4.7%
Cost of equity	9.6%

Cost of debt

The average cost of Isagro financial payables, the final figures recorded, was used for the cost of debt. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

Beta	1.20
Risk-free rate	2%
Market risk premium	5.50%
Additional risk premium	1%

In particular, consistent with the guidelines issued by the O.I.V. (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk-free rate: taken as equal to the government security rate which reflects country risk (average 10-year BTP bond with a half-yearly assessment);

Beta: this is Isagro's specific value, calculated internally, that expresses its own level of risk compared to the market based on business performed and the level of indebtedness;

Market risk premium: a rate processed by Banca IMI was used to express the spread between the expected return on an investment in shares rather than in government securities.

Additional risk premium: this was calculated by the Company to express the specific risk profile of the various projects/molecules based on the different degree of uncertainty of estimated cash flows.

The weight of equity and debt

With reference to the weights of equity and debt, a normalised average financial structure was used, in particularly envisaging that net current assets are financed from borrowings, whilst investments in fixed assets are financed from equity.

WACC

On the basis of the afore-mentioned hypotheses, a rate of 7.1% was determined; the comparison with the WACC used in the previous year reveals an approximate average 200 basis point decrease, due to both the reduced risk-free rate (halved with respect to 2013) and due to the decrease in the cost of the debt for the Company, also further to the share capital increase transactions, described in note No. 15. Thanks to this transaction, in fact, the minor minority interest capital requirement permitted the Company to obtain loans at more advantageous rates than last year.

Main results

According to the impairment tests performed, approved by Isagro's Board of Directors on March 11th, 2015, to date the Directors have found no impairment loss for the assets of the various CGU (goodwill, tangible and intangible fixed assets) and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by the O.I.V. guidelines on impairment, the Company conducted sensitivity analysis of the recoverable value of the aforementioned CGUs, analysing the effect of a change in the discount rate used to discount the expected cash flows. This analysis was performed to examine the effects of a potentially stronger volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.

Specifically, the sensitivity analysis performed by keeping the underlying assumptions of corporate plans unchanged and by varying the WACC did not reveal any critical points for any of the CGUs.

The result of this analysis tends to support the results of impairment testing.

Lastly, note that the calculation of the recoverable value of the various CGUs and intangible assets referred to in the previous paragraph calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating as a result of the current international economic and financial crisis. Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of goodwill and intangible assets. The circumstances and events that could lead to this will be monitored by Company management.

4. Equity investments – 21,786

This item includes equity investments in subsidiaries and associates qualifying as long-term investments arranged mainly for strategic reasons.

The breakdown and analysis of changes in investments are described in the following table:

With reference to the application of IAS 8 §19 and the consequent amendments made by IFRS 11 (as illustrated in the "Introduction"), the balances as at December 31st, 2013 do not include the value of the equity investment in the joint-venture ISEM S.r.l. in liquidation.

Equity investments	Historical cost	accumulated	Balance as at Dec. 31st, 2013 restated	Changes during the year: Acquisitions/ subscriptions	Write-downs/ Cancellations	Total change	Balance as at Dec. 31st, 2014
Subsidiaries:							
* ISAGRO HELLAS LTD	24	0	24	0	0	0	24
* ISAGRO AUSTRALIA PTY LTD	222	(208)	14	0	(11)	(11)	3
* ISAGRO ESPANA SL	1,000	0	1,000	0	0	0	1,000
* ISAGRO ASIA AGROCHEMICALS PVT LTD	15,109	0	15,109	0	0	0	15,109
* ISAGRO USA INC	1,175	0	1,175	0	0	0	1,175
* ISAGRO BRASIL LTDA	527	0	527	0	0	0	527
* ISAGRO ARGENTINA LIMITADA S.R.L.	130	(122)	8	29	(16)	13	21
* ISAGRO SOUTH AFRICA PTY LTD	46	(45)	1	13	(4)	9	10
* ISAGRO COLOMBIA SAS	3,622	0	3,622	0	0	0	3,622
* ISAGRO SHANGHAI CO LTD	166	0	166	0	0	0	166
* ISAGRO CHILE LTDA	27	(27)	0	9	(7)	2	2
	22,048	(402)	21,646	51	(38)	13	21,659
Associates:							
* REIVER INTERNATIONAL SA	78	(78)	0	0	0	0	0
* ARTERRA BIOSCIENCE S.R.L.	127	0	127	0	0	0	127
	205	(78)	127	0	0	0	127
Total	**22,253**	**(480)**	**21,773**	**51**	**(38)**	**13**	**21,786**

The "acquisitions/subscriptions" for the period, totalling € 51 thousand, mainly refer to the following transactions:

Isagro Argentina Limitada S.r.l.
Payment on June 16th, 2014 for the share capital increase
for Argentine Peso 311,733.00. 29

Isagro South Africa
Payment on March 13th, 2014 for the share capital increase
for South African Rand 200,000.00. 13

Isagro Chile Ltda
Payment on March 21st, 2014 for the share capital increase
for Chilean Peso 6,635,250. 9

The item "write-down and eliminations in subsidiaries" includes the value related to the write-downs to align the book value of some investments to the relevant share of interest of their shareholders' equity (€ 38 thousand).

The table below provides the most important information about the subsidiaries and associates and their related book value.

List of investments in subsidiaries and associates						
	Shareholders' equity pre-result	**Profit (Loss) for the year**	**Shareholders' equity Total**	**% Holding**	**% equity**	**Book value**
Subsidiaries:						
Isagro Hellas Ltd. – Moschato Share capital € 18,000	45	(6)	39	100%	39	24
Isagro Australia Pty Ltd – Sydney Share capital AUD 355,000 (euro 239,396)	14	(11)	3	100%	3	3
Isagro Espana S.L. – Madrid Share capital € 120,200	402	543	945	100%	945	1,000
Isagro Asia Agro Ltd. – Mumbai (1) Share capital Rupees 160,029,000 (€ 2,085,911)	23,467	3,777	27,244	100%	27,244	15,109
Isagro U.S.A. Inc. – Wilmington Share capital USD 1,500,000 (€ 1,235,483.07)	1,868	544	2,412	100%	2,412	1,175
Isagro Brasil Ltda – São Paolo Share capital BRL 1,307,210 (€ 405,878)	572	17	589	99%	583	527
Isagro Argentina Limitada S.r.l. – Buenos Aires Share capital ARS 992,600 (€ 96,599)	39	(17)	22	95%	21	21
Isagro South Africa - Johannesburg Johannesburg Share capital ZAR 671,000 (€ 47,808)	14	(5)	9	100%	9	10
Isagro Colombia S.A.S. – Cota - Bogota Share capital COP 362,654,120 (€ 125,388)	1,012	43	1,055	100%	1,055	3,622
Isagro (Shanghai) Chemical Trading Co. Ltd. - Shanghai Share capital CNY 1,609,547 (€ 213,587)	111	45	156	100%	156	166
Isagro Chile Ltda - Santiago Share capital CLP 29,070,809 (€ 39,429)	9	(6)	3	90%	3	2
Associated companies						
Arterra Bioscience S.r.l. - Naples Share capital € 250,429	503	211	714	22%	157	127
						21,786

With regard to the foreign companies, the values indicated in Euro, for statutory shareholders' equity only, were calculated at the December 31st, 2014 exchange rate.
($ AUD = 1.4829 - COLOMBIAN PESOS = 2892.26 – RUPEE = 76.719 - $ USD= 1.2141 – REAL = 3.2207 - ARGENTINE PESOS = 10.2755 - RAND = 14.0353 – CNY = 7.5358 – CHILEAN PESOS = 737.297)

The higher recognition value of the company Isagro Colombia S.A.S. with respect to the shareholders' equity is attributable to the presence of goodwill recognised at the time of acquisition.
According to the provisions of IAS 36, the Company verifies on a yearly basis the existence of any impairment of investments for which the recognised value is higher than the book value of the net assets of the investee companies (impairment testing). This impairment test is therefore carried out in relation to the subsidiary Isagro Colombia S.A.S by comparing the book value of the investment with its recoverable value. This value is calculated using the "Discounted cash flow" model which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
Below are the main parameters used in calculating the recoverable value of the investment.
<u>Time scale considered</u>
With regard to the cash flows the 2015-2018 Business Plan was considered; since the plan covers a time period of just four months, a period deemed not very significant for an impairment analysis, the decision was made to add a fifth plan year, established maintaining all the hypotheses of the last year unchanged. The plan is based on assumptions which the management considered reasonably feasible in fact – except for unpredictable weather conditions and the time for obtaining product registrations – provisional data almost matched the final statement.
The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;
- zero change in current assets;
- Presumed growth rate of zero.

<u>Economic-financial parameters</u>
The main reference parameters are indicated below:

	Isagro Colombia S.A.S.
Financial structure (Liabilities/Assets)	0.54
WACC	10.5%

<u>Estimated WACC</u>
The following assumptions were used for the purpose of calculating the weighted average cost of capital:

	Isagro Colombia S.A.S.
Cost of debt	9.0%
Cost of equity	15.8%

Cost of debt

The average cost of the subsidiary's financial payables, the final figures recorded, was used for the cost of debt. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

The Capital Asset Pricing Model was used to calculate the cost of equity.

The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.
Beta	1.20
Risk-free rate	5.0%
Market risk premium	9.0%

In particular, consistent with the guidelines issued by the OIV (Italian Valuation Board), reference was made to an unconditional approach that tends to reflect country risk in the risk-free rate in the following scenarios:

Risk-free rate: taken as equal to the government security rate which reflects country risk (government securities having characteristics similar to the average 10-year BTP bond with a half-yearly assessment for Isagro Colombia S.A.S.);

Beta: this is the Isagro Group's specific value, calculated internally, that expresses its own level of risk compared to the market based on the Group's business and level of indebtedness;

Market risk premium: a rate processed by Banca IMI was used to express the spread between the expected return on an investment in shares rather than in government securities.

The weight of equity and debt

With reference to the weights of equity and debt, a normalised average financial structure was used, in particularly envisaging that net current assets are financed from borrowings, whilst investments in fixed assets are financed from equity.

WACC

Based on the above assumptions, the following rates were determined:

	Isagro Colombia S.A.S.
WACC	10.5%

Main results

According to the impairment tests performed on the basis of the 2015-2018 Business Plan, to date the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis

As required by the O.I.V. guidelines on impairment, the Company conducted sensitivity analysis of the recoverable value of the interest in Isagro Colombia S.A.S., analysing the effect of a change in the discount rate used to discount the expected cash flows. This analysis was performed to examine the effects of a

potentially stronger volatility of expected flows, and particularly in what range - in terms of equivalent discount rate - failure to implement planned action could affect the impairment test results.
Specifically, the sensitivity analysis performed by keeping the underlying assumptions of corporate plans unchanged and by varying the WACC showed that an increase of 150 basis points in the discount rate would result in the book value of the investment in Isagro Colombia S.A.S. being exceeded. The result of this analysis tends to support the results of impairment testing.

5. Financial receivables and other non-current financial assets – 2,875

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year				Book values Dec. 31st, 2014
		Increases/ decreases	Reclassifications	Revaluations/ write-downs of exchange rates	Total change	
Other non-current financial assets:						
- time deposits	2,875	0	0	0	0	2,875
Total Other non-current financial assets	2,875	0	0	0	0	2,875
Total	**2,875**	**0**	**0**	**0**	**0**	**2,875**

The item “time deposits” shows the time deposit held with the BNL – BNP Paribas Group on which interest accrues at a 0.35% rate, as a guarantee for the overall credit lines granted by the bank to Isagro S.p.A. (see note No. 16).

6. Receivables and other non-current assets – 5,602

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Receivables and other non-current assets:			
- guarantee deposits	47	2	49
- transfer of Isam holdings	323	(323)	0
- security deposit	0	1,150	1,150
- active ingredients know-how licence	0	1,500	1,500
- Tetraconazole know-how licence	IR 3,805	(902)	2,903
Total	**4,175**	**1,427**	**5,602**

In particular:
- the change in the item “transfer of Isam holdings” discloses the recording under “other current assets” of the residual portion relating to the receivable deriving from the sale of the equity investment equating to 41% of Isam S.r.l.’s share capital to Semag S.r.l. (see note No. 10);
- the item “security deposits”, stated net of a write-down provision of € 600 thousand already recorded in the financial statements as at December 31st, 2013 under the item “current provisions”, refers to the payment of € 1,750 thousand made by Isagro S.p.A. on April 8th, 2014 to the Japanese company Sumitomo Chemical Co. Ltd to guarantee any fulfilment of obligations associated with the transfer transaction for the equity investment in Isagro Italia S.r.l. to the Japanese company in 2011. The transfer contract, in fact, provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade

receivables in the portfolio of Isagro Italia (today Sumitomo Chemical Italia S.r.l.). By reason of the fact that these receivables are still not yet collected, for an amount of € 1,750 thousand, the parties agreed on the payment, made on April 8th, 2014, by Isagro S.p.A. of such amount, to guarantee the payment obligation of the amounts due, although it was also set out that, if Sumitomo Chemical Italia S.r.l. collects the aforesaid receivables by December 31st, 2018, the purchaser will have to refund Isagro with the corresponding deposited amount. In the financial statements as at December 31st, 2013, the company allocated € 600 thousand under "current provisions" as an alleged loss related to the assumed non-collection of a portion of guaranteed receivables. After making the payment, the above-mentioned item was reclassified by deducting the deposited amount.

- the item “active ingredients know-how licence” for € 1,500 thousand, refers to the non-current portion of the residual receivable relating to the up-front payment acknowledged to Isagro S.p.A. by the Hong Kong-based company Rotam Agrochemical Company Ltd., described in note No. 22, which will be paid in three annual instalments of € 500 thousand each on May 31st of each year in the period 2016 - 2018, increased by interest calculated until maturity at a fixed rate of 4.50%;
- the item "Tetraconazole know-how licence" includes € 2,903 thousand relating to the non-current portion of the residual receivable amount related to the up-front payment made by the Japanese company Arysta LifeScience Co., Ltd. to Isagro S.p.A. in the previous year, in connection with the granting of the sole right to develop mixtures of the fungicides Tetraconazole (owned by Isagro) and Fluoxastrobin (owned by Arysta) on a global scale. The amount agreed between the parties was € 10,900 thousand, € 6,300 thousand of which was collected in total as of the date of these financial statements (€ 5,000 thousand paid in December 2013 and € 1,300 thousand paid in October 2014). The residual amount receivable, equal to € 4,600 thousand, will be paid in four annual instalments on October 31st of each year, in the period 2015-2018; it was discounted back at a 6% rate. The current amount of the amount receivable, equal to € 1,181 thousand, was recorded under item "trade receivables". It should be noted that the contract provides that Arysta LifeScience is not required to pay the remaining instalments if one of the events envisaged contractually should occur (as specified in note No. 22). In the opinion of Isagro’s Directors, the probability of them occurring is still extremely remote,

7. Deferred tax assets and liabilities – 5,101

Deferred tax assets – 6,731

Deferred tax liabilities – 1,630

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year				Change	Book values Dec. 31st, 2014
		Reclassifications	Other balance sheet changes	Provisions	Uses		
Deferred tax assets	5,064	4	290	2,074	(701)	1,667	6,731
Deferred tax liabilities	(1,471)	(4)	33	(249)	61	(159)	(1,630)
Total	**3,593**	**0**	**323**	**1,825**	**(640)**	**1,508**	**5,101**

The following table analyses the timing differences between the taxable amount and the statutory profit which led to the recording of deferred tax assets and liabilities.

Temporary differences	Prepaid /deferred taxes Dec. 31st, 2013 restated		Other balance sheet changes		Transfers to separate income statement			Prepaid /deferred taxes Dec. 31st, 2014	
	Taxable base	Taxation	Taxable base	Taxation	Other changes	Uses	Provisions	Taxable base	Taxation
Deferred tax assets:									
- tax loss	13,784	3,791	0	0	0	0	1,500	19,239	5,291
- taxed provisions	1,836	568	0	0	0	(402)	560	2,335	726
- grants for R&D IR 6141	401	126	0	0	0	(16)	0	349	110
- year-end exchange rate alignment of foreign currency assets/liabilities	386	106	0	0	0	(106)	0	0	0
- other	1,607	473	1,030	294	(1)	(176)	14	2,174	604
Total prepaid tax assets	**18,014**	**5,064**	**1,030**	**294**	**(1)**	**(700)**	**2,074**	**24,097**	**6,731**
Deferred tax liabilities:									
- amortisation/ depreciation for tax purposes	4,131	1,322	94	4	0	0	8	4,250	1,334
- grants related to R&D expenditure	201	55	0	0	0	0	22	281	77
- year-end exchange rate alignment of foreign currency assets/liabilities	0	0	0	0	0	0	213	774	213
- default interest	0	0	0	0	0	0	6	19	6
- tax provisions	145	41	(18)	(33)	0	(8)	0	0	0
- other	192	53	0	0	0	(53)	0	0	0
Total deferred tax liabilities	**4,669**	**1,471**	**76**	**(29)**	**0**	**(61)**	**249**	**5,324**	**1,630**
Total	**13,345**	**3,593**	**954**	**323**	**(1)**	**(639)**	**1,825**	**18,773**	**5,101**

The “Balance sheet changes" column (€ 323 thousand) includes € 289 thousand in deferred tax assets relating to ancillary costs incurred by the company, in relation to the share capital increase transaction, as described in note No. 15, directly deducted from the increase in shareholders' equity under the item “share premium reserve". This column also includes the value regarding use of the deferred taxes, as the tax effect related to the actuarial losses deriving from the re-measurement of the item “Employee benefits” (€ 33 thousand) recognised under “Other comprehensive income statement components” and recorded under shareholders’ equity in the item “Retained earnings”.

In particular, the item “Deferred tax assets” includes € 110 thousand relating to the tax effect on financial subsidies for the development project IR 6141 which, in compliance with the tax regulations, are taxed on a cash basis rather than on an accruals basis; € 5,291 thousand referred to the tax losses for the years 2007 - 2008 - 2011 and the current year and € 726 thousand related to the taxed provisions. In particular, the latter refer to the inventory write-down provision (€ 216 thousand), provision for goods destruction (€ 28 thousand), bad and doubtful debt provision (€ 51 thousand), the “lay-off charges and redundancy incentive” provision (€ 60 thousand) and the “participation bonus and executives and directors’ bonus” provision (€ 371 thousand).

The estimates and the 2014 - 2018 Business Plan of the Company were taken into consideration when recognising and measuring the recoverability of the prepaid taxes, as up-dated on February 25th, 2015. Although the business plans include assumptions and forward-looking statements subject to uncertainty, the Directors deem that the taxable income envisaged for the next years, deemed to be reasonable and

feasible as confirmed at the time of the annual review of the Business Plan, will be such as to allow those amounts to be recognised and recovered.
During 2014, the Company's Directors provided for prepaid taxes only in relation to around 50% of the tax loss for the current year (€ 1,500 thousand), since they believe that it is probable that taxable income will be available in the coming years of the plan, in relation to which all the tax losses recognised can be used in full.
The convincing evidence which makes availability of sufficient future taxable income for the afore-mentioned recovery probable, over the timescale of the plan, are as follows:

- the important recovery in 2014 (confirmed by the results for the first quarter of 2015) in the turnover relating to the sale of agrochemicals (so-called Basic Business), hit hard in the last few years by the drought which had affected certain markets of great importance for the Company. This growth became possible mainly thanks to the new commercial strategies based on the development of new proprietary products;
- the significant reduction in the cost of money to a lower level than that estimated in the 2014-2018 Business Plan, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction described in note No. 15;
- the finalisation of the share capital increase transaction which will also fund part of the investment plan hypothesised in the 2014-2018 Business Plan;
- the launch of a new fumigant product and the confirmation on the validity of the new SDHi molecule under development;
- the confirmation of the income ceiling for Licensing amounting to € 11 million in the 2015-2018 plan period, despite a different timing with respect to that originally envisaged;
- the business efficiency measures, undertaken by the Company, having entered into a trade union agreement relating to the initiation of lay-off procedures which will ensure an adjustment of the costs in line with the current scope of activities;
- the introduction of the industrial partner Gowan (a US company operating in the agrochemicals sector) in the Isagro control system, for the purpose of obtaining an important strategic and business enhancement, thanks in part to the pursuit of synergies which will be achieved.

Therefore the Directors, even if the Company has reported a tax loss in previous years, deem that all the elements indicated above, reflected in the 2014-2018 Business Plan up-dated in February 2015, represent indicators of discontinuity with the past. These elements make it possible to deem the attainment of the taxable income indicated in said Business Plan probable, therefore emerging as sufficient for permitting the achievement of the benefit relating to the deferred tax assets.
Having taken into account the matters indicated previously, it is hereby disclosed that as at December 31st, 2014 prepaid taxes are at present prudently not provided for in the financial statements for a total value of € 2,947 thousand, of which € 992 thousand for tax losses for the years 2012 and 2013 and € 1,453 thousand relating to the previous year's tax loss.
It is hereby revealed that, in consideration of the amount not set aside in the previous year as well for tax losses and non-deductible financial charges, the total of prepaid taxes not provided for as at December 31st, 2014 amounts to € 2,947 thousand.
"Deferred tax liabilities" include € 1,334 thousand misalignment between the statutory and tax amortisation/depreciation of tangible and intangible assets. Specifically, this item includes € 1,198 thousand for the amortisation for development costs (IR 6141).

Deferred tax assets and deferred tax liabilities respectively comprise € 5,928 thousand and € 1,334 thousand which can be used beyond the next financial year.

8. Inventories – 29,649

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year					Book values Dec. 31st, 2014
		Reclassification of provisions	Increases/ decreases	Write-downs/ allocations to inventory write-down provision	Use of inventory write-down provision	Total change	
Raw and ancillary materials and consumables							
- Consumables	1,456	0	(102)	0	0	(102)	1,354
-Raw materials and packaging	7,482	0	4	0	0	4	7,486
	8,938	0	(98)	0	0	(98)	8,840
Less							
Inventory write-down provision	(600)	0	0	(192)	415	223	(377)
	8,338	0	(98)	(192)	415	125	8,463
Finished products and goods	18,263	0	3,232	0	0	3,232	21,495
	18,263	0	3,232	0	0	3,232	21,495
Less							
Inventory write-down provision	(900)	0	0	(151)	742	591	(309)
	17,363	0	3,232	(151)	742	3,823	21,186
Total	25,701	0	3,134	(343)	1,157	3,948	29,649
Joint operations (Isem):							
-Raw and ancillary materials and consumables	47	0	58	(105)	0	(47)	0
Less							
Inventory write-down provision	0	(83)	0	(22)	105	0	0
	47	(83)	58	(127)	105	(47)	0
-Finished products and goods	699	0	(652)	(47)	0	(699)	0
Less							
Inventory write-down provision	(130)	83	0	0	47	130	0
	569	83	(652)	(47)	47	(569)	0
Total	616	0	(594)	(174)	152	(616)	0
Total	26,317	0	2,540	(517)	1,309	3,332	29,649

The value of the Company's inventories presented an increase in the period of € 3,332 thousand, deriving from the increase in the value of inventories for € 2,388 thousand and the net decrease in the inventories write-down provision of € 944 thousand.

The increase in product inventories, with respect to the previous year, is essentially due to the rise in the volumes of stock of the main strategic assets (technical Tetraconazole and M-Alcohol) afforded as guarantee to cover the estimated sales by September 2015. The Company also established a stock of Tetraconazole-based formulation products to cover the sales campaign on the Brazilian market, whose conclusion is envisaged for the end of May 2015.

Inventories include goods, for a value of € 2,569 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of the provisions of the "Licence, development, distribution and supply" agreement that Isagro S.p.A. entered into with the Arysta LifeScience Corporation on November 8th, 2013. Please see note No. 22 for more detailed information on the agreement.

The value of inventories, net of the inventories write-down provision for a total amount of € 686 thousand, relates to obsolete goods or goods for re-processing.

As at December 31st, 2013 the provision totalled € 1,630 thousand. It was used during the year for unsuitable obsolete products for € 1,309 thousand, and increased by € 365 thousand for provisions for the period.

In detail, the items "Raw materials and products pertaining to the joint-operations (ISEM)" reveal the writing off of the balance recorded as at December 31st, 2013 further to the sale of Orthosulfamuron-based products to the Japanese company Nihon Nohyaku Co., Ltd., a company which in 2013 purchased the know-how and intangible assets relating to this molecule. During the winding-up period, ISEM transferred the raw materials and finished products, fully covered by the write-down provision, free-of-charge to the shareholder Isagro S.p.A. for their physical destruction.

9. Trade receivables – 32,702

Receivables show a net decrease of € 4,414 thousand compared to the previous year.

The change which took place was attributable in particular to the different sales turnover mix, generated by means of the increase in sales of agrochemicals in Italy (see note 22), whose receivables present a contractual maturity less than the foreign ones.

The breakdown and changes in this item are illustrated in the following table:

	Book values as at Dec. 31st, 2013 restated	Changes during the year				Book values as at Dec. 31st, 2014
		Positions opened/reimbursements	Direct write-downs/alloc. b/d debt prov.	Use of reclassified bad/doubtful debt provision	Total change	
Italian third party customers	3,574	(306)	(83)	0	(389)	3,185
Italian joint operations customers (ISEM)	172	(172)	0	0	(172)	0
International third party customers	31,499	(3,504)	(122)	0	(3,626)	27,873
Subsidiaries and parent companies	2,806	(296)	0	0	(296)	2,510
Associates and joint-ventures	18	(18)	0	0	(18)	0
	38,069	(4,296)	(205)	0	(4,501)	33,568
Less						
- bad and doubtful debt provision	(343)	0	(27)	5	(22)	(365)
- bad and doubtful debt provision (def. int)	(610)	0	(91)	200	109	(501)
	(953)	0	(118)	205	87	(866)
Total	**37,116**	**(4,296)**	**(323)**	**205**	**(4,414)**	**32,702**

During the year, the provision for doubtful debts was used for € 5 thousand and was increased by € 27 thousand as a result of the amount allocated to it for the period.

The bad debt provision for default interest covers 96% of the receivables allocated for payment delays by customers.

Regarding the total trade receivables due from related parties, please refer to note No. 39.

The breakdown by geographic area of trade receivables from customers, subsidiaries, associates and joint-operations is presented below:

. Italy	3,185
. Other European countries	5,159
. Central Asia and Oceania	356
. Americas	18,920
. Far East	4,034
. Middle East	612
. Africa	1,302
Gross receivables	33,568
Bad/doubtful debt provisions	(866)
Net receivables	32,702

The average contractual maturity of trade receivables is the following:

- Italy 130 days
- Abroad 245 days

The table below provides an analysis of trade receivables overdue but not written down:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at Dec. 31st, 2014	28,107	3,512	139	271		673	**32,702**
As at Dec. 31st, 2013 restated	30,172	3,252	294	245	146	3,007	**37,116**

The trade receivables recognised as "not yet due" are collectable within the next year.

Note that the trade receivables "not yet due" do not include receivables for which the sales terms were renegotiated and which would otherwise have been recorded under "past due but not impaired".

10. Other current assets and other receivables – 4,373

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Receivables from subsidiaries	393	643	1,036
Receivables from associates and joint-ventures	43	(43)	0
Receivables from parent companies	57	(37)	20
Third party receivables for:			
- grants	566	(405)	161
- commercial royalties	0	0	0
- advance payments to suppliers and creditors	58	220	278
- employees	38	1	39
- indemnities	268	0	268
- due from tax authorities for VAT and other taxes	1,393	(541)	852
- other services	211	97	308
- recovery of research costs	546	575	1,121
- Provision for doubtful debts from third parties	(196)	(32)	(228)
	2,884	(85)	2,799
Short-term share of m/l-term receivables	151	184	335
	3,528	662	4,190
Joint-operation receivables (ISEM)			
- tax authority for VAT	13	(13)	0
- other receivables	0	0	0
	13	(13)	0
Total receivables	3,541	662	4,190
Prepaid expenses	182	1	183
Total	**3,723**	**663 days**	**4,373**

Receivables from subsidiaries totalling € 1,036 thousand mainly refer to:

- Isagro Hellas Ltd., € 75 thousand, relating to the recovery of personnel service costs;
- Isagro España S.L., € 100 thousand, relating to the supply of management and administrative services;
- Isagro (Asia) Agrochemicals Pvt. Ltd., € 520 thousand, of which € 450 thousand for promotional activities carried out for the Tetraconazole product and € 70 thousand for the provision of management services;
- Isagro USA, Inc., € 244 thousand, of which € 206 thousand in royalties on the sale of the company's proprietary products;
- Isagro Colombia for the dividends relating to 2013, due to Isagro S.p.A..

The item "Receivables from parent companies" concerns the supply of administrative and management services.

"Third party receivables" totalling € 3,027 thousand, are recognised in the financial statements for € 2,799 thousand net of the bad and doubtful debt provision of € 228 thousand, whose value mainly refers to the risk deriving from receivables for indemnities and leases.

In particular:

. the item "due to the tax authorities for VAT and other taxes" includes € 851 thousand for the VAT credit. The balance for the previous year amounting to € 1,392 thousand was used to offset for € 700 thousand with the payment of withholdings and contributions in early 2014;

. “indemnities” include the residual receivable from Caffaro Chimica S.r.l. as indemnity for the termination of a contract as part of which Isagro provided some research and development services;

. the item “grants” (€ 161 thousand) refers to the amounts due from the Piedmont Region in connection with the biotechnological research project called “Biobits” (€ 81 thousand) and the Production transition and innovation - Regional competitiveness and Employment” project known as “Agrobiocat” (€ 80 thousand).

In detail, with respect to the previous year the item presents a net decrease of € 405 thousand, due to the recognition of the receivable related to the “Agriobiocat” project, as per the previous point, and the collection of the following grants, during 2014:

- the amount due from MIUR for the grant on the PNR TEMA 6 research project recognised in the financial statements as at December 31st, 2013 for € 385 thousand; The collection pertaining to the Company, as head of the project, generated income of € 245 thousand;
- the amount due from INAIL, € 100 thousand, for the grant on the ISI I2411 project, for incentives to perform health and safety at the workplace operations.
- the item “recovery of research costs” for € 1,121 thousand, refers to the amount due from FMC Corporation for the recovery of 50% of costs incurred by the Company under the terms of the agreement signed between the two companies for the co-development of a new fungicide in September 2012.

The item “short-term share of m/l-term receivables” is the short-term portion of the medium and long-term loan to Semag S.r.l. for € 335 thousand under the item “Non-current receivables and other non-current assets” (see note No. 6).

The table below provides an analysis of other receivables overdue but not written down:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at Dec. 31st, 2014	3,583	185	196	22		204	**4,190**
As at Dec. 31st, 2013 restated	2,783	363	2	32	0	361	**3,541**

11. Tax receivables - 1,752

	Book Values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Tax receivables			
- tax authority for tax credits and withholding tax	1,278	335	1,613
- tax authority for income taxes	0	139	139
Total	**1,278**	**474**	**1,752**

The item “tax authority for tax credits and withholding tax” refers mainly to tax credits from international authorities for withholdings on income produced in other countries (€ 1,129 thousand). The change during the year for € 335 thousand, was essentially due to:

- the increase in receivable for withholdings due from foreign nations pertaining to the current year for € 167 thousand, offset by the use for the period totalling € 55 thousand;
- the IRES (company earnings’ tax) credit deriving from the 2014 Tax Return for € 69 thousand;
- the A.C.E. tax credit for € 173 thousand, recorded on the basis of the tax concession (so-called A.C.E. - Aiuto alla Crescita Economica –*Help to Economic Growth*-) which aims to provide incentive for

business which keep profits generated in-house and which receive new risk capital. In particular, the credit was accrued due to the increase in shareholders' equity resulting from the share capital increase carried out during the year.

The item “tax authority for income taxes” refers to the IRAP (regional business tax) and expresses the credit due to the company for advance payments made (€ 396 thousand) exceeding the tax payable determined for 2014 (€ 257 thousand).

12. Financial receivables and other current financial assets – 2,596

	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Financial receivables:			
- financial receivables from subsidiaries	2,350	238	2,588
- financial receivables from third parties	0	8	8
- financial assets held for trading	37	(37)	0
Total	**2,387**	**209**	**2,596**

This item recorded an increase for the period of € 209 thousand. In particular:

. the change in “financial receivables from subsidiaries” is due to the accrual of interest on the loans granted to Isagro USA Inc.;

. the change in financial assets held for trading was determined by the sale of the shares of Banca Popolare dell’Etruria e del Lazio. In July 2013, in fact, the Company had acquired 72,641 shares of Banca Popolare dell’Etruria e del Lazio at a price of € 0.68 per share (total investment equal to € 50 thousand), which were recorded as financial assets held for trading since it was the intention of the Company to disinvest them over the short term. The value as at December 31st, 2013, € 37 thousand, represented the fair value of these securities. On February 24th, 2014, these shares were sold at a total price of € 52 thousand.

The item “financial receivables from subsidiaries” refers to the subsidiary Isagro USA, Inc. in relation to the following loans disbursed in 2013 and with repayment envisaged initially as at December 31st, 2014 and subsequently extended to December 31st, 2015:

- € 984 thousand being the equivalent value of a loan for USD 1,130, on which interest accrues at the 3-month LIBOR rate + spread of 5.50% (average effective rate for the year: 5.73%);
- € 173 thousand relating to a loan on which interest accrues at the 3-month EURIBOR rate + spread of 5.50% (average effective rate for the year: 5.97%);
- € 1,350 thousand relating to two loans on which interest accrues at the 3-month EURIBOR rate + spread of 5.50% (average effective rate for the year: 5.97%).

13. Financial assets and liabilities - derivatives – (794)

Current financial assets – 168

Current financial liabilities - 962

The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a listed price for the type of financial instruments the Company uses is not available,

proper measurement techniques based on the discounting of the expected cash flows in connection with ownership of the derivatives were used. Such measurement particularly required that an adjustment factor for the risk of non-fulfilment referring to the counterparty for the financial assets and the credit risk of the Company for the financial liabilities (own credit risk) be included.
Information required by IFRS 13 is included under note No. 40.
The following tables disclose the types of derivative contracts outstanding as at December 31st, 2014:

Description of derivatives	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Current financial assets:			
- foreign exchange	93	64	157
- *commodities*	3	8	11
	96	72	168
Current financial liabilities:			
- foreign exchange	0	(956)	(956)
- *commodities*	0	(6)	(6)
	0	(962)	(962)
Total	**96**	**(890)**	**(794)**

Description of derivatives	Fair value as at December 31st, 2014
Trading derivatives:	
- interest rates	0
- foreign exchange	(799)
- commodities (copper)	5
	(794)
Total	(794)

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

- as regards foreign exchange rates, forward contracts related to forward sales and purchases of US dollars and Japanese yen, described in the table below:

Contract type	Currency	Average exchange rate	Notional value (Currency/000s)	Fair value (Euro/000s)
Forward - Sale	USD	1.25	(31,000)	(956)
Forward – Purchase	USD	1.34	2,000	157
Total				(799)

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

Contract type	Hedged quantity (tons)	Strike price (Euro)	Notional value (Euro/000s)	Fair value (Euro/000s)
Commodity swap - purchase	248	5,086	1,261	5
	248		1,261	5

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

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2014, properly adjusted to consider the premium connected with the non-fulfilment risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2014, properly adjusted to consider the premium connected with the non-fulfilment risk.

14. Cash and cash equivalents — 4,217

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Bank and post office deposits:			
- ordinary bank accounts and P.O. deposits	5,839	(2,361)	3,478
- ordinary bank accounts and P.O. deposits - joint operations (ISEM)	1,172	(1,172)	0
- currency accounts	837	(106)	731
	7,848	(3,639)	4,209
Cash on hand	9	(1)	8
Total	**7,857**	**(3,640)**	**4,217**

On-demand and currency bank deposits are remunerated at a floating rate. The average interest rates on bank and currency deposits were 0.031% and 0.073% p.a., respectively.

“Currency deposits” include the Euro equivalent value of on demand deposits for USD 888 thousand.

The cash and cash equivalents are not subject to restrictions that limit their full use.

The fair value of the cash and cash equivalents coincides, as at December 31st, 2014, with their book value.

The item “Ordinary bank accounts and P.O. deposits - joint operations (ISEM)” refers to the bank deposits of ISEM S.r.l. in liquidation, pertaining to Isagro S.p.A.. At the time of final distribution, the cash and cash equivalents of the company wound up are allocated to the shareholders, equally, for a balance of € 1,697 thousand.
Note that for the purposes of the cash flow statement, the item “cash and cash equivalents” coincides with the respective item in the statement of financial position.

15. Shareholders’ equity – 85,487

The share capital of the Company, as at December 31st, 2013 amounted to € 17,550 thousand, fully subscribed and paid up, and comprised 17,550,000 ordinary shares. As at December 31st, 2014 it amounted to € 24,961 thousand, fully subscribed and paid up, and comprised 24,549,960 ordinary shares and 14,174,919 "growth shares", included in a new class of special shares whose characteristics are described hereunder.
On April 7th, 2014, in fact, the Shareholders' Meeting of the Company resolved to cancel the par value of shares representing the share capital and to increase the share capital, against payment of a maximum amount (including share premium) of € 29,500 thousand, of which € 7,450 thousand to be assigned to the capital, through the issue of ordinary and special shares called "growth shares", all without par value, to be offered under option to shareholders. The Shareholders' Meeting also vested the Board of Directors with the widest powers to set out the definite terms for the transaction. According to powers received, on April 11th, 2014 the Board resolved in particular on the following:
- the offer price of each ordinary share and each "growth share" offered under option to shareholders was € 1.37, of which € 1.02 as share premium;
- the maximum number of ordinary shares was 7,000,000 for a maximum value of € 9,590 thousand, and the maximum number of the "growth shares" was 14,175,000, for a maximum value of € 19,420 thousand; as a consequence, the aggregate amount of the share capital increase was € 29,010 thousand maximum;
- ordinary shares and "growth shares" jointly under option to shareholders had to be offered in indivisible packages of 40 ordinary shares and 81 "growth shares", in an assignment ratio of 1 indivisible package every 100 ordinary shares already owned, for a total offer price of € 165.77;
- option rights valid to subscribe actions had to be exercised over the period from April 22nd and May 13th, 2014.

At the end of the offer period under option, 17,366,100 option rights were exercised that led to the subscription of 6,946,440 ordinary shares and 14,066,541 "growth shares", for an aggregate value of € 28,788 thousand, of which € 7,355 thousand as share capital increase and € 21,433 thousand as increase of the "share premium reserve". In particular, it should be noted that the company Holdisa S.r.l., parent company of Isagro S.p.A., fully subscribed its pertinent portion of share capital increase, by exercising 9,600,000 option rights to subscribe 3,840,000 ordinary shares and 7,776,000 "growth shares" (of which 464,572 in its own name and 7,311,428 on behalf of minority shareholders of Holdisa itself and its holding company Manisa S.r.l.), for a total value of € 15,914 thousand. This amount, equal to € 5,897 thousand, was paid through the netting of a financial receivable that the parent company had with respect to Isagro S.p.A.
At the end of the aforesaid offer, 133,900 option rights had not been exercised, which were then offered on the Electronic Stock Market, where they were fully sold the first day of negotiation. The exercise of these rights, occurred on May 21st, 2014, led to the issue of 53,520 ordinary shares and 108,378 "growth shares",

for a total amount of € 222 thousand, of which 56 as share capital and € 166 thousand as "share premium reserve",

The increase of the "share premium reserve" was reported in the financial statements net of costs, equal to € 936 thousand, borne with respect to the share capital increase. These costs were deducted from the reserve, net of the tax effect, equal to € 289 thousand.

The item “Reserves”, amounting to € 58,470 thousand, comprises:

- Legal reserve	3,510
- Share premium reserve	44,922
- Merger surplus	10,200
- Treasury shares	(162)
	________
	58,470
	=======

The item “share premium reserve” is registered net of the costs incurred by the Company in connection with the share capital increase carried out in preceding periods and in the current period. These costs, net of the tax effect of € 1,240 thousand, amount to € 2,345 thousand.

“Treasury shares” refer to the expense incurred during the previous years by the Company to purchase 50,000 treasury shares.

The decrease in “Retained earnings”, € 86 thousand, indicated in the “Statement of changes in shareholders’ equity for 2014”, refers to the actuarial losses of the defined benefit plans (see note No. 17) recognised under “Other comprehensive income components” net of the related tax effect.

The Statement of changes indicated above in conclusion discloses the reclassification of € 2,516 thousand from the item “Non-distributable reserves” to the item “Retained earnings”. This reserve had been created by the Company at the time of the allocation of the 2011 profit, by virtue of the matters envisaged by sections 1 and 2 of Article 6 of Italian Legislative Decree No. 38 dated February 28th, 2005, for the purpose of establishing a restriction on the distribution of the portion of profit attributable to the unrealised capital gain in the transaction for conferral of a business unit to ISEM S.r.l.. Since this company was placed in voluntary liquidation on April 11th, 2014 and as of the financial statement reference date the entire liquidation shareholders’ equity has been divided up between the shareholders, the reasons for said restriction no longer apply, therefore making it possible to allocate the conferral gain among the unrestricted profit reserves.

As envisaged by Article 2427 of the Italian Civil Code, the table below illustrates the possibility of use, the distributable nature and the actual use in previous years of the shareholders' equity items:

Breakdown	Amount	Possibility of use	Available portion	Summary of uses in the period 2011-2014	
				To cover losses	For other purposes
Share	24,961		0	0	0
Share premium reserve	44,922	A, B	44,922	0	0
Legal reserve	3,510	B	0	0	0
Other reserves:					
- merger surplus	10,200	A, B, C	10,200	0	0
Treasury shares	(162)		(162)	0	0
Retained earnings	7,463	A, B, C	7,463	11,781	7,000
Total	90,894		62,423	11,781	7,000
Non-distributable portion			(15,795)		
Residual distributable portion			46,628		

Key: A = for share capital increase; B = loss coverage; C = distribution to shareholders

Note that a total of € 15,795 thousand of the reserves are non-distributable with respect to development costs not yet amortised, as envisaged in Article 2426 of the Italian Civil Code and the failure to achieve the envisaged limit for the legal reserve (20% of the shares capital), as indicated by Article 2431 of the Italian Civil Code.
The "residual distributable portion of reserves", € 46,628 thousand, does not take the € 5,407 thousand loss for the period into account.
For a summary of changes in the items during the period, please refer to the "Statement of changes in shareholders' equity for 2014".

16. Current and non–current financial payables – 45,707

Current financial payables – 25,827

Non-current financial payables - 19,880

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

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Current financial payables			
- banks	45,444	(21,441)	24,003
- other lenders	12,624	(10,965)	1,659
- obligations under finance leases	145	20	165
- parent companies	8,806	(8,806)	0
	67,019	(41,192)	25,827
Non-current financial payables			
- banks	0	19,632	19,632
- obligations under finance leases	93	155	248
	93	19,787	19,880
Total	**67,112**	**(21,405)**	**45,707**

Current payables due to banks and other lenders as at December 31st, 2014 include the current portion of the medium/long term loans, amounting to € 5,670 thousand.
The table below shows the breakdown of current financial payables broken down by type of transaction:

Breakdown	Amount	Effective average interest rate %	Maturity
Payables due to banks:			
- import financing	4,434	1.60%	on request
- export financing	10,195	1.40%	on request
- accounts receivable financing	3,704	1.57%	on invoice due date
- short-term portion of medium/long-term loans	5,670	(*)	(*)
Total	24,003		
Payables due to other lenders:			
- accounts receivable financing	1,659	2.68%	on invoice due date
Total	1,659		
Obligations under finance leases	165	4.94%	
Total	25,827		

(*) the features of the medium/long term loans are outlined in the appropriate table

The average interest rate on loans, except for financial leases, is approximately 3.57%. All the outstanding loans are expressed in Euros.
Financial payables decreased by € 21,405 thousand primarily as a consequence of the repayment of certain loans, granted by banks, factoring institutes and parent companies to the Company. Such repayment had been possible thanks to the proceeds collected from the share capital increase transaction, already described in note No. 15.
Financial payables comprise a loan granted by the European Investment Bank (E.I.B.) in two tranches of € 15,000 thousand in May 2012, and € 7,500 thousand in July 2013, respectively; this loan is recognised net of ancillary costs and fees totalling € 1,349 thousand. This loan, granted to support an Isagro Group research, innovation and development investments programme, has a maximum lifetime of six years, a pre-amortisation period of 18 months and quarterly repayments of the principal at a constant rate. As at December 31st, 2014, the Company had already repaid € 3,947 thousand, as principal for the first tranche of the loan, while the first instalment regarding the second tranche, € 395 thousand, was repaid on January 15th, 2015. The first tranche of the loan accrued interest at the three-month EURIBOR rate + a 1.144% spread, while the second tranche accrues interest at the three-month EURIBOR rate + a 0.74% spread. The average interest rate for the year was 5.71%. The agreement also provides for compliance with financial requirements (covenants) that are described below. The banks BNL - BNP Paribas Group and Banca Popolare Commercio & Industria (UBI Banca Group) and SACE issued a guarantee of € 5,750 thousand each to the European Investment Bank to grant the first tranche of the above-mentioned loan, whereas Banca Popolare di Sondrio issued a guarantee of € 8,437 thousand to the E.I.B. to grant the second tranche of the same loan.
In addition to the conditions described above, the loan provides for mandatory early settlement if any one of the following occurs:

- decrease in the total cost of the research project of an amount that makes the loan more than 50% higher than the actual cost of the project. In this case, Isagro S.p.A. shall repay the difference between the ratio of total debt to the actual cost of the project and the aforesaid 50%;

- total or partial voluntary early repayment of a loan with a duration of more than 3 years. In this case, the E.I.B. has the right to require Isagro S.p.A. to repay a fraction of the debt outstanding on the loan equal to the ratio of the amount settled early to the total amount of the loans entered into for more than 3 years and still being repaid at the time of the early settlement;
- changes in the control of Isagro S.p.A.; in this case, the E.I.B. can claim early repayment of the entire residual loan, including accrued interest and any other sum due;
- changes in any law, directive, provision, or regulation that may substantially prejudice the ability of Isagro S.p.A. or its subsidiaries to meet the obligations under the loan, or that prejudice the value, the entity, or the effectiveness of the guarantees given; in this case, the E.I.B. may require the early repayment of the entire debt outstanding, including the interest accrued and any other amount due.

Isagro S.p.A. and its subsidiaries have an obligation with the E.I.B. not to transfer, lease out, dispose of, and/or sell all or part their own major property or assets. Isagro S.p.A. also has an obligation with the E.I.B. under which it and its subsidiaries shall distribute dividends only if a consolidated profit and/or profits of the individual companies for the year are achieved. Furthermore, any dividends resolved starting from 2014 must not be higher than 40% of the sum of net consolidated profits achieved starting from 2013, except for the income coming from the disposal of intangible assets.

In addition, if Isagro S.p.A. or its subsidiaries hold mortgages, pledges or guarantee rights on their own assets without the prior consent of the E.I.B., the E.I.B. will have the right to terminate, entirely or in part, the loan agreement through notice of default of the defaulting party and only after a reasonable period within which no remedy to solve the non-fulfilment is implemented has elapsed; as a result, the loan would become due in advance. Since, in December 2013, Isagro S.p.A. supplied a quantity of 80 tons of technical Tetraconazole as collateral to Arysta LifeScience Co. Ltd. by giving a pledge on the goods to protect against any non-fulfilments of the "Licence, development, distribution and supply" agreement, signed between the two companies in the previous year, the entire amount of the medium to long-term loan (€ 17,892 thousand) was reclassified under current payables in the financial statements ended December 31st, 2013, given that a provision of the medium to long-term loan agreement resulted unfulfilled at balance-sheet date. Essentially, the reclassification was required because, at the 2013 balance-sheet date, the entity did not have an unconditioned right to postpone its settlement for at least twelve months from that date. It is also pointed out that on March 14th, 2014 Isagro S.p.A. obtained a waiver with immediate effect from the E.I.B., while the formal consent in writing from the parties guaranteeing the loan was still lacking. In May 2014, all parties guaranteeing the loan gave their written consent to the aforesaid waiver and, therefore, Isagro S.p.A. was able to classify the portion of loan due by contract after twelve months under item "medium-long term financial payables to banks".

In addition to the medium/long-term loans granted by the E.I.B.:

- in October 2014, Intesa Sanpaolo S.p.A. granted Isagro S.p.A. a medium/long-term loan for a total of € 3,980 thousand (already expressed net of € 20 thousand in commission) with a duration of four years, on which interest accrues at the 6-month EURIBOR rate + a spread of 3.8% (effective rate for 2014: 4.30%). This loan envisages an interest-only payment period of six months, the reimbursement of the principal in seven six-monthly rising deferred instalments as from October 13th, 2015 and until October 13th, 2018 and commission of 0.2% on the principal repaid in the event of early repayment. The agreement also provides for compliance with financial requirements (covenants) that are described below. The financing institute has the faculty to withdraw from the loan agreement in the event Isagro S.p.A.:
  a) is placed in liquidation;

b) is subject to merger, spin-off, sale or conferral of a business segment not previously authorised by the bank;
c) is affected by events which are detrimental to the legal, equity, economic and financial situation of the company, such as the make repayment of the loan difficult;
d) does not observe one of the two equity and economic parameters (covenants) described below.

- in December 2014, Cassa di Risparmio di Parma e Piacenza S.p.A. granted Isagro S.p.A. a medium/long-term loan for a total of € 2,970 thousand (already expressed net of € 30 thousand in commission) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a spread of 2.10% (effective rate for 2014: 2.72%). This loan, which envisages the repayment of the principal in sixteen deferred quarterly instalments with increasing principal (so-called French repayment) as from March 11th, 2015 and until December 11th, 2018 and no commission in the event of early repayment of the loan, was granted to support Isagro's research and development investment plan. The agreement also provides for compliance with financial requirements (covenants) that are described below. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are listed as follows:

a) Isagro S.p.A. uses the loans for purposes other than those for which it was granted;
b) Isagro S.p.A. substantially changes its Articles of Association in such a way as to prejudice the fulfilment of the contractual obligations deriving from the loan agreement;
c) Isagro S.p.A. grants other financiers mortgages on its tangible or intangible assets or on its present and future receivables, affords pledge on its shares or grants guarantees, without prejudice to the secured restrictions existing before the loan agreement was entered into and the restrictions laid down by law or judicial measures. Isagro S.p.A. has the faculty to afford possible pledges on goods in favour of its customers within the sphere of the Licensing business and/or any sureties or surety polices issued in favour of its supplier, as it normal commercial practice;
d) Isagro S.p.A. carries out disposals, transfers or acts of conveyance regarding assets falling under tangible, intangible and financial fixed assets with an individual or overall amount of five million euro per financial year;
e) Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below;
f) Isagro S.p.A. becomes insolvent, enters into negotiations with its creditors for the purpose of obtaining periods of grace or out-of-court agreements, disposes of assets to its creditors or requests to be admitted to bankruptcy proceedings;
g) Isagro S.p.A. is placed in liquidation, winding up takes place, it ceases to carry out its current business activities or undertakes business activities which are not consistent with those currently carried out;
h) any type of change of significance takes place with respect to the equity and financial conditions of Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on the Company's ability to fulfil the contractual obligations;
i) the independent auditing firm expresses a negative opinion or issues a declaration on the impossibility of expressing an opinion on the annual and consolidated financial statements of Isagro S.p.A.;
j) Piemme S.r.l. ceases to directly or indirectly control 50% + 1 of the shares with voting rights in Isagro S.p.A..

The characteristics of the main medium/long-term loans granted to Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at December 31st, 2014 include both the short-term portions of the loans described for € 5,670 thousand, included in the financial statements under current financial liabilities, and the accrued interest.

Amounts in thousands of Euro	
Loan granted by the European Investment Bank with a duration of 6 years, an interest rate at the 3-month EURIBOR + a 1.144% spread, and quarterly payments starting from 2013	10,775
Loan granted by the European Investment Bank with a duration of 6 years, an interest rate at the 3-month EURIBOR + a 0.74% spread, and quarterly payments starting from 2015	7,537
Loan granted by Intesa Sanpaolo S.p.A. with a duration of 4 years, an interest rate at the 6-month EURIBOR + a 3.80% spread, and quarterly payments starting from 2015	4,016
Loan granted by Cassa di Risparmio di Parma e Piacenza with a duration of 4 years, an interest rate at the 3-month EURIBOR + a 2.10% spread, and quarterly payments starting from 2015	2,974

Financial payables to other lenders, as at December 31st, 2013, included € 12,624 thousand related to amounts due to factoring companies regarding loan transactions and with-recourse assignment of credit and € 8,806 thousand regarding a loan granted on October 22nd, 2013 by the indirect former holding company BasJes Holding S.r.l. (now direct holding company Holdisa S.r.l.) to Isagro S.p.A., on which interest accrues at the five-month EURIBOR rate + a 6% spread, until March 31st, 2014, and thereafter, at the three-month EURIBOR rate + a 6% spread. In fact, on December 10th, 2014 the indirect holding company BasJes Holding S.r.l. absorbed the subsidiaries Manisa S.r.l. and Holdisa S.r.l. and, at the same time, changed it corporate name to Holdisa S.r.l..

During the year, Isagro S.p.A.:

– fully repaid the debts of the previous year to the factoring companies following the collection of the receivables assigned with recourse and entered into new loan transactions with factoring companies which, as at December 31st, 2014, were outstanding for € 1,659 thousand;
– received a further € 185 thousand loan from the former indirect holding company BasJes Holding S.r.l. (now direct holding company under the name Holdisa S.r.l.), on February 7th, 2014, on which interest accrues at the three-month EURIBOR rate + a 6% spread. On April 14th, 2014, Isagro S.p.A. partially repaid this loan for a total amount of € 3,249 thousand (of which € 262 thousand as interest and € 2,987 thousand as principal) to the former indirect holding company BasJes Holding S.r.l. which, in turn, assigned the residual amount due, equal to € 5,897 thousand, to the former indirect subsidiary Holdisa S.r.l. in order to endow the company with the necessary resources to entirely subscribe its share of capital increase, as described in the previous note No. 15, to which reference is made. The financial payment was therefore redeemed upon the subscription of the share capital increase by the former holding company Holdisa S.r.l..

The item “obligations under finance leases” refers to:

a) the residual payable of € 105 thousand due to the company Solvay Speciality Polymers Italy S.p.A. in connection with the fees to pay, for 36 months, for use of a tank for its entire useful life;
b) the residual payable of € 308 thousand due to the company Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay for 59 months, for the supply of new analytical laboratory instruments used at the Novara research centre.

In accordance with IAS 17 and IFRIC 4, these transactions are classified as finance leases.

Note also that the Company has issued guarantees to banks on behalf of the subsidiary Isagro USA Inc. for € 3,295 thousand.

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

	Payables broken down by maturity						
	Within 1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Payables due to banks:							
- floating rate	24,003	6,461	6,737	5,265	1,169	0	43,635
Total Payables due to banks	24,003	6,461	6,737	5,265	1,169	0	43,635
Payables due to other lenders							
- floating rate	1,659	0	0	0	0	0	1,659
Total Other lenders	1,659	0	0	0	0	0	1,659
Obligations under finance leases	165	62	64	67	55	0	413
Total obligations under finance leases	165	62	64	67	55	0	413
Total	25,827	6,523	6,801	5,332	1,224	0	45,707

Lastly, it should be noted that, as at December 31st, 2014, the Company had a number of credit facilities outstanding, granted by banks and other financial institutions, totalling € 86,450 thousand (including "commercial" facilities for € 79,550 thousand of which € 25,152 thousand used, and "financial" facilities of € 6,900 thousand, unused).

COVENANTS

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

Bank	**Nominal amount of the loan**	**Residual amount of the loan**	**Covenants**	**Effects**
E.I.B.	Euro 22,500	Euro 18,312	a) ratio between the consolidated net financial position and the consolidated EBITDA less than 4.5 as from 2014 and until the full repayment of the loan. b) ratio between consolidated net financial position and consolidated equity not greater than 1.50 for each year and until the date the loan has been fully settled	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Intesa Sanpaolo	Euro 4,000	Euro 4,016	a) ratio between the consolidated net financial position and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) ratio between the consolidated net financial position and the consolidated equity not greater than 1.50 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan.	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.
Cassa di Risparmio di Parma e Piacenza	Euro 3,000	Euro 2,974	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) ratio between the consolidated net financial debt and the consolidated equity not greater than 1.50 for each year as from that ended on December 31st, 2014 and until the full	The failure to comply with the two covenants shall result in the termination of the loan and the repayment of all amounts still due including interest.

			repayment of the loan.	

The assessment of compliance with the above covenants, which is performed annually, did not reveal any criticalities as at December 31st, 2014. On the basis of the 2015-2018 Business Plan, the Directors believe that the observance of the afore-mentioned covenants does not highlight problematic issues for the entire timescale of the plan.

NET FINANCIAL POSITION

In accordance with the provisions of CONSOB Communication No. DEM/6064293/2006, dated July 28th, 2006, and also in compliance with the CESR Recommendation dated February 10th, 2005, the net financial position as at December 31st, 2014 is the following:

	Dec. 31st, 2014	Dec. 31st, 2013 restated
Bank deposits and cash	(4,217)	(7,857)
Cash (A)	**(4,217)**	**(7,857)**
Current financial receivables due from subsidiaries	(2,588)	(2,350)
Current financial receivables due from joint ventures	0	0
Current financial receivables due from others	(8)	(37)
Time deposits	0	0
Current financial receivables (B)	**(2,596)**	**(2,387)**
Current payables due to banks	18,333	23,860
Payables due to other current lenders	1,659	12,624
Payables due to parent companies	0	8,806
Current portion of non-current financial payables	5,835	21,729
Current financial payables (C)	**25,827**	**67,019**
Net current financial indebtedness (A+B+C)	**19,014**	**56,775**
Non-current payables due to banks	19,632	0
Payables due to other non-current lenders	248	93
Non-current financial payables (D)	**19,880**	**93**
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**38,894**	**56,868**
Non-current financial receivables due from joint ventures		0
Non-current financial receivables from third parties		0
Time deposits	(2,875)	(2,875)
Financial assets - derivatives	(168)	(96)
Financial liabilities - derivatives	962	0
Net financial indebtedness of the Company	**36,813**	**53,897**

Compared to 2013, the net financial position shows a decrease of € 17,084 thousand. This change, despite investments in the Company’s intangible assets continuing, was made possible by the cash resulting from the share capital increase, as already described in note No. 15, as well as cash flows from operating activities, as specified in the cash flow statement.

17. Employee benefits (severance indemnity fund – TFR) – 2,993

The following table illustrates the change in the severance indemnity fund (TFR) which can be classified, as per IAS 19, among the "post-employment benefits" as "defined benefits plans":

Amount as at Dec. 31st, 2013 restated	3,478
Staff transfers	3
Cost of employee benefits	227
Payments	(715)
Other causes	
Amount as at Dec 31st, 2014	**2,993**

The total cost of the plan can be broken down as follows:

	2014	2013 restated
Finance costs for obligation assumed	108	114
Actuarial (gains)/losses	119	88
Total	**227**	**202**

<u>Information on the Severance Indemnity Fund plan</u>

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

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

The main assumptions used to calculate the Company's "TFR" pension plan commitments were as follows:

	2014	2013
- discounting rate	1.60%	3.10%
- staff turnover rate	9.50%	9.50%
- rate of inflation:	1.50%	2.00%

With regard to the choice of the discounting rate, the decision was made to take the index for the Eurozona Iboxx Corporate AA as reference.

For the staff turnover rate the probability of turnover consistent with the historic trend of the phenomenon was used.

The actuarial gains and losses coming from re-measurement of the liabilities were recognised under "Other comprehensive income statement components" and recognised under Company equity in the item "Retained earnings", while the financial component was included in the income statement under financial charges for the period. Actuarial losses for the period, € 119 thousand, include losses for € 149 thousand

due to changes in the financial assumptions and profits for € 30 thousand due to changes in the demographic assumptions.
Sensitivity analyses on the hypotheses of changing the discounting rate of the obligation were carried out to complete determination of the obligations, from which it emerged that a parameter increase of half a percentage point would bring about a € 46 thousand decrease in liabilities, while a decrease of half a percentage point in the rate would bring about an increase in liabilities of € 48 thousand.
The Company also participates in the so-called "pension funds" which, according to IAS 19, fall under the "post-employment benefits" of "defined contribution plans". In relation to these plans, the company has no additional monetary obligations after payment of the contributions.
The total amount of such plans, included under "personnel costs" in 2014 was equal to € 888 thousand (€ 883 thousand in 2013).

18. Trade payables – 30,959

This item recorded a period increase of € 3,657 thousand for the period. The breakdown and changes in this item are illustrated in the table below:

	Book values Dec. 31st, 2013 restated	Changes during the year	Book values Dec. 31st, 2014
Trade payables - Italy third parties	16,749	1,621	18,370
Trade payables - Foreign third parties	3,537	3,480	7,017
Payables due to subsidiaries/parent companies	5,672	(150)	5,522
Payables due to associates and joint ventures	1,244	(1,194)	50
Trade payables - Joint operations (Isem)	100	(100)	0
Total	**27,302**	**3,657**	**30,959**

The net change in the period is mainly due to the greater purchases of raw materials and active ingredients (see notes No. 8 and 25).
For trade payables to other related parties, reference should be made to note No. 39.
The breakdown of trade payables by geographic area is presented below:

Italy	18,421
Other European countries	2,554
Americas (*)	4,022
Middle East	134
Central Asia and Oceania	5,270
Far East	554
Africa	4
Total	30,959

(*) of which USA € 2,607 thousand.

The average contractual maturity of trade payables is 92 days.
Trade payables recognised to the financial statements are due within the next year and are not backed by collateral.

19. Current provisions – 1,471

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

Breakdown	Book values Dec. 31st, 2013 restated	Changes during the year				Book values Dec. 31st, 2014
		Provisions	Uses	Other changes	Total change	
Current provisions:						
- provision for goods destruction	139	61	(112)	0	(51)	88
- provision for employee participation bonus/ manager/director bonuses	1,312	1,183	(1,312)	0	(129)	1,183
- Joint-operation provisions (ISEM)	9	0	(9)	0	(9)	0
- provision for restoration costs	12	0	(12)	0	(12)	0
- provision for mobility and voluntary severance	1,075	192	(1,067)	0	(875)	200
- provision for legal proceedings risks	50	0	(50)	0	(50)	0
- provision for price adjustment risks on disposal of equity investments	600	0	0	(600)	(600)	0
Total	**3,197**	**1,436**	**(2,562)**	**(600)**	**(1,726)**	**1,471**

The provision for "mobility and voluntary severance package costs" relates to costs linked to a lay-off procedure, started on November 29th, 2013, that the Company shall incur by December 31st, 2015, following the corporate restructuring and re-organization. The transaction, which initially saw the industrial sites and the Milan offices involved by means of the activation of a lay-off procedure for 41 employees, was extended during the year to the Novara research centre as well, affecting another 6 employees of the company, with the consequent need for a further provision of € 192 thousand. This extraordinary liability has been recorded in the item "other non-current costs" (see note No. 29).

With regard to other provisions, note that:

The provision for reclamation actions and environmental risks referred to the residual expense to be incurred for land reclamation carried out at the L'Aquila site sold to Polven.Re S.r.l. in 2007. In 2014 the provision was used in full as a result of the costs incurred for € 23 thousand;

- the "goods destruction" provision refers to costs expected for the disposal of production waste and for any destruction of obsolete products aimed at improving logistics and storage conditions of the Adria and Aprilia industrial sites;
- the "participation bonus and manager/director bonuses" provision, based on results for the year, is an estimation of the productivity bonuses payable to employees and directors;
- the provision "price adjustment risks on disposal of equity investments", pertaining to the alleged loss deriving from the guarantee granted on the occasion of the sale of the equity investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.), was reclassified under "Receivables and other non-current assets". Please refer to note No. 6 for a description of the transaction.
- the item "joint operations provisions (ISEM) for € 9 thousand referred to:

  . the provision for performance bonuses (€ 3 thousand) relating to 2013 paid by Isagro S.p.A. in 2014 further to the transfer of the employees of the Company wound up on February 1st, 2014;

  . the provision for costs relating to the destruction of part of the Orthosulfamuron (IR 5878) inventories (€ 6 thousand) which were not purchased by the Japanese company Nihon Nohyaku Co., Ltd.. During 2014, the provision was used for excess by the company in liquidation since the

direct destruction of these products was no longer necessary (also see note No. 8).
Note that these provisions will be used in full by the end of 2015.

20. Tax payables – 0

	Financial statement values Dec. 31st, 2013 restated	Changes during the year	Financial statement values Dec. 31st, 2014
Tax payables:			
- due to tax authorities for direct taxes	47	(47)	0
- due to tax authorities for direct taxes – joint-operations (ISEM)	99	(99)	0
	146	(146)	0

This item included the allocation of tax payables for IRAP (€ 605 thousand), net of payments on account during 2013 (€ 558 thousand). The balance of 2013 IRAP payables was paid in June 2014. As at December 31st, 2014, since the advances paid were higher than the 2014 IRAP liability, the difference was recorded under tax receivables (note No. 11).
The item also included 50% of the amount to be paid to the tax authorities relating to the joint operation (ISEM) for the 2013 taxes (IRES and IRAP) calculated on the capital gain generated further to the sale of IR 5878 and IR 5885 products, net of the amount which the Company was owed by the tax authorities for substitute tax due for the release of the conferral values. These tax payables have been released during 2014 to the income statement further to the decision of ISEM to split the taxation of the fiscal capital gain relating to the sale of the IR 5885 fungicide registered in 2013, into instalments over three years. The IRAP payable relating to 2013 (€ 397 thousand) was offset against the receivable arising further to the splitting into instalments described above.

21. Other current liabilities and other payables – 4,756

The breakdown and changes in other current liabilities are illustrated in the following table:

Breakdown	Financial statement values Dec. 31st, 2013 restated	Changes during the year	Financial statement values Dec. 31st, 2014
Payables:			
- due to social security and welfare institutions	1,134	88	1,222
- due to agents and canvassers	50	24	74
- due to employees	1,175	562	1,737
- due to tax authorities for withholdings and other taxes	618	94	712
- due to subsidiaries and joint ventures	55	308	363
- due to others	405	(7)	398
Total	3,437	1,069	4,506
Joint operations (Isem)			
- due to social security and welfare institutions	8	(8)	0
- due to employees	3	(3)	0
- due to tax authorities for withholdings and other taxes	7	(7)	0
- due to others	26	(26)	0
Total	44	(44)	0
Total payables	3,481	1,025	4,506
Deferrals	310	(60)	250
Total	**3,791**	**1,009**	**4,756**

In particular:
. payables due to employees include € 766 thousand relating to payables for annual leave accrued and not taken, additional monthly payments and expenses and, for € 971 thousand, to payables that arose in connection with the corporate restructuring and reorganisation process (see note No. 29);
. due to social security and welfare institutions refers to social security contributions and insurance settled and set aside during the year but payable in the first few months of 2015;
. due to tax authorities essentially refers to IRPEF withholdings payable in January 2015.

INFORMATION ON THE INCOME STATEMENT

22. Revenues – 96,013

The breakdown of the revenues is described in the table below:

Breakdown	2014			2013 restated		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- Agrochemicals	24,438	60,759	85,197	20,051	62,729	82,780
- Raw materials, packaging	31	11	42	54	5	59
	24,469	60,770	85,239	20,105	62,734	82,839
Revenue from services:						
- Processing fees	2,475	4,941	7,416	2,875	3,219	6,094
- Innovative research	0	0	0	0	0	0
- Defending and development	16	60	76	308	44	352
- Royalties, licenses and similar rights	0	2,379	2,379	0	10,172	10,172
- Goods deposit services/management	80	149	229	89	109	198
	2,571	7,529	10,100	3,272	13,544	16,816
Revenue from sales - joint operations (ISEM):						
- Agrochemicals	0	674	674	349	133	482
	0	674	674	349	133	482
Total	**27,040**	**68,973**	**96,013**	**23,726**	**76,411**	**100,137**

With respect to the previous year restated, the item presents a decrease of € 4,124 thousand; however, if on the one hand there was a decrease in revenues deriving from Licensing activities (recorded in the item "royalties, licences and similar rights") for € 7,793 thousand, on the other there was an increase in sales of agrochemicals and external processing activities for € 3,931 thousand.
In detail, with reference to sales of agrochemicals, the following is disclosed:

a) the pick up in sales in Italy, thanks to the launch of the commercial partnership with Gowan Italia, which led to an increase of 20% with respect to the previous year restated;
b) the decrease in sales on the American continent, in particular in Brazil, due to the reduced purchases by local distributors as a result of both the need to clear outstanding stock and the weakening of the market conditions for Isagro products;
c) the sale, by the joint operation ISEM, of the stock of Orthosulfamuron (IR 5878) to the Japanese company Nihon Nohyaku Co. Ltd., purchaser of the molecule, as described in note No. 24.

The item "royalties, licences and similar rights", totalling € 2,379 thousand, includes € 2,000 thousand relating to an up-front payment which Hong Kong Rotam Agrochemical Company Ltd. made to Isagro

S.p.A. for the granting of the right to be able to use the know-how and the studies already existing, relating to three active ingredients owned by Isagro (Tetraconazole, Copper and Kiralaxyl) so as to process three mixtures with products owned by Rotam to be marketed in certain countries in the Far East, and the possibility of assessing and testing until November 30th, 2015 the SDHi (IR 9792) fungicide, currently being developed by Isagro S.p.A., for its possible exploitation in China with two mixtures based on products owned by Rotam and/or other products owned by Isagro. If Rotam informs Isagro S.p.A. by November 30th, 2015 that it wishes to exercise the right to be able to assess - for a period of six years - the possible development of two mixtures containing the SDHi (IR 9792) fungicide and one of its own products, it shall have to pay Isagro a total fee of € 3,000 thousand. This amount will be paid in four instalments of € 750 thousand each, the first to be paid by December 31st, 2015 and the others in the period 2016 - 2018, increased by interest calculated until maturity as a fixed rate of 4.50%.
The agreement also envisages that Rotam obtain prior approval of the mixture from Isagro, which may be refused only if the mixture i) does not contain a quantity of active ingredient owned by Rotam greater than or equal to that indicated in the registration certificate for that mixture, ii) prejudices the license rights which Isagro has already granted to third parties in relation to other mixtures, if the active ingredient owned by Rotam is equivalent to the active ingredient already used by the third party and iii) prejudices Isagro registrations already in existence. By virtue of this agreement, Rotam has undertaken to purchase the active ingredients necessary for the development of the mixtures exclusively from Isagro, mixtures which will be sold at prices in line with those applied to other distributors.
The contract envisages that the fee is paid in four instalments of € 500 thousand each, the first to be paid by December 29th, 2014 and the others in the period 2016 - 2018, increased by interest calculated at 4.50%. As at December 31st, 2014 the first instalment of € 500 thousand was recorded under trade receivables since this sum, despite having been paid by the deadline established contractually, was credited to the current account of Isagro S.p.A. on January 2nd, 2015. It should be mentioned that the sums paid by Rotam to Isagro by way of up-front payment, even if deferred, are not repeatable.
At the same time as the license agreement, a distribution agreement was also signed, with a duration of ten years, which appointed Rotam as distributor in China, Indonesia and Taiwan for Isagro products, mainly Tetraconazole and Copper-based; this distribution agreement may also be extended to other countries in the Far East.
The item “royalties, licences and similar rights” in 2013 essentially included the income relating to an up-front payment of € 10 million which the company Arysta LifeScience Co. Ltd. had paid to Isagro S.p.A. for the right to exclusively develop mixtures using Tetraconazole (fungicide owned by Isagro) and Fluoxastrobina (fungicide owned by Arysta LifeScience) worldwide, as well as the exclusive access to Tetraconazole for the USA and Canada to develop mixtures for leaf application on certain crops, together with the extension of its exclusive rights for Tetraconazole in Japan. Under this contract, Isagro also ensured registration support for the development of these mixtures, which however will not lead to Isagro’s residual involvement in the activities transferred in so far as it will be primarily made up of making pre-existing studies and know-how available. Isagro will also supply Tetraconazole on an exclusive basis to Arysta LifeScience for the entire term of the contract.
With reference to the part of the 15-year agreement concerning the supply of Tetraconazole, 80,000 kg of technical Tetraconazole of which Isagro still holds ownership was stored at the warehouse of the French Arysta LifeScience plant to protect it in so far as it has the reasonable requirement - for contracts of such a long period - to ensure itself an adequate “safety reserve” to guarantee ordinary functioning of the supply agreement in question.

The contract envisages that one part of the consideration, whose current value the Company calculated at € 10 million by discounting back the expected future cash flows at the rate of 6% that the parties agreed to, be paid in annual instalments; on October 31st, 2014 Isagro collected the second instalment, inclusive of the accrued interest, for a total of € 1,300 thousand. The remaining four annual instalments of € 1 million each, plus accrued interest, will be paid in the period 2015-2018.

The contract also provides that Arysta LifeScience is not required to pay the remaining instalments if one of the following events should occur. In the Company's opinion, the probability of them occurring is extremely remote:

1) Isagro is unable to meet the supply obligations set out in the above-mentioned contract and/or in one of the side agreements regarding the exclusivity in Arysta LifeScience's distribution of Tetraconazole-based products and mixtures of Tetraconazole-based mixtures in certain countries within 120 days from the date the products are ordered;
2) Isagro renegotiates its debt for an aggregate amount higher than € 40 million;
3) Isagro becomes insolvent, is no later able to pay its debts at maturity or is subject to insolvency proceedings (voluntarily or involuntarily);
4) assets owned by Isagro or one of its subsidiaries are attached or undergo similar proceedings for insolvency for an amount higher than € 40 million, unless this procedure is revoked within 30 days or the creditor waives its claim within 30 days;
5) an event or circumstance that affects Isagro's ability to carry on its activity and therefore to fulfil its obligation set out in the above-mentioned contract;
6) After a "cause of force majeure" occurs, Isagro is unable to fulfil its supply obligations within 180 days from the date the products are ordered;
7) the contract is terminated following any event that does not fall within the case of default of the company Arysta LifeScience;
8) Isagro violates the exclusivity agreement granted to Arysta LifeScience in connection with Tetraconazole and the Tetraconazole mixtures.

Although it is a contract that provides for the execution of several obligations, the Company has ascertained that:

1) Isagro's subsequent obligations (registration activities) will entail a negligible commitment, also in terms of correlated costs, and therefore, also in light of the term of the contract, it can be said that there was a substantial transfer of the risks and benefits connected with the licence to Arysta LifeScience;
2) Tetraconazole will be supplied at prices essentially in line with those applied to other distributors, purchased quantities being equal;
3) the occurrence of the aforementioned events connected with the right to cancel the extended payment can be considered somewhat remote.

Therefore, in light of what has been explained above, the agreed-to discounted consideration of € 10 million was recognised in its entirety in 2013 as it is considered once and for all purchased and unrepeatable.

The breakdown by geographic area of crop protection product sales, based on customer country, is as follows:

	2014	2013 restated
ITALY	24,438	20,400
EUROPE	24,239	22,319
AMERICAS	26,701	30,681
MIDDLE EAST	1,559	1,305
ASIA OCEANIA	1,970	1,990
FAR EAST	4,518	4,209
AFRICA	2,326	2,358
TOTAL	**85,751**	**83,262**

With regard to the total revenues from related parties, please refer to note No. 39.

23. Other operating revenues – 2,977

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

	2014	2013 restated
- admin/management and technical services to subsidiaries	201	198
- admin/management services to associates and joint ventures	63	105
- admin services to parent companies	63	52
- admin/management and technical services to third parties	0	15
- PNR Tema 6 project	245	0
- commercial royalties	197 days	124
- leases to associates and joint ventures	0	2
- leases to third parties	29	35
- insurance indemnities	91	601
- secondment of personnel to subsidiaries	75	74
- recovery of research costs	1,299	1,300
- capital gains on disposal of tangible and intangible assets	2	2
- recovery of marketing costs	450	0
- other	262	44
	2,977	2,552
Total	**2,977**	**2,552**

The item “recovery of research costs” refers to the recovery of 50% of costs incurred by Isagro S.p.A. on behalf of the American company FMC Corporation under the terms of the agreement signed between the two companies for the co-development of a new fungicide.

The item “PNR Tema 6 project” refers to the revenues deriving from the closure of this research project, which the Company headed up, with the collection in November 2014 of the sink fund grant disbursed by M.I.U.R..

The item “commercial royalties” essentially refers to royalties accrued on the sales that the American subsidiary Isagro USA Inc. made.

The item “recovery of marketing costs” refers to the reimbursement, by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., of part of the costs which Isagro incurred for the commercial development of Tetraconazole.

The item “insurance indemnities, in the previous year - restated, essentially refers to the refund received from the insurance company of the supplier Makhteshim (now Adama) to cover the damage Isagro

sustained in using a raw material (technical Folpet) that was supplied "non-compliant" with the envisaged technical specifications.
Other operating revenues from related parties are illustrated in note No. 39.

24. Other non-recurring revenues – 0

The balance for the previous year, restated, amounting to € 1,249 thousand, refers to the joint operation ISEM which:

- on April 11th, 2013 had transferred all the rights and fixed assets concerning the fungicide Valifenalate (IR 5885) to the Luxembourg company Belchim Crop Protection Luxembourg S.a.r.l. for a total payment of € 18,500 thousand, generating a capital gain on this transfer for € 28 thousand (portion attributable to Isagro);
- on October 16th, 2013 had sold all the rights and fixed assets concerning the proprietary herbicide Orthosulfamuron (IR 5878) to the Japanese company Nihon Nohyaku Co. Ltd. for a total payment of € 19,600 thousand, generating a capital gain on this transfer for € 1,221 thousand (portion attributable to Isagro).

25. Raw materials and consumables used – 60,426

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

Breakdown	2014	2013 restated
Raw and ancillary materials, consumables and goods:		
- raw material purchases	59,430	50,615
- technical materials and those for research activities	774	770
- change in inventories of raw and ancillary materials, and consumables	125	1,604
- other purchases	312	258
	60,391	53,247
Joint operations (ISEM):		
- raw material purchases	71	38
- change in inventories of raw and ancillary materials, consumables and goods	36	744 days
	35	782
Total	**60,426**	**54,029**

Compared to the 2013 balance restated, the item shows an increase of € 6,397 thousand, primarily due to both higher sales of agrochemicals, described in note No. 22, and to purchases of raw materials, made by the Company in the latter part of the year, to establish a strategic stock so as to meet production in the first quarter of 2015.
Purchases from related parties are indicated in note No. 39.

26. Costs for services – 17,718

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

Breakdown	2014	2013 restated
- utilities	3,073	2,847
- maintenance, repairs and technical support	886	817
- transport and related purchase and sale transaction costs	3,510	2,677
- third-party processing	1,391	979
- research and development costs	829	983
- consulting and professional services	2,393	2,386
- marketing costs	138	374
- software and data processing costs	248	236
- waste disposal and transport service	696	440
- technical services (registrations and patents)	188	196
- insurance	537	532
- provisions for freelance work bonuses	110	174
- allocation to provision for the destruction of goods	61	0
- office and warehouse rentals	711	745
- vehicle leasing/rental	600	572
- office/transmission line leases and sundry instalments	474	491
- other services	1,837	1,507
	17,682	15,956
Costs for services – joint-operations (ISEM):		
- transport and related purchase and sale transaction costs	1	18
- third-party processing	0	224
- consulting and services for research	0	1
- consulting and professional services	33	18
- technical services (registrations and patents)		27
- insurance	1	10
- rentals	1	6
- lease expense	1	2
- allocation to provision for the destruction of goods	0	6
- use of provision for the destruction of goods due to excess	(6)	0
- other services	5	4
	36	316
Total	**17,718**	**16,272**

With respect to 2013 restated, the item presents an increase of € 1,446 thousand, which is essentially attributable to an increase in the items “utilities”, “transport and related purchase and sale transaction costs” and “third-party processing”, for a total of € 1,471 thousand, further to the higher sales of agrochemicals, as described in note No. 22.

The item “transport and related purchase and sale transaction costs” includes a total of € 512 thousand in sales commission, of which € 419 thousand due to the following subsidiaries:

- Isagro USA, Inc. (€ 206 thousand);
- Isagro Hellas Ltd. (€ 118 thousand);
- Isagro España S.L. (€ 51 thousand);
- Isagro Colombia S.A.S. (€ 35 thousand);
- Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 9 thousand)

This item includes costs relating to subsidiaries, associates and other related parties for a total, gross of 2014 capitalisations, of € 2,124 thousand (see note No. 39). These capitalisations refer to development, production and processing costs and to registration expenses incurred to obtain authorisations to sell formulas relating to the Company's main proprietary products in various countries.
Specifically, the item includes services provided by the following subsidiaries:

- Isagro Brasil Ltda, € 503 thousand, of which € 293 thousand regarding capitalised research expense;
- Isagro USA, Inc., € 673 thousand, of which € 269 thousand regarding capitalised research expense;
- Isagro Shanghai, € 289 thousand, of which € 66 thousand capitalised research expense;
- Isagro España S.L., € 181 thousand, of which € 20 thousand capitalised research expense.

During the year, the Company incurred costs for services directly related to the share capital increase, as described in note No. 15, to which reference is made, for € 831 thousand, which were directly deducted from the item "Share premium reserve", net of the related tax effect.

27. Personnel costs – 20,972

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

Breakdown	2014	2013 restated
Personnel costs:		
- wages and salaries	13,143	12,551
- social security charges	4,574	4,361
- pension funds	888	883
- alloc. to provision for participation bonus and manager/director bonuses	1,073	1,138
- costs for employee services	1,170	1,059
- costs for seconded personnel	67	90
- other costs	45	43
	20,960	20,125
Personnel costs - joint operations (ISEM):		
- wages and salaries	8	92
- social security charges	3	29
- pension funds	0	6
- alloc. to provision for participation bonus and manager/director bonuses	0	4
- other costs	1	5
	12	136
Total	**20,972**	**20,261**

The financial statement value is essentially in line with the previous year. It is in fact envisaged that the corporate reorganisation transaction, with the initiation of the lay-off procedure started by the Company at the end of 2013 and consequent reduction in the number of employees, will produce its effects as from 2015.

As stated in the amendments to IAS 19, the actuarial component concerning employee benefits was recognised net of the relevant tax effect to "Other statement of comprehensive income components" (see note no. 17).

The following table shows the number of employees, broken down by category.

	2014 average	2013 average restated			As at Dec. 31st, 2014	As at Dec. 31st, 2013 restated		
		Isagro S.p.A.	joint operation (ISEM)*	Total		Isagro S.p.A.	joint operation (ISEM)*	Total
Executives	33	36	1	37	33	36	1	37
Middle managers	66	63	0	63	68	63	0	63
Office workers	107	104	1	105	105	105	1	106
Special qualifications	7	7	0	7	7	7	0	7
Blue-collar	96	96	0	96	69	87	0	87
	309	**306**	**2**	**308**	**282**	**298**	**2**	**300**

*the number of employees shown represents the proportional share (50%)

28. Other operating costs – 1,445

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

Breakdown	2014	2013 restated
- capital losses on disposal of tangible assets	7	9
- impairment write-downs on receivables	60	150
- taxes payable	871	819
- transactions	51	115
- subscription contributions	195	194
- advertising and entertainment costs	146	128
- provision for miscellaneous risks	0	650
- other	112	98
	1,442	2,163
Other operating costs - joint operations (ISEM):		
- taxes payable	0	37
- capital loss on disposal of tangible assets	3	0
- other	0	3
	3	40
Total	**1,445**	**2,203**

This item, excluding allocations for sundry risks, is essentially in line with the previous year restated.

During the year, in fact, the Company had made an allocation of € 600 thousand to the "provision for price adjustment risks on disposal of equity investments" for the assumed loss concerning the guarantee granted in the sale of the equity investment in the company Isagro Italia S.r.l. (today Sumitomo Chemical Italia S.r.l.) by the parent Isagro S.p.A. to the purchasing company Sumitomo Chemical Co. Ltd.; during 2014, this allocation was reclassified to decrease the amount of € 1,750 thousand paid on April 8th, 2014 by Isagro to Sumitomo by way of guaranteeing the receivables not yet collected and recorded under non-recurrent receivables (see note No. 6).

This item includes costs relating to subsidiaries, associates and other related parties for a total, gross of 2014 capitalisations, of € 190 thousand (see note No. 39).These capitalisations refer to the costs for the development of formulas relating to the Company's main proprietary products.
Specifically, the item includes services provided by the following subsidiaries:

- Isagro Hellas Ltd., € 35 thousand, of which € 7 thousand for capitalised research expense;
- Isagro Brasil Ltda, € 50 thousand, of which € 2 thousand regarding capitalised research expense;
- Isagro USA, Inc., € 85 thousand.

The item "bad and doubtful debts" can be broken down as follows:

Allocation to bad and doubtful trade debt provisions	27
Allocation to bad and doubtful sundry debt provisions	33
Losses on trade and sundry receivables	(5)
Use of the bad and doubtful trade and sundry debt provision	5
	60

29. Other non–recurring costs – 1,170

Breakdown	2014	2013 restated
- voluntary severance package and mobility costs	1,170	1,677
Total	**1,170**	**1,677**

During 2014, the corporate reorganisation and restructuring activities continued, started in 2013 with the initiation of a lay-off procedure and the consequent allocation to the "Mobility and voluntary severance package provision" of the charges to be incurred in 2014 and 2015, estimated as € 1,075 thousand; this transaction, which is expected to end by December 31st, 2015 and which initially saw only the staff at the industrial sites and the Milan offices of the Company involved, was subsequently extended also to the Novara research centre and, accordingly, as at December 31st, 2014 additional allocations were made for a total of € 192 thousand. The provision, which during the year was used for € 1,067 thousand to cover the costs incurred for the redundancy incentive for 26 employees, at the end of 2014 included the estimate of the charges to be incurred until the end of the procedure (see note No. 19).
During the year, Isagro S.p.A. also incurred additional costs, mainly for the staff redundancy incentive not initially envisaged as included in the afore-mentioned transaction, but in any event falling within the company reorganisation initiative, with the consequent recognition of non-recurrent charges for € 978 thousand.
The financial statements item in the previous year, amounting to € 1,677 thousand, plus the allocation of € 1,075 thousand to the afore-mentioned provision, included the redundancy incentive costs already incurred by the Company as at December 31st, 2013 (€ 602 thousand), also related to the aforesaid corporate reorganisation transaction.

30. Change in inventories of finished products and work in progress – 3,171

The increase in inventories, net of the provision for write-down of inventories was as follows:

Net inventories - opening balance as at January 1st, 2014	(17,363)
Net inventories - opening balance as at January 1st, 2014 of the joint operations (ISEM)	(569)
Total net inventories - opening balance as at January 1st, 2014	(17,932)
Reclassification to raw material inventories	(83)
Net inventories - closing balance as at December 31st, 2014	21,186
Total change	3,171

The operational justification for the decrease in finished product inventories is illustrated in note No. 8.

31. Costs (capitalised) for other work - 2,942

The item refers to the capitalisation of personnel costs and overheads amounting to € 2,443 thousand, and finance costs, amounting to € 499 thousand, related to extraordinary defending costs, development expenditure, and expenses for the registrations of the new products. The capitalised financial charges relate to the specific loan received from the E.I.B. in support of extraordinary protection costs, development costs, new product registration costs and personnel costs in relation to the development of new process know-how (see note No. 2).
Services received from third parties relating to capitalised development projects are deducted directly from “consulting and professional services” under “costs for services”.

32. Depreciation and amortisation– 8,276

Depreciation of tangible assets – 3,015

Amortisation of intangible assets – 5,261

Breakdown	2014	2013 restated
Depreciation of tangible assets:		
- buildings	751	725
- plant and equipment	1,834	1,952
- machinery leased	56	56
- industrial and commercial equipment	211	246
- equipment leased	8	0
- data processors	123	150
- furniture and fittings	27	40
- motor vehicles	5	8
	3,015	3,177
Amortisation of intangible assets:		
- product know-how	788	787
- product know-how – joint-operations (ISEM)	0	627
- process know-how	225	323
- process know-how – joint-operations (ISEM)	0	1
- extraordinary protection	2,410	2,289
- extraordinary protection – joint-operations (ISEM)	0	35
- patents, licences, trademarks, registrations and similar rights	1,649	1,261
- patents, licences, trademarks, registrations and similar rights – joint-operations (ISEM)	0	100
- other	189	199
	5,261	5,622
Total	**8,276**	**8,799**

The decrease in this item compared to last year (restated) was basically caused by the absence of amortisation in 2014 by the joint operation ISEM concerning know-how and registrations, further to the transfer of the fungicide Valifenalate (IR 5885) and the herbicide Orthosulfamuron (IR 5878) sold during 2013.

33. Impairment of fixed assets – 215

This item refers to the write-down of costs incurred for the development of new formulas and for the registrations underway, recorded under "intangible assets", since they are no longer usable by and/or no longer economically convenient for the Company, as more fully described in note No. 3.

34. Net financial charges – 2,643

Breakdown	2014	2013 restated
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- Gains/losses on derivative instruments:		
commodities	5	(160)
of exchange rates	(799)	506
	(794)	346
- fair value adjustments of derivatives:		
commodities	(56)	3
of exchange rates	(617)	93
	(673)	96
- Gains on assets held for trading:		
securities and mutual funds	16	(12)
	16	(12)
	(1,451)	430
Interests income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	21	28
- interest income on bank deposits – joint-operations (ISEM)	14	4
- interest income on loans	141	69
- interest and fees paid to banks and other lenders	(2,769)	(4,483)
- interest and fees paid to banks and other lenders – joint-operations (ISEM)	(1)	(54)
- interest/financial discounts on trade receivables and payables	(47)	(10)
- income/costs from discounting	355	60
	(2,286)	(4,386)
Other finance income/costs:		
- foreign currency gains/losses	1,209	(692)
- exchange losses – joint-operations (ISEM)	(1)	(1)
- other	(118)	(122)
- other joint-operations (ISEM)	4	0
	1,094	(815)
Total	(2,643)	(4,771)

The positive change compared to 2013 restated, amounting to € 2,128 thousand, was the result of a combined effect essentially caused by:

- greater losses incurred and an adjustment to fair value of derivative instruments, for € 1,909 thousand;
- a decrease in interest and fees paid to banks and other lenders, amounting to € 1,714 thousand, following the reduction of the Company's average indebtedness, as described in note No. 16;
- higher income from discounting, totalling € 295 thousand, resulting from the discounting of the residual amount receivable related to the upfront payment made last year to Isagro by the Japanese company Arysta LifeScience Co., Ltd., as described in note No. 6, to which reference is made;
- higher exchange gains, equal to € 1,901 thousand.

The Company incurred costs for placement commission on ordinary and "development" shares, as well as unopted rights for a total amount of € 165 thousand, which are deducted directly, together with gains from unopted rights amounting to € 60 thousand, from the “Share premium reserve", net of their tax effect, as described in note No. 15.

35. Income/(charges) from investments - 1,086

The item refers to:

- € 1,124 thousand for dividends resolved and distributed by the subsidiaries (€ 1,113 thousand) and by the associate Arterra Bioscience S.r.l. (€ 11 thousand);
- € 38 thousand for charges deriving from the alignment of the book value of the equity investments in subsidiaries with their portion of shareholders' equity.

In detail, with reference to the dividends from subsidiaries, the following is revealed:

- the subsidiary Isagro España S.L. distributed a dividend of € 304 thousand;
- the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. distributed a dividend of € 614 thousand;
- the subsidiary Isagro Colombia S.A.S. resolved a dividend of € 195 thousand, of which just € 103 thousand distributed.

36. Income tax – (1,269)

The table below illustrates the breakdown of income taxes:

Breakdown	2014	2013 restated
Current tax:		
- Income taxes	0	0
- IRAP	257	605
- use of the provision for deferred taxes/prepaid tax credits	639	362
- previous years' taxes	0	0
- contingent liabilities	0	713
- contingent assets and tax credits	(239)	0
- tax benefits from previous year	0	(4)
	657	1,676
Deferred and prepaid taxes:		
- Deferred taxes	249	0
- Prepaid taxes	(2,074)	(463)
- Contingent assets for prepaid/deferred taxes	0	(21)
- Contingent liabilities for prepaid taxes	1	1
	(1,824)	(483)
	(1,167)	1,193
Taxes – joint-operations (ISEM)		
- Income taxes	27	527
- IRAP	0	202
- use of the provision for deferred taxes/prepaid tax credits	(2)	1,490
- contingent assets and tax credits	(127)	(873)
- contingent liabilities for prepaid taxes	0	88
	(102)	1,434
Total income taxes in the income statement	(1,269)	2,627
Other comprehensive income statement components		
Prepaid and deferred taxes:		
- Use of deferred taxes for Employee benefits	(33)	(24)
	(33)	(24)
Total income taxes recognised to shareholders' equity	(33)	(24)

The item "Use of deferred/prepaid taxes", equal to € 639 thousand, reflects the difference between the use of receivables for prepaid taxes, equal to € 700 thousand (€ 402 thousand of which refer to the use of taxed provisions) and the use of provisions for deferred taxes, equal to € 61 thousand.

The item "contingent assets and tax credits" for € 239 thousand includes € 66 thousand received from the Italian Revenue Agency after the rebate claim filed for excess direct tax payments relating to 2006 and € 173 thousand related to a tax credit provided for by the company on the basis of the tax concession (so-called A.C.E. - Aiuto alla Crescita Economica – *Help to Economical Growth* -) which aims to provide incentive for business which keep profits generated in-house and which receive new risk capital. In particular, the credit was accrued due to the increase in shareholders' equity resulting from the share capital increase made during the current period.

€ 2,074 thousand of the amount allocated for prepaid taxes basically refers to the "partial" allocation (see note No. 7) of the taxes relating to the tax loss for the current year (€ 1,500 thousand) and the allocation to taxed provisions (€ 560 thousand). The deferred taxes provided for during the year include € 213 thousand relating to the exchange alignment for the period.

The item “ taxes - joint operations (ISEM)” includes the taxes of ISEM S.r.l. in liquidation. In detail, the item “contingent assets and tax credits” refers to the extraordinary income for minor direct taxation, generated as a consequence of the decision (made by ISEM) to proceed with the taxation, in three tax periods on a straight-line basis, of the capital gain deriving from the sale of the IR 5885 fungicide know-how in 2013, originally amounting to € 1,402 thousand.
Please refer to note No. 7 for an analysis.
The following table illustrates the reconciliation between the theoretical taxes IRES and IRAP (27.50% and 3.90%) and the actual taxes, taking into account the effect of deferred and prepaid taxes. The taxable amount relating to theoretical taxes, corresponding to the pre-tax profit, amounts to € (6,676) thousand, of which € (120) relating to the joint operations (ISEM).

	IRES		IRAP		TOTAL	
	Taxes	%	Taxes	%	Taxes	%
Theoretical taxes	(1,803)	27.50	(255)	3.90	(2,058)	31.40
- increases	241	(3.68)	48	(0.73)	289	(4.41)
- decreases	(1,094)	16.69	(16)	0.24	(1,110)	16.93
- costs and revenues not recognised for IRAP purposes	0	0.00	484	(7.38)	484	(7.38)
- previous years’ taxes and other changes	(237)	3.62	12	(0.18)	(225)	3.43
- prepaid taxes not allocated	1,453	(22.16)	0	0.00	1,453	(22.16)
Effective taxes of the Company	**(1,440)**	21.96	**273**	(4.15)	**(1,167)**	17.81
Theoretical taxes – joint-operations (ISEM)	(33)	27.50	(5)	3.90	(38)	31.40
- increases	135	(112.50)	1	(0.02)	136	(112.52)
- decreases	(77)	64.17	(10)	0.15	(87)	64.32
- costs and revenues not recognised for IRAP purposes	0	0.00	0	0.00	0	0.00
- previous years’ taxes and other changes	(127)	105.83	0	0.00	(127)	105.83
- prepaid taxes not allocated	0	0.00	14	(0.21)	14	(0.21)
Effective taxes – joint-operations (ISEM)	**(102)**	85.00	**0**	3.82	**(102)**	**88.82**
Total current taxes	**(1,542)**	106.96	**273**	(0.33)	**(1,269)**	106.63

The increases mainly refer to costs, indirect taxes and non-deductible write-downs, and to taxed contingent liabilities, whilst the decreases are mainly attributable to the non-taxation of 95% of the dividends received from subsidiaries and to the IRES deductions due on taxation (IRAP) of labour cost. Furthermore, during the current year taxed provisions allocated in 2013 were used, in relation to which the related prepaid taxes had not been recognised.
The item “ prepaid taxes not allocated ” amounting to € 1,453 thousand reveals the partial (around 50%) failure to allocate for prepaid taxes in the presence of the tax loss for the year (see note No. 7).
The item “costs not significant for IRAP purposes” essentially refers to the cost for personnel employment, allocations and financial charges, since these items are not deductible for the purpose of calculating regional business tax.

37. Distributed dividends

The Company did not distribute dividends in 2014.

OTHER INFORMATION

38. Contingent liabilities, commitments and guarantees

Legal proceedings

Caffaro S.r.l. (in receivership)

During the second half of 2010 Isagro S.p.A. filed proceedings for admission as creditor of Caffaro S.r.l. (in receivership) in relation to the amount receivable under the guarantee issued in favour of Isagro S.p.A. as part of the preliminary business unit transfer agreement of July 4th, 2001 covering costs relating to reclamation works completed on the Aprilia site.

The Court of Udine, in declaring the liability status confirmed, rejected the application, considering Isagro's claim to be in relation to a possible future credit, the existence of which is still to be verified. Isagro stated its intention to appeal against this decision and the Judge ordered a court expert's report to ascertain whether or not any action was needed, together with related costs, and adjourned the hearing until June 20th, 2011 for examination of the expert report.

At the hearing of June 20th, 2011, following the extension of the terms to file the specialist report required by the technical consultant, the Judge adjourned the hearing to October 10th, 2011.

The technical consultant filed a specialist report, stating the need for reclamation actions on the site for € 1,189,642.70.

At Isagro's request, which does not consider the estimate of the technical consultant as fair, the expert was called upon by the Judge to provide clarification at the hearing on November 23rd, 2011. At this hearing the Judge deemed it suitable to ask the Municipality of Aprilia (LT) for information as to the state of the Service Conference started in the past in connection with the site remediation. While waiting to receive the information requested from the Municipality of Aprilia (LT), the hearing was postponed to April 16th, 2012.

As the Municipality of Aprilia had failed to respond to the Court's request for information, at this hearing the court expert was asked to obtain the required information directly from the Municipal Offices, granting a period of 90 days to complete this task and adjourning proceedings to July 23rd, 2012. At this hearing the Judge adjourned the case to October 16th, 2012. On that date the Court adjourned the hearing to December 19th, 2012.

During this hearing it emerged that the court expert had performed the assigned task, obtaining Service Conference documentation from the Municipality of Latina, and confirmed to the Court that records show the Conference has been inactive since August 2009. Lastly, the Court accepted Isagro's claim and ordered a supplementary report from the court expert to determine the cost of works necessary to clean up the site, given that, in his previous report, the court expert had limited considerations to rendering the site safe. The surveys, which began on January 16th, 2013, should have resulted in a report that was due to be filed by May 16th, 2013. The Court therefore adjourned proceedings to the next hearing on May 27th, 2013.

Following the request for an extension for filing the report submitted by the court expert, the Judge adjourned the hearing of May 27th to June 24th, 2013. At this hearing, during which Isagro illustrated the critical aspects of the supplement of the court expert's technical report, the Judge believed it necessary to call the court expert and consultants aside and postpone the case of the hearing until December 6th, 2013.

During this hearing, Isagro and its consultant pointed out all aspects deemed critical in the supplementary report from the court expert, above all emphasising the large number of works that might prove necessary to reclaim the site, and which the court expert continues to ignore. The parties asked for time to assess other possible transactions, as the Judge also suggested. Caffaro expressed its possible willingness to slightly increase the estimate the court expert made, provided they are reasonably small and justifiable amounts. Therefore Isagro, who is completing a settlement offer to submit to Caffaro to try to come to a decision, requested that the hearing set for February 24th, 2014 be postponed until May 19th, 2014. During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, given the absence of negotiations, while hoping that, by that date, the proposal would be approved by the Creditors' Committee at least, and undertaking, in that case, to grant a longer postponement. The proceedings were therefore once again adjourned until the hearing on January 26th, 2015, during which the parties discussed the merits of the case. The Judge therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015. If the parties should fail to appear at this hearing on March 23rd 2015 as well, the Judge shall declare the striking off of the proceedings from the judicial role and the dismissal of the case.

For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011. Based on the outcome of the proceedings, with decree of December 13th, 2011, the Court of Milan rejected Isagro's claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.

Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.

Du Pont De Nemours Italiana S.r.l. – Luisa Cav. Eddi

The parent Isagro S.p.A. is party to legal proceedings as a third party called by Du Pont De Nemours Italiana S.r.l., brought before the Civil Court of Gorizia by the farm Luisa Cav. Eddi for compensation for damage deriving from an ineffective and/or defective crop protection product, for the sum of about € 80 thousand plus legal costs and interest. At the hearing of April 17th, 2013 hearing the Judge appointed a new court expert, confirming the previous questions, in the aftermath of a specific formal notice of Isagro and Du Pont's defence on the technical inadequacy of the court expert. The surveys were carried out by an Isagro-appointed technical consultant, and the next hearing is set for April 1st, 2014 for the court expert's investigation, which will determine whether or not responsibility lies with Isagro and/or Du Pont. At the hearing of April 1st, the Judge postponed the case to June 10th, 2014. During the above-mentioned hearing, the parties expressed their willingness to reach a compromise settlement and for this reason the Judge postponed the hearing to July 8th, 2014. By reason of the fact that the parties reached an agreement, with payment of € 20 thousand by Isagro, the parties did not appear at the hearing held on July 8th, 2014 in order to have the case closed pursuant to Article 309 of the Italian Code of Civil Procedure. This dispute can therefore be considered substantially concluded without further impacts on the income statement

Gamma International S.r.l. insolvency

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

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

During the hearing held on January 28th, 2015, fixed for the verification of the statement of affairs, the appointed Judge fully upheld the petition of Isagro.

Labour-related disputes

The following should be noted:

- a former employee of the Aprilia (LT) plant claimed, from Isagro and Caffaro jointly, a compensation of approximately € 2 million in damages for work-related illness or, alternatively and subordinately, compensation for damages for alleged deceit in the stipulation of a trade union settlement. At the hearing of May 3rd, 2012, though acknowledging the reform and its own order, which declared the case closed, the Court decided on partial suspension of the decision and established a new hearing for continuation of the preliminary investigation.

  At the hearing of December 11th, 2012, after acquiring the witness statements for both parties, the Court reserved the right to decide on continuation of the investigation, adjourning proceedings to the final discussion first at the hearing of July 9th, 2013 and then at a later hearing held on February 4th, 2014. A new Judge was appointed at this latter hearing. In order to study the case file in depth, he postponed the hearing for final discussion until July 15th, 2014; At this hearing the Judge adjourned the case to October 21st, 2014 and once again to October 28th, 2014, further to which the Court issued a sentence in favour of the company, rejecting all the claims made by the petitioner. Even if the deadline for the appeal has expired, the company has not yet received notification of any appeal filed and, therefore, the proceedings cannot yet be considered as concluded,
- a former employee of the Aprilia (LT) plant claimed, from Isagro S.p.A., compensation of approximately € 550 thousand for failure to assign a higher professional classification to the employee's position and for work related illness. Isagro S.p.A. won the first instance proceedings and it should be noted that an appeal has been filed before the Rome Court of Appeal, the first hearing before which was fixed for December 1st, 2014; During this hearing, the Rome Court of Appeal rejected the petition and ordered the former employee to pay the legal costs. To-date, the reasons for the appeal sentence have not yet been filed and, therefore, the deadline for appeal to the Supreme Court of Cassation is still pending. It should be noted that the parties undertook to settle the case, with waiver by Isagro of requesting the reimbursement of the legal costs from the former employee and the simultaneous waiver by the same of appealing to the Supreme Court of Cassation; the settlement agreement may however be formalised only after the filing of the reasons of the sentence, so as to render the waivers unopposable;
- an employee of the Bussi sul Tirino plant filed an urgent appeal against Isagro S.p.A. to challenge the dismissal due to assault against another worker; this employee was temporarily and urgently

reinstated when the measure that had declared the dismissal legitimate was challenged. Isagro then filed suit to have the dismissal declared legitimate in order to protect the safety of the other employees and to prevent action brought by the employee for damages, already rejected on a temporary and urgent basis. The value of the proceeding is about € 50 thousand. Currently the case is in its investigation phase and to this purpose, the Court fixed the first hearing on February 27th, 2014. During the aforesaid hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29th, 2014 to complete the investigation phase. By reason of the attempted agreement between the parties, the Court first postponed the case to the hearing on July 3rd, 2014, and then to October 2014 in order to complete the investigation phase. The case suffered a series of further adjournments, so as to allow the parties to come to a cordial agreement, until February 10th, 2015. During this hearing the Judge most recently assigned returned the documentation to the Presiding Judge of the Court for a new reassignment of the case since, having already handled the case previously, the same declared his desire to refrain handling the merits. Therefore, the proceedings are suspended pending new assignment.

It should also be noted that the employee, previously reinstated, has once again been dismissed due to just cause further to new disciplinary sanctions, applied due to serious events; he challenged his dismissal out-of-court by the legal deadlines, but the company is not aware of the filing of any petition to the legal authorities.

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

Tax dispute

On December 22nd, 2006, the Italian Revenue Agency, subsequent to a general tax check for 2003, served the Company with a verification notice for IRPEG (the income tax for legal entities), IRAP and VAT violations, demanding an additional tax payment of € 83,251 plus sanctions and interest. The Company appealed against this decision with the Provincial Tax Commission on May 14th, 2007. The Tax Commission with decision No. 22/25/08 of February 2008 allowed the appeal entirely and fully rescinded the assessment notice. Nevertheless, on March 25th, 2009, the Revenue Agency notified the Company that it had appealed against this decision. The company appeared on May 21st, 2009. The appeal was heard on January 22nd, 2010. On February 24th, 2010 sentence No. 28/6/10 was filed which fully accepted the Tax Authority's appeal. Since the Company deemed that the Court erred in law and logic, it filed an appeal with the Supreme Court of Cassation, with good prospects of an outcome in favour of the Company. It should be noted that as for this dispute, the company does not believe that there elements that could lead to an adverse outcome in litigation;

Commitments and guarantees

As at December 31st, the Company has the following long-term commitments:

- € 2,757 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,366 thousand) and lease expense (€ 1,391 thousand). In particular, the future fees due are as follows:
    - € 1,140 thousand within one year;
    - € 1,617 thousand between one and five years.

- € 739 thousand for rentals still to be paid to Solvay Solexis S.p.A. in connection with the use, for a period of 99 years starting from 2005, of an area in the municipality of Bussi sul Tirino (PE), where an industrial plant for the production of Tetraconazole was built.

Further to the contract for the sale of the Orthosulfamuron (IR 5878) product by the joint operation ISEM, the Company - together with the other partner Chemtura Netherlands B.V. - granted, in the previous year, a guarantee with a duration of 24 months starting from the date of transfer of the transferred assets and inventory (October 16th, 2013) and for a total amount equal to the transfer price (€ 19,596 thousand).

Furthermore, following the contract to transfer the investment of Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is valued at € 7,500 thousand and the expiry of the guarantees is to be correlated to the limits of prescription and forfeiture of the events these are related to.

The guarantees received by Isagro S.p.A. amount to € 3,490 thousand and refer to mortgage guarantees (€ 740 thousand) and sureties (€ 2,750 thousand) issued by the shareholders of Semag S.r.l. (now Isam S.r.l.) as guarantees for the credit resulting from the transfer of the shares in the company Isam S.r.l.

The third party guarantees issued by the Company, specifically guarantees issued for the correct performance of contractual obligations, amount to € 15,200 thousand. In detail, the Company issued contractual guarantees, as envisaged by the transfer agreement, to Regentstreet B.V., purchaser of the investment in the joint-venture Sipcam Isagro Brasil S.A., for a total of € 15,000 thousand to cover any future liabilities for damages and losses related to taxes, the environment, social security and labour. The expiry of these guarantees is correlated to the limits of prescription and forfeiture of the events they are related to.

The guarantees granted and received in relation to the bank loans are described in note No. 16.

39. Related party disclosures

Transactions with related parties are illustrated below and comprise:

- subsidiaries;
- joint operation;
- associates;
- parent companies;
- companies which hold direct or indirect interests in the share capital of the company, its subsidiaries and joint ventures, and of its holding companies and can be presumed to exercise a dominant influence. In particular, a dominant influence is objectively assumed when an entity holds an interest of over 10%, or when there is an interest of over 5% and, at the same time, agreements are entered into which generate transactions during the financial year for an amount of at least 5% of revenues;
- directors, statutory auditors and executives with strategic responsibilities, and relevant family members.

The following tables highlight the balance sheet and income statement balances relating to transactions with the different categories of related parties in 2014 and 2013 (restated).

in thousands of Euro	2014	of which related parties Subsidiaries	Joint operation	Associates	Parent companies	Other related parties	Tot. Related parties	Incidence % on the financial statement item
Revenues	96,013	9,077	8	0	0	12,220	21,305	22.19%
Other operating revenues	2,977	896	66	0	63	6	1,031	34.63%
Raw materials and consumables used	60,426	9,267	1	0	0	0	9,268	15.34%
Costs for services	17,718	1,808	4	211	0	106	2,129	12.02%
Personnel costs	20,972	9	0	0	0	0	9	0.04%
Other operating costs	1,445	170	(2)	0	0	20	188	13.01%
Financial income	1,765	141	0	0	0	0	141	7.99%
Financial (charges)	(4,408)	(1)	0	0	(187)	0	(188)	4.26%
Income from investments	1,124	1,113	0	11	0	0	1,124	100.00%

in thousands of Euro	2013 restated	of which related parties Subsidiaries	Joint operation	Associates	Parent companies	Other related parties	JV from related parties	Tot. Related parties	Incidence % on the financial statement item
Revenues	100,137	(6,250)	438	0	0	283	0	6,971	6.96%
Other operating revenues	2,552	388	110	7	61	0	0	566	22.18%
Raw materials and consumables used	54,028	8,123	1,434	0	0	0	0	9,557	17.69%
Costs for services	16,272	1,214	4	220	0	0	1	1,439	8.84%
Personnel costs	20,261	14	0	0	0	0	0	14	0.07%
Other operating costs	2,203	501	0	0	0	0	0	501	22.74%
Financial income	763	41	14	0	0	0	0	55	7.21%
Financial (charges)	(5,534)	(15)	0	0	(157)	0	0	(172)	3.11%
Income from investments	384	384	0	0	0	0	0	384	100.00%

Balance sheet in thousands of Euro	As at Dec.3[1s] 2014	Subsidiaries	Joint operation	Associates	Parent companies	Other related parties	Tot. Related parties	Incidence % on the financial statement item
Trade receivables	32,702	2,510	0	0	0	3,912	6,422	19.64%
Other current assets and other receivables	4,373	1,097	0	0	20	7	1,124	25.70%
Current financial receivables and other financial assets	2,596	2,588	0	0	0	0	2,588	99.69%
Trade payables	30,959	5,522	0	50	0	25	5,597	18.08%
Other liabilities and payables other receivables	4,756	364	0	0	0	0	364	7.65%

Balance sheet In thousands of Euro restated	As at Dec. 31[st] 2013	Parent	Joint operation	Parent	Parent companies	Other related parties	Tot. Related parties	Incidence % on the financial statement item
Trade receivables	37,116	2,806	18	0	0	315	3,139	8.46%
Other current assets and other receivables	3,723	425	35	8	57	0	525	14.10%
Current financial receivables and other financial assets	2,387	2,350	0	0	0	0	2,350	98.45%
Current financial payables and other financial liabilities	67,019	0	0	0	8,806	0	8,806	13.14%
Trade payables	27,302	5,672	1,203	40	0	0	6,915	25.33%
Other liabilities and payables other receivables	3,791	55	0	0	0	0	55	1.45%

The figures shown above, broken down by company in the following tables, essentially refer to relations of a commercial nature (purchases and sales of products, processing fees, provision of administrative, research, marketing and logistics services), and the related transactions are carried out at arm's length terms, and financial relations (granting of loans) the features of which have been outlined in the different Explanatory Notes regarding the items of the financial statements.

Relations with the holding companies Piemme and Holdisa (formerly BasJes Holding S.r.l.) are limited to the provision of administrative services by the Company. As a result of the merger via incorporation, on December 10th 2014, of Manisa S.r.l. and Holdisa S.r.l. in BasJes Holding S.r.l., which at the same time adopted the name Holdisa S.r.l. the transactions finalised during 2014 with the merged companies Holdisa and Manisa are stated together with those of the absorbing company Holdisa S.r.l. (formerly BasJes Holding S.r.l.).

Relations with subsidiaries

. Revenues

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	1,381	1,151
Isagro España SL	4,634	3,965
Isagro U.S.A. Inc.	2,677	892
Isagro Colombia	385	395
Total revenues from subsidiaries	**9,077**	**6,250**

. Other operating revenues

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	520	70
Isagro España SL	100	104
Isagro Hellas Ltd.	75	74
Isagro U.S.A. Inc.	201	140
Total other operating revenues from subsidiaries	**896**	**388**

. Raw materials and consumables used

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	9,238	8,123
Isagro España SL	1	0
Isagro U.S.A. Inc.	28	0
Total raw materials and consumables - subsidiaries	**9,267**	**8,123**

. Costs for services

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	9	8
Isagro Brasil Ltda.	503	401
Isagro Colombia	35	1
Isagro Espana S.L .	181	247
Isagro Hellas Ltd.	118	94
Isagro Shanghai	289	192
Isagro U.S.A. Inc.	673	271
Total costs for services to subsidiaries	**1,808**	**1,214**

. Personnel costs

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd.	9	7
Isagro U.S.A. Inc.	0	7
Total personnel costs - subsidiaries	**9**	**14**

. Other operating costs

in thousands of Euro	2014	2013
Isagro Brasil Ltda.	50	27
Isagro Hellas Ltd.	35	0
Isagro U.S.A. Inc.	85	474
Total other operating costs - subsidiaries	**170**	**501**

. Net financial income/(charges)

in thousands of Euro	2014	2013
Isagro España S.L.	(1)	(15)
Isagro Colombia	1	0
Isagro U.S.A. Inc.	140	41
Total net financial income/(charges) - subsidiaries	**140**	**26**

Income from investments

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	614	0
Isagro España S.L.	304	236
Isagro Colombia	195	148
Total income from investments	**1,113**	**384**

. Trade receivables

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd.	64	144
Isagro Colombia	263	124
Isagro España S.L.	1,432	890
Isagro U.S.A. Inc.	751	1,648
Total trade receivables due from subsidiaries	**2,510**	**2,806**

. Other current assets and sundry receivables

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd.	520	70
Isagro Colombia	92	0
Isagro Chile	5	4
Isagro España S.L.	100	100
Isagro Hellas Ltd.	75	74
Isagro U.S.A. Inc.	305	177
Total other current assets and other receivables from subsidiaries	**1,097**	**425**

. Current financial receivables and other financial assets

in thousands of Euro	2014	2013
Isagro U.S.A. Inc.	2,588	2,350
Total current financial receivables and other financial assets from subsidiaries	**2,588**	**2,350**

. Trade payables

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd	4,785	5,258
Isagro España S.L .	11	31
Isagro Shanghai	158	74
Isagro U.S.A. Inc.	237	34
Isagro Brasil Ltda.	331	275
Total trade payables to subsidiaries	**5,522**	**5,672**

. Other current liabilities and other payables

in thousands of Euro	2014	2013
Isagro Asia Agro Ltd.	10	7
Isagro Colombia	36	0
Isagro España S.L.	51	0
Isagro Hellas Ltd.	48	48
Isagro U.S.A. Inc.	219	0
Total other current liabilities and other payables to subsidiaries	**364**	**55**

The item “income from investments” shows the value of the dividends collected and to be collected from subsidiaries.
For details on “current financial receivables and other financial assets”, reference should be made to note No. 12.

Relations with joint-operations

. Revenues

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	8	438
Total revenues from joint-operations	**8**	**438**

. Other operating revenues

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	66	110
Total other operating revenues from joint-operations	**66**	**110**

. Raw materials and consumables used

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	1	1,434
Total raw materials and consumables – joint-operations	**1**	**1,434**

. Costs for services

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	4	4
Total costs for services – joint-operations	**4**	**4**

. Other operating costs

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	(2)	0
Total other operating costs – joint-operations	**(2)**	**0**

Net financial income

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	0	14
Total net financial income/(charges) – joint-operations	**0**	**14**

. Trade receivables

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	0	18
Total trade receivables due from joint-operations	**0**	**18**

. Other current assets and sundry receivables

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	0	35
Total other current assets and other receivables from joint-operations	**0**	**35**

. Trade payables

in thousands of Euro	2014	2013
ISEM S.r.l. in liquidation	0	1,203
Total trade payables due to Joint-operations	**0**	**1,203**

Relations with associates

. Other operating revenues

in thousands of Euro	2014	2013
Arterra Bioscience S.r.l.	0	7
Total other operating revenues from associates	**0**	**7**

. Costs for services

in thousands of Euro	2014	2013
Arterra Bioscience S.r.l.	211	220
Total costs for services - associates	**211**	**220**

. Income from investments

in thousands of Euro	2014	2013
Arterra Bioscience S.r.l.	11	0
Total income from investments vis-à-vis associates	**11**	**0**

. Other current assets and sundry receivables

in thousands of Euro	2014	2013
Arterra Bioscience S.r.l.	0	8
Total other current assets and other receivables		
- associates	**0**	**8**

. Trade payables

in thousands of Euro	2014	2013
Arterra Bioscience S.r.l.	50	40
Total trade payables due to		
- associates	**50**	**40**

Relations with parents

. Other operating revenues

in thousands of Euro	2014	2013
Piemme S.r.l.	9	18
Holdisa S.r.l.	0	24
Manisa S.r.l.	0	19
Holdisa S.r.l. (formerly BasJes Holding)	54	0
Total other operating revenues from parents	**63**	**61**

Net financial (charges)

in thousands of Euro	2013	2013
Holdisa S.r.l. (formerly BasJes Holding)	(187)	(105)
Piemme S.r.l.	0	(52)
Total net financial charges	**(187)**	**(157)**

. Other current assets and sundry receivables

in thousands of Euro	2014	2013
Piemme S.r.l.	6	17
Holdisa S.r.l.	0	23
Manisa S.r.l.	0	17
Holdisa S.r.l. (formerly BasJes Holding)	14	0
Total other current assets and other receivables from parents	**20**	**57**

. Current financial payables and other financial liabilities

in thousands of Euro	2014	2013
Holdisa S.r.l. (formerly BasJes Holding)	0	8,806
Total current financial payables and other financial liabilities from parents	**0**	**8,806**

During the year, the company received a further € 185 thousand loan from the former indirect holding company BasJes Holding S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) on February 7th, 2014, on which interest accrues at the three-month EURIBOR rate + a 6% spread.

On April 14th, the company partially repaid the outstanding loans to the parent BasJes Holding S.r.l. for a total amount of € 3,249 thousand (of which € 262 thousand as interest and € 2,987 thousand as principal) which, in turn, assigned the residual amount due, equal to € 5,897 thousand, to the former indirect subsidiary Holdisa S.r.l. in order to endow the company with the necessary resources to entirely subscribe its share of capital increase, as described in the previous note No. 16, to which reference is made. The financial payment was therefore redeemed upon the subscription of the share capital increase by the former holding company Holdisa S.r.l..

Relations with other related parties

The item "other related parties" refers to the Gowan Group, which became a related party following its inclusion, on October 18th, 2013, in the share capital of the former indirect holding company BasJes Holding S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) for 49% in the share capital of the same. The trade receivables and revenues related to the Gowan Group essentially refer to the sales of agrochemicals to Gowan Group companies.

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

Relations with other related parties

. Revenues

in thousands of Euro	2014	2013
Gowan Group	12,220	283
Total revenues from other related parties	**12,220**	**283**

. Other operating revenues

in thousands of Euro	2014	2013
Gowan Group	6	0
Total other operating revenues from other related parties	**6**	**0**

. Costs for services

in thousands of Euro	2014	2013
Gowan Group	106	0
Total costs for services to other related parties	**106**	**0**

. Other operating costs

in thousands of Euro	2014	2013
Gowan Group	20	0
Total other operating costs - other related parties	**20**	**0**

Trade receivables

in thousands of Euro	2014	2013
Gowan Group	3,912	315
Total trade receivables from other related parties	**3,912**	**315**

. Other current assets and other receivables

in thousands of Euro	2014	2013
Gowan Group	7	0
Total other assets and other receivables related parties	**7**	**0**

. Trade payables

in thousands of Euro	2014	2013
Gowan Group	25	0
Total trade payables to other related parties	**25**	**0**

Remuneration of directors, statutory auditors and executives with strategic responsibilities

The table below shows the economic benefits for the directors, executives with strategic responsibilities and members of the board of statutory auditors (figures expressed in Euro):

Party	Description of office		Remuneration		
	Office held	**Term of office**	**Emoluments for the office**	**Bonuses, other incentives and fringe benefits**	**Other remuneration**
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	2,659	150,000
Maurizio Basile	Deputy chairman	3 years	102,500	3,286	24,000
Riccardo Basile	Director since August 5th, 2014	Until expiry	8,333	-	-
Christina Economou	Director since April 7th, 2014	Until expiry	15,000	-	-
Carlo Porcari	Former Director		11,667	-	-
Adriana Silvia Sartor	Chairwoman of the Appointments and Remuneration Committee and Member of Risk and Control Committee	3 years	28,000	-	-
Elena Vasco	Director	3 years	20,000	-	-
Antonio Zoncada	Chairman of the Supervisory Body, Member of Risk and Control Committee and of the Appointments and Remuneration Committee	3 years	29,500	-	7,500
Statutory Auditors:					
Piero Gennari	Chairman	3 years	30,404	-	-
Giuseppe Bagnasco	Statutory auditor	3 years	20,000	-	-
Claudia Costanza	Statutory auditor	3 years	20,000	-	-

It should be noted that the term of the Board of Directors shall end on approval of the financial statements as at December 31st, 2014, while the term of the Board of Statutory Auditors shall end on approval of the financial statements as at December 31st, 2015.

40. Hierarchical levels of fair value assessment

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

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

The following table shows the assets and liabilities measured at fair value as at December 31st, 2014 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- derivatives on commodities - copper (future buy)	-	11	-	11
- exchange rate derivatives (purchase/sale forward)	-	157	-	157
Total financial assets	**-**	**168**	**-**	**168**
Financial liabilities measured at fair value:				
- exchange rate derivatives (purchase/sale forward)	-	(956)	-	(956)
- derivatives on commodities - copper (future buy)	-	(6)	-	(6)
Total financial liabilities	**-**	**(962)**	**-**	**-**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to note No. 13.

In 2014, there were no shifts between Level 1 and Level 2 of fair value measurements, or from Level 3 to other levels and vice versa.

The fair value of both the receivables due from Rotam Agrochemical, Arysta LifeScience, due beyond 12 months, and Isam S.r.l., which will fall due on September 30th, 2015, and the loans obtained from banks is summarised in the table below; the amount due from Rotam includes the instalment of € 500 thousand, recorded as at December 31st, 2014 under trade receivables since it was credited on January 2nd, 2015. Except for what is described in detail in the table below, in management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Company is a reasonable approximation of their fair value.

	Book value	*Fair value*
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Arysta LifeScience	4,084	4,309
- Receivables from Rotam Agrochemical Company Ltd.	2,000	2,129
- Receivables from Isam	335	343
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks (current and non-current)	43,635	44,611

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the so-called Discounted cash flow; discounting of the future cash flows of receivables and loans was calculated based on the market zero coupon rates curve as at December 31st, 2014, obtained from the six-month EURIBOR curve for receivables and loans in Euro. The above-mentioned curve was adjusted to bear in mind the creditworthiness of Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by Isagro S.p.A.. Please also note that, in order to render the fair value of

medium/long-term loans comparable with their book value, the related accessory charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

41. Financial risk management: objectives and approach

In the performance of its activities the Company is exposed to financial and market risks, specifically:
a) changes in exchange rates
b) changes in interest rates
c) changes in the prices of raw materials
d) liquidity
e) capital management
f) credit
g) climate changes.

<u>Context</u>
The so-called conventional agrochemicals market - in which the Company operates - according to the estimates provided by the research company Phillips McDougall, reached a value of about US$ 56 billion at distribution level in 2014, with an increase in nominal terms of 3.6% compared to 2013.
This is the context in which the Company operated in order to control the above financial variables by implementing appropriate policies to minimise the aforementioned risks through the use of market instruments or appropriate corporate control policies and policies for the product/market portfolio.
In detail, as regards the use of derivatives, two types of hedging can be identified: (a) transactions which, in compliance with the risk management policies, satisfy the requirements imposed by the accounting principles for the registration in "hedge accounting", are designated as "hedging transactions"; (b) transactions which, even though they have been carried out as hedges, do not satisfy the requirements provided for by the accounting principles and are thus classified under "trading."
It should be recalled that Isagro does not enter into derivative contracts for speculative purposes.

<u>a) Exchange rate risk management</u>
Isagro S.p.A. operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for sales made mostly on the US markets. This means that the Company's assets and liabilities are exposed to financial risks deriving from the varying exchange rate between the time the trade relationship arises and the time the transaction (collection/payment) is finalised. Sales in US dollars totalled about 37 million in the year that ended on December 31st, 2014 and about 43 million in the year ended on December 31st, 2013, with an average for the two-year period 2013-2014 of about USD 40 million versus purchases in US dollars amounting to about 10 million in 2014, compared with 11 million in 2013.
In order to particularly reduce the risk tied to the fluctuations of the US dollar, the Company carries out natural hedging transactions represented, for example, by loans granted by banks in US dollars against the transfer of invoices denominated in this currency to said banks) and/or hedging transactions using swap instruments.

Please note that as at December 31st, 2014 the Company had swap transactions for USD 29 million, of which USD 20 million for net receivables as of that date and 9 million for part of the 2015 sales turnover.

<u>b) Interest rate risk management</u>

Isagro S.p.A. was characterised by a Net financial position as at December 31st, 2014 of € 36.8 million.

With reference to the medium/long-term loans, as indicated in the Directors' Management Report and in note No. 15, it is noted that while preparing the financial statements as at December 31st, 2013, the Company reclassified € 17.89 million regarding the amount of the E.I.B. loan, originally € 22.5 million initially considered as non-current, under "Short term debts". Essentially, the reclassification was required because, at the 2013 balance-sheet date, the entity did not have an unconditioned right to postpone its settlement for at least twelve months from that date. It is also pointed out that on March 14th, 2014 Isagro S.p.A. obtained a waiver with immediate effect from the E.I.B., while the formal consent in writing from the parties guaranteeing the loan was still lacking. In May 2014, all parties guaranteeing the loan gave their written consent to the aforesaid waiver and, therefore, the Isagro S.p.A. was able to classify the portion of loan due by contract after twelve months under the item "medium-long term financial payables to banks" (equating to € 13.9 million as at December 31st, 2014).

In connection with the above-mentioned loan, please note that it has a cost equal to three-month EURIBOR, to which a spread of between 0.74% and 1.144% is added. Also in light of the guidance issued by the E.I.B., in which the central bank clearly stated its intention to maintain the REFI interest rates, which in turn affect the EURIBOR value, at low values for prolonged periods of time, it was decided that it is unadvisable to hedge the interest rate risk associated with this loan. However, with reference to the three-month EURIBOR, which is under 0.10% today, it is estimated that a change of 10% in this value would entail a greater disbursement of about € 1 thousand for the Company.

The decrease in the Net financial position which came about on conclusion of the share capital increase transaction, also facilitated access to credit and the renegotiation/restructuring of the same; this led to a reduction of the related financial charges and an increase in the overall duration of the loans, also partly replacing the short-term bank debt with medium/long-term loans. In this connection, mention is made of new medium/long-term finance obtained for a total of € 7 million - the portion of which due beyond the 12 months after December 31st, 2014 amounted to € 5.74 million - in the form of two medium/long-term loans:

- loan for € 4 million, granted in October by Intesa Sanpaolo, with a duration of 4 years, on which interest accrues at the 6-month EURIBOR rate + a 3.80% spread;
- loan for € 3 million, granted in December by Cassa di Risparmio di Parma e Piacenza, with a duration of 4 years, on which interest accrues at the 3-month EURIBOR rate + a 2.10% spread.

In relation to the afore-mentioned loans, it is estimated that a change of 10% in the EURIBOR rate applied to the two loans would not involve a significant additional outlay for the Company.

Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest swap rate contracts as it has done in the past for other loans when the rates were higher, and above all else in a scenario much more uncertain than the one today in terms of E.I.B. guidance.

These contracts would be set up with a notional value which partly covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts is offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position.

These hedges would also be carried out with a perspective of correspondence with the sinking plan of each loan (hedge accounting).

Furthermore, with a view to optimising the cost of borrowing and seeking greater alignment between the timing of the investments undertaken, and therefore the outgoing and incoming cash flows, and that of the sources of finance supporting these investments, Isagro S.p.A.:

- has repaid € 7.39 million in advance to the European Investment bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5 million. Negotiations are also underway with three additional leading banks for raising other loans for a total amount of around € 10 million.

Short-term indebtedness, except for what is described above, is not hedged due to its "commercial" and hence fluctuating nature, and, in turn, against the capital of the year; moreover, the changes in its cost ultimately affect the sale price policy.

With reference to the stock of the short-term indebtedness as at December 31st, 2014, it is estimated that a movement of 50 bp implies, before tax, a cost of € 0.15 million p.a..

c) Changes in raw material prices

This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".

Until September 30th, 2011, Isagro S.p.A. used to hedge, usually at the start of the financial year, about 50% of its requirements of scrap copper linked to the sales of formulations, without hedging the estimated sales for the year of so-called "technical" products, whose selling price is directly related to the trend in the price of raw materials, postponing the decision as to whether to hedge the remaining quantity later in the year.

However, this method did not allow a connection to be made between the mechanism of fixing the finished product price to customers and the specific trend in the raw material price on the market at the time of its actual purchase and subsequent processing at the Adria site: therefore, this on average permitted the hedging of the generic risk of foreseeable fluctuations in the price, but was not able to protect the Company from sudden and brusque changes together with sudden erratic volatility trends in the price.

This method, which is effective in times characterised by low volatility, was not able to guarantee suitable hedging in times when volatility was high: for this reason, the Finance and Control Department of Isagro S.p.A., in close partnership with the Sales, Supply Chain and Information System Department, set up a work team to review the methods of managing the risk of fluctuations in the price of copper in connection with the fixing of selling prices of finished products for customers.

Thus the following procedure was set in the last part of 2011:

- fixing of sales prices with customers in the previous quarter for the next quarter;
- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up of a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the approximate terms set for purchase on the market and production;
- forward cover of quantities.

This new method, in place since January 1st, 2012, made it possible to manage the price risk more effectively. It is specifically designed to address the changed and tougher circumstances. Therefore, this method, which does not derive from an exclusively financial vision but rather involves commercial and productive aspects, will result in a more efficient management of the copper business as a whole, starting from the fixing of sales prices.
Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure.
Please note that as at December 31st, 2014 the parent Isagro S.p.A. has forward purchase transactions for 248 tons of copper in effect, maturing within the first quarter of 2015.

d) Liquidity risk management

The liquidity of the Company is based on a diversification of bank loans and on a structure mix of the lines of credit: "commercial or self-liquidating," medium-term loans and finally factoring facilities, in order to be able to use these facilities in accordance with the different type of needs.
Note that the Company's debt is divided up between a large number of banks with the aim of minimising the risk of reduction/cancellation of lines of credit for current assets.
From an operating perspective, the Company manages the liquidity risk through the annual planning, with a monthly break down of the expected collection and payment flows. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a Financial Report is prepared on a monthly basis every year. It summarises the final cash flows and prospects at year end, again monthly.
The following table summarises the time pattern of the liabilities of the Company based on undiscounted contractual payments:

Dec. 31st, 2014	On demand	< 3 months	3 to 12 months	1 to 5 years	over 5 years	TOTAL
Financial liabilities	6,019	13,464	7,154	20,414	0	47,051
Derivatives	0	372	590	0	0	962
Trade payables	4,466	9,064	17,429	0	0	30,959
Other liabilities and other payables	4,179	0	327	0	0	4,506
TOTAL	14,664	22,900	25,500	20,414	0	83,478

Dec. 31st, 2013 restated	On demand	< 3 months	3 to 12 months	1 to 5 years	over 5 years	TOTAL
Financial liabilities	10,149	58,424	0	93	0	68,666
Trade payables	5,906	6,766	14,630	0	0	27,302
Tax payables	0	0	146	0	0	146
Other liabilities and other payables	3,093	74	315	0	0	3,481
TOTAL	19,148	65,264	15,091	93	0	99,595

With reference to 2014 marked, as already indicated in greater details in other parts, by operating results - with reference to the Basic Business - on the up and by the success of the share capital increase transaction for € 29 million, Isagro decided to confirm the Research, Innovation & Development projects (part of the overall investment plan for € 80 million, of which 60 in R,I&D, hypothesised in the 2015-2018 Business Plan), in particular those relating to the new SDHi fungicide.
In greater detail, the resources raised by means of the share capital increase have made it possible to finance the portion of the investments incurred during the year not covered by the cash flow generated by core business operations, without resorting to either additional extraordinary transactions or new bank borrowing.

Note that the credit lines available as support for current assets as at December 31st, 2014, together with the estimated revenues and payments for 2015 and revenues from other extraordinary value transactions to extract value from the proprietary products (which could fall within the new "supplier of active ingredients" business area, in line with the agreement entered into with Arysta in 2013), which bear witness to a sharp discontinuity with respect to the past, highlighting the effect launch of a structural cycle of growth in the operating results, ensure that the going concern assumptions are sustainable.
For a more in depth analysis of the liquidity risk management policies implemented by the Company please see the paragraph of the Management Report titled "Observations on the Financial Profile and Business Continuity."

e) Capital management.

The Company is focused on assuring a valid credit rating in order to have access to bank credit on economically favourable terms. It is the policy of the Company, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) to them necessary to better understand the type of business and the peculiar market situations existing.

f) Credit risk management

It is the policy of the Company to assign a credit line to clients after having assessed their economic and financial structures, payment performance over the years and all other information available on the market, i.e. the normal instruments used in determining customer solvency.
In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discount for advance payments are used.
The table below shows the maximum exposure of the Company to credit risk:

	Dec. 31st, 2014	Dec. 31st, 2013 restated
trade receivables	33,568	38,069
other assets and other receivables (deferred income excluded)	9,792	7,716
tax receivables	1,752	1,278
derivatives	168	96
financial receivables	5,471	5,262
cash and cash equivalents (excluding cash on hand)	4,209	7,848
	54,960	60,269
guarantees granted	3,295	2,900
Total credit risk	**58,255**	**63,169**

It should also be noted that the Company received sureties from the shareholders of Semag S.r.l. (now Isam S.r.l.), amounting to € 3,490 thousand, as guarantee for the credit resulting from the transfer of the shares in the company Isam S.r.l..
g) Climate changes
The usage of agrochemicals is influenced by the climate: humidity, rainfall and temperature. To date, the Company follows a policy of diversification of the markets in which it operates, in order to cover as many

markets as possible in both hemispheres. Currently, Isagro operates in over 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimise the impact of particular climatic situations which characterise certain regions/continents. Nevertheless, drought conditions extraordinarily affecting several continents/countries at the same time can strongly influence the Company's profitability. More specifically, given the composition of Isagro's sales, the climatic conditions in Europe (and in particular in Italy), the United States and Brazil play an important role.

42. Significant non-recurring events and transactions

In compliance with the CONSOB Communication dated July 28th, 2006, the significant non-recurring transactions carried out in 2014 and those for the previous year, are outlined in notes No. 24 and 29, to which reference should be made.

The table below shows the effects of such transactions on the economic results and cash flows for 2014 and 2013:

	Gross effect on the income statement	Related tax effect	Net effect on the income statement	Related financial flow (net of VAT and before tax)
Year 2014				
Other non-recurring costs:				
- restructuring costs	(1,170)	367	(803)	(1,563)
	(1,170)	367	(803)	(1,563)
Year 2013				
Other non-recurring revenues - joint operation ISEM:				
- sale of the herbicide Orthosulfamuron (IR 5878)	1,221	(1,300)	(79)	9,800
- sale of the fungicide Valifenalate (IR 5885)	28	(126)	(98)	9,250
	1,249	(1,426)	(177)	19,050
Other non-recurring costs:				
- restructuring costs	(1,677)	0	(1,677)	(77)
	(1,677)	0	(1,677)	(77)

During the year the Company continued with the restructuring and reorganisation process at the Milan offices and the industrial sites of Adria, Aprilia and Bussi sul Tirino, subsequently joined by the Novara Research Centre. With regard to this latter transaction, the Company set aside a further € 192 thousand for charges associated with another lay-off procedure which is envisaged to end, like that launched in 2013, on December 31st, 2015. During the year, Isagro incurred additional costs, mainly for the executive staff redundancy incentive not envisaged in the lay-off procedure previously described, but in any event falling within the company reorganisation transaction, with the consequent recognition of non-recurrent charges for € 978 thousand. Since the Company had not prudently provided for prepaid taxes on the tax losses in 2013, the tax effect relating to the reorganisation costs for this period was not indicated.

The other non-current revenues of the joint operation ISEM for 2013 referred to the transfer of the rights and fixed assets relating to the herbicide Orthosulfamuron (IR 5878) and the fungicide Valifenalate (IR 5885); the heavy tax burden related to the transfers was generated because of the misalignment between tax values and statutory values of the transferred assets, created following the transfer of the intangible assets in 2011, in a period before the fourth year since the sheltering operation (Art. 176 of the Consolidation Act on Income Taxes), with the consequent emergence of a tax capital gain higher than the statutory one and of the reversal of the deferred tax assets on non-repayable grants regarding the two products.

43. Transactions resulting from atypical and/or unusual operations

Pursuant to the CONSOB Communication dated July 28th, 2006, it is specified that, in 2014, the Company did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts as regards the accuracy of the information contained in the financial statements, the conflict of interests, the protection of the Company's assets or the protections of minority shareholders.

44. Events subsequent to December 31st, 2014

Measures for business efficiency – Novara

As described in detail in the section "Human resources" in the Directors' management report, on January 13th, 2015 a trade union agreement was entered into with the Novara Trade Association, relating to the lay-off procedures pursuant to Italian Law No. 223/91, activated on December 1st, 2014 for a total of 6 workers employed at the Novara premises.

Early repayment of the E.I.B. loan counterguaranteed by BNL - BNP Paribas Group and Banca Popolare Commercio & Industria (UBI Banca Group) and raising of new medium/long-term loans

With a view to optimising the cost of borrowing and seeking greater alignment between the timing of the investments undertaken, and therefore the outgoing and incoming cash flows, and that of the sources of finance supporting these investments, the Company:

- has repaid € 7.39 million in advance to the European Investment Bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- took out, on January 9th and February 9th 2015, two additional medium/long-term loans, for a total of € 5 million. Negotiations are also underway with three additional leading banks for raising loans for a total amount of around € 10 million.

Liquidation of Isagro Hellas

Within a context of general reorganisation of the sales division and optimisation of the costs, the procedure for the placement in liquidation of the subsidiary Isagro Hellas Ltd. was launched, with effect as from February 1st, 2015; the definitive closure of these proceedings is envisaged to take place by the end of July 2015, once the related local fulfilments have been seen to.

Review of the 2014-2015 Business Plan

On February 25th, 2015, Isagro's Board of Directors approved the up-date of the 2014-2018 Business Plan ("Revised 2015 Budget and 2016-2018 Estimates: confirmation of growth") relating to the Group's consolidated figures.

At that time, the envisaged € 13 million in revenues from Licensing were confirmed, as mentioned in this Report, (of which € 2 million obtained in 2014), albeit with the different timing than previously assumed. Furthermore, no significant changes have taken place with reference to the development of Basic Business turnover. Consequently, Isagro confirms the growth in EBITDA, as outlined in the 2014-2018 Business Plan communicated to the Market.

45. Management and coordination activities

Pursuant to Article 2497-bis, subsection 4 of the Italian Civil Code, the summary figures are provided below from the last financial statements approved by the parent company Holdisa S.r.l. (formerly BasJes Holding S.r.l.) (first accounting period October 11th, 2013 - June 30th, 2014), as the company responsible for management and coordination of Isagro S.p.A.

BasJes Holding S.r.l. was established on October 11th, 2013 by Piemme S.r.l. for the purpose of achieving a strategic alliance with the American Gowan Group, which envisaged its inclusion in the control system of the Isagro Group. Piemme had transferred and sold its investment in Manisa S.r.l., direct holding company of Holdisa S.r.l. which, in turn, controlled Isagro S.p.A.. Further to the success of the share capital increase of Isagro S.p.A., already described in note No. 15, which permitted the exit of the minorities in the holding companies Holdisa S.r.l. and Manisa S.r.l., it was possible to proceed with a shortening of the Isagro control chain via the incorporation, on December 10th, 2014, of the companies Manisa S.r.l. and Holdisa S.r.l. by BasJes Holding S.r.l. which, at the same time, changed its corporate name to Holdisa S.r.l. and therefore became the parent of Isagro S.p.A..

Separate financial statements of Holdisa S.r.l. (formerly BasJes Holding S.r.l.) as at June 30th, 2014:

(figures in thousands of Euro)

BALANCE SHEET	**June 30th, 2014**
ASSETS	
A) Receivables from shareholders for payments outstanding	0
B) Fixed assets	25,068
C) Current assets	5,933
D) Accruals and deferrals	0
Total assets	31,001
LIABILITIES	
A) Shareholders' equity:	
- Share Capital	21,000
- Reserves	9,781
- Profit for the year	106
B) Provisions for risks and charges	0
C) Severance indemnity fund	0
D) Payables	114
E) Accruals and deferrals	0
Total liabilities	31,001
Guarantees, commitments and other risks	0

(figures in thousands of Euro)

INCOME STATEMENT	**Oct. 11th, 2013 - June 30th, 2014**
A) Value of production	0
B) Production costs	(121)
C) Financial income and charges	263
D) Adjustments to financial assets	0
E) Exceptional income and charges	0
Income taxes for the period	36
For the year	106

46. Disclosure of audit fees

Pursuant to Article 149 *duodecies* of the CONSOB Issuers' Regulation, below is a table summarising the fees for audits and any other services provided by the independent auditors Deloitte & Touche S.p.A., appointed to conduct audit of the separate and consolidated financial statements of the Company:

Type of service	Person providing the service	Recipient	Remuneration (€)
Audit	Deloitte & Touche	Isagro S.p.A.	114
Statement services	Deloitte & Touche	Isagro S.p.A.	3
Tax advisory services			0
Other services	Deloitte & Touche	Isagro S.p.A.	170

"Audit" includes fees for periodic reviews envisaged in art. 155, subsection 1, paragraph a) of the Consolidated Law. This amount includes costs but not VAT.
The item "other services" refers to the fees paid for the activities carried out in accordance with the International Standard on Assurance Engagement "The Examination of Prospective Financial Information" (ISAE 3400), relating to the information prospectus published by Isagro S.p.A. in relation to the share capital increase transaction as per note No. 15.
The table below illustrates the fees for audit and any other audit-related services provided by Deloitte & Touche S.p.A., and by their partner companies, for the subsidiaries of Isagro S.p.A.:

Type of service	Person providing the service	Recipient	Fees (thousands of Euro)
Audit	ii) Deloitte & Touche network	International subsidiaries	69
Statement services			0
Tax advisory services			0
Other services	ii) Deloitte & Touche network	International subsidiaries	4

In detail, the item "other services" refers to the fees paid by the subsidiary Isagro Asia Agro Ltd. for advice requested with regard to taxation in India relating to dividend payment transactions.

47. List of the international accounting standards approved by the European Commission as of the date of preparation of the financial statements

International Accounting Standards			**Endorsement regulation**
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014
IFRS	4	Insurance contracts	2236/2004-108/2006-1165/2009
IFRS	5	Non-current assets held for sale and discontinued operations	2236/2004-70/2009-243/2010
IFRS	6	Exploration for and evaluation of mineral resources	1910/2005-108/2006
IFRS	7	Financial instruments: disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012
IFRS	8	Operating segments	1358/2007-632/2010-243/2010
IFRS	10	Consolidated financial statements	1254/2012-313/2013-1174/2013
IFRS	11	Joint arrangements	1254/2012-313/2013
IFRS	12	Disclosure of interests in other entities	1254/2012-313/2013-1174/2013
IFRS	13	Fair value measurement	1255/2012-1361/2014
IAS	1	Presentation of financial statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013
IAS	2	Inventories	2238/2004
IAS	7	Statement of cash flows	1725/2003-2238/2004-243/2010
IAS	8	Accounting policies, changes in accounting estimates and errors	2238/2004-70/2009
IAS	10	Events after the reporting period	2236/2004-2238/2004-70/2009
IAS	11	Construction contracts	1725/2003
IAS	12	Income tax	1725/2003-2236/2004-2238/2004-211/2005-1255/2012
IAS	14	Segment reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Property, plant and equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004

IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012
IAS	20	Government grants	1725/2003-2238/2004-70/2009
IAS	21	Effects of changes in foreign exchange rates	2238/2004-149/2011
IAS	23	Financial charges	1725/2003-2238/2004-1260/2008-70/2009
IAS	24	Related party disclosures	2238/2004-1910/2005-632/2010
IAS	26	Retirement benefit plans	1725/2003
IAS	27	Separate financial statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013
IAS	28	Investments in associates and joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	29	Financial reporting in hyperinflationary economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial instruments: presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim financial reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013
IAS	36	Impairment of assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, contingent liabilities and contingent assets	1725/2003-2236/2004-2238/2004
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010
IAS	39	Financial instrument: recognition and measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013
IAS	40	Investment property	2236/2004-2238/2004-70/2009-1361/2014
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009

Interpretations			Endorsement regulation
IFRIC	1	Changes in existing decommissioning, restoration and similar liabilities	2237/2004
IFRIC	2	Members' shares in co-operative entities and similar instruments	1073/2005
IFRIC	4	Determining whether an arrangement contains a lease	1910/2005
IFRIC	5	Rights to interests arising from decommissioning, restoration and environmental funds	1910/2005
IFRIC	6	Liabilities arising from participating in a specific market - Electrical and electronic equipment waste	108/2006
IFRIC	7	Applying the restatement approach under IAS 29 - Financial reporting in hyperinflationary economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of embedded derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim financial reporting and impairment	610/2007
IFRIC	11	IFRS 2 - Group and treasury share transactions	611/2007
IFRIC	12	Service concession arrangements	254/2009
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012
IFRIC	21	Levies	634/2014
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly-controlled Entities – Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions in the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements - Disclosure	1725/2003

SIC	31	Revenue – Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004

The Board of Directors

Milan, March 11th, 2015

ISAGRO

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Certification of the financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Isagro S.p.A. Chairman and Chief Executive Officer, and Ruggero Gambini, Manager in charge of preparing corporate financial reports, hereby certify, having also taken into account the provisions of art. 154-bis, subparagraphs 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the firm and
   - the effective application

   of the administrative and accounting procedures for the preparation of the financial statements in 2014.
2. In this respect no significant matters arose.
3. It is also certified that:

   3.1 the financial statements of Isagro S.p.A. as of December 31, 2014:

   a) were prepared in accordance with applicable international accounting standards as recognised by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) is able to provide a truthful and correct representation of the economic and financial position of the issuer;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 11, 2015

Chairman and Chief Executive Officer

(Giorgio Basile)

Manager in charge of preparing corporate financial reports

(Ruggero Gambini)

FINANCIAL STATEMENTS OF THE CONTROLLED AND ASSOCIATED COMPANIES

Isagro Argentina IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		91.690	8.923
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		194.776	18.955
TOTAL CURRENT ASSETS		286.466	27.878
TOTAL ASSETS		286.466	27.878
NET EQUITY			
Issued Capital		992.600	168.478
Reserves			
Exchange reserve/difference		-	(19.589)
Profits carried forward		(584.944)	(110.038)
Profits		(183.259)	(17.013)
Total		224.397	21.838
TOTAL NET EQUITY		224.397	21.838
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		62.069	6.040
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		62.069	6.040
TOTAL LIABILITIES		62.069	6.040
TOTAL EQUITY AND LIABILITIES		286.466	27.878

Isagro Argentina IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		144.548	13.419
Other operative costs		7	1
Operative profit		**(144.555)**	**(13.420)**
Net financial costs		(11.778)	(1.093)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(156.333)**	**(14.513)**
Income taxes		26.926	2.500
Net Profit/loss		**(183.259)**	**(17.013)**
Profit/loss of the Company		**(183.259)**	**(17.013)**

Isagro Asia IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		325.518	4.242.991
Goodwill		6.070	79.120
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		89.562	1.167.403
Deferred tax assets		38.059	496.083
TOTAL NON CURRENT ASSETS		459.209	5.985.597
CURRENT ASSETS			
Inventories		405.974	5.291.701
Trade receivables		1.288.596	16.796.309
Other receivables		150.710	1.964.442
Tax assets		121.761	1.587.104
Financial assets for derivatives		8.953	116.699
Cash and cash equivalents		678.221	8.840.326
TOTAL CURRENT ASSETS		2.654.215	34.596.581
TOTAL ASSETS		3.113.424	40.582.178
NET EQUITY			
Issued Capital		160.029	3.372.485
Reserves		551.716	11.412.993
Exchange Reserve/Difference			(7.653.100)
Profits carried forward		1.072.309	16.334.792
v Profits		306.107	3.777.204
Total		2.090.161	27.244.374
TOTAL NET EQUITY		2.090.161	27.244.374
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		3.304	43.066
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		48.420	631.134
TOTAL NON CURRENT LIABILITIES		51.724	674.200
CURRENT LIABILITIES			
Financial liabilities		94.560	1.232.550
Financial liabilities for derivatives		535	6.974
Trade payables		669.916	8.732.074
Current funds			-
Tax liabilities		117.380	1.529.999
Other liabilities		89.148	1.162.007
TOTAL CURRENT LIABILITIES		971.539	12.663.604
TOTAL LIABILITIES		1.023.263	13.337.804
TOTAL EQUITY AND LIABILITIES		3.113.424	40.582.178

Isagro Asia IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		3.140.996	38.758.301
Other income		39.191	483.597
Variation in stock of finished goods and work in progress		(32.132)	(396.493)
Costs for capitalized internal works		-	-
Raw materials and consumables		1.726.877	21.308.788
Personnel costs		238.201	2.939.280
Amortization/ Depreciation/ Write-downs			
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		51.049	629.919
Impairment of assets		-	-
Costs for services		486.782	6.006.644
Other operative costs		214.084	2.641.688
Operative profit		**431.062**	**5.319.086**
Net financial costs		18.619	229.749
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**449.681**	**5.548.835**
Income taxes		143.574	1.771.631
Net Profit/loss		**306.107**	**3.777.204**
Profit/loss of the Company		**306.107**	**3.777.204**

Isagro Australia IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		8.743	5.896
TOTAL CURRENT ASSETS		8.743	5.896
TOTAL ASSETS		8.743	5.896
NET EQUITY			
Issued Capital		355.000	218.986
Reserves			
Exchange reserve/difference			(1.223)
Profits carried forward		(333.668)	(203.294)
Profits		(16.743)	(11.374)
Total		4.589	3.095
TOTAL NET EQUITY		4.589	3.095
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		4.154	2.801
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		4.154	2.801
TOTAL LIABILITIES		4.154	2.801
TOTAL EQUITY AND LIABILITIES		8.743	5.896

Isagro Australia IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue			-
Other income			-
Variation in stock of finished goods and work in progress			-
Costs for capitalized internal works			-
Raw materials and consumables			-
Personnel costs			-
Amortization/ Depreciation/ Write-downs			-
- Amortization Intangible assets			-
- Depreciation Tangible assets			-
Impairment of assets			-
Costs for services		15.000	10.191
Other operative costs		1.262	857
Operative profit		**(16.262)**	**(11.048)**
Net financial costs		(480)	(326)
Profit/loss from controlled companies			-
Profit/loss from associated companies			-
Profit/loss before taxes		**(16.742)**	**(11.374)**
Income taxes			-
Net Profit/loss		**(16.742)**	**(11.374)**
Profit/loss of the Company		**(16.742)**	**(11.374)**

Isagro Brasil IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		128.523	39.905
Goodwill		-	-
Intangible Assets		675.196	209.643
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		6.800	2.111
TOTAL NON CURRENT ASSETS		810.519	251.659
CURRENT ASSETS			
Inventories		-	-
Trade receivables		1.065.560	330.847
Other receivables		20.051	6.226
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		287.539	89.278
TOTAL CURRENT ASSETS		1.373.150	426.351
TOTAL ASSETS		2.183.669	678.010
NET EQUITY			
Issued Capital		1.307.210	532.891
Reserves			
Exchange reserve/difference			(172.401)
Profits carried forward		538.928	212.210
Profits		51.581	16.526
Total		1.897.719	589.226
TOTAL NET EQUITY		1.897.719	589.226
NON CURRENT LIABILITIES			
Financial liabilities		56.747	17.619
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		56.747	17.619
CURRENT LIABILITIES			
Financial liabilities		49.948	15.508
Trade payables		36.310	11.274
Current funds		-	-
Tax liabilities		54.885	17.041
Other liabilities		88.060	27.342
TOTAL CURRENT LIABILITIES		229.203	71.165
TOTAL LIABILITIES		285.950	88.784
TOTAL EQUITY AND LIABILITIES		2.183.669	678.010

Isagro Brasil IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		1.397.851	447.867
Other income		354.852	113.693
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		672.135	215.350
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		112.691	36.106
- Depreciation Tangible assets		44.510	14.261
Impairment of assets		-	-
Costs for services		446.100	142.929
Other operative costs		293.909	94.167
Operative profit		**183.358**	**58.747**
Net financial costs		(9.387)	(3.008)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**173.971**	**55.739**
Income taxes		122.390	39.213
Net Profit/loss		**51.581**	**16.526**
Profit/loss of the Company		**51.581**	**16.526**

Isagro Chile IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		7.311.206	9.916
TOTAL CURRENT ASSETS		7.311.206	9.916
TOTAL ASSETS		7.311.206	9.916
NET EQUITY			
Issued Capital		29.070.809	40.000
Reserves			
Exchange reserve/(difference)			1.277
Profits carried forward		(22.269.678)	(32.222)
Profits		(4.813.848)	(6.360)
Total		1.987.283	2.695
TOTAL NET EQUITY		1.987.283	2.695
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		5.323.923	7.221
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		5.323.923	7.221
TOTAL LIABILITIES		5.323.923	7.221
TOTAL EQUITY AND LIABILITIES		7.311.206	9.916

Isagro Chile IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		3.007.045	3.973
Other operative costs		1.229.223	1.624
Operative profit		**(4.236.268)**	**(5.597)**
Net financial costs		(577.580)	(763)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(4.813.848)**	**(6.360)**
Income taxes		-	**-**
Net Profit/loss		**(4.813.848)**	**(6.360)**
Profit/loss of the Company		**(4.813.848)**	**(6.360)**

Isagro Colombia IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		58.915.502	20.370
Goodwill		-	-
Intangible Assets		227.569.524	78.682
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		68.821.744	23.795
TOTAL NON CURRENT ASSETS		355.306.770	122.847
CURRENT ASSETS			
Inventories		1.577.433.790	545.398
Trade receivables		3.426.816.403	1.184.823
Other receivables		170.119.336	58.819
Tax assets		124.178.711	42.935
Financial assets		-	-
Current financial assets for derivatives and hedging		151.362.644	52.334
Cash and cash equivalents		1.505.776.806	520.623
TOTAL CURRENT ASSETS		6.955.687.690	2.404.932
TOTAL ASSETS		7.310.994.460	2.527.779
NET EQUITY			
Issued Capital		362.654.120	139.209
Reserves		1.112.068.975	421.835
Exchange reserve/difference			(117.444)
Profits carried forward		1.463.937.494	568.889
Profits		113.710.124	42.869
Total		3.052.370.713	1.055.358
TOTAL NET EQUITY		3.052.370.713	1.055.358
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		27.453.980	9.492
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		27.453.980	9.492
CURRENT LIABILITIES			
Financial liabilities		1.036.768.412	358.463
Current financial liabilities for derivatives and hedging		-	-
Trade payables		2.315.913.775	800.728
Current funds		24.332.000	8.413
Tax liabilities			-
Other liabilities		854.155.580	295.325
TOTAL CURRENT LIABILITIES		4.231.169.767	1.462.929
TOTAL LIABILITIES		4.258.623.747	1.472.421
TOTAL EQUITY AND LIABILITIES		7.310.994.460	2.527.779

Isagro Colombia IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		9.550.577.120	3.600.662
Other income		377.981.345	142.503
Variation in stock of finished goods and work in progress		(78.686.832)	(29.666)
Costs for capitalized internal works		-	-
Raw materials and consumables		5.256.480.152	1.981.745
Personnel costs		1.880.005.945	708.781
Amortization/ Depreciation/ Write-downs			
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		30.104.378	11.350
Impairment of assets		-	-
Costs for services		1.600.972.269	603.582
Other operative costs		389.320.813	146.778
Operative profit		**692.988.076**	**261.263**
Net financial costs		(472.426.559)	(178.110)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**220.561.517**	**83.153**
Income taxes		106.851.393	40.284
Net Profit/loss		**113.710.124**	**42.869**
Profit/loss of the Company		**113.710.124**	**42.869**

Isagro España IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	IAS/IFRS BALANCE SHEET
NON CURRENT ASSETS		
Tangible fixed assets		3.173
Intangible fixed assets		123
Goodwill		-
Investments in controlled and associated companies		18.291
Other investments		-
Receivables and other non current assets		-
Non current financial assets for derivatives and hedging		-
Deferred tax assets		-
TOTAL NON CURRENT ASSETS		21.587
CURRENT ASSETS		
Inventories		430.009
Work in progress		-
Trade receivables		1.391.227
Other receivables and miscellaneous current assets		18.784
Tax assets		-
Financial receivables and other current financial assets		-
Current financial assets for derivatives and hedging		-
Cash and cash equivalents		991.648
TOTAL CURRENT ASSETS		2.831.668
TOTAL ASSETS		2.853.255
NET EQUITY		
Issued Capital		120.200
Reserves		24.043
Profits		800.495
Total		944.738
TOTAL NET EQUITY		944.738
NON CURRENT LIABILITIES		
Financial liabilities/borrowings and other non current financial liabilities		-
Non current financial liabilities for derivatives and hedging		-
Long term employee benefits		-
Non current funds		-
Deferred tax liabilities		-
Other non current liabilities		-
TOTAL NON CURRENT LIABILITIES		-
CURRENT LIABILITIES		
Financial liabilities/borrowings and other current financial liabilities		100.637
Current financial liabilities for derivatives and hedging		-
Trade payables		1.617.463
Current funds		75.000
Tax liabilities		63.949
Other liabilities		51.468
TOTAL CURRENT LIABILITIES		1.908.517
TOTAL LIABILITIES		1.908.517
TOTAL EQUITY AND LIABILITIES		2.853.255

Isagro España IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	RECLASSIFIED BALANCE SHEET
Revenues		10.270.896
Other operating incomes		171.884
Raw materials and consumables		7.802.734
Costs for services		976.025
Personnel costs		855.707
Other operative costs		57.351
Change in stock of finished goods and work in progress		40.524
Costs for capitalized internal works		-
Amortization/ Depreciation:		
- Amortization of Intangible assets		66
- Depreciation of Tangible assets		737
Impairment of assets		-
Operative profit/(loss)		**790.684**
Net financial costs		(14.982)
Profit/loss from controlled companies		-
Profit/loss from associated companies		-
Profit/loss before taxes		**775.702**
Income taxes		232.711
Net Profit/loss		**542.991**

Isagro Hellas IAS Balance Sheet 31.12.2014

BALANCE SHEET	NOTES	IAS/IFRS BALANCE SHEET
NON CURRENT ASSETS		
Tangible fixed assets		-
Intangible fixed assets		-
Goodwill		-
Investments in controlled and associated companies		-
Other investments		-
Receivables and other non current assets		1.905
Non current financial assets for derivatives and hedging		-
Deferred tax assets		-
TOTAL NON CURRENT ASSETS		1.905
CURRENT ASSETS		
Inventories		-
Work in progress		-
Trade receivables		47.667
Other receivables and miscellaneous current assets		4.051
Tax assets		-
Financial receivables and other current financial assets		-
Current financial assets for derivatives and hedging		-
Cash and cash equivalents		70.746
TOTAL CURRENT ASSETS		122.464
TOTAL ASSETS		124.369
NET EQUITY		
Issued Capital		18.000
Reserves		7.701
Profits		12.857
Total		38.558
TOTAL NET EQUITY		38.558
NON CURRENT LIABILITIES		
Financial liabilities/borrowings and other non current financial liabilities		-
Non current financial liabilities for derivatives and hedging		-
Long term employee benefits		1.960
Non current funds		-
Deferred tax liabilities		-
Other non current liabilities		-
TOTAL NON CURRENT LIABILITIES		1.960
CURRENT LIABILITIES		
Financial liabilities/borrowings and other current financial liabilities		-
Current financial liabilities for derivatives and hedging		0
Trade payables		79.879
Current funds		-
Tax liabilities		2.120
Other liabilities		1.852
TOTAL CURRENT LIABILITIES		83.851
TOTAL LIABILITIES		85.811
TOTAL EQUITY AND LIABILITIES		124.369

Isagro Hellas IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	RECLASSIFIED BALANCE SHEET
Revenues		151.614
Other operating incomes		35.300
Raw materials and consumables		565
Costs for services		136.700
Personnel costs		24.313
Other operative costs		25.409
Change in stock of finished goods and work in progress		-
Costs for capitalized internal works		-
Amortization/ Depreciation:		
- Amortization of Intangible assets		50
- Depreciation of Tangible assets		-
Impairment of assets		-
Operative profit/(loss)		**(123)**
Net financial costs		(198)
Profit/loss from controlled companies		-
Profit/loss from associated companies		-
Profit/loss before taxes		**(321)**
Income taxes		6.533
Net Profit/loss		**(6.854)**

Isagro Shanghai IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		6.884	914
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		6.884	914
CURRENT ASSETS			
Inventories		-	-
Trade receivables		1.056.400	140.184
Other receivables		142.600	18.923
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		143.738	19.074
TOTAL CURRENT ASSETS		1.342.738	178.181
TOTAL ASSETS		1.349.622	179.095
NET EQUITY			
Issued Capital		1.609.547	166.224
Reserves			
Exchange reserve/difference			33.619
Profits carried forward		(804.020)	(89.036)
Profits		371.389	45.370
Total		1.176.916	156.177
TOTAL NET EQUITY		1.176.916	156.177
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		90.000	11.943
Current funds		18.900	2.508
Tax liabilities			-
Other liabilities		63.806	8.467
TOTAL CURRENT LIABILITIES		172.706	22.918
TOTAL LIABILITIES		172.706	22.918
TOTAL EQUITY AND LIABILITIES		1.349.622	179.095

Isagro Shanghai IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		2.120.186	259.009
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		922.649	112.714
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		5.123	626
Impairment of assets		-	-
Costs for services		649.280	79.318
Other operative costs		136.111	16.628
Operative profit		**407.023**	**49.723**
Net financial costs		(35.634)	(4.353)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**371.389**	**45.370**
Income taxes		-	-
Net Profit/loss		**371.389**	**45.370**
Profit/loss of the Company		**371.389**	**45.370**

Isagro South Africa IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		140.519	10.012
TOTAL CURRENT ASSETS		140.519	10.012
TOTAL ASSETS		140.519	10.012
NET EQUITY			
Issued Capital		671.000	58.977
Reserves			
Exchange reserve/difference			(1.698)
Profits carried forward		(467.924)	(42.944)
Profits		(73.729)	(5.119)
Total		129.347	9.216
TOTAL NET EQUITY		129.347	9.216
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		11.172	796
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		11.172	796
TOTAL LIABILITIES		11.172	796
TOTAL EQUITY AND LIABILITIES		140.519	10.012

Isagro South Africa IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue			-
Other income			-
Variation in stock of finished goods and work in progress			-
Costs for capitalized internal works			-
Raw materials and consumables			-
Personnel costs			-
Amortization/ Depreciation/ Write-downs			-
- Amortization Intangible assets			-
- Depreciation Tangible assets			-
Impairment of assets			-
Costs for services		71.874	4.990
Other operative costs			-
Operative profit		**(71.874)**	**(4.990)**
Net financial costs		(1.855)	(129)
Profit/loss from controlled companies			-
Profit/loss from associated companies			-
Profit/loss before taxes		**(73.729)**	**(5.119)**
Income taxes			-
Net Profit/loss		**(73.729)**	**(5.119)**
Profit/loss of the Company		**(73.729)**	**(5.119)**

Isagro USA IAS Balance Sheet 31.12.2014

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		14.379	11.843
Goodwill			-
Intangible Assets		2.763.089	2.275.833
Investments accounted for using the equity method			-
Other investments			-
Receivables and other non current assets			-
Deferred tax assets		1.060.858	873.781
TOTAL NON CURRENT ASSETS		3.838.326	3.161.457
CURRENT ASSETS			
Inventories		9.140.099	7.528.292
Trade receivables		6.215.408	5.119.354
Other receivables		313.052	257.847
Tax assets		1.097.645	904.081
Financial assets		-	-
Cash and cash equivalents		2.859.372	2.355.137
TOTAL CURRENT ASSETS		19.625.576	16.164.711
TOTAL ASSETS		23.463.902	19.326.168
NET EQUITY			
Issued Capital		1.500.000	1.175.014
Reserves			
Exchange reserve/difference			121.842
Profits carried forward		705.492	571.014
Profits		723.353	544.487
Total		2.928.845	2.412.357
TOTAL NET EQUITY		2.928.845	2.412.357
NON CURRENT LIABILITIES			
Financial liabilities			-
Employee benefits			-
Non current funds			-
Deferred tax liabilities		1.066.276	878.244
Other non current liabilities			-
TOTAL NON CURRENT LIABILITIES		1.066.276	878.244
CURRENT LIABILITIES			
Financial liabilities		5.144.622	4.237.396
Trade payables		14.144.296	11.650.026
Current funds		104.000	85.660
Tax liabilities			-
Other liabilities		75.863	62.485
TOTAL CURRENT LIABILITIES		19.468.781	16.035.567
TOTAL LIABILITIES		20.535.057	16.913.811
TOTAL EQUITY AND LIABILITIES		23.463.902	19.326.168

Isagro USA IAS PL 31.12.2014

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		21.066.446	15.857.317
Other income		1.081.279	813.910
Variation in stock of finished goods and work in progress		1.383.863	1.041.673
Costs for capitalized internal works		108.826	81.916
Raw materials and consumables		18.096.845	13.622.014
Personnel costs		1.890.205	1.422.811
Amortization/ Depreciation/ Write-downs			
- Amortization Intangible assets		53.692	40.416
- Depreciation Tangible assets		10.057	7.570
Impairment of assets			-
Costs for services		2.747.075	2.067.802
Other operative costs			-
Operative profit		**842.540**	**634.203**
Net financial costs		(9.157)	(6.893)
Profit/loss from controlled companies			-
Profit/loss from associated companies			-
Profit/loss before taxes		**833.383**	**627.310**
Income taxes		110.030	82.823
Net Profit/loss		**723.353**	**544.487**
Profit/loss of the Company		**723.353**	**544.487**

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