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

Condensed Consolidated Half-Year Financial Statements

as at June 30th, 2015

BOARD OF DIRECTORS

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DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Group's condensed consolidated half-year financial statements as at June 30th, 2015 ended with **Revenues** of € 82.1 million (+12.5% compared to the first half of 2014), **EBITDA** of € 7.5 million (compared to € 6.9 million in the first six months of 2014), a **Pre-tax result** of € 1.4 million (compared to € 0.8 million in the first half of 2014) and **Net profit** of € 21 thousand (compared to the € 0.8 million profit for the first half of 2014). **Net financial debt** as at June 30th, 2015 amounted to € 43.4 million (compared to € 26.5 million as at June 30th, 2014 and € 29.7 million as at December 31st, 2014) with a **debt/equity ratio** of 0.44.

With reference to the above value, it should first be pointed out that:

- the net profit for the half year was negatively affected by hedging transactions performed between December 2014 and January 2015, sales in USD by the parent Isagro S.p.A. expected over twelve months - with a level of USD turnover in the first half of less than 20% of the annual total, with a still negative aggregate impact on the Income Statement as at June 30th, 2015, the weight of which is expected to reduce during the second half year;
- net financial debt increased mainly due to the effect of growth in inventories, caused by the higher turnover and the setup of stock to meet sales expected in the second half of the year.

THE CROP PROTECTION MARKET

In the second quarter, the crop protection market recorded a busy scenario characterised by low price levels for the main agricultural products (except rice) and the strengthening of the US dollar against the other major currencies, with subsequent loss of purchasing power in the agricultural economies.

Phillips McDougall sources recorded global sales in the last quarter of 2014-first quarter of 2015 for the eight major agrochemical companies worldwide at $ 24.8 billion, corresponding with a 5.3% decrease on the same period of the previous year. Expressed in Euro, this value transforms to € 21 billion with a change in sales compared to last year of 9.4%.

In Europe, the trend is one of growing sales of fungicides, particularly for cereal crops, due to a favourable start to the season which was followed by a downtrend at the end of the quarter as a result of the dry weather. In addition, as a consequence of the strengthening of the US dollar versus the Euro, the price increase in agrochemicals did not always offset the drop in sales volumes.

In **Italy**, the initial sales levels recorded were higher than those of 2014, attributable to low distribution channel inventory levels at the end of the winter due to strong consumption the previous year, then followed - due to drier weather in the second quarter - by a slowdown in fungicide sales on the one hand and a boost in sales of insecticides, particularly acaricides, on the other.

In the Asia Pacific region the sales performance was positive due to the effects of currency exchange rates and the good levels of insecticide and herbicide sales. Also note a decline in the Korean market and a lower demand for herbicides in India.
The government disposal plan for rice stocks in **Thailand** was completed, with the result that rice inventories are now generally low, the farming areas have reduced and rice prices are recovering.
In **India**, according to the Ministry of Agriculture, rice-growing land measures around 13.2 million Ha (+4% on the previous year). Soybean production in India is expected to reach 10 million tons (+10%). Vice versa, cotton production is forecast to be down to around 6.5 million tons (-6.5%), as is wheat at 80 million tons (-17%), due to winter rainfall well above seasonal averages.
The extremely warm spring weather in India and Pakistan and certain strong rainfall out of season in various parts of India could limit overall market potential. The monsoon rainfall for this year is forecast to be lower than the seasonal average due to the effect of “El Niño”, resulting in less harvest production.

In North America the first half of the year was characterised by above average inventory levels, remaining from last year, and by the drought in Canada and California with a limiting effect on the use of fungicides. In addition, low price levels for soybeans and maize have reduced sales, particularly fungicide sales.

The **United States** have recorded a decrease to less than 36 million Ha in the surface area used to grow maize, the lowest level since 2010, offset by an increase in land dedicated to soybeans to an all-time high of 34.5 million Ha. The surface area for cotton growing has fallen to 9 million Ha, whilst that for cereal remains largely unchanged at 22.5 million Ha.

Moving on to discuss South America, in **Brazil** - according to the national agrochemicals industry association (ANDEF), in 2014 the market grew by 4% compared to the previous year, reaching $ 12.2 billion. However, ANDEF reports a 15% drop in agrochemical sales in the first half of 2015 and comments on the poor spending capacity of farmers, high interest rates on loans and depreciation of the Real against the US dollar as being the obstacle to market growth in 2015. During the period, prices increased and a recovery was seen in the volumes of fungicides specifically for soybeans, whilst insecticide sales slowed due to low infestation pressure.
According to Ministry of Agriculture figures, in the 2014-2015 season the surface area used for growing soybeans rose by 5.8%, whilst decreases were recorded for maize, rice and wheat.
Again in Brazil, note the onset of resistance phenomena to certain fungicides by the Asian soybean rust (ASR) disease.
In **Argentina**, the crop protection market grew by 9% in 2014 to reach $ 2.7 billion, within which the fungicides segment increased by 26% to $ 247 million.

INCOME STATEMENT - SUMMARY DATA

Consolidated Revenue in the first half of 2015 amounted to € 82.1 million, up by € 9.2 million (+12.5%) compared to € 72.9 million reported in the first half of 2014.

This rise in turnover, achieved in a general context of sales growth in almost all the leading products marketed by the Group, is essentially attributable to:

- the marked increase in the sales of **copper-based products** by approximately € 6.0 million, mainly concentrated in Italy, also due to the distribution-side partnership with Gowan launched in 2014, in a favourable market environment;
- the increase in **pyrethroid** sales by around € 2.3 million, almost all of which due to the 100% subsidiary Isagro Asia, also as a result of the strengthening of the Indian Rupee (Isagro Asia's operating currency) against the Euro;
- the increase in **biostimulant** sales for around € 1.5 million, also due to profuse efforts in terms of marketing actions;
- higher sales for € 1.3 million as a result of the European launch of **deltamethrin**, following registration-related investments made last year;
- higher turnover by approximately € 1.3 million from the marketing of **generic proprietary products**;
- sales of the new **fumigant product**, launched at the end of last year in the USA, for € 0.3 million,

despite the presence of:

- lower sales of third-party products for around € 2.3 million, mainly due to the liquidation in 2014 of **orthosulfamuron** stock still held after this molecule was sold in October 2013, with related sales ceasing in 2015;
- lower **toll manufacturing** proceeds for approximately € 1.3 million due to the effect of overstock held by a major customer at the end of 2014, resulting in fewer repurchases during the first half of 2015.

The turnover in the half year just ended, like that achieved in the first six months of 2014, was fully attributable to Basic Business (revenues from products and services only), without Licensing revenues.

As a result of the above considerations, the breakdown of sales by geographic area in the first half of 2015, compared to the first half of the previous year, showed a particularly strong boost in sales in Italy (+48.2%) and in Asia (+31.8%) and, to a lesser extent, in the Rest of Europe (+23.2%).

The 40.4% drop in turnover recorded in the Americas, on the other hand, is attributable to the fact that in the first half of 2014, a period in which the distribution partnership with Gowan was launched, Gowan had arranged the purchase of large quantities of Isagro products, also with a view to creating its own strategic stock. Note, however, that for the whole of 2015 a level of turnover with Gowan is forecast to be in line with the final figure recorded for 2014, so with a recovery in the second half of 2015.

In relative terms, Isagro is confirmed as a strongly foreign-oriented group, with a percentage of period turnover from agrochemicals achieved outside Italy of approximately 70% of total sales, expected to increase during the second half of the year in view of the launch of campaigns in South America.

CONSOLIDATED SALES BY GEOGRAPHIC AREA

(€ 000)	1st Half of 2015		*Change*	1st Half of 2014	
Italy	24,267	30.9%	*+48.2%*	16,371	24.1%
Rest of Europe	26,035	33.1%	*+13.0%*	23,030	33.9%
Americas	7,547	9.6%	*-40.4%*	12,672	18.6%
Asia	17,870	22.7%	*+31.8%*	13,558	19.9%
Rest of the World	2,869	3.7%	*+21.8%*	2,355	3.5%
Agrochemicals subtotal	**78,588**	100.0%	***+15.6%***	**67,986**	100.0%
Other products and services	3,480		*-29.7%*	4,948	
Consolidated Revenue	**82,068**		***+12.5%***	**72,934**	

During the first six months of 2015, Isagro carried on its **Research, Innovation & Development** activity incurring total costs amounting to € 7.2 million (in line with the € 7.2 million of the first half of 2014) of which € 5.0 million capitalised (compared to capitalisation of € 5.4 million in the first six months of 2014) for co-development of the new IR9792 molecule (a broad spectrum fungicide in the SDHi class) with FMC Corporation, for the extraordinary protection costs for proprietary products and the development of new registrations.

EBITDA in the first half of 2015 was € 7.5 million, up by € 0.6 million, compared to € 6.9 million reported in the first half of last year.

The increase in EBITDA appears limited in absolute terms compared to the increase in sales as a result of higher R,I&D costs recognised in the Income Statement and of a higher level of fixed costs. In this respect, note that labour costs amounted to € 14.8 million, up € 0.7 million compared to the same period last year, due on the one hand to Isagro S.p.A. rationalisation action for around € 0.2 million and, on the other hand, to the effect of the strengthening of the Indian Rupee in reference to Isagro Asia.

In the first half of 2015, **amortisation/depreciation and impairment losses** as a whole amounted to € 4.3 million, similar to the final figure recorded for the same period last year.

Isagro therefore closed the first half of 2015 with an **operating profit** of € 3.2 million, showing a € 0.6 million improvement compared to the € 2.6 million profit for the first six months of last year.

As regards financial management, in the first half of 2015 your Group incurred:

- lower **Interest fees, commissions and financial charges** for € 1.1 million, the result of better credit terms obtained by the parent Isagro S.p.A. in the last twelve months, i.e. after the successful conclusion of the share capital increase in May 2014, which essentially strengthened the Group's financial position - this in a financial markets scenario with more readily available liquidity;
- **Net losses on foreign exchange and derivatives** amounting to € 1.3 million, compared to € 14 thousand of the first half of 2014, attributable to derivative contracts signed for hedging purposes and generated by the strong appreciation of the US dollar against the Euro.

  On this last point note that between the end of 2014 and the start of 2015, as usual with regard to its corporate policy, the parent Isagro S.p.A. arranged hedging against EUR-USD exchange rate risk on all sales in USD expected in the 12 months of this year, with less than 20% of sales in USD for the year concentrated in the first half.

  Consequently the Income Statement result for the first half of 2015 was negatively affected by the fair value adjustment to these hedges (reflecting the strong strengthening of the US dollar against the Euro), at EBITDA level incorporating only a marginal portion of the related benefits.

  It should be remembered that the Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars. As a result and in compliance with its "Financial risk management policy" designed to grant security to the annual budget, the parent Isagro S.p.A. arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in USD as the reference basis.

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

The consolidated **Result before taxes** was therefore a profit of € 1.4 million, up € 0.6 million on the € 0.8 million recorded in the first half of 2014.

In terms of tax management, as at June 30th, 2015, current tax and deferred tax liabilities were recorded to give an overall payable of € 1.3 million, up € 1.2 million compared to the € 0.1 million as at June 30th, 2014, mainly due to:

- higher income taxes, particularly as an effect of the stronger result of Isagro Asia;
- the presence as at June 30th, 2014 of a tax refund to Isagro USA of € 0.4 million;
- the non-allocation of deferred tax assets on the tax loss of Isagro S.p.A., which were instead present in the first half of 2014.

Consequently, your Group closed the first half of 2015 with a **net profit** of € 21 thousand, compared to profit of € 0.8 million in the first six months of 2014.

SUMMARY OF CONSOLIDATED INCOME STATEMENT

(€ 000)	1st Half of 2015	1st Half of 2014	Differences		Fiscal year 2014
Revenues	**82,068**	**72,934**	**+9,134**	**+12.5%**	**145,939**
Memo: Labour costs and provision for bonuses	(14,840)	(14,131)	-709		(27,397)
EBITDA	**7,526**	**6,900**	**+626**	**+9.1%**	**12,467**
% on Revenues	*9.2%*	*9.5%*			*8.5%*
Amortisation/Depreciation:					
- tangible assets	(1,850)	(1,923)	+73		(3,678)
- intangible assets	(2,386)	(2,410)	+24		(5,082)
- write-off of assets and assets revaluation (IFRS 10)	(44)	-	-44		(187)
EBIT	**3,246**	**2,567**	**+679**	**+26.5%**	**3,520**
% on Revenues	*4.0%*	*3.5%*			*2.4%*
Interest, fees and financial discounts	(663)	(1,745)	+1,082		(2,807)
Gains/losses on foreign exchange and derivatives	(1,250)	(14)	-1,236		108
Impairment/reversals of impairment of equity investments	32	19	+13		59
Result before taxes	**1,365**	**827**	**538**	**+65.1%**	**880**
Current tax and deferred tax liabilities	(1,344)	(61)	-1,283		(1,758)
Profit/(loss) from continuing operations	**21**	**766**	**-745**	**N/S**	**(878)**
Profit/(loss) from discontinued operations	-	-	-		-
Net result	**21**	**766**	**-745**	**N/S**	**(878)**

BALANCE SHEET - SUMMARY DATA

As regards equity, consolidated **Net invested capital** as at June 30th, 2015, amounted to € 141.2 million, up by € 16.2 million and € 19.3 million, respectively, compared to December 31st, 2014 and June 30th, 2014.

Net fixed assets as at June 30th, 2015, amounted to € 85.3 million, up by € 3.7 million compared to € 81.6 million as at December 31st, 2014 and by € 6.4 million compared to € 78.9 million as at June 30th, 2014. These changes are primarily due to the performance of the following items:

- **Goodwill and Other intangible Assets** totalled € 47.0 million as at June 30th, 2015, up by € 2.9 million compared to December 31st, 2014, and by € 4.5 million compared to June 30th, 2014, due to the effect of increased investments in Research, Innovation & Development incurred by the

Group, largely attributable to the new SDHi broad spectrum fungicide, which more than offset amortisation for the period;

- **Tangible assets** amounting to € 24.6 million, up by € 0.5 million and € 1.8 million, respectively, compared to December 31st and June 30th, 2014, due mainly to investments made to complete restructuring work on the Novara Research Centre, inaugurated on April 13th, 2015, as well as to the increased consolidated book value of the tangible assets regarding the Panoli chemical plant owned by the subsidiary Isagro Asia resulting from the appreciation of the Rupee against the Euro.

SUMMARY OF CONSOLIDATED BALANCE SHEET

(€ 000)	June 30th, 2015	June 30th, 2014	Differences		Dec. 31st, 2014
Net fixed assets	**85,301**	**78,948**	**+6,352**	**+8.0%**	**81,577**
Net working capital	**58,708**	**46,350**	**+12,358**	**+26.7%**	**46,433**
SEVERANCE INDEMNITY FUND (SIF)	**(2,843)**	**(3,429)**	**+587**	**-17.1%**	**(3,038)**
Net invested capital	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	**-**	**-**
Total	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**
Financed from:					
Equity	**97,738**	**95,356**	**2,382**	**2.5%**	**95,286**
Net financial position	**43,428**	**26,513**	**16,915**	**63.8%**	**29,686**
Debt/Equity Ratio	***0.44***	***0.28***			***0.31***
Total	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**

Net working capital as at June 30th, 2015, amounted to € 58.7 million, up by € 12.3 million compared to December 31st, 2014, and up € 12.4 million on June 30th, 2014. More specifically:

- **Inventories**, amounting to € 49.4 million as at June 30th, 2015, show an increase of € 9.0 million compared to December 31st, 2014, mainly due to the effect of establishing a strategic stock (largely represented by Tetraconazole, plus the intermediate M-Alcohol and generic products marketed by the subsidiary Isagro Asia in India and a number of other countries) to support the growth in turnover expected this year, and by € 12.3 million compared to the figure as at June 30th, 2014 for the same reason and also following the repurchase of stock in the United States from the previous local distributor by the associate Isagro USA. In this respect, it is hereby revealed that said repurchases came to around $ 12 million (settled in March 2015), approximately half of which already re-invoiced to the new US distributor Gowan at cost in the first half of 2015;

- **Trade receivables** amounting to € 48.1 million, down by € 1.5 million compared to December 31st, 2014, due to greater use of non-recourse factoring (€ 17.7 million as at June 30th, 2015, compared to € 5.0 million as at December 31st, 2014), which more than offset the seasonal increases for the period.
  With reference to the position as at June 30th, 2014, however, a € 7.0 million increase was seen in the volume of trade receivables due to the combined effect of higher sales for the half year and a different mix of due dates, partly offset by greater use of non-recourse factoring (€ 17.7 million as at June 30th, 2015, compared to € 9.0 million as at June 30th, 2014).
- **Trade payables**, amounting to € 39.2 million, were down by € 5.4 million compared to December 31st, 2014 due to payment for the stock repurchased from Valent in 2014, net of the physiological increase from stronger purchases during the period.
  With reference to the position as at June 30th, 2014, however, a € 6.8 million increase was seen in the volume of trade receivables as a direct result of the above-mentioned increase in business volume recorded over the last twelve months.

As regards the **Severance Indemnity Fund (SIF)**, this amounted to € 2.8 million as at June 30th, 2015, down by € 0.2 million and by € 0.6 million, respectively, compared to December 31st and June 30th, 2014, due to the termination of employment contracts of certain Group employees and executives.

As for funding, consolidated **Equity** as at June 30th, 2015 amounted to € 97.7 million, up by € 2.4 million compared to € 95.3 million as at December 31st, 2014 and by € 2.3 million compared to € 95.4 million recorded in the first half of 2014, primarily due to the Translation reserve for around € -5.5 million, up by € 2.5 million compared to € -8.0 million as at December 31st, 2014, and by € 4.1 million compared to € -9.6 million as at June 30th, 2014, from the effect of the exchange rate of the Indian Rupee on foreign exchange markets, in turn involving a lower/higher Euro valuation of items in the consolidated financial statements related to the Indian associate Isagro (Asia) Agrochemicals Pvt. Ltd.

The consolidated **Net Financial Position (NFP)** as at June 30th, 2015, amounted to € 43.4 million, up by € 13.7 million compared to € 29.7 million reported as at December 31st, 2014 and € 16.9 million compared to € 26.5 million reported as at June 30th, 2014.
With regard to the breakdown of the Net Financial Position as at June 30th, 2015, note that medium/long-term debt, amounting to € 26.8 million, was up by € 9.8 million and by € 14.0 million, respectively, compared to December 31st and June 30th, 2014, mainly due to: (i) new funding being obtained over the last twelve months in the form of seven medium/long-term loans totalling € 25.0 million (two of which obtained in the second half of 2014 amounting € 7.0 million), partly offset by (ii) the early settlement on February 16th, 2015 to the EIB of € 7.4 million,

the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012 and forming part of the original loan for € 22.5 million.
These transactions were performed by the parent Isagro S.p.A. with a view to optimising the cost of borrowing at Group level and seeking greater alignment between the timing of the investments undertaken - particularly those relating to development of the new SDHi broad spectrum fungicide - and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments.

It is also noted that, as at June 30th, 2015, net fixed assets were entirely financed by Equity, which also funded the working capital for around € 12.4 million. As a consequence, the total amount of net financial payables is related to net working capital only.

In light of what is explained above, the **debt/equity** ratio (i.e. the ratio between net financial position and equity) decreased by 0.44 compared to 0.31 as at December 31st, 2014 and 0.28 as at June 30th, 2014.

Lastly, note that the parent Isagro S.p.A., which concentrates most of R,I&D, synthesis and formulation activities and includes amounts related to investments in subsidiaries, reported a negative Net Financial Position of € 40.1 million, against unused bank credit lines of various types amounting to around € 41.5 million.

<u>RESEARCH AND DEVELOPMENT ACTIVITIES</u>

During the first six months of 2015, Isagro incurred R&D costs for a total amount of € 7.2 million, of which € 5.0 million were capitalised against investments for development and for the extraordinary protection costs of proprietary products and their registration at local level. In the first half of last year, these expenses amounted to € 7.2 million, of which € 5.4 million were capitalised.

A) INNOVATIVE RESEARCH

The research activities carried out by Your Group focused on several lines of research aimed at obtaining new candidates for development, with a view to promoting the development of at least one new active ingredient for the period related to the Business Plan. In particular, activities are 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 crops at global level.

The study continued for the identification of new copper-based formulations capable of acting at a specifically 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 the first half 2015 are highlighted below:

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

The main regulatory studies on the active ingredient continued and can at present be confirmed as in line with the plan envisaged for submission of the dossier in Europe and the USA. The second part of the first half of the year saw a strong focus on valuation of the results of potential effects studies in plants in order to better plan subsequent testing (see the studies of residues and animal feed), the performance of which, in terms of timing and results, is fundamental to completion of the registration dossier.

Important results emerged for the product profile on various strategic crops in Brazil (soybeans, coffee, etc.), better clarifying the technical agronomic value compared with the standards of market competitors such as Syngenta, Bayer and BASF. All of this will offer a more accurate assessment of business prospects in Brazil, of key importance to the success of the project.

The experimental harvest in the northern hemisphere, on the other hand, was less productive due to weather conditions not very favourable for the development of fungal diseases, particularly for cereals and rape in Europe and, from early signs, also in the USA for maize and soybeans.

Despite this, the profile emerging from 2014 should be confirmed. The pre-plant valuation has begun and remains fully operative for synthesis of the active ingredient, with numerous options under development.

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

The development activity focused on the following projects:

- continuation of preparation of the registration dossier for Kiralaxyl for seed treatment in the USA;
- follow-up of the dossier to obtain import tolerance in the USA, particularly as regards toxicology studies and resulting classification;
- follow-up of the re-registration process for all formulations containing Kiralaxyl registered in Europe (STEP 2), in EU member states, after the inclusion in Annex 1 of EC Regulation 1107/2009.
- start-up of Fantic M WG registration activities in China, as per agreements with Rotam;
- support to Gowan for preparation of the Kiralaxyl + Zoxamide dossier.

Tetraconazole - a broad spectrum fungicide

Activities were focused on the following projects:

- follow-up of the re-registration process of formulations in Europe (STEP 2 of the European review process);
- study valuation for re-registration in the USA;

- study valuation necessary for renewal of the active ingredient approval in the European Union;
- continuation of the studies to obtain registration and labels extension in the USA, Canada and Brazil, as envisaged in the agreement with Arysta.

Lastly, note that a major review of the use of Tetraconazole and its mixtures has been completed, for cereals and grapes in Europe and for soybeans in Brazil. For the latter, important elements emerged for long-term technical defence for their use for soybeans.

Copper-based products

With reference to copper-based products:

- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- participation in the European Copper Task Force's preparation of the dossier for the renewal of copper salts approval in the European Union;
- preparation of the dossier of formulations containing oxychloride and hydroxide for Vietnam and Thailand;
- follow-up of the registration process at the European Centre of the Airone SC and Airone WG formulations;
- forwarding of the registration dossier to Australia for Airone WG.

Also for the copper-based products, this year saw the start of a valuation procedure to include Airone in the protection of soybeans in Brazil, with encouraging results.

Fumigant products

- Follow-up of the registration process in Turkey;
- note that emergency use was not granted in Italy due to the lack of a registration process already in place at EU level;
- preparation of documents for the registration dossier in the United Arab Emirates and Egypt;
- support for registration activities in the USA.

Biostimulants

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

Microbiological products

Conclusion of the process of obtaining the certificate for the use of Trichoderma spp formulations in organic farming.

Pheromones

- follow-up of the European approval process for a new molecule and related registration in Italy;

- start-up of task force activities for renewal of the active ingredient approvals in Europe.

C) REGISTRATIONS OBTAINED

During the first half of 2015, 12 new registrations were obtained, including 5 clones of copper-based products for the Italian market, final registration in China for Eminent and the registration in Canada of Tamarak (the trade name for Siapton used in that country).

SIGNIFICANT EVENTS OF THE FIRST HALF OF 2015

As regards information on Research and Development carried out during the first half of 2015, as well as the economic performance for the period, reference is made to previous sections. The significant events occurring in the first half of 2015 are reported below:

A) MEASURES FOR BUSINESS EFFICIENCY – NOVARA SITE

The trade union agreement on temporary lay-off procedures pursuant to Italian Law 223/91 was signed 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 site.

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 site, 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.

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.

B) LIQUIDATION OF ISAGRO HELLAS

With respect to the situation as at December 31st, 2014, in February 2015 the liquidation procedure started for the subsidiary Isagro Hellas, terminating on June 30th, 2015.

C) EARLY REPAYMENT OF THE EIB LOAN COUNTER-GUARANTEED BY BNL AND UBI 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.:

- arranged early settlement on February 16th, 2015 to the EIB of € 7.4 million, the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012 and forming part of the original loan for € 22.5 million;

- five further medium/long-term loans were signed during the first half of the year with an equal number of leading banks, for a total of € 18.0 million.

D) INAUGURATION OF THE NEW NOVARA RESEARCH CENTRE

On April 13th, 2015 Isagro inaugurated its New Research Centre (NCR) in Novara.

A total surface area of 9,400 sq.m. (including 2,250 sq.m. of laboratories, 1,370 sq.m. of greenhouses and 750 sq.m. of manufacturing plant), located in an historical area for the Italian Chemistry, i.e. the former Donegani Institute, which has seen coming to light many new products, with a unique innovation fervour in the Italian industry's history.

The New Research Centre will act as catalyst in the Novara area for most of the R&D investments envisaged for the next four years.

E) APPROVAL OF 2014 FINANCIAL STATEMENTS AND APPOINTMENT OF THE NEW BOARD OF DIRECTORS

On April 24th, 2015 the Shareholders' Meeting of Isagro S.p.A.:

- examined the consolidated figures and approved the 2014 financial statements, accompanied by the Directors' Management Report, as approved by the Company's Board of Directors on March 11th, 2015 and already disclosed to the Market, retaining the loss for the year;
- appointed the new Board of Directors, which mandate expires on approval of the financial statements as at December 31st, 2017, with the following members, all appointed from the single list filed by the majority shareholder Holdisa S.r.l.: Giorgio Basile (Chairman); Maurizio Basile; Riccardo Basile; Christina Economou; Gianni Franco; Adriana Sartor (Independent Director); Daniela Mainini (Independent Director); Stavros Sionis (Independent Director).

Subsequently, on May 5th, the Company's new Board of Directors resolved upon:

- to appoint the following until approval of the financial statements as at December 31st, 2017:
  - Giorgio Basile as Chief Executive Officer - C.E.O.;
  - Maurizio Basile as Deputy Chairman;
  - Directors Adriana Sartor, Daniela Mainini and Stavros Sionis as members of the Independent Directors Committee;
  - Director Stavros Sionis as Lead Independent Director;
- to establish the Nomination and Remuneration Committee, appointing Independent Directors Adriana Sartor (Chairman) and Stavros Sionis as its members;
- to establish the Control and Risk Committee, appointing Independent Directors Daniela Mainini (Chairman) and Stavros Sionis as its members.

On the same date, pursuant to article 3 of the Corporate Governance Code and article 144-*novies* of the CONSOB Regulation on Issuers, the Board assessed the possession of independence requisites by the Directors Adriana Sartor, Daniela Mainini and Stavros Sionis, appointed as independent (from the list filed by the majority shareholder Holdisa S.r.l.).

SUBSEQUENT EVENTS

No significant events occurred between June 30th, 2015 and the date of this Report.

HUMAN RESOURCES

The actual workforce as at June 30th, 2015 is 622 employees divided into the following categories:

Number of employees	June 30th, 2014	June 30th, 2015	Difference
Directors/Executives	48	51	3
Managers	131	136	5
Office workers*	338	338	0
Blue-collar	110	97	-13
Total	**627**	**622**	**-5**

*includes the workers with Special qualifications and 4 workers from the Representative Office in Vietnam

Compared to the first half of 2014, the foreign branches reported no particular changes in organisation other than normal turnover, whereas in Isagro S.p.A. the workforce decreased by 25 employees, against an increase by 20 staff employed on seasonal contracts.

This decrease is attributable to the reorganisation procedure in progress, agreed with the unions, with signing of the report on the agreement of January 16th, 2014, that mainly concerned the industrial sites.

During the first half of 2015, relations with Trade Unions were generally constructive, allowing for excellent results within the sphere of industrial relations and management.

The main activities carried out were:

- 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 as a whole;
- renewal of the agreements on productivity objectives at the industrial sites, in reference to the second-level negotiation on the Bonuses;
- sigature of the trade union agreement on temporary lay-off procedure pursuant to Italian Law 223/91, for a total of 6 workers employed at the Novara site, as described in the section “Significant events of the first half of 2015”.

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 regulatory changes occurred as regards the administrative liability of entities:

- "*Provisions on offences against the environment*" (the Italian Environmental Offences Act, or "Ecoreati", Law 68/2015) approved by the Senate on May 19th, 2015, and entering into force on May 29th (the day after its publication in the Official Journal). This law strengthens the differences in conduct detrimental to the environment by introducing eight new offences to the Italian Criminal Code and the identification in article 25-*undecies*, Italian Legislative Decree 231/2001 of the following new offences:
  - environmental pollution
  - environmental disaster
  - environmental pollution and environmental disaster perpetrated with negligence
  - criminal conspiracy
  - trafficking and dumping of highly radioactive materials
- "*Provisions on offences against Public Administration, mafia-related conspiracy and falsification of accounts*" (the Italian Anti-corruption Act, Law 69/2015), approved by the Chamber of Deputies on May 21st, 2015, published in the Official Journal on May 30th and in force from June 14th, 2015. This new law aims to combat forms of corruption by means of different measures ranging from a general increase in fines for crimes against Public Administration, to strengthening of reporting obligations to the National Anti-Corruption Authority, and amendments to the offence of fraudulent corporate communications.

With reference to the above and to the new regulations already applied in 2014, the Company is beginning suitable risk assessment and protocols adaptation activities in order to reflect the aforementioned regulatory updates in the current Model.

The Supervisory Body was appointed to monitor the operations and compliance with the Model, and arrange the related updates. The membership of this Body was partly renewed by resolution of the Board of Directors on May 5th, 2015, with term of office expiring on approval of the financial statements as at December 31st, 2017.

LEGAL PROCEEDINGS

With reference to pending legal proceedings, there are no significant updates to report compared to that reported as at December 31st, 2014.

For further details, please refer to the specific paragraph of the Explanatory Notes.

TRANSACTIONS WITH RELATED PARTIES

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

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

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE BUSINESS AS A GOING CONCERN

As at June 30th, 2015 the Isagro Group disclosed a sound and balanced financial structure, with the debt/equity ratio of 0.44 and Equity exceeding Fixed capital, with a portion of over € 12 million in Working capital funded from equity. Furthermore, the proceeds from last year's share capital increase will make it possible to self-finance the portion of investment scheduled for 2015 not covered by the cash flow generated by core business, without the need for recourse to bank borrowing more than is necessary to finance net working capital. 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.

In the last twelve months, the parent Isagro S.p.A. renegotiated its banking system exposure by reducing the related financial charges, also partly replacing the short-term bank debt with medium/long-term loans.

Moreover, note that the parent Isagro S.p.A., which pools most of the consolidated debt, had over € 41.5 million in bank credit facilities unused as at June 30th, 2015 that are for the most part represented by bill-discounting lines and advances on invoices.

In addition to the above, it should be emphasised that in view of the sales and EBITDA results achieved in the first half of this year at basic business level (revenues from products and services), which provide further proof of the actual start of a structural growth cycle in operating results based on greater exploitation of proprietary products, and the ongoing development of existing contacts for the signing of long-term supply licensing agreements on proprietary active ingredients, Isagro confirms the growth rate indicated in the 2014-2018 Business Plan and disclosed to the market.

In light of the above, these condensed consolidated half-year financial statements as at June 30th, 2015 have been prepared on a going concern basis, since no significant uncertainties have come to light regarding the business outlook for the Group.

USE OF ESTIMATES

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

The estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement.

In particular, "Current tax and deferred tax liabilities" as at June 30th, 2015 was estimated based on updated and reliable accounts and taking account of each single company according to the related profit before taxes, adjusted (up or down) on the basis of any tax recoveries envisaged by regulations in force, adequately adjusted according to consolidation accounts.

Please refer to the paragraph “Uncertainty in the use of estimates” in the Explanatory Notes for further comments on the use of estimates in preparing the financial statements and the consolidated half-year report.

OUTLOOK FOR THE CURRENT YEAR

Given the results achieved in the first half of 2015 and the operating forecasts and objectives for the second half, which include the collection of Licensing income for € 4.0 million, Isagro estimates the EBITDA level for 2015 to be around € 18 million, in line with that assumed in the 2014-2018 Business Plan and disclosed to the market.

COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO 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 25% as at June 30th, 2015 and approximately 22% in the period June 30th, 2014 - June 30th, 2015, 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 June 30th, 2015 Isagro S.p.A.’s market capitalisation came to approximately € 63 million (the result of around 24.55 million Ordinary Shares listed at a market price of € 1.54 and around 14.17 million Growth Shares at a market price of € 1.16), corresponding to roughly 65% of the book value of consolidated Equity (€ 97.7 million). The latter can be defined against net fixed assets (€ 85.3 million) and more specifically

the historic cost of the registration assets and proprietary know-how, net of related accumulated amortisation.
Considering that (i) the current two leading Isagro products, Tetraconazole and Copper-based products, which in 2014 generated consolidated aggregate turnover of over € 80 million, had a residual book value as at June 30th, 2015 of around € 22 million, and that (ii) transactions to enhance the proprietary molecules and the know-how realised over the last few years have disclosed a market value of 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.

With reference to the second point, it should be recalled that Growth Shares, issued by Isagro in May 2014, are a new class of Special Shares, specially tailored for companies having a Controlling 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 the event of any compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.3 million Ordinary Shares, which makes them more liquid than the latter.
For the above reasons, Isagro considers that there is no rational justification for the existence of a spread between the two share categories.

Attachment 1

RECLASSIFIED CONSOLIDATED INCOME STATEMENT - 1ST HALF OF 2015

(€ 000)	1st Half of 2015	1st Half of 2014	Differences		Fiscal year 2014
Revenues from sales of products and services	**82,068**	**72,934**	**+9,134**	**+12.5%**	**145,939**
Other revenues and income	1,370	1,459	-89		3,092
Consumption of materials and external services	(67,875)	(56,562)	-11,313		(115,240)
Variations in inventories of products	5,512	1,823	+3,689		4,638
Increase of fixed assets for internal works	1,852	1,782	+70		3,306
Allocations to provisions for expenses and bad/ doubtful debt provisions	(561)	(405)	-156		(701)
Labour costs	(14,317)	(13,616)	-701		(26,153)
Provisions for bonuses	(523)	(515)	-08		(1,244)
Non-recurring items	-	-	-		(1,170)
EBITDA	**7,526**	**6,900**	**+626**	**+9.1%**	**12,467**
% on Revenues	*9.2%*	*9.5%*			*8.5%*
Amortisation/Depreciation:					
- tangible assets	(1,850)	(1,923)	+73		(3,678)
- intangible assets	(2,386)	(2,410)	+24		(5,082)
- write-off of assets and assets revaluation (IFRS 10)	(44)	-	-44		(187)
EBIT	**3,246**	**2,567**	**+679**	**+26.5%**	**3,520**
% on Revenues	*4.0%*	*3.5%*			*2.4%*
Interest, fees and financial discounts	(663)	(1,745)	+1,082		(2,807)
Gains/losses on foreign exchange and derivatives	(1,250)	(14)	-1,236		108
Impairment/reversals of impairment of equity investments	32	19	+13		59
Result before taxes	**1,365**	**827**	**+538**	**+65.1%**	**880**
Current tax and deferred tax liabilities	(1,344)	(61)	-1,283		(1,758)
Profit/(loss) from continuing operations attributable to non-controlling interests	-	-	-		-
Profit/(loss) from continuing operations	**21**	**766**	**-745**	**N/S**	**(878)**
Profit/(loss) from discontinued operations	-	-	-		-
Net result	**21**	**766**	**-745**	**N/S**	**(878)**

Attachment 2

RECLASSIFIED CONSOLIDATED BALANCE SHEET AS AT JUNE 30th, 2015

(€ 000)	Jun. 30th, 2015	Jun. 30th, 2014	Differences		Dec. 31st, 2014
Net fixed assets					
Goodwill	3,773	4,003	-230		3,762
Other intangible assets	43,199	38,455	+4,744		40,339
Tangible assets	24,587	22,828	+1,759		24,130
Financial assets	274	213	+61		253
Other medium/long term assets and liabilities	13,468	13,449	+19		13,093
Total net fixed assets	**85,301**	**78,948**	**+6,353**	**+8.0%**	**81,577**
Net working capital					
Inventories	49,400	37,106	+12,294		40,364
Trade receivables	48,129	41,145	+6,984		49,598
Trade payables	(39,211)	(32,395)	-6,816		(44,578)
Current provisions	(865)	(1,540)	+675		(1,651)
Other current assets and liabilities	1,255	2,034	-779		2,700
Total net working capital	**58,708**	**46,350**	**+12,358**	**+26.7%**	**46,433**
Invested capital	**144,009**	**125,298**	**+18,711**	**+14.9%**	**128,010**
SEVERANCE INDEMNITY FUND (SIF)	**(2,843)**	**(3,429)**	**+586**	**-17.1%**	**(3,038)**
Net invested capital	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**		**-**
Total	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**
financed from:					
Equity					
Capital stock	24,961	24,961	-		24,961
Reserves and earning brought forward	78,303	79,220	-917		79,195
Translation reserve	(5,547)	(9,591)	+4,044		(7,992)
Total profit/(loss) of the Group	21	766	-745		(878)
Total equity	**97,738**	**95,356**	**+2,382**	**+2.5%**	**95,286**
Net financial position					
Medium/long term debts:					
- towards banks	26,554	15,574	+10,980		19,632
- towards other lenders	227	36	+191		266
- other assets (liabilities) and derivatives	-	(2,875)	+2,875		(2,875)
Total medium/long term debts	**26,781**	**12,735**	**+14,046**	**+110.3%**	**17,023**
Short-term debts:					
- towards banks	34,830	23,860	+10,970		27,344
- towards other lenders	256	3,215	-2,959		1,839
- towards parent companies	-	-	-		-
- other assets (liabilities) and derivatives	488	(9)	+497		629
Total short-term debts	**35,574**	**27,066**	**+8,508**	**+31.4%**	**29,812**
Cash and cash equivalents	**(18,927)**	**(13,288)**	**-5,639**	**N/S**	**(17,149)**
Total net financial position	**43,428**	**26,513**	**+16,915**	**+63.8%**	**29,686**
Total	**141,166**	**121,869**	**+19,297**	**+15.8%**	**124,972**

Attachment 3

CONSOLIDATED STATEMENT OF CASH FLOWS JANUARY-JUNE 2015

(€ 000)	1st Half of 2015	1st Half of 2014
Cash and cash equivalents (at January 1st)	**17,149**	**14,099**
Operating activities		
Net profit from continuing operations	**21**	**766**
- Depreciation of tangible assets	1,850	1,923
- Amortisation of intangible assets	2,386	2,410
- Impairment of fixed assets	44	-
- Provisions (including severance indemnity fund)	636	698
- (Gain)/loss on sale of tangible and intangible assets	-	46
- Interest receivable from assets held for trading	(126)	(212)
- Net interest expense towards financial institutes and leasing companies	834	2,022
- Financial charges(income) from derivatives	2,491	(66)
- Share of profit/(loss) of equity-accounted investees	(32)	(19)
- Income taxes	1,344	61
Cash flow from current operations	*9,448*	*7,629*
- Decrease in trade receivables	2,791	5,979
- Increase in inventories	(8,088)	(2,593)
- Increase/(decrease) in trade payables	(6,925)	1,880
- Net change in other assets/liabilities	462	(1,770)
- Use of provisions (including severance indemnity fund)	(1,647)	(2,081)
- Net interest expenses towards financial institutes and leasing companies paid	(994)	(2,283)
- Financial flow from derivative instruments	(2,621)	185
- Income taxes paid	(478)	(1,279)
Cash flow from/(for) operating activities	**(8,052)**	**5,667**
Investment activities		
- Investments in intangible assets	(5,073)	(5,438)
- Investments in tangible assets	(2,022)	(1,558)
- Sale price on disposal of tangible and intangible assets	-	5
- Dividends collected from equity-accounted investees	11	11
- Cash flow from assets held for trading	126	249
Cash flow for investment activities	**(6,958)**	**(6,731)**
Financing activities		
- Increase/(decrease) in financial payables (current and non-current)	12,752	(28,214)
- Financial receivables collected	2,875	-
- Payment from shareholders for share capital increase	-	28,073
Cash flow from/(for) financing activities	**15,627**	**(141)**
Change in translation difference	**1,161**	**394**
Cash flow for the period	**1,778**	**(811)**
Cash and cash equivalents (at December 31st)	**18,927**	**13,288**

Attachment 4

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.

The reclassified Consolidated Income Statement, provided in Annex 1, introduces in particular the significance of **EBITDA**, which in the Consolidated Income Statement equates to the difference between the item "Total revenues" and the aggregate operating costs.

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

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

<u>INFORMATION PURSUANT TO ARTICLE 36 OF CONSOB REGULATION 16191/2007</u>

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 Article 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 ARTICLE 37 OF CONSOB REGULATION 16191/2007

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

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

The Manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in these condensed consolidated half-year financial statements as at June 30th, 2015 is consistent with the entries in the accounting books and records.

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of cash flows
- Consolidated statement of changes in shareholders’ equity

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)	Notes	Jun. 30th, 2015	*of which Related Parties*	Dec. 31st, 2014	*of which Related Parties*
NON-CURRENT ASSETS					
Tangible assets	1	24,587	-	24,130	-
Intangible assets	2	43,199	-	40,339	-
Goodwill	3	3,773	-	3,762	-
Equity-accounted investees		274	-	253	-
Receivables and other non-current assets	4	6,418	-	6,771	-
Financial receivables and other non-current financial assets	10	-	-	2,875	-
Deferred tax assets	5	10,477	-	9,612	-
TOTAL NON-CURRENT ASSETS		**88,728**		**87,742**	
CURRENT ASSETS					
Inventories	6	49,400	-	40,364	-
Trade receivables	7	48,129	*1,922*	49,598	*8,690*
Other current assets and other receivables	8	5,420	*11*	5,346	*27*
Tax receivables	9	4,356	-	4,286	-
Financial assets - derivatives	11	283	-	340	-
Cash and cash equivalents	12	18,927	-	17,149	-
TOTAL CURRENT ASSETS		**126,515**		**117,083**	
Non-current assets held for sale and discontinued operations		-		-	
TOTAL ASSETS		**215,243**		**204,825**	
SHAREHOLDERS' EQUITY					
Capital		24,961		24,961	
Reserves		49,746		47,301	
Retained earnings and profit for the year		23,031		23,024	
Equity attributable to owners of the parent		**97,738**		**95,286**	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL SHAREHOLDERS' EQUITY	13	**97,738**		**95,286**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	14	26,781	-	19,898	-
Employee Benefits - Severance indemnity fund	15	2,843	-	3,038	-
Deferred tax liabilities	5	2,715	-	2,659	-
Other non-current liabilities	16	712	-	631	-
TOTAL NON-CURRENT LIABILITIES		**33,051**		**26,226**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	14	35,086	-	29,183	-
Financial liabilities - derivatives	11	771	-	969	-
Trade payables	17	39,211	*292*	44,578	*75*
Current provisions	18	865	-	1,651	-
Tax payables	19	3,135	-	1,613	-
Other current liabilities and other payables	20	5,386	*11*	5,319	-
TOTAL CURRENT LIABILITIES		**84,454**		**83,313**	
TOTAL LIABILITIES		**117,505**		**109,539**	
Liabilities associated with discontinued operations		**-**		**-**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**215,243**		**204,825**	

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	1st Half of 2015	*of which Related Parties*	1st Half of 2014	*of which Related Parties*
Revenues	22	82,068	*5,174*	72,934	*11,300*
Other operating revenues	23	1,370	*11*	1,459	*410*
Total revenues		**83,438**		**74,393**	
Raw materials and consumables used	24	(49,991)	*(292)*	(41,996)	-
Costs for services	25	(15,072)	*(126)*	(12,461)	*(147)*
Personnel costs	26	(14,840)	-	(14,131)	-
Other operating costs	27	(3,290)	*(5)*	(2,361)	*(18)*
Change in inventories of finished products and work in progress		5,429	-	1,674	-
Costs (capitalised) for other work	28	1,852	-	1,782	-
EBITDA		**7,526**		**6,900**	
Amortisation/Depreciation:					
- Depreciation of tangible assets	29	(1,850)	-	(1,923)	-
- Amortisation of intangible assets	29	(2,386)	-	(2,410)	-
- Impairment of fixed assets	30	(44)	-	-	-
Operating result		**3,246**		**2,567**	
Net financial charges	31	(1,913)	-	(1,759)	*(187)*
Profit from associated companies		32	-	19	-
Pre-tax profit (loss)		**1,365**		**827**	
Income taxes	32	(1,344)	-	(61)	-
Profit/(loss) from continuing operations		**21**		**766**	
Net profit/(loss) from discontinued operations		**-**		**-**	
Net profit		**21**		**766**	

Attributable to:		
Owners of the Parent	**21**	**766**
Non-controlling interests	-	**-**

Earnings per share (in Euro):	**1st Half of 2015 (1)**	**1st Half of 2014 (2)**
- basic for the profit for the period	-	0.03
- basic for the profit from continuing operations	-	0.03
- diluted for the profit for the period	-	0.03
- diluted for the profit from continuing operations	-	0.03

(1) The basic and diluted earnings per share for the period were calculated based on the average number of Isagro S.p.A. shares outstanding in the half year, which amounted to 38,674,879.
(2) The basic and diluted earnings per share for the period were calculated based on the average number of Isagro S.p.A. shares outstanding in the first half of 2014 which, considering the shares issued as a result of the share capital increase, amounted to 23,225,270.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)	Notes	1st Half of 2015	1st Half of 2014
Net profit		**21**	**766**
Components that will later be reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)	13	2,445	1,067
Total		**2,445**	**1,067**
Components that will not be later reclassified in the profit/(loss) for the year:			
Actuarial loss regarding defined-benefit plans		(20)	(79)
Income taxes		6	20
Total	13	**(14)**	**(59)**
Other comprehensive Income Statement components		**2,431**	**1,008**
Total comprehensive Income Statement components		**2,452**	**1,774**
Attributable to:			
Owners of the Parent		**2,452**	**1,774**
Non-controlling interests		**-**	**-**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)	Notes	1st Half of 2015	1st Half of 2014
Cash and cash equivalents - opening balance	12	**17,149**	**14,099**
Operating activities			
Net profit from continuing operations		21	766
- Depreciation of tangible assets	29	1,850	1,923
- Amortisation of intangible assets	29	2,386	2,410
- Impairment of fixed assets	30	44	-
- Provisions (including severance indemnity fund)	25.26	636	698
- Net capital (gains)/losses on disposal of tangible and intangible assets	23.27	-	46
- Interest receivable from assets held for trading		(126)	(212)
- Net interest expenses towards financial institutes and leasing companies	30	834	2,022
- Net (gains)/losses on derivative instruments	30	2,491	(66)
- Share of profit/(loss) of equity-accounted investees		(32)	(19)
- Income taxes	31	1,344	61
Cash flow from current operations		*9,448*	*7,629*
- Decrease in trade receivables	7(*)	2,791	5,979
- Increase in inventories	6(*)	(8,088)	(2,593)
- Increase/(decrease) in trade payables	17(*)	(6,925)	1,880
- Net change in other assets/liabilities		462	(1,770)
- Use of provisions (including severance indemnity fund)	15.18	(1,647)	(2,081)
- Net interest expenses towards financial institutes and leasing companies paid		(994)	(2,283)
- Financial flow from derivative instruments		(2,621)	185
- Income taxes paid		(478)	(1,279)
Cash flow from/(for) operating activities		**(8,052)**	**5,667**
Investment activities			
- Investments in intangible assets	2	(5,073)	(5,438)
- Investments in tangible assets	1	(2,022)	(1,558)
- Sale price on disposal of tangible and intangible fixed assets	1.2	-	5
- Dividends collected from equity-accounted investees		11	11
- Cash flow from assets held for trading		126	249
Cash flow from/(for) investment activities		**(6,958)**	**(6,731)**
Financing activities			
- Increase/(decrease) in financial payables (current and non-current)	14(*)	12,752	(28,214)
- Financial receivables collected	10	2,875	-
- Payment from shareholders for share capital increase		-	28,073
Cash flow from/(for) financing activities		**15,627**	**(141)**
Change in translation difference		**1,161**	**394**
Cash flow for the period		**1,778**	**(811)**
Cash and cash equivalents – closing balance	12	**18,927**	**13,288**

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

Consolidated Statement of Changes in Shareholders' Equity in the first half of 2014

(in thousands of euro)	Group shareholders' equity								Shareholders' 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, 2013	17,550	23,970	(10,657)	2,516	10,371	26,200	21,472	65,222	-	65,222
Changes during the period:										
Profit for the period	-	-	-	-	-	-	766	766	-	766
Other comprehensive income statement components	-	-	1,067	-	-	1,067	(59)	1,008	-	1,008
Total comprehensive income statement components	-	-	1,067	-	-	1,067	707	1,774	-	1,774
Share capital increase	7,411	20,949	-	-	-	20,949	-	28,360	-	28,360
Total changes during the period	7,411	20,949	1,067	-	-	22,016	707	30,134	-	30,134
Balance as at June 30th, 2014	24,961	44,919	(9,590)	2,516	10,371	48,216	22,179	95,356	-	95,356

Consolidated Statement of Changes in Shareholders' Equity in the first half of 2015

(in thousands of euro)	Group shareholders' equity								Shareholders' 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, 2014	24,961	44,922	(7,992)	-	10,371	47,301	23,024	95,286	-	95,286
Changes during the period:										
Profit for the period	-	-	-	-	-	-	21	21	-	21
Other comprehensive Income Statement components	-	-	2,445	-	-	2,445	(14)	2,431	-	2,431
Total comprehensive Income Statement components	-	-	2,445	-	-	2,445	7	2,452	-	2,452
Total changes during the period	-	-	2,445	-	-	2,445	7	2,452	-	2,452
Balance as at June 30th, 2015	24,961	44,922	(5,547)	-	10,371	49,746	23,031	97,738	-	97,738

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 Group's registered office is at Via Caldera 21, Milan, Italy.
Isagro S.p.A. is listed on the STAR segment of the Milan Stock Exchange.

Publication of the consolidated financial statements

The Isagro Group's condensed consolidated half-year financial statements as at June 30th, 2015 were authorised for issue by the Board of Directors of Isagro S.p.A. on August 4th, 2015.

Compliance with IFRS

The condensed consolidated half-year financial statements of the Isagro Group as at June 30th, 2015 were prepared according to the International Financial Reporting Standards (IFRS) adopted by the European Union and in particular, they were prepared pursuant to IAS 34 "Interim Financial Reporting".

Basis of presentation

The consolidated financial statements comprise the Statement of financial position, 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.
- 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 statement of cash flows. The average exchange rates for the period were used for translating the cash flows of foreign subsidiaries.

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

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

Going concern

The condensed consolidated half-year financial statements as at June 30th, 2015 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 the first half of 2015, which confirm the possibility of accomplishing the 2015–2018 Business Plan, the availability of bank credit facilities not yet used for a total of € 43.8 million (of which € 40.7 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. In addition, the portion of investments planned for 2015 not covered by cash flows generated from core business can be financed from the proceeds of the share capital increase completed in the previous year by the parent Isagro S.p.A.

The Basic Business performance (revenues from products and services only) in the first half of 2015 was essentially in line, in sales and profit margin terms, with the forecast figures. With reference to Licensing activities, for which the plan envisaged income of around € 4 million in the second half of 2015, note that the development of existing contacts with a view to signing such contracts has continued. In the light of the above, the Directors confirm the plan objectives for the year as regards both Basic Business and Licensing activities.

The Directors therefore 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 sufficient to allow management of the activity in a financial balance characteristic of a going concern.

Also note that, in the last twelve months, the parent Isagro S.p.A. renegotiated its banking system exposure, replacing the short-term bank debt with medium/long-term loans but without changing the residual duration of the loans.

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 statements as at December 31st, 2014, to which specific reference should be made, with the exception of what is explained in the following paragraph.

Accounting standards, amendments and interpretations applied as from January 1st, 2015

- On June 13th, 2014, by means of Regulation No. 634/2014, the European Commission endorsed the interpretation 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.
- 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 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 amendment 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 adoption of these improvements has had no effect on the Group's 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 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 Combinations – Accounting for contingent consideration. The amendment explains that a contingent consideration classified as a financial asset or liability must be measured at fair value at every year end date; the changes in fair value are entered into the Income Statement or amongst the statement of comprehensive income components based on the requirements of IAS 39 (or IFRS 9).
    - IFRS 8 Operating segments – Aggregation of operating segments. The changes require an entity to provide information on the measurements made by management when applying the aggregation criteria for the operating segments, including a description of the aggregated operating segments and the economic indicators considered when determining whether these operating segments have "similar economic characteristics".
    - IFRS 8 Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets. The amendments clarify that the reconciliation between the total of the assets of the operating segments and the total of the entity's assets must be presented only if the total of the assets of the operating segments is regularly reviewed by the highest decision-making level.
    - IFRS 13 Fair Value Measurement – Short-term receivables and payables. Amendments were made to the Basis for Conclusions to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility to enter the current trade receivables and payables without entering the effects of a discounting should said effects proved immaterial remains valid.
    - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation and amortisation. 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 IAS 19 Defined Benefit Plans: Employee Contributions which proposes presenting the contributions (relating to just the service provided by the employee during the year) made by employees or third parties to defined-benefit plans, reducing the service cost for the year in which this contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is deemed that these contributions should be interpreted as part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution must be spread over the years 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, the IASB published the standard "**IFRS 14 Regulatory Deferral Accounts**", which allows only first-time adopters of IFRS to continue recognising amounts related to rate regulation activities in accordance with the accounting principles or standards previously adopted. In order to improve comparability with entities already applying IFRS criteria and which do not recognise such amounts, the standards requires that the rate regulation effect be disclosed separately from other items. This standard will apply from 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 consumption of the 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 appropriate for the same reasons highlighted by the amendments to IAS 16 Property, Plant and Equipment. In the case of intangible assets, this presumption can only be overcome under limited circumstances.

  The amendments will apply 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 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 recognition of the effects of a business combination be applied.

The amendments will apply from January 1st, 2016, and early application is allowed.

- On May 28th, 2014, the IASB issued the standard "**IFRS 15 Revenue from Contracts with Customers**", which will replace the standards IAS 18 Revenue and IAS 11 Construction Contracts, as well as interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new model for recognition of revenues will apply to all agreements signed with customers, except for those under the application field of other IAS/IFRS standards, such as leasing, insurance contracts and financial instruments. The main steps in recognising revenues according to the new model are as follows:
    - identification of the agreement with the customer;
    - identification of the contractual performance obligations;
    - definition of price;
    - allocation of price to the contractual performance obligations;
    - recognition of revenues when the entity satisfies a performance obligation.

  This standard will apply from 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 starting on or after January 1st, 2018. After the 2008 financial crisis, at the request of the main financial and political institutions, the IASB launched the project aimed at replacing IFRS 9 and proceeded by stages. In 2009, the IASB published the first version of IFRS 9 which dealt solely with the "Classification and measurement" of financial assets; subsequently, in 2010, the criteria were published relating to the classification and measurement of financial liabilities and derecognition (the latter aspect was transposed from IAS 39 without changes). In 2013, IFRS 9 was amended so as to include the general hedge accounting model. Further to the current publication, which also includes "Impairment", IFRS 9 should be considered complete with the exception of criteria regarding macro-hedging, on which the IASB has undertaken an independent project. The standard introduces new criteria for the classification and measurement of the financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding provisions set out by IAS 39. For 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 recognised as a financial liability designated at fair value through profit or loss (FVTPL), if these changes are due to a change in the credit rating of the liability's issuer. Under the new standard, these changes must be recognised in the statement of "Other comprehensive income" and no longer in the income statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the expected losses model (and not on the incurred losses model) using information which can be supported, available free of charge and without unreasonable efforts, which include historical, current and forecast data. The standard envisages that this impairment model applies to all financial instruments, or rather to financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39, which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:

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

- On September 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 sale or contribution 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 recognition of the entire gain or loss in the event of loss of control over a subsidiary, even if the entity retains a non-controlling interest, also including the sale or contribution of a subsidiary to a joint venture or associate in this category. The amendments introduced envisage that in a sale/contribution 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 selling/contributing party depends on whether or not the assets or the subsidiary sold/contributed represents a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary sold/contributed 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 retained by the entity must be eliminated. The amendments will apply 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 guidance on the standard for cases in which an entity reclassifies an asset (or disposal group) from the held-for-sale category to held-for-distribution (or vice versa), or when the requirements for classifying an asset as held-for-distribution no longer apply. The amendments establish that (i) 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 meet the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset which ceases to be classified as held-for-sale;
- IFRS 7 – Financial Instruments: Disclosure. The amendments discipline the introduction of additional guidelines to clarify whether a servicing contract represents a residual involvement in an asset transferred, for the purposes of the disclosure required in relation to transferred assets. Furthermore, it is clarified that the disclosure on the netting of financial assets and liabilities is not usually explicitly requested for interim financial statements. However, this disclosure may be necessary to meet 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 high quality corporate bonds used for determining the discount rate of post-employment benefits should be in the same currency used for payment of the benefits. The amendments specify that the basket of high quality corporate bonds market to be considered is that at currency level;
- 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.

- On December 18th, 2014, the IASB published the amendment to **IAS 1 - *Disclosure Initiative***. The amendments aim to provide clarification on aspects of the disclosure that could be perceived as impediments to clear and intelligible preparation of financial statements. The amendments made are as follows:
    - Materiality and aggregation: clarifies that an entity should not obscure information by aggregating or disaggregating it, and that materiality considerations apply to the financial statements, explanatory notes and specific IFRS disclosure

requirements. The disclosures specifically required under IFRSs must only be provided if the information is material;

- Statement of financial position and statement of comprehensive income: clarifies that the list of items specified by IAS 1 for these statements must be disaggregated or aggregated as appropriate. Additional guidance has been added on the presentation of subtotals in these statements;
- Presentation of items of Other Comprehensive Income (OCI): clarifies that the entity's share of the OCI of associates and joint ventures consolidated at equity must be presented as aggregated into a single item, in turn subdivided into elements subject (or not) to future reclassification to the income statement;
- Explanatory notes: clarifies that entities have flexibility in defining the structure of the explanatory notes and provides guidance on systematic ordering of the notes, e.g.:
    i. giving a prominent position to those most significant to understanding the financial position (for example, by grouping together information on particular assets);
    ii. grouping together elements measured according to the same criterion (for example, assets measured at fair value);
    iii. following the order of elements presented in the statements.

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

- On December 18th, 2014, the IASB published the document "**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**", containing amendments relating to issues emerging from application of the consolidation exception granted to investment entities. The amendments introduced by the document must be applied as from the accounting periods beginning on or after January 1st, 2016. Early adoption is permitted.

Uncertainty in the use of estimates

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

In particular, the estimates are used in order to recognise the provisions for doubtful debts and inventory obsolescence, depreciation and amortisation, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.

Note that certain estimation procedures, particularly the more complex such as the impairment testing of non-current assets, are generally carried out in full only when preparing the annual financial statements. 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 expected from the Group’s assets and CGUs. Furthermore, the reliability of the impairment test and, consequently, whether or not the amounts recognised as assets remain correct is tied to the achievement of objectives in the 2015-2018 Business Plans of the Group companies, which though subject to uncertainty in that they represent forward-looking statements, are reconfirmed by Group management, also taking into account the results achieved in the first half of 2015. Consequently, during the period, no special impairment signs were reported which required the performance or updating of impairment tests at the date of the condensed consolidated half-year financial statements.

However, it cannot be excluded that the future trend of various factors, including developments in the difficult global economic and financial context, might imply a write-down of the value of goodwill and intangible assets that, to date, is not foreseeable or calculable on the basis of the best available information. The Group's management will continuously monitor the circumstances and events that could bring about such a result in order to promptly verify the recoverability of the assets’ book value.

As at June 30th, 2015, the Isagro Group’s financial statements recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 6.4 million (€ 6 million as at December 31st, 2014). 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.

For a more thorough evaluation of uncertainties in the use of Group estimates, reference is made to the description in the consolidated financial statements as at December 31st, 2014.

Scope of consolidation

The scope of consolidation includes the financial statements 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. 40.

With respect to the situation as at December 31st, 2014, in February 2015 the liquidation procedure started for the subsidiary Isagro Hellas, terminating on June 30th, 2015.

Translation of foreign currency financial statements

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

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

- assets and liabilities are translated using the exchange rate in force as at the reporting date;
- income and expenses are translated at the average exchange rate for the year/period;
- 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 the statement of other comprehensive income and accumulated in a separate component of equity (Translation reserve or difference) until disposal of the foreign operation.

The exchange rates applied 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 June 30th, 2015	Average exchange rate 1st Half 2015	Exchange rate as at Dec. 31st 2014	Exchange rate as at June 30th, 2014	Average exchange rate 1st Half 2014
Indian Rupee	71.1873	70.12237	76.719	82.2023	83.293
US Dollar	1.1189	1.11585	1.2141	1.3658	1.37047
Australian Dollar	1.455	1.42595	1.4829	1.4537	1.49865
Argentine Peso	10.1653	9.83888	10.2755	11.1068	10.74072
Colombian Peso	2,896.45	2,770.36	2,892.26	2,568.26	2,686.94667
Brazilian Real	3.4699	3.30765	3.2207	3.0002	3.14948
South African Rand	13.6416	13.29908	14.0353	14.4597	14.67632
Chinese Renminbi	6.9366	6.9411	7.5358	8.4722	8.4517
Chilean Peso	714.921	693.05667	737.297	753.629	758.05583

Earnings per Share

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

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

1. Tangible assets – 24,587

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

Breakdown	Dec. 31st, 2014			Change	June 30th, 2015		
	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	16,006	(7,764)	8,242	2,137	18,657	(8,278)	10,379
- leasehold improvements	703	(659)	44	(44)	250	(250)	0
	16,709	(8,423)	8,286	2,093	18,907	(8,528)	10,379
Plant and equipment:							
- assets owned	38,057	(27,442)	10,615	(665)	39,011	(29,061)	9,950
- capital grants	(357)	357	0	0	(357)	357	0
- assets leased	392	(130)	262	(28)	392	(158)	234
	38,092	(27,215)	10,877	(693)	39,046	(28,862)	10,184
Industrial and commercial equipment:							
- assets owned	4,660	(4,185)	475	195	4,973	(4,303)	670
- assets leased	353	(8)	345	(25)	353	(33)	320
	5,013	(4,193)	820	170	5,326	(4,336)	990
Other assets:							
- furniture and fittings	1,167	(994)	173	91	1,282	(1,018)	264
- motor vehicles	260	(152)	108	(20)	267	(179)	88
- data processors	2,728	(2,354)	374	60	2,848	(2,414)	434
	4,155	(3,500)	655	131	4,397	(3,611)	786
Assets under construction and payments on account							
- assets owned	2,439	0	2,439	(1,244)	1,195	0	1,195
	2,439	0	2,439	(1,244)	1,195	0	1,195
Total	67,461	(43,331)	24,130	457	69,924	(45,337)	24,587

Changes for the period	Translation difference (hist. cost)	Purchases	Reclassification (hist. cost)	Disposals	Translation difference (acc. depr.)	Depreciation/ Write-downs (*)	Use acc. depr.	Total change
Land	0	0	0	0	0	0	0	0
Industrial Buildings:								
- assets owned	202	901	1,548	0	(75)	(439)	0	2,137
- leasehold improvements	0	0	0	0	0	(44)	0	(44)
	202	901	1,548	0	(75)	(483)	0	2,093
Plant and equipment:								
- assets owned	671	121	163	(1)	(499)	(1,121)	1	(665)
- capital grants	0	0	0	0	0	0	0	0
- assets leased	0	0	0	0	0	(28)	0	(28)
	671	121	163	(1)	(499)	(1,149)	1	(693)
Industrial and commercial equipment:								
- assets owned	23	183	124	(17)	(18)	(117)	17	195
- assets leased	0	0	0	0	0	(25)	0	(25)
	23	183	124	(17)	(18)	(142)	17	170
Other assets:								
- furniture and fittings	6	98	16	(5)	(5)	(24)	5	91
- motor vehicles	7	0	0	0	(5)	(22)	0	(20)
- data processors	19	69	59	(27)	(13)	(74)	27	60
	32	167	75	(32)	(23)	(120)	32	131
Assets under construction and payments on account:								
- assets owned	16	650	(1,910)	0	0	0	0	(1,244)
	16	650	(1,910)	0	0	0	0	(1,244)
Total	944	2,022	0	(50)	(615)	(1,894)	50	457

(*) made up of € 1,850 thousand regarding depreciation and € 44 thousand regarding impairment write-downs

The main changes during the first half of the year refer to:

- completion of the restructuring works on the Novara Research Centre buildings of the parent Isagro S.p.A. This investment led to an increase in the historic cost of the item “Industrial buildings” for € 2,209 thousand and of the item “Industrial and commercial equipment” for € 201 thousand;
- the parent’s purchase of new analytical laboratory instruments for the Research Centre in Novara. This investment led to an increase in the historic cost of the item “Industrial and commercial equipment” for € 100 thousand.

In the first half of 2015, the aforementioned restructuring works allowed the transfer of a number of research departments, previously housed in third-party premises, to the Isagro-owned properties.

Therefore, following termination of the lease on the property occupied by these departments, the residual value of investments in leasehold improvements on the property was written down, resulting in an impairment loss under the item “industrial buildings - leasehold improvements” of € 44 thousand.

The item “assets under construction”, amounting to € 1,195 thousand, mainly refers to projects to increase plant efficiency and the level of safety of the Adria and Aprilia production sites of the parent Isagro S.p.A.

Note that, as at June 30th, 2015 the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. had contractual commitments with third party suppliers for a total of € 90 thousand in relation to the investments currently underway.

No endogenous and exogenous impairment indicators were identified during the first half of the year that would trigger the need for impairment tests.

2. Intangible assets – 43,199

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

Breakdown	Dec. 31st, 2014			Change	June 30th, 2015		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	8,825	0	8,825	2,891	11,716	0	11,716
- new formulations	850	0	850	80	930	0	930
	9,675	0	9,675	2,971	12,646	0	12,646
Process development costs	234	0	234	93	327	0	327
Product know-how:							
- fungicide IR 6141	10,196	(5,610)	4,586	(341)	10,196	(5,951)	4,245
- other fungicides	81	(32)	49	(3)	81	(35)	46
- Remedier	773	(449)	324	(26)	773	(475)	298
- biostimulants and fumigants	1,120	(120)	1,000	34	1,204	(170)	1,034
	12,170	(6,211)	5,959	(336)	12,254	(6,631)	5,623
Process know-how	1,898	(1,277)	621	(112)	1,898	(1,389)	509
Extraordinary protection	11,032	(6,985)	4,047	(230)	11,736	(7,919)	3,817
Patents, licences, trademarks and registrations	14,017	(6,110)	7,907	(548)	14,252	(6,893)	7,359
Other:							
- commercial relations	694	(347)	347	(41)	694	(388)	306
- software	1,189	(714)	475	31	1,318	(812)	506
	1,883	(1,061)	822	(10)	2,012	(1,200)	812
Assets under development and payments on account:							
- registrations	11,074	0	11,074	1,032	12,106	0	12,106
- other assets	0	0	0	0	0	0	0

	11,074	0	11,074	1,032	12,106	0	12,106
	61,983	(21,644)	40,339	2,860	67,231	(24,032)	43,199

Changes for the period	Translation difference	Acquisitions/ capitalisations	Reclassifications	Disposals	Amortisation	Total change
Product development costs:						
- fumigants and SDHi	0	2,891	0	0	0	2,891
- new formulations	0	80	0	0	0	80
	0	2,971	0	0	0	2,971
Process development costs	0	93	0	0	0	93
Product know-how:						
- fungicide IR 6141	0	0	0	0	(341)	(341)
- other fungicides	0	0	0	0	(3)	(3)
- Remedier	0	0	0	0	(26)	(26)
- biostimulants and fumigants	83	0	0	0	(49)	34
	83	0	0	0	(419)	(336)
Process know-how	0	0	0	0	(112)	(112)
Extraordinary protection	0	704	0	0	(934)	(230)
Patents, licences, trademarks and registrations	74	84	76	0	(782)	(548)
Other:						
- commercial relations	0	0	0	0	(41)	(41)
- software	0	129	0	0	(98)	31
	0	129	0	0	(139)	(10)
Assets under development and payments on account:						
- registrations	16	1,092	(76)	0	0	1,032
- other assets	0	0	0	0	0	0
	16	1,092	(76)	0	0	1,032
	173	5,073	0	0	(2,386)	2,860

The Group’s intangible assets include the assets not yet available for use for a total value of € 25,079 thousand, which include:

- € 12,646 thousand in costs incurred for the launch of the development phase of new proprietary products, of which € 10,539 thousand for the fungicide named SDHi, for which a co-development agreement has been entered into with the US company FMC Corporation, and € 1,177 thousand for a soil-applied pesticide for the Mediterranean area in particular;
- € 327 thousand in development costs for new production processes;
- € 12,106 thousand for “Assets under development” which refer to registration costs incurred to obtain authorization to sell formulations of the main proprietary products of the Group in various countries.

It should be noted that, during the first half of the year, the obtainment of new authorisations to sell led to the reclassification from “assets under development” to “registrations”, triggering the beginning of the amortisation period, for € 76 thousand.

“Extraordinary protection”, amounting to € 3,817 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations.

During the first half of the year, work continued to update the assessments of the state of technical progress of current projects and of the results obtained to date, from which no critical points emerged regarding the economic inconvenience or continuation of the projects. Therefore, pursuant to IAS 38, no costs incurred were written down.

As previously pointed out in the financial statements as at December 31st, 2014, after obtaining specific loans from the European Investment Bank (EIB), in support of the Group's research and development activities (see note No. 14), the portion of finance costs incurred in the year relating to intangible assets under development was capitalised. The capitalised finance costs amounted to € 237 thousand. The average rate used to determine their amount was 3.95%, i.e. the average effective interest rate of the loans described. The total net interest capitalised under intangible assets as at June 30th, 2015, was € 1,223 thousand.

The residual value of the item "Patents, licences, trademarks, registrations and similar rights", amounting to € 7,359 thousand, comprises:

- registrations and distribution rights for agrochemicals	6,646
- trademarks, patents and licences	713.

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.

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

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

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

	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)	6,348	5,427	11,775
- Tetraconazole	2,792	4,002	6,794
- Biological and biostimulant products	532	1,490	2,022
- Copper	2,488	1,415	3,903
- SDHi	10,684	142	10,826
- Pyrethroids	344	953	1,297
- Fumigants	1,686	1,977	3,663
- Novaluron	0	846	846
- Other	205	916	1,121
	25,079	17,168	42,247
Other intangible assets:			
- commercial relations	0	306	306
- software	0	506	506
- trademarks and licences	0	140	140
	0	952	952
	25,079	18,120	43,199

The performance of CGUs in the first half of 2015, with respect to the 2015-2018 Business Plan, the updated version of which was approved by the Board of Directors of Isagro S.p.A. on February 25th, 2015, remained substantially unchanged, compared to forecast data used in impairment testing for the purposes of the financial statements as at December 31st, 2014. Management therefore deemed that the original estimates on 2015 outcome, as well as for the following financial years, were still valid.

Consequently, during the period, no special impairment signs were reported which required the performance or updating of impairment tests at the date of the condensed consolidated half-year financial statements. However, the future trends in various factors, including developments in the difficult global economic and financial context, require that circumstances and events that could bring about a write-down of the Group's intangible assets are constantly monitored by management.

Lastly, note that the identification criteria for research and development costs remain unchanged compared to those used in drawing up the financial statements as at December 31st, 2014.

3. Goodwill – 3,773

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, 2014	Changes over the period				Value as at June 30th, 2015
		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	180	14	0	0	14	194
"Tetraconazole"	209	0	0	0	0	209
- "Formulations"	20	0	0	0	0	20
- Isagro Colombia S.A.S.	2,006	(3)	0	0	(3)	2,003
Total	3,762	11	0	0	11	3,773

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

- "Copper"	the CGU refers to the copper-based product business, their production at the Adria (RO) plant and their worldwide distribution
- "Biological products"	the CGU refers to the biological product business, their production at the Novara plant and their worldwide distribution
- Isagro Asia Agrochemicals	the CGU refers to the production and marketing activities for agrochemicals in the Indian subcontinent
"Tetraconazole"	the CGU refers to the business of the fungicide Tetraconazole
- "Formulations"	the CGU refers to the agrochemical formulations business 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

In compliance with international accounting standards, goodwill is not amortised but rather subjected to annual impairment tests as at December 31st each year. This test is performed by comparing the 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 performance of CGUs in the first half of 2015, with respect to the 2015-2018 Business Plan, updated on February 25th, 2015, remained substantially in line with the forecast data used in impairment testing for the purposes of the financial statements as at December 31st, 2014. Management therefore deemed that the original estimates for results over the period covered by the Business Plan were still valid.

No endogenous or exogenous impairment indicators that would trigger impairment testing were identified during the half-year, although with limitations described in the previous note "Uncertainty in the use of estimates". In particular, reference is made to Directors' opinions reported in note "2 - Intangible assets" concerning the absence in the first half of 2015 of impairment indicators which, according to information available to date, could imply a need for impairment testing.

4. Receivables and other non-current assets – 6,418

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values June 30th, 2015
Receivables and other non-current assets:			
- guarantee deposits	499	(7)	492
- know-how usage licences	4,403	(437)	3,966
- prepaid expenses	607	43	650
- tax	112	48	160
- security deposits	1,150	0	1,150
	6,771	(353)	6,418

The item "know-how usage licences" includes:

- € 2,944 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 2013, in connection with the granting of the sole right to develop mixtures of the fungicides Tetraconazole (owned by Isagro) and Fluoxastrobin (owned by Arysta) on a global scale. The amount agreed between the parties was € 10,900 thousand, € 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 portion of the present value of the receivable, equal to € 1,216 thousand, was recorded under "trade receivables". It should be noted that the contract provides that Arysta LifeScience is not required to pay the remaining instalments if one of the events envisaged contractually should occur (details of which can be found in the consolidated financial statements as at December 31st, 2014). In the opinion of Isagro's Directors, the probability of them occurring is still extremely remote;

- € 1,022 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 the consolidated financial statements as at December 31st, 2014, payable in three annual sums of € 500 thousand each on May 31st each year in the period 2016-2018, plus interest calculated to maturity at the fixed rate of 4.50%. The current portion of the receivable, equal to € 511 thousand, was recorded under "trade receivables".

"Prepaid expenses" refers to the residual value of the expense from early settlement, by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. to the Indian government, of a 54.5 million Indian Rupees consideration to acquire a 99-year leasehold over the land plot where the Panoli plant is located.

The item "security deposits", stated net of a write-down provision of € 600 thousand, refers to the estimated realisable value of the payment of € 1,750 thousand made by the parent Isagro S.p.A. on April 8th, 2014 to the Japanese company Sumitomo Chemical Co. Ltd. to guarantee any fulfilment of obligations associated with the disposal transaction for the equity investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.) to the Japanese company in 2011. For further details, please refer to the description provided in the consolidated financial statements as at December 31st, 2014.

5. Deferred tax assets and liabilities – 7,762

Deferred tax assets – 10,477

Deferred tax liabilities – 2,715

Breakdown	Book values Dec. 31st, 2014	Changes over the period				Book values June 30th, 2015
		Provisions	Uses	Other changes	Total change	
Deferred tax assets	9,612	1,311	(549)	103	865	10,477
Deferred tax liabilities	(2,659)	(319)	339	(76)	(56)	(2,715)
Total	6,953	992	(210)	27	809	7,762

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, 2014		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities June 30th, 2015	
	Taxable base	Taxation	Provisions	Uses	Other changes	Translation difference and other changes	Taxable base	Taxation
Deferred tax assets								
- tax losses	20,913	5,925	546	0	0	(22)	22,221	6,449
- allocations to taxed provisions	3,069	960	325	(288)	0	15	3,169	1,012
- grants related to R&D	349	109		(8)	0	0	323	101
- intragroup profits	5,615	1,773	294	(48)	0	(1)	6,562	2,018
- other	2,804	845	146	(205)	6	105	3,002	897
Total deferred tax assets	32,750	9,612	1,311	(549)	6	97	35,277	10,477
Deferred tax liabilities								
- amortisation/ depreciation for tax purposes	6,566	2,212	81	(35)	0	75	6,888	2,333
- fair value assets from business combinations	415	141	0	(19)	0	1	362	123
- other	1,022	306	238	(285)	0	0	907	259
Total deferred tax liabilities	8,003	2,659	319	(339)	0	76	8,157	2,715
TOTAL	24,747	6,953	992	(210)	6	21	27,120	7,762

The item “Deferred tax assets” includes € 6,449 thousand related to the tax losses of the Group companies, of which € 5,217 thousand refer to the parent Isagro S.p.A., € 1,232 thousand to the subsidiary Isagro USA, Inc., € 101 thousand to the tax effect on grants relating to development projects, which, pursuant to tax laws, are taxed on a cash basis rather than on an accrual basis, € 2,018 thousand referring to the tax effect of the elimination of intragroup profits and € 1,012 thousand relating to taxed risk and expense provisions.

The estimates and 2015-2018 Business Plans of Group companies were taken into consideration when recognising and assessing the recoverability of deferred tax assets. Although the business plans include assumptions and forward-looking statements subject to uncertainty, the Directors deem that the taxable income envisaged for the next few years, deemed to be reasonable and feasible, will be such as to allow those amounts to be recognised and recovered.

Note in particular that the provisions for the period relating to deferred tax assets on tax losses, amounting to € 546 thousand, refer exclusively to the US subsidiary Isagro USA, Inc. This additional provision was made possible by the decision to concentrate the Group’s R&D investments in Isagro S.p.A., resulting in significant and immediate economic benefits for the American subsidiary, sufficient for the Directors to consider it highly probable that taxable income would be achieved against which the recorded tax losses can be used.

Lastly, as at June 30th, 2015, there were deferred tax assets (relating to past years and to the first half of 2015) not provided for in the financial statements by the parent Isagro S.p.A. for a total of € 3,112 thousand, of which € 2,706 thousand for tax losses and € 406 thousand for non-deductible financial charges that can be retained due to EBITDA insufficiency. Taking this into account, note that the parent’s overall tax losses as at June 30th, 2015, amount to € 28,810 thousand, in relation to which deferred tax assets were recognised for only € 5,217 thousand, corresponding to € 18,971 thousand in tax losses retained.

“Deferred tax liabilities” include € 2,333 thousand misalignment between the statutory and tax amortisation/depreciation of tangible and intangible assets. In particular, this item includes € 1,341 thousand of the parent Isagro S.p.A. and € 992 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.

Deferred tax assets and liabilities include € 7,883 thousand and € 1,394 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 time limits, 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.

6. Inventories – 49,400

Breakdown	Book values Dec. 31st, 2014	Changes over the period					Book values June 30th, 2015
		Increases/ decreases	Write-downs/ allocations to allowance for inventory obsolescence	Translation difference and other changes	Use of allowance for inventory obsolescence	Total change	
Raw and ancillary materials and consumables	10,472	2,309	(67)	128	112	2,482	12,954
Work in progress and semi-finished goods	70	254	0	2	0	256	326
Finished products and goods	29,799	5,139	(83)	828	119	6,003	35,802
Payments on account	23	305	0	(10)	0	295	318
Total	40,364	8,007	(150)	948	231	9,036	49,400

The increase in inventories, compared to December 31st, 2014, is associated with the need to set up a strategic stock of finished products and raw materials to meet production and sales needs in the second half of the year, particularly by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., for which June represents the peak period for accumulated inventories of insecticide products.

Inventories include goods, for a value of € 2,569 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of obligations set out in the “Licence, development, distribution and supply” agreement that the parent Isagro S.p.A. concluded with Arysta LifeScience Corporation in 2013.

Inventories, recognised net of the allowance for inventory obsolescence, relating to goods either obsolete or to be re-processed, amounted to € 608 thousand. The provision registered increases totalling € 150 thousand and decreases amounting to € 231 thousand during the period.

7. Trade receivables – 48,129

Breakdown	Book values Dec. 31st, 2014	Changes over the period					Book values June 30th, 2015
		Increases/ decreases	Translation difference of bad debt provisions	Write-downs/ allocations to bad debt provisions	Use of the bad debt provisions	Total change	
Trade receivables	50,840	(1,097)	0	0	0	(1,097)	49,743
- bad debt provision	(740)	0	(24)	(292)	0	(316)	(1,056)
- bad debt provision def. int.	(502)	0	0	(59)	3	(56)	(558)
	49,598	(1,097)	(24)	(351)	3	(1,469)	48,129

This item decreased by € 1,469 thousand compared to December 31st, 2014. The change is of little importance, however, due to the seasonality of the crop protection products market. Comparing the balance of trade receivables with amounts as at June 30th, 2014, equal to € 41,145 thousand, therefore shows an increase of € 6,984 thousand, essentially due to the strong increase in sales reported in the first half of 2015 compared to the first half of 2014 and from the revaluation of the Indian Rupee - the operating currency for receivables of the subsidiary Isagro Asia Agrochemicals Pvt. Ltd. - against the Euro.

It should also be noted that the non-recourse factoring carried out by the parent Isagro S.p.A. of trade receivables, becoming due after the reporting date, also contributed to the increase in trade receivables, with respect to December 31st, 2014 and June 30th, 2014. These transactions regarded receivables for about € 17,700 thousand, up strongly on the approximate € 9,100 thousand in receivables factored in the first half of 2014 and due after June 30th, an on the € 5,000 thousand in receivables factored at the end of the year and due after December 31st, 2014 but by June 30th, 2015.

During the period, the bad debt provision increased by € 292 thousand, essentially due to the amount allocated by the parent Isagro S.p.A. Default interest was also allocated for delays in payment from customers. A € 558 thousand provision was made for these receivables.

Regarding the total trade receivables due from related parties, please refer to note No. 40.

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

▪ Italy	5,823
▪ Other European countries	13,240
▪ Central Asia and Oceania	12,694
▪ Americas	12,500
▪ Far East	3,552
▪ Middle East	344
▪ Africa	1,590
Total	49,743

The average contractual maturity of trade receivables is the following:

- Italy 140 days

- Foreign countries 120 days

The reported trade receivables are due within the next year.

8. Other current assets and other receivables – 5,420

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values June 30th, 2015
Other current assets and other receivables:			
- grants	160	(80)	80
- advance payments to suppliers and creditors	402	285	687
- employees	66	146	212
- export incentives	337	142	479
- due from tax authorities for VAT and other taxes	2,297	(424)	1,873
- transfer of Isam holdings	335	(335)	0
- other and prepaid expenses	1,978	393	2,371
	5,575	127	5,702
- bad debt provision	(229)	(53)	(282)
Total	5,346	74	5,420

The value of this item is essentially in line with the values as at December 31st, 2014.

The change in the item “grants” is attributable to the collection in March 2015 of € 80 thousand for the grant relating to the “Biobits” research project of the parent Isagro S.p.A., disbursed by the Piedmont regional authority. The balance of “grants” refers to the amount due from the Piedmont regional authority in relation to the “Agrobiocat” research project of the parent Isagro S.p.A.

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

The item "due from tax authorities for VAT and other taxes" relates, in the amount of € 1,704 thousand, to VAT credits and other indirect taxes of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. During the first half, the parent Isagro S.p.A. used the entire VAT credit recognised in the financial statements as at December 31st, 2014 (€ 750 thousand) to offset VAT payable for the period.

As a result of a settlement agreement reached with the parent Isagro S.p.A., on June 15th, 2015, Isam S.r.l. (formerly Semag S.r.l.) arranged early settlement, but for a reduced amount of € 244 thousand, of the final instalment on the 2006 disposal transaction of the investment in Isam S.r.l., the original due date for which had been September 30th, 2015. Partial collection of the residual amount resulted in the recognition of a loss of € 100 thousand under “Other operating costs”.

“Other” refers for € 840 thousand to the recovery of research and development costs incurred by the parent Isagro S.p.A. vis-à-vis the American company FMC Corporation under the agreement entered into between the two companies for the co-development of a new fungicide. Prepaid expenses, amounting to € 797 thousand, are also included in this item.

For the total amount of other receivables due from related parties, please refer to note No. 40.

These receivables are due within the next year.

9. Tax receivables - 4,356

Breakdown	Book values Dec. 31st, 2014	Total change	Book values June 30th, 2015
Tax receivables:			
- direct taxes	4,286	70	4,356
Total	4,286	70	4,356

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. (€ 1,795 thousand) and the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 2,208 thousand).

10. Financial receivables and other current and non-current financial assets – 0

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values June 30th, 2015
Non-current financial receivables and other financial assets:			
- time deposits	2,875	(2,875)	0
	2,875	(2,875)	0
	2,875	(2,875)	0

The item "non-current financial receivables" as at December 31st, 2014, refers to a time deposit held with the BNL – BNP Paribas Group, which was redeemed and collected on March 6th, 2015. This time deposit was a guarantee for the overall credit lines granted by the bank to the parent Isagro S.p.A.

11. Financial assets and liabilities - derivatives – (488)

Current financial assets – 283

Current financial liabilities - 771

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 June 30th, 2015:

Description of derivatives	Book values Dec. 31st, 2014	Increases/ decreases	Book values June 30th, 2015
Current financial assets:			
- foreign exchange	329	(60)	269
- commodities	11	3	14
	340	(57)	283
Current financial liabilities:			
- foreign exchange	(963)	223	(740)
- commodities	(6)	(25)	(31)
	(969)	198	(771)
Total	(629)	141	(488)

Description of derivatives	Fair value as at June 30th, 2015
Cash flow hedge derivatives:	
- interest rates	0
	0
Trading derivatives:	
- foreign exchange	(471)
- commodities (copper)	(17)
	(488)
Total	(488)

"Trading" derivatives refer to transactions that, despite being carried out with hedging intentions, 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/000)	Fair value (Euro/000)
Forward - Sale	USD	1.13	(30,764)	(444)
Forward - Purchase	USD/COP	2,575.34	1,242	22
Forward - Sale	USD/INR	64.61	(198)	2
			(29,720)	(420)
Forward - Purchase	INR	71.13	440,990	(51)
Total				(471)

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

Contract type	Hedged quantity (tons)	Strike price (Euro)	Notional value (Euro/000)	Fair value (Euro/000)
Commodity swap (purchase)	276	5,227	1,443	(17)
	276		1,443	(17)

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

- Foreign exchange rates: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at June 30th, 2015, properly adjusted to consider the premium connected with the non-fulfilment risk;
- Copper: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange and the contractually agreed fixed price; discounting

was calculated on the basis of the zero coupon curve as at June 30th, 2015, properly adjusted to consider the premium connected with the non-fulfilment risk.

Additional information required by IFRS 7 and IFRS 13 is included under note No. 34.

12. Cash and cash equivalents — 18,927

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values June 30th, 2015
Bank deposits:			
- demand deposits	17,115	1,583	18,698
	17,115	1,583	18,698
Securities maturing in less than three months	0	211	211
Cash on hand	34	(16)	18
Total	17,149	1,778	18,927

Cash and cash equivalents (bank deposits and cash on hand) as at June 30th, 2015 respectively refer to the parent Isagro S.p.A. for € 8,513 thousand and the subsidiaries for € 10,203 thousand.

Demand deposits are floating-rate deposits. The average interest rate on the Group's bank and currency deposits as at June 30th, 2015, was 0.03% per year.

The item "Securities maturing in less than three months" refers to investments in readily redeemable money market fund units by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., with an 8.25% gross annual rate of return. This fund, in which the Indian subsidiary invests its excess liquidity, envisages the option of investing or disinvesting on a day-to-day basis.

Note that for the purposes of the statement of cash flows, the item "cash and cash equivalents" coincides with the respective item in the statement of financial position.

13. Equity attributable to owners of the parent – 97,738

The breakdown of and changes in Group shareholders' equity are explained in the "Consolidated statement of changes in shareholders' equity in the first half of 2015".

The share capital of the parent Isagro S.p.A. amounted to € 24,961 thousand, fully subscribed and paid up, and comprised 24,549,960 ordinary shares and 14,174,919 "growth shares", the latter included in a new class of special shares whose characteristics are described below.

The item "Reserves", amounting to € 49,746 thousand, comprises:

- Share premium reserve	44,922
- Translation difference	(5,547)
- Other reserves:	
* merger surplus	7,023
* legal reserve	3,510
* treasury shares	(162)
	10,371
- Total	49,746

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The “share premium reserve” is recognised net of the costs incurred by the parent in relation to the share capital increase transactions carried in previous years. These costs, net of the tax effect of € 1,240 thousand, amount to € 2,345 thousand.

“Treasury shares” refer to the expense incurred by the parent in previous years to purchase 50,000 treasury shares.

The positive change in “Translation difference”, equal to € 2,445 thousand, is to be attributed mainly to the revaluation of the Indian rupee against the Euro.

The decrease in “Retained earnings”, € 14 thousand, indicated in the “Consolidated statement of changes in shareholders’ equity in the first half of 2015”, refers to the actuarial losses of the defined benefit plans (see note No. 15) recognised under “Other comprehensive Income Statement components” net of the related tax effect.

Characteristics of the "growth shares"

The rights and characteristics of the "growth shares", issued by the parent Isagro S.p.A. are summarized hereunder. These shares were listed on the STAR segment of the Electronic Stock Market of Borsa Italiana, where 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 that each "growth share" has a total dividend 20% higher than the dividend assigned to ordinary shares. In the event of distribution to any other reserve, "growth shares" will have the same rights as ordinary shares.

Conversion into ordinary shares

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

14. Current and non-current financial payables – 61,867

Current financial payables – 35,086

Non-current financial payables - 26,781

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

Breakdown	Book values values Dec. 31st, 2014	Increases/ decreases	Book values values June 30th, 2015
Current financial payables:			
- banks	27,344	7,486	34,830
- other lenders	1,659	(1,513)	146
- obligations under finance leases	180	(70)	110
	29,183	5,903	35,086
Non-current financial payables:			
- banks	19,632	6,922	26,554
- obligations under finance leases	266	(39)	227
	19,898	6,883	26,781
Total	49,081	12,786	61,867

Current payables due to banks and other lenders as at June 30th, 2015 include the current portion of the medium/long term loans, amounting to € 7,434 thousand.

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

Financial payables increased by € 12,786 thousand primarily attributable to new medium/long-term loans granted by banks.

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 June 30th, 2015, the parent Isagro S.p.A. has already repaid € 7,895 thousand, as principal for the first tranche of the loan, and € 789 thousand as principal on the second tranche. In particular, on February 16th, 2015, the parent Isagro S.p.A. made full settlement of the residual portion of the first tranche of the loan granted by BNL - BNP Paribas Group and by Banca Popolare Commercio & Industria for a total of € 7,391 thousand (including interest amounting to € 12 thousand). 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 first half of 2015, also taking into account fees and ancillary costs, was 5.609%. The agreement also provides for compliance with financial requirements (covenants) that are described below. SACE issued a guarantee of € 5,750 thousand 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 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 repayment 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 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 of 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 income 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.

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 the first half of 2015: 4.22%). 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 transfer 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 to 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 the first half of 2015: 2.64%). This loan, which envisages repayment of the principal in sixteen deferred quarterly instalments with increasing principal ("declining balance method") 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.p.A.'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 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 By-Laws in such a way as to prejudice fulfilment of the contractual obligations deriving from the loan agreement;

    c) the parent Isagro S.p.A. grants other lenders 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 significant change takes place with respect to the equity and financial positions of the parent Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on the parent Isagro S.p.A.'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.

- in January 2015, Banca Popolare dell'Emilia Romagna granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 2,475 thousand (already expressed net of € 25 thousand in commission) with a duration of four years including a six-month interest-only payment period, on which interest accrues at the 3-month EURIBOR rate + a spread of 2.20% (effective rate for the first half of 2015: 2.76%). This loan, which envisages repayment of the principal in fourteen deferred quarterly instalments from October 8th, 2015 and until January 8th, 2019 and a 1% fee in the event of early repayment of the loan, was granted to support the parent Isagro S.p.A.'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 as follows:
  a) the parent Isagro S.p.A. substantially changes its By-Laws and/or Deed of Incorporation in such a way as to prejudice fulfilment of the contractual obligations deriving from the loan agreement, unless approved in advance by the bank;
  b) there is a change in the ownership structure of Piemme S.r.l. such as to result in the loss of direct/indirect control of at least 51% of the parent Isagro S.p.A.;
  c) the parent Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below;
  d) any significant change takes place with respect to the equity and financial positions of the parent Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on Isagro S.p.A.'s ability to fulfil the contractual obligations.
- in February 2015, Banca Popolare di Sondrio granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 2,495 thousand (already expressed net of € 5 thousand in commission) with a duration of three years and an interest-only payment period ending April 30th, 2015, on which interest accrues at the 3-month EURIBOR rate + a spread of 2% (effective rate for the first half of 2015: 2.18%). This loan envisages repayment of the principal in ten deferred quarterly instalments with increasing principal ("declining balance method") from October

31st, 2015 and until April 30th, 2018 and no commission in the event of early repayment of the loan. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are as follows:

a) any significant change takes place with respect to the equity and financial positions of the parent Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on Isagro S.p.A.'s ability to fulfil the contractual obligations;
b) the parent Isagro S.p.A. is subject to protests, seizure of bank assets or enforcement orders or bankruptcy proceedings, judicial distraints or liens for amounts of not less than € 500 thousand;
c) the parent Isagro S.p.A. fails to pay an instalment or any other sum due under the terms of the loan within fifteen days from the due date.

- in March 2015, UniCredit S.p.A. granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 3,990 thousand (already expressed net of € 10 thousand in commission) with a duration of four years and an interest-only period ending on March 31st, 2016, on which interest accrues at the 6-month EURIBOR rate + a spread of 2.50% (effective rate for the first half of 2015: 2.74%). This loan, which envisages repayment of the principal in six deferred half-yearly instalments with increasing principal ("declining balance method") from September 30th, 2016 and until March 31st, 2019 and no commission in the event of early repayment of the loan, was granted to support the parent Isagro S.p.A.'s research and development investment plan. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are 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. does not arrange the full and prompt payment of even one loan repayment instalment;
c) the parent Isagro S.p.A. is subject to enforcement orders or seizure of bank assets or if there is an objective risk detrimental to the loan;
d) the parent Isagro S.p.A. or one of its subsidiaries fails to pay one of its financial debts on the due date.

- in March 2015, Banca Popolare Commercio & Industria granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 4,925 thousand (already expressed net of € 75 thousand in commission) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a spread of 1.80% (effective rate for the first half of 2015: 2.58%). This loan envisages repayment of the principal in sixteen deferred quarterly instalments with increasing principal (so called "French repayment") from June 30th, 2015 and until March 31st, 2019 and no commission in the event of early repayment of the loan. 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 as follows:

a) the parent Isagro S.p.A. fails to pay a loan repayment instalment within ten days of the due date;
b) the parent Isagro S.p.A. is subject to enforcement orders or seizure of bank assets, becomes subject to a legal order to pay, bankruptcy and/or injunction proceedings, protests or other detrimental events that diminish the company's equity, financial and economic position by amounts exceeding € 500 thousand;
c) unless written consent is provided by the lender, the parent Isagro S.p.A. cannot: i) amend its corporate purpose in such a way as to result in a substantial change in the business activities conducted; ii) transfer its registered office to another country; iii) pledge its registered property and securities against a loan granted by third parties after signing the agreement for this loan, whilst pledges of goods may be offered in favour of its customers as part of the licensing business and sureties or surety policies in favour of its suppliers as is common commercial practice; iv) grant right of pre-emption on repayment of the capital; v) take action that gives rise to a change in corporate control or implement mergers, spin-offs, demergers or other transactions involving the majority of the capital; vi) distribute dividends and capital reserves or make investments of any nature to an extent that both the covenants are not satisfied and likewise if the debt/equity ratio is higher than 1.5 and the debt/EBITDA ratio is higher than 4.5; vii) initiate voluntary liquidation proceedings;
d) the parent Isagro S.p.A. or one of its subsidiaries, associates or parents fails to pay one of its debts of more than € 100 thousand on the due date.

- in May 2015, Banca Popolare di Milano granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 3,990 thousand (already expressed net of € 10 thousand in commission) with a duration of three years, on which interest accrues at the 3-month EURIBOR rate + a spread of 1.70% (effective rate for the first half of 2015: 1.86%). This loan, which envisages a seven-month interest-only payment period, repayment of the principal in thirty deferred monthly instalments with increasing principal (so-called "French repayment") from December 31st, 2015 and until May 31st, 2018 and a commission of 0.5% in the event of early repayment of the loan, was granted to support the parent Isagro S.p.A.'s research and development investment plan. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are as follows:
  a) the parent Isagro S.p.A. abandons, suspends or executes the financed plan in a non-compliant manner;
  b) the parent Isagro S.p.A. uses all or part of the sums received for purposes other than that contractually agreed;
  c) any significant change takes place with respect to the equity and financial positions of the parent Isagro S.p.A. and/or one of its subsidiaries, such as to have detrimental effects on Isagro S.p.A.'s ability to fulfil the contractual obligations.

The characteristics of the main medium/long-term loans granted to the parent Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at June 30th, 2015 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	3,011
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	6,688
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	4,018
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	2,618
Loan granted by Banca Popolare dell'Emilia Romagna with a duration of 4 years, an interest rate at the 3-month EURIBOR+ a 2.20% spread, and quarterly payments starting from 2015	2,493
Loan granted by Banca Popolare di Sondrio with a duration of 4 years, an interest rate at the 3-month EURIBOR+ a 2% spread, and quarterly payments starting from 2015	2,516
Loan granted by UniCredit S.p.A. with a duration of 4 years, an interest rate at the 6-month EURIBOR + a 2.50% spread, and six-monthly payments starting from 2016	4,021
Loan granted by Banca Popolare Commercio & Industria with a duration of 4 years, an interest rate at the 3-month EURIBOR+ a 1.80% spread, and quarterly payments starting from 2015	4,632
Loan granted by Banca Popolare di Milano with a duration of 3 years, an interest rate at the 3-month EURIBOR+ a 1.70% spread, and deferred monthly payments starting from 2015	3,991

Financial payables to other lenders, as at December 31st, 2014, included € 1,659 thousand related to amounts due to factoring companies regarding loan transactions and with-recourse assignment of credit.

In the first half of 2015 the parent Isagro S.p.A. fully repaid the previous year's debts to the factoring companies following collection of the receivables assigned with recourse and entered into new loan transactions with factoring companies which, as at June 30th, 2015, were outstanding for € 146 thousand.

The item "obligations under finance leases" refers to:

a) the residual payable of € 36 thousand due to 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 € 278 thousand due to Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay, for 59 months, for the supply of new analytical laboratory instruments used at the Novara research centre of the parent Isagro S.p.A.

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	54,549	54,549	2.70%
US Dollars	4,541	5,081	4.30%
Brazilian Reals	23	79	28.00%
Indian Rupees	2,491	177,333	12.00%
Colombian Pesos	263	762,387	10.26%
Total	61,867		

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	34,830	10,280	10,467	5,412	395	0	61,384
Total Payables due to banks	34,830	10,280	10,467	5,412	395	0	61,384
Payables due to other lenders							
- floating rate	146	0	0	0	0	0	146
Total Other lenders	146	0	0	0	0	0	146
Obligations under finance leases							
- fixed rate	110	73	65	68	21	0	337
Total obligations under finance leases	110	73	65	68	21	0	337
Total	35,086	10,353	10,532	5,480	416	0	61,867

Lastly, it should be noted that, as at June 30th, 2015, the Group has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 89,005 thousand (including "trade" facilities for € 77,374 thousand, of which € 36,705 thousand used, and "financial" facilities of € 11,631 thousand, of which € 8,532 thousand used), as shown in the table below:

	Lines of credit	
	Granted	Used
Parent	78,950	37,445
Subsidiaries	10,055	7,792
Total	**89,005**	**45,237**

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 9,869	a) consolidated debt/EBITDA ratio: less than 4.5 from 2014 and until full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Intesa Sanpaolo	Euro 4,000	Euro 4,000	a) consolidated debt/EBITDA ratio: less than 4.5 for each year as from that ended on December 31st, 2014 and until full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2014 and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Cassa di Risparmio di Parma e Piacenza	Euro 3,000	Euro 2,639	a) consolidated debt/EBITDA ratio: less than 4.5 for each year as from that ended on December 31st, 2014 and until full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.

			ended on December 31st, 2014 and until full repayment of the loan.	
Banca Popolare dell'Emilia Romagna	Euro 2,500	Euro 2,500	a) consolidated debt/EBITDA ratio: less than 4.5 for each year as from that ended on December 31st, 2014 and until full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year as from that ended on December 31st, 2014 and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Banca Popolare Commercio & Industria	Euro 5,000	Euro 4,698	a) consolidated debt/EBITDA ratio: between 0.5 and 1.5 as at December 31st, 2014 and until full repayment of the residual debt. b) consolidated debt/equity ratio between 3 and 4.5 as at December 31st, 2014 and until full repayment of the residual debt.	Failure to satisfy even one of the financial indicators will result in an increase in the spread as follows: - with reference to the **debt/EBITDA ratio**: +0.25% if the ratio is greater than 3 and less than 3.5; +0.50% if the ratio is greater than 3.5 and less than 4; +0.75% if the ratio is greater than 4 and less than 4.5; +1% if the ratio is greater than 4.5; - with reference to the **debt/equity ratio**: +0.25% if the ratio is greater than 0.5 and less than 0.75; +0.50% if the ratio is greater than 0.75 and less than 1; +0.75% if the ratio is greater than 1 and less than 1.5; +1% if the ratio is greater than 1.5.

The assessment of compliance with the above covenants, which is performed annually, did not reveal any criticalities as at June 30th, 2015. On the basis of the 2015-2018 Business Plan, the Directors believe that compliance with the aforementioned covenants will 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 June 30th, 2015 was as follows:

	Jun. 30th, 2015	Dec. 31st, 2014
Bank deposits and cash	(18,716)	(17,149)
Securities	(211)	0
Cash (A)	**(18,927)**	**(17,149)**
Current financial receivables and other assets (B)	**0**	**0**
Current payables due to banks	27,396	21,674

Current payables due to other current lenders	146	1,659
Current portion of non-current financial payables	7,544	5,850
Current financial payables (C)	**35,086**	**29,183**
Net current financial indebtedness (A+B+C)	**16,159**	**12,034**
Non-current payables due to banks	26,554	19,632
Obligations under finance leases	227	266
Non-current financial payables (D)	**26,781**	**19,898**
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**42,940**	**31,932**
Other non-current financial assets	0	(2,875)
Financial assets - derivatives	(283)	(340)
Financial liabilities - derivatives	771	969
Net financial indebtedness of the Group	**43,428**	**29,686**

Compared to December 31st, 2014, the net financial position shows an increase of € 13,742 thousand. This increase was due to the Group's continued investments in intangible assets and to the increase in net working capital, inventories and trade payables in particular, as a result of the seasonal nature of the business.

15. Employee Benefits – 2,843

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

	Severance Indemnity Fund	Gratuity Fund (pension fund)	Total
Value as at Dec. 31st, 2014	2,995	43	3,038
Cost of employee benefits	46	21	67
Settlements/transfers/payments	(265)	0	(265)
Translation difference	0	3	3
Value as at June 30th, 2015	2,776	67	2,843

Information on the Severance Indemnity Fund plan

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

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

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

- discounting rate: 1.50%
- staff turnover rate: 9.50%
- inflation rate: 1.50%

- annual rate of increase in severance indemnity fund (TFR) 2.62%.

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

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

	Breakdown
Finance costs for the obligation	24
Past service costs	(14)
Actuarial (gains)/losses	36
Total	46

The actuarial gains and losses coming from remeasurement of the liabilities were recorded in "Other comprehensive Income Statement components" and recognised under Group equity in the item "Retained earnings". The actuarial losses for the first half of the year, € 36 thousand, include € 4 thousand due to changes in financial assumptions and € 32 thousand to changes in demographic assumptions.

Sensitivity analyses were conducted as regards the option of changing the discounting rate of the obligation, from which it emerged that a parameter increase of half a percentage point would bring about a € 43 thousand decrease in liabilities, while a decrease of half a percentage point in the rate would bring about an increase in liabilities of € 44 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' 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 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 the current obligation value and the fair value of the assets serving the plan as at the date of the reporting date. If the pension fund is overfunded, an asset for defined benefits is recorded in the consolidated financial statements since the Group has the right to not fund the plan as long as this condition is maintained.

The actuarial valuations were made using the projected unit credit method for this plan as well. The main demographic and financial assumptions used were the following:

- discounting rate: 8.02%
- staff turnover rate: 6.00%
- expected wage increase: 10.00%
- expected rate of return of the assets serving the plan: 8.02%.

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

	Breakdown
Current cost of the plan	35
Net financial charges	2
Actuarial (gains)/losses	(16)
Total	21

The actuarial components for the "Gratuity Fund" are also recognised among "Other comprehensive Income Statement components" and under Group equity in the item "Retained earnings".

The amount recognised to the statement of financial position breaks down as follows:

Current value of the obligation	(744)
Fair value of the assets	677
Surplus (deficit) of the plan	(67)

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

Current initial value of the obligation	635
Financial charges	28
Current cost of the plan	35
Benefits paid	(15)
Actuarial (gains)/losses	13
Translation difference	48
Current final value of the obligation	744

Initial fair value of the assets	592
Financial income expected from the assets	26
Benefits paid	(15)
Actuarial gains/(losses)	29
Translation difference	45
Final fair value of the assets	677

Based on legal requirements, the amount of the payments that the Group must make for this fund over the next 12 months is approximately € 77 thousand, while the amount of the benefits to pay outgoing employees, based on the projections and actuarial assumption of the plan, is € 56 thousand.

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

In the first half of 2015, the total costs of such plans, included under "personnel costs", were € 541 thousand.

16. Other non-current liabilities - 712

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values Jun. 30th, 2015
Payables:			
- guarantee deposits from customers	631	81	712
Total	631	81	712

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

17. Trade payables – 39,211

This item decreased by € 5,367 thousand compared to December 31st, 2014 (€ 44,578 thousand). This change, however, is of little importance due to the seasonality of the crop protection products market. In fact, a comparison between the balance of trade payables and the values as at June 30th, 2014, amounting to € 32,395 thousand, shows an increase of € 6,816 thousand attributable to the strong increase in purchases of raw materials and finished products compared to the first half of 2014, in turn associated with the increase in Group sales. In addition, note that in the first half of 2015 the American subsidiary Isagro USA, Inc. settled its debt of around € 10 million to the US company Valent, in relation to the buy-back of finished products of the Group still present in the North American distribution channel after signing the trade partnership agreement with the US company, Gowan Company LLC.

For the total trade payables due to related parties, reference should be made to note no. 40.

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

▪ Italy	18,720
▪ Other European countries	5,212
▪ Central Asia and Oceania	10,808
▪ Americas	3,234
▪ Far East	1,134
▪ Middle East and Africa	103
Total	39,211

It should be noted that trade payables have an average contractual maturity of approximately 100 days.

The trade payables are due within the following year.

18. Current provisions – 865

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

Breakdown	Book values Dec. 31st, 2014	Changes over the period				Book values Jun. 30th, 2015
		Provisions	Uses	Other	Total change	
Current provisions:						
- provision for goods destruction and disposal of obsolete materials	88	0	(12)	0	(12)	76
- provision for mobility and voluntary severance package costs	200	0	(7)	0	(7)	193
- provision for employee participation bonus and manager/director bonuses	1,363	589	(1,363)	7	(767)	596
Total	1,651	589	(1,382)	7	(786)	865

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

- the provision for “goods destruction and disposal of obsolete materials” essentially refers to the costs the parent Isagro S.p.A. will incur for the disposal of obsolete materials, necessary to improve logistics and storage conditions at the Aprilia industrial complex;
- 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 reorganization described in the 2014 financial statements, to which reference should be made.

19. Tax payables – 3,135

	Book values Dec. 31st, 2014	Increases/ decreases	Book values Jun. 30th, 2015
Tax payables:			
- due to tax authorities for direct taxes	1,613	1,522	3,135
	1,613	1,522	3,135

The item includes the payable due to the tax authorities for income taxes and IRAP, for € 2,908 thousand, and the tax payables of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. Compared to December 31st, 2014, the increase in this item is attributable to the fact that the amount owed by the Indian subsidiary from the previous year, which at the June 30th exchange rate was approximately € 1,650 thousand, will be paid in the second half of the year.

20. Other current liabilities and other payables – 5,386

Breakdown	Book values Dec. 31st, 2014	Increases/ decreases	Book values Jun. 30th, 2015
Payables:			
- due to social security and welfare institutions	1,276	(69)	1,207
- due to agents and canvassers	74	(4)	70
- due to employees	1,972	(431)	1,541
- due to tax authorities for VAT and similar taxes	89	175	264
- due to tax authorities for withholdings and other taxes	792	16	808
- advances from customers	306	244	550
- due to others	539	77	616
	5,048	8	5,056
Deferred income	271	59	330
Total	5,319	67	5,386

This item is essentially in line with the figure as at December 31st, 2014.

Payables to employees also include amounts for holiday entitlement accrued but not used, additional month payments and expense accounts.

Payables due to others include € 146 thousand relating to the advance on the food safety grant, due to be paid on July 15th, 2015.

21. Segment reporting

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

The geographic areas that constitute the Group's operating segments are as follows:

- Europe
- Asia
- North America
- South America.

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

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

1st Half of 2015	**Continuing operations**					
	Europe	**Asia**	**North America**	**South America**	**Adjustments**	**Total**
- Agrochemicals	58,344	16,989	1,311	1,944	0	**78,588**
- Other	3,480	0	0	0	0	**3,480**
Revenue from third parties	**61,824**	**16,989**	**1,311**	**1,944**	**0**	**82,068**
Intra-segment revenue	1,851	6,090	24	277	(8,242)	0
Revenues	**63,675**	**23,079**	**1,335**	**2,221**	**(8,242)**	**82,068**
Operating result	**1,313**	**3,722**	**(1,185)**	**152**	**(756)**	**3,246**
Financial charges						**(1,913)**
Profits/losses from associates						**32**
Pre-tax profit (loss)						**1,365**
Income taxes						**(1,344)**
Net profit (loss)						**21**
Depreciation and amortization	3,709	363	90	74	0	**4,236**
Allocations to provisions	502	4	71	12	0	**589**
Impairment losses on receivables	300	46	0	0	0	**346**
Severance indemnity fund and similar provisions	10	37	0	0	0	**47**

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

1st Half of 2014	**Continuing operations**					
	Europe	**Asia**	**North America**	**South America**	**Adjustments**	**Total**
- Agrochemicals	45,466	13,035	7,607	1,878	-	**67,986**
- Other	4,948	-	-	-	-	**4,948**
Revenue from third parties	**50,414**	**13,035**	**7,607**	**1,878**	**-**	**72,934**
Intra-segment revenue	2,219	4,875	80	237	(7,411)	0
Revenues	**52,633**	**17,910**	**7,687**	**2,115**	**(7,411)**	**72,934**
Operating result	**(1,426)**	**2,730**	**1,145**	**245**	**(127)**	**2,567**
Financial charges						**(1,759)**
Profits/losses from associates						**19**
Pre-tax profit (loss)						**827**

Income taxes						**(61)**
Net profit (loss)						**766**
Depreciation and amortisation	3,950	302	5	76	-	**4,333**
Allocations to provisions	549	4	56	9	-	**618**
Impairment losses on receivables	-	12	-	-	-	**12**
Severance indemnity fund and similar provisions	54	26	-	-	-	**80**

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

	1st Half of 2015	1st Half of 2014
Italy	25,555	18,190
Europe	27,762	24,368
Americas	7,978	14,461
Africa	1,936	1,478
Middle East	933	879
Central Asia and Oceania	14,395	10,006
Far East	3,509	3,552
Total	**82,068**	**72,934**

Intragroup transactions were carried out at arm's length.

Comparison with the first half of 2014 shows an increase in revenues in the Asia and Europe segments as a result of stronger sales of copper-based products, insecticides and generic products, whilst a decrease was recorded in the North America segment following the downsizing of sales by the US subsidiary Isagro USA, Inc. as an effect of the partnership agreement with Gowan Company LLC. The terms of this agreement state that sales of the Tetraconazole and Copper-based products are to be performed directly by the parent Isagro S.p.A. Consequently a shift in revenues is seen from North America to the Europe segment.

The increase in Asia segment sales was also affected by the revaluation of the Indian Rupee against the Euro.

The tables below show the segments' assets and liabilities, as well as investments in tangible and intangible assets, as at June 30th, 2015 and December 31st, 2014:

As at June 30th, 2015	**Continuing operations**					
	Europe	**Asia**	**North America**	**South America**	**Adjustments Cancellations**	**Total**
Segment assets	141,277	36,181	10,932	4,007	(13,983)	178,414
Investments in associates and JV	274	0	0	0	0	274
Unallocated assets						36,555
						215,243
Segment liabilities	39,743	14,672	1,951	1,806	(10,227)	47,945
Unallocated liabilities						69,560
						117,505
Investments in Intangible Assets	4,874	0	192	7	0	5,073
Investments in Tangible Assets	1,691	326	3	2	0	2,022

As at December 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

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

The higher assets in the Europe and Asia segments, compared to December 31st, 2014, are essentially attributable to the presence of raw materials and finished product inventories to satisfy sales expected in the first few months of the second half of the year.

INFORMATION ON THE INCOME STATEMENT

22. Revenues – 82,068

The breakdown of revenues is described in the table below:

Breakdown	1st Half of 2015			1st Half of 2014		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- agrochemicals	24,267	54,321	78,588	16,371	51,615	67,986
- raw materials	19	0	19	7	0	7
	24,286	54,321	78,607	16,378	51,615	67,993
Revenue from services:						
- processing fees	1,233	2,094	3,327	1,766	3,028	4,794
- innovative research and transfer of scientific data	0	0	0	0	0	0
- product defending and development	8	5	13	0	24	24
- royalties, licences and similar rights	0	0	0	0	0	0
- other	27	94	121	46	77	123
	1,268	2,193	3,461	1,812	3,129	4,941
Total	25,554	56,514	82,068	18,190	54,744	72,934

Compared to the first half of 2014, this item shows a € 9,134 thousand increase, which is the combined effect of stronger agrochemical sales on the one hand and lower revenues from formulations activities for third parties on the other. It should be noted, however, that the increase in sales was positively affected by the revaluation of the Indian Rupee against the Euro for approximately € 2,450 thousand.

With reference to agrochemical sales, the first half of 2015 saw an increase in sales of copper-based products on the Italian market (€ +6 million), also as a result of the partnership with Gowan that began in 2014, an increase in insecticide sales (€ +3.6 million) both in Europe and on the Indian sub-continent and an increase in sales of proprietary generic products (€ +1.3 million). Vice versa, lower sales of third party products were recorded (€ -2.3 million), mainly due to recognition in the first half of 2014 of sales of Orthosulfamuron, a product sold to Nihon Nohyaku in 2013, from stocks still available in Isagro Group warehouses.

Formulation activities on behalf of third parties, performed at the Aprilia (LT) plant of the parent Isagro S.p.A., recorded a decrease (-30.6%) compared to the first half of 2014 due to the drop in volumes processed for a major customer, dictated by surplus stocks still being available through the distribution channel.

With regard to the total revenues from related parties, please refer to note no. 40.

23. Other operating revenues – 1,370

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

Breakdown	1st Half of 2015	1st Half of 2014
Royalties, licenses and similar rights	49	3
Grants related to R&D expenditure	0	7
Recovery of research costs	834	668
Export incentives	171	144
Recovery of sundry costs and other income	316	637
Total	1,370	1,459

Of the item "Recovery of research costs", € 768 thousand refers to the recovery of 50% of costs incurred by the parent Isagro S.p.A. with the US company FMC Corporation, under the terms of the agreement signed by the two companies for the co-development of a new fungicide, and € 23 thousand refer to fees paid by third-party companies to access scientific data relating to the Group-owned toxicology dossiers.

24. Raw materials and consumables used – 49,991

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

Breakdown	1st Half of 2015	1st Half of 2014
Raw and ancillary materials, consumables and goods:		
- raw materials, packaging and agrochemicals	51,642	42,340
- technical and research-related materials	475	276
- change in inventories of raw and ancillary materials, consumables and goods	(2,354)	(781)
- other	228	161
Total	49,991	41,996

The € 7,995 thousand increase in this item compared to the previous year is essentially due to higher agrochemical sales, described in note No. 22, and to purchases by the parent Isagro S.p.A. and the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. to create a strategic stock of products to satisfy sales in the second half of 2015. In addition, the higher value of purchases relating to the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. was affected by revaluation of the Indian Rupee against the Euro.

For the total amount of purchases from related parties, please refer to note no. 40.

25. Costs for services – 15,072

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

Breakdown	1st Half of 2015	1st Half of 2014
For services:		
- utilities	2,860	2,538
- technical maintenance	643	506
- transport and related purchase and sale transaction costs	2,622	2,265
- third-party processing	1,576	1,250
- consulting and professional services	1,536	1,178
- services connected to research	867	526
- information system	189	141
- marketing costs	1,407	967
- allocations to allowance for inventory obsolescence	0	33
- provision for director bonuses	65	70
- leases and rents	607	774
- lease expense	600	533
- other services	2,100	1,680
Total	15,072	12,461

The item presents an increase of € 2,611 thousand, compared to the first half of 2014, attributable on the one hand to higher utilities, transport costs, external processing and marketing costs (€ +1,445 thousand) strictly associated with the growth in Group agrochemical sales in the first half of 2014, and on the other hand by higher professional consulting and service costs relating to research (€ +699 thousand). In particular, note the increase in research-related consulting and the analysis of new markets.

Also of note is the increase in service costs which were affected by the revaluation of the Indian Rupee against the Euro for around € 475 thousand.

For the total amount of costs for services from related parties, please refer to note no. 40.

26. Personnel costs – 14,840

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

Breakdown	1st Half of 2015	1st Half of 2014
Personnel costs:		
- wages and salaries	9,517	8,867
- social security charges	2,699	2,670
- employee benefits	21	24
- pension funds	541	528
- provision for bonuses	524	515
- costs for employee services	1,234	1,126
- costs for early retirement incentives	164	217
- other costs	140	184
Total	14,840	14,131

Compared to the first half of 2014, this item increased by € 709 thousand.

Despite the average number of employees being essentially in line with the first half of 2014, the higher personnel costs for salaries, wages and social security charges (€ +679 thousand) was, in addition to salary increases following renewal of the national pay agreement for Italian employees, determined by the presence in the first half of 2015, compared to the first half of 2014, of a higher average number of executives and middle management but a lower number of blue-collar workers.

"Costs for early retirement incentives" refers to the costs incurred by the parent Isagro S.p.A. for termination of the employment contract with one of its executives.

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

	Average for 1st Half of 2015	Average for 1st Half of 2014	As at Jun. 30th, 2015	As at Jun. 30th, 2014
- executives	51	50	51	48
- middle management	135	132	136	131
- white-collar workers	333	332	331	331
- special qualified workers	7	7	7	7
- blue-collar workers	116	120	97	110
TOTAL	**642**	**641**	**622**	**627**

27. Other operating costs – 3,290

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

Breakdown	1st Half of 2015	1st Half of 2014
- capital losses on disposal of assets	0	53
- impairment losses on receivables	346	9
- other losses on receivables	100	0
- indirect, production and manufacturing taxes	2,424	1,850
- other operating costs	420	449
Total	3,290	2,361

The increase in this item compared to the first half of 2014, by € 929 thousand, is attributable to: i) greater allocation to the bad debt provision (€ 337 thousand), ii) to the loss deriving from early collection of the receivable from Isam S.r.l. (€ 100 thousand) as described in note No. 8, iii) higher consumption and manufacturing taxes paid by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. due to an increase in the rate applied by the Indian tax authorities and the appreciation of the Indian Rupee against the Euro (€ 585 thousand).

28. Costs (capitalised) for other work - 1,852

The item, essentially in line with that of the first half of 2014 (€ 1,782 thousand), refers to the capitalisation of personnel costs, overheads and consumption of technical material amounting to € 1,615 thousand and financial charges of € 237 thousand, related to extraordinary protection costs, development expenditure and expenses for registration of the Group's new products.

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

29. Depreciation and amortisation– 4,236

Depreciation of tangible assets – 1,850
Amortisation of intangible assets – 2,386

Breakdown	1st Half of 2015	1st Half of 2014
Depreciation of tangible assets:		
- buildings	439	413
- plant and equipment	1,149	1,266
- industrial and commercial equipment	142	116
- furniture and fittings	24	20
- motor vehicles	22	20
- office equipment	74	88
	1,850	1,923
Amortisation of intangible assets:		

- development costs	934	1,032
- know-how	531	494
- patents, licenses, trademarks and registration	782	748
- other	139	136
	2,386	2,410
Total	4,236	4,333

30. Impairment of fixed assets – 44

In the first half of 2015 the parent Isagro S.p.A. wrote down the residual value of investments in leasehold improvements on a property located in the municipality of Novara, following termination of the lease as described in note No. 1.

31. Net financial charges – 1,913

Breakdown	1st Half of 2015	1st Half of 2014
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- gains/losses on derivatives:		
commodities	134	(21)
exchange rates	(2,137)	78
interest rates	0	0
	(2,003)	57
- fair value adjustments to derivatives:		
commodities	(17)	(3)
exchange rates	(471)	12
interest rates	0	0
	(488)	9
- gains on assets held for trading:		
securities and mutual funds	126	212
	126	212
	(2,365)	278
Interest income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	177	26
- interest income on loans	0	0
- interest and fees paid to banks and other lenders	(1,002)	(2,040)
- interest/financial discounts on trade receivables and payables	(44)	(117)
- finance lease costs	(9)	(8)
- actuarial gains/losses	56	145
	(822)	(1,994)
Other financial income/charges:		
- foreign currency gains/losses	1,241	(80)
- other	33	37
	1,274	(43)
Total	(1,913)	(1,759)

The negative change compared to the first half of 2014, amounting to € 154 thousand, was the result of a combined effect essentially caused by:

- higher net exchange gains for € 1,321 thousand, indirectly offset by higher net realised losses and fair value adjustments to derivatives for € 2,557 thousand;
- a decrease in interest and fees paid to banks and other lenders for € 1,038 thousand following the drop in market interest rates, despite an increase in the Group’s indebtedness.

32. Income taxes - 1,344

Breakdown	1st Half of 2015	1st Half of 2014
Consolidated Income Statement		
Current tax:		
- income taxes	1,598	1,315
- IRAP	92	121
- use of deferred tax liabilities/deferred tax assets	210	878
- tax on share repurchase transactions	479	0
- contingent assets and liabilities and previous years' taxes	(37)	(417)
	2,342	1,897
Deferred tax assets and liabilities:		
- deferred tax liabilities	319	148
- deferred tax assets	(1,311)	(2,028)
- impairment losses/contingencies on deferred tax assets	(6)	44
	(998)	(1,836)
Total income taxes recognised in profit or loss (continuing operations)	1,344	61
Other comprehensive Income Statement components		
Deferred tax assets and liabilities:		
- Tax effect on actuarial gains/losses regarding defined benefit plans	(6)	(20)
	(6)	(20)
Total income taxes recognised in equity (continuing operations)	(6)	(20)

The item "Use of deferred tax liabilities/deferred tax assets", equal to € 210 thousand, reflects the difference between the use of deferred tax assets for € 549 thousand (€ 288 thousand of which for the use of taxed provisions and € 48 thousand relating to the tax effect of intragroup profits) and the use of deferred tax liabilities for € 339 thousand (of which € 213 thousand against the parent Isagro S.p.A.'s achievement of net exchange gains recognised as at December 31st, 2014 taxed on a current rather than an accrual basis.

The recognition of deferred tax assets of € 1,311 thousand refers mainly to the tax benefits expected from the future use of taxed provisions (€ 325 thousand) and tax losses (€ 546 thousand, entirely attributable to the subsidiary Isagro USA, Inc.), as well as to the tax effect of netting intragroup profits (€ 294 thousand).

"Tax on share repurchase transactions", amounting to € 479 thousand, refers to capital gains tax paid by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in relation to a repurchase transaction in April of 1,140,000 shares held by the parent Isagro S.p.A. at a price of 180 Indian Rupees per share, and therefore for a total value of approximately € 3,035 thousand.

33. Distributed dividends

During the first half of 2015, the parent Isagro S.p.A. did not distribute dividends.

34. Fair value: measurement and hierarchical levels

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

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

- Level 3 – inputs not based on observable market data.

The following table shows the assets and liabilities measured at fair value as at June 30th, 2015, broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	269	-	269
- derivatives on commodities - copper (future buy)	-	14	-	14
Total financial assets	**-**	**283**	**-**	**283**
Financial liabilities measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(740)	-	(740)
- derivatives on commodities - copper (future buy)	-	(31)	-	(31)
Total financial liabilities	**-**	**(771)**	**-**	**(771)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to note no. 11.

In the first half of 2015, 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 the receivables due from Rotam Agrochemical and Arysta LifeScience, due beyond 12 months, and loans obtained from banks is summarised in the table below. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Arysta LifeScience	4,159	4,388
- Receivables from Rotam Agrochemical Company Ltd.	1,533	1,587
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks (current and non-current)	61,384	62,597

The fair value was determined consistently with the generally accepted methodologies, which use measurement models based on the discounted cash flow method. Discounting of the future cash flows of receivables and loans was calculated based on the market zero coupon rates curve as at June 30th, 2015, 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.

OTHER INFORMATION

35. 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 extension of the deadline for filing the specialist report requested 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 works 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. Pending receipt of 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 to the court expert's technical report, the Judge believed it necessary to call the court expert and consultants aside and postpone the case until a hearing on 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. As also recommended by the Judge, the parties asked for time to assess other possible settlement options. Caffaro expressed its willingness to slightly increase the estimate the court expert made, if necessary, provided the amounts involved are reasonably small and justifiable. Therefore Isagro, who was finalising a settlement proposal for submission 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, pending negotiations, expressing the hope 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 for Ministry approval. 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 then again adjourned the proceedings until February 2nd, 2015. The parties later signed a settlement agreement which envisages acceptance of the unsecured credit in the sum of € 2,250,000 and waives legal appeal against the creditor status, and consequently did not appear at the hearing of February 2nd, 2015. Given the absence of the parties, the Judge again adjourned the hearing to March 23rd, 2015, at which the parties again did not appear. The Judge therefore pronounced settlement and closure 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 non-creditor status, seeking admission of its 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.p.A.'s claim, considering the receivable possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.

Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.

Gamma International S.r.l. insolvency

On December 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 full acceptance of the claims made by the parent Isagro S.p.A., the return of the machinery loaned free of charge and has agreed termination of the contracts outstanding with the bankrupt company.
During the hearing held on January 28th, 2015, fixed for verification of the creditor status, the appointed Judge fully upheld the petition of the parent.

Labour-related disputes

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, 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 then again to October 28th, 2014, after which the Court issued a sentence in favour of the company, rejecting all claims made by the petitioner. As the deadline for appeal has lapsed and as the company has not received notification of any appeal filed, the proceedings can be considered closed;
- 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. In May 2015 the parent Isagro S.p.A. signed a settlement agreement with the employee with no charge upon the company, in which Isagro waived the right to reimbursement of proceedings costs from the former employee against the latter’s waiver of appeal to the Court of Cassation. This dispute can therefore be considered closed;
- an employee of the Bussi sul Tirino (PE) plant filed an urgent appeal against Isagro S.p.A. to challenge the dismissal due to assault against another worker; this employee was temporarily and urgently reinstated when the measure that had declared the dismissal legitimate was challenged. Isagro then filed suit to have the dismissal declared legitimate in order to protect the safety of the other employees and to prevent action brought by the employee for damages, already rejected on a temporary and urgent basis. The value of the

proceeding is about € 50 thousand. The case was in its investigation phase and to this purpose, the Court fixed the first hearing for 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 an amicable 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. The Presiding Judge rejected the claim submitted for reassignment and the case was therefore again assigned to the previously appointed judge who, at the hearing of April 14th, 2015, adjourned the case to October 2015 for the hearing of witnesses.

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

After a series of meetings before the Regional Labour Commission, the parties are attempting to identify a possible settlement agreement which, in any event, will envisage termination of the employment contract. For this purpose, a hearing was recently set for October 8th, 2015, so that the Conciliation Chambers can learn of the outcome of the pending criminal proceedings (expected at the end of September) and then formulate a settlement agreement for the parties.

The company and its legal advisors believe that the employee's complaints are clearly without grounds, though the outcome of the proceedings challenging the dismissal should be considered uncertain until conclusion of the criminal proceedings pending against this employee.

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

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 2006/2007, 2007/2008, 2008/2009, 2009/2010 and 2010/2011, for a total of INR 60,277 thousand (equal to around € 850 thousand). The dispute filed by Indian tax authorities allegedly refers to the non-recognition for tax purposes of certain costs incurred by the company. The subsidiary appealed with the relevant authorities, and to date it does not believe that there 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. - in the previous year granted the Japanese company Nihon Nohyaku Co., Ltd. a guarantee with a duration of 24 months starting from the date of transfer of the transferred assets and inventories (October 16th, 2013) and for a total amount equal to the transfer price (€ 19,596 thousand). Furthermore, following the transfer in 2011 of the investment in Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., the parent Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is valued at € 7,500 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

As at June 30th, 2015, the Group also had the following long-term obligations outstanding:

- € 2,713 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,493 thousand) and lease expense (€ 1,220 thousand). In particular, the future fees due are as follows:
  - € 1,188 thousand within one year;
  - € 1,525 thousand between one and five years;
- € 730 thousand for payments due from the parent Isagro S.p.A. to Solvay Solexis S.p.A. in connection with the use, for a period of 99 years starting from 2005, of an area in the municipality of Bussi sul Tirino (Province of Pescara), where an industrial plant for the production of Tetraconazole was built.

The guarantees received by the Group amounted to € 3,195 thousand and refer to mortgage guarantees (€ 445 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' commitments amounted to € 311 thousand.

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

The guarantees received and issued in relation to loans are described in note No. 14

36. Related party disclosures

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

- parent companies;
- associates;
- entities which hold a direct or indirect interest in the parent, its subsidiaries and its holding companies, and are presumed to have significant influence over the Group. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the parent, or when it owns over 5% and, at the same time, it has entered into

agreements which generate transactions during the year amounting to at least 5% of consolidated sales; These companies are recognised as “other related parties”;

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

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

Income Statement		of which related parties				
in thousands of Euro	1st Half 2015	Associates	Parent companies	Other related parties	Tot. related parties	Incidence % on the financial statement item
Revenues	82,068	0	0	5,174	5,174	6.30%
Other operating revenues	1,370	0	11	0	11	0.80%
Raw materials used	49,991	0	0	292	292	0.58%
Costs for services	15,072	99	0	27	126	0.84%
Other operating costs	3,290	0	0	5	5	0.15%

Income Statement		of which related parties					
in thousands of Euro	1st Half 2014	Joint ventures	Associates	Parent companies	Other related parties	Tot. related parties	Incidence % on the financial statement item
Revenues	72,934	7	0	0	11,293	11,300	15.49%
Other operating revenues	1,459	65	0	32	313	410	28.10%
Costs for services	12,461	4	111	0	32	147	1.18%
Other operating costs	2,361	(2)	0	0	20	18	0.76%
Financial charges	2,269	0	0	187	0	187	8.24%

Balance sheet		of which related parties				
in thousands of Euro	As at June 30th, 2015	Associates	Parent companies	Other related parties	Tot. related parties	Incidence % on the financial statement item
Trade receivables	48,129	0	0	1,922	1,922	3.99%
Other current assets and other receivables	5,420	11	0	0	11	0.20%
Trade payables	39,211	17	0	275	292	0.74%
Other current liabilities and other payables	5,386	0	0	11	11	0.20%

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

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

Relations with associates

Costs for services	1st Half of 2015	1st Half of 2014
Arterra Bioscience S.r.l.	99	111
Total	**99**	**111**

Other current assets and other receivables	Jun. 30th, 2015	Dec 31st, 2014
Arterra Bioscience S.r.l.	11	0
Total	**11**	**0**

Trade payables	Jun. 30th, 2015	Dec 31st, 2014
Arterra Bioscience S.r.l.	17	50
Total	**17**	**50**

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	1st Half of 2015	1st Half of 2014
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	7	28
Piemme S.r.l.	4	4
Total	**11**	**32**

Financial charges	1st Half of 2015	1st Half of 2014
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	0	187
Total	**0**	**187**

Other current assets and other receivables	Jun. 30th, 2015	Dec 31st, 2014
Holdisa S.r.l. (formerly BasJes Holding S.r.l.)	0	14
Piemme S.r.l.	0	6
Total	**0**	**20**

Relations with other related parties

The item "other related parties" refers to the Gowan Group, which became a related party following its inclusion on October 18th, 2013 in the share capital of the former indirect holding company BasJes Holding S.r.l. (now the direct holding company under the name of Holdisa S.r.l.) for 49% of its share capital. The trade receivables and revenues 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 the Gowan Group were carried out at arm's length.

Revenues	1st Half of 2015	1st Half of 2014
Gowan Group	5,174	11,293
Total	**5,174**	**11,293**

Other operating revenues	1st Half of 2015	1st Half of 2014
Gowan Group	0	313
Total	**0**	**313**

Raw materials used	1st Half of 2015	1st Half of 2014
Gowan Group	292	0
Total	**292**	**0**

Costs for services	1st Half of 2015	1st Half of 2014
Gowan Group	27	32
Total	**27**	**32**

Other operating costs

	1st Half of 2015	1st Half of 2014
Gowan Group	5	20
Total	**5**	**20**

Trade receivables

	Jun. 30th, 2015	Dec 31st, 2014
Gowan Group	1,922	8,690
Total	**1,922**	**8,690**

Other assets and other receivables

	Jun. 30th, 2015	Dec 31st, 2014
Gowan Group	0	7
Total	**0**	**7**

Trade payables

	Jun. 30th, 2015	Dec 31st, 2014
Gowan Group	275	25
Total	**275**	**25**

Other liabilities and other payables

	Jun. 30th, 2015	Dec 31st, 2014
Gowan Group	11	0
Total	**11**	**0**

Remuneration for Directors and Statutory Auditors

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

Party	Description of office		Remuneration		
	Office held	**Duration of position**	**Emoluments for the office**	**Bonuses, other incentives and fringe benefits**	**Other remuneration**
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	250,000	1,312	99,000
Maurizio Basile	Deputy Chairman	3 years	46,667	1,625	21,780
Riccardo Basile	Director	3 years	10,000	-	-
Christina Economou	Director	3 years	10,000	-	-
Gianni Franco	Director	3 years	10,000	-	-
Daniela Mainini	Chairman of the Risk and Control Committee since May 5th, 2015	3 years	4,583	-	-
Adriana Sartor	Chairman of the Appointments and Remuneration Committee since May 5th, 2015	3 years	13,167	-	-
Stavros Sionis	Member of the Risk and Control Committee and the Appointments and Remuneration Committee	3 years	4,500	-	-
Elena Vasco	Former Director	in office until April 24th, 2015	6,667	-	-

Antonio Zoncada	Former Director, former Chairman of the Risk and Control Committee and former member of the Appointments and Remuneration Committee Former member of the Supervisory Board	in office until April 24th, 2015	9,833		2,500
Statutory Auditors:					
Piero Gennari	Chairman	3 years	15,000	-	-
Giuseppe Bagnasco	Statutory Auditor	3 years	10,000	-	-
Claudia Costanza	Statutory Auditor	3 years	10,000	-	-

It should be noted that the term of office of the parent company's Board of Directors, appointed on April 24th, 2015, will end on approval of the financial statements as at December 31st, 2017, while that of the Board of Statutory Auditors, appointed on April 24th, 2013, will end on approval of the financial statements as at December 31st, 2015.

37. Significant non-recurring events and transactions

As in the first half of 2014, no significant non-recurring transactions were carried out during the first half of 2015.

38. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in the first half of 2015, 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.

39. Events subsequent to June 30th, 2015

No significant events occurred after June 30th, 2015.

40. 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 method. The following are also shown for each company: corporate name, business description, registered office, country of incorporation and share capital denominated in the original currency. Furthermore, the list also shows the group's consolidated share, as well as the ownership interest held by Isagro S.p.A. or any other subsidiaries. The percentage of voting rights in the various ordinary shareholders' meetings coincides with the ownership interest.

Corporate name and business description	Registered offices	Country	Share capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent							
Isagro S.p.A. (R&D, production, marketing of 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	148,629,000	INR	100%	Isagro S.p.A.	100%
Isagro Australia Pty Ltd. (Management of the registration of agrochemicals)	Sydney	Australia	395,000	AUD	100%	Isagro S.p.A.	100%
Isagro Brasil Ltda (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 (formerly 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. (in liquidation) (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%

for the Board of Directors
Giorgio Basile
Chairman and Chief Executive Officer

Milan, August 4th, 2015

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

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

   delle procedure amministrative e contabili per la formazione del bilancio consolidato semestrale abbreviato nel corso del primo semestre 2015.
2. Al riguardo non sono emersi aspetti di rilievo.
3. Si attesta, inoltre, che:

   3.1 il bilancio consolidato semestrale abbreviato al 30 giugno 2015:

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

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

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

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

Milano, 4 agosto 2015

Presidente
e Amministratore Delegato
(Giorgio Basile)

Dirigente preposto alla redazione
dei documenti contabili societari
(Ruggero Gambini)

INDEPENDENT AUDITORS' REPORT

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**RELAZIONE DI REVISIONE CONTABILE LIMITATA
SUL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO**

**Agli Azionisti della
ISAGRO S.p.A.**

Introduzione

Abbiamo svolto la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dal prospetto della situazione patrimoniale-finanziaria consolidata, dal conto economico consolidato, dal conto economico complessivo consolidato, dal rendiconto finanziario consolidato, dal prospetto dei movimenti di patrimonio netto consolidato e dalla relativa nota illustrativa della Isagro S.p.A. e controllate ("Gruppo Isagro") al 30 giugno 2015. Gli Amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

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

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Isagro al 30 giugno 2015 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Giacomo Bellia
Socio

Milano, 5 agosto 2015